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Cooperative Associations in Europe and Their Possibilities for Post-War Reconstruction

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Letter of Transmittal

UNITED STATES DEPARTMENT OF LABOR,
BUREAU OF LABOR STATISTICS,
Washington, May 12, 1944.

The SECRETARY OF LABOR:

I have the honor to transmit herewith a report on the development of cooperative associations in Europe and their possible place in post-war reconstruction. This report was prepared by Florence E. Parker and Helen I. Cowan of the Bureau's Editorial and Research Division, assisted by Jeannette M. Watson and Elizabeth L. Black.

A. F. HINRICHS, *Acting Commissioner.*

HON. FRANCES PERKINS,
Secretary of Labor.

Preface

Origin of Present Report

The present report was compiled as a result of requests from various official agencies concerned with the rehabilitation of the war-devastated countries of Europe, but was extended to cover the other countries of that continent. Much of the material contained herein has already been supplied to those agencies in the form of special reports and memoranda dealing with individual countries or with special aspects of the cooperative movement.

Scope and Coverage of Report

Data on the individual countries of Europe are presented in Part 2 of the report. In most cases the account gives some historical background, showing how the economic events of the time, as well as the changes in governments and in national boundaries, affected the cooperative movement and helped to speed or retard its development and change the direction of its expansion.

The main subject matter of this report covers the consumers' cooperatives of various types (distributive and service, housing, credit, insurance, etc.), as well as workers' productive and labor cooperative associations. A special attempt has been made in each country to cover certain special forms of cooperation in which the country has excelled or for the origin of which the cooperative movement of the country was responsible. For this reason certain types—such as workers' productive associations in France, for example—are described at greater length than in other countries where they are of minor importance. The length of treatment was also determined to a great extent by the availability of material. Although the reports here given cannot be said to be exhaustive—space limitations precluded this—the basic research covered all the sources of material available to the Bureau and included not only printed reports and studies, both official and unofficial, but also unpublished material in the Bureau's files as well as typewritten reports from consular officials and others.

Certain phases of agricultural cooperation, such as rural electric-power, credit, and insurance cooperatives, are also covered. Strictly producer cooperatives—farmers' marketing and processing and purchasing of farm supplies—are shown mainly in statistics designed to give a national picture of the entire movement. Thus, in every country for which such figures were available, data are given showing the number, membership, and business of all the various types of associations, including the agricultural, in the latest year obtainable (generally 1937).

A description is given of the movement and some indication of its place in the economic life of the country, just prior to the rise of

National Socialism or to the country's invasion by the Nazis. In most cases the cooperatives had largely recovered from the depression and had already completed or were undertaking a reorganization—structural and financial—designed to strengthen the movement and increase its efficiency. In general, the cooperatives had entered upon a period of both expansion and intensification of activities, when this was interrupted by the outbreak of World War II.

The chronicle of subsequent events is presented here through 1942, and thereafter for each country as far into the present as reports available permitted. For countries still accessible for news and commerce (Great Britain, Sweden, Switzerland, etc.) the data include statistics and other information as late as the autumn of 1943. For invaded territories, and the Axis countries and their satellites, only fragmentary reports have seeped through, though in some cases an astonishingly complete picture can be pieced together from these.

The reader will notice that certain countries (such as Great Britain and the Scandinavian countries) are treated here at less length than their importance in the movement would seem to warrant. This was deliberate. For these countries much current and popular literature is easily accessible. It was deemed advisable, therefore, to concentrate rather on those countries where the movement was well developed, but for which little information is readily available. Further, because of space limitations, certain aspects of the cooperative movement have been ignored entirely or touched upon merely in passing or only as they were necessary for the understanding of the general situation. Among these were the working conditions and the relations of cooperatives with their employees, the structural machinery of the movement, and its merchandising policies.

A cross-section view of the whole of Europe, as regards cooperation, is presented in Part 1, which also brings together information on the international organizations and aspects of cooperation in both the educational and commercial fields. The report does not contain a directory of the national organizations in the various branches of cooperation; for such data the reader is referred to the International Directory of Cooperative Organizations, compiled by the International Labor Office (Montreal) in 1939, and available through that organization.

Aside from the practical uses of the material here presented, on post-war problems, it is believed that the report will also fill a hitherto unsatisfied need for concise accounts of cooperation in various countries. It should likewise be useful to cooperative study groups, students in educational institutions, and others desiring to obtain an understanding of the extent of the cooperative movement, without resort to exhaustive study.

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United States Bureau of Labor Statistics

Development of European Cooperatives, and Their Possible Place in Post-War Reconstruction

Extent of the Cooperative Movement

Cooperation, in its widest sense, has probably existed since the beginning of mankind. In some countries, such as China, Yugoslavia, and Russia, primitive forms of cooperatives are known to have been carried on as far back as history goes. One Russian authority states that in that country cooperatives are at least a thousand years old. In the early days in Yugoslavia, family and village life was all organized on the "Zadruga," or cooperative, basis.

Even in the modern form, the consumers' cooperative movement is already 100 years old, and celebrates its centenary in 1944. The first cooperative store was open only in the evenings and had as its sole inventory a small amount of butter, sugar, flour, tea, and oatmeal purchased with the shillings painfully saved by its poverty-stricken members—28 cotton weavers of the town of Rochdale, England.

The original store of the Rochdale Pioneers in Toad Lane, now restored to its original architecture, is a museum and the mecca of cooperative travelers.

In the 100-year interval, the idea that animated the Pioneers spread not only throughout the neighboring continent but all over the world. There is hardly a country without some form of cooperative. In Europe the distributive association, operating grocery stores, bakeries, and other shops, is the predominating type. In Asia and the Far East, where thrift and credit have been the most urgent needs of the debt-ridden populations, credit cooperatives have usually predominated. In agricultural countries farmers have banded together in cooperatives, to market their farm produce or process these products, and to buy their farm and household supplies.

In 1937, there were over 800,000 cooperative associations of various types, with a membership of about 145 million persons, in 56 countries throughout the world. In Europe—with which the present report deals—nearly 575,000 cooperatives were in existence, with over 111½ million members. Every country in Europe had cooperatives of some kind, and in some of these countries cooperators comprised a large proportion of the population and cooperative trade had become the largest single business enterprise in the country.

Characteristics of Cooperatives

These cooperative organizations, wherever they have taken root, have had certain characteristics (inherited from the Rochdale Pioneers) which set them apart from all other forms of business activity. These are (1) open membership, (2) one vote per member, (3) return of surplus earnings to members in proportion to the amount of their patronage of the cooperative enterprise, (4) limited return on members' investment (i. e., share capital), (5) political and religious neutrality, (6) transaction of business on cash basis only and at current prices, and (7) promotion of education in the cooperative philosophy.

National Federation

As the local associations have expanded in number, they have federated into central organizations either educational or commercial, or both. The educational federations have served as mediums of exchange of experience, sources of education of members and training of employees, protective sentries against attacks (legislative or other) on the cooperative movement, and as bodies for formulating policies and presenting the views and ideas of the organized membership. The commercial federations have carried on wholesaling of supplies to member associations and have more and more undertaken production of goods themselves. In a number of countries central wholesale federations have exerted a powerful restraint on price levels, thus benefiting all consumers as well as their own members. In all but two countries of Europe—Albania and Greece—the consumers' cooperative movement had become integrated into such national federations before the present war.

International Cooperative Organization

The national organizations, in turn, have since 1896 been organized internationally. Their superfederation, the International Cooperative Alliance, is not a commercial organization. Its purposes are to promote the spread of cooperation throughout the world, to bring about closer relationships among the cooperative movements of the different countries, and to study means of further cooperative progress in various lines. Under its auspices one committee has had as its sole function the promotion of business and other collaboration between the agricultural marketing and consumers' branches of the movement. Another committee has studied the possibilities of international relationships in the field of insurance, and a third has been concerned with the establishment of an international cooperative bank. One of the first organizations formed under the sponsorship of the Alliance was the International Cooperative Wholesale Society. That organization undertook no wholesaling itself; its function was to study the problems encountered by the wholesale organizations and to make the results of its studies available to them. One result of its activities was the formation of the International Cooperative Trading Agency in 1937. The Agency did not carry on warehousing. It acted as purchasing agent for the national wholesales, pooling their orders and making master contracts for goods delivered directly to the various countries.

It also acted as sales agent for some of the wholesales, disposing of their surplus production or stocks to the organizations in other countries. Its activities have, of course, been drastically reduced during the present war, but it is still operating and will be ready to expand immediately at the end of the war.

Cooperatives and the Totalitarian State

The essence of cooperative development is that it is the voluntary achievement of free people, working on a democratic basis for the attainment of definite social and economic ends. In this respect it is a twin of labor unionism and, in fact, in many of the industrial countries of Europe the two movements have been extremely close, and a great proportion of the workers were both cooperators and trade-unionists.

The rise of totalitarianism meant for each of these movements added problems, increasing restrictions, and in some cases extinction, for the totalitarian state is by its very nature antagonistic to freedom of choice and action and to movements built upon these freedoms. As the Nazi ideas gained ground and the Nazi machine took possession, labor movements were absorbed into Labor Fronts on the fuehrer principle. As for the cooperatives, in some countries their networks were utilized for the benefit of the Germans' plans; in others the movement was deliberately destroyed in whole or in part and its assets were seized by the invaders. Some cooperative leaders were killed, others fled the country or went underground. In the general Nazi program of looting and destruction, as well as in the actual processes of warfare, cooperators with others of their countrymen have lost their homes and their personal belongings, as well as the cooperative enterprises they had built up over so many years.

Cooperatives and Reconstruction

All of these facts are well known throughout the cooperative movement. Cooperators in the United Nations, and nationals of oppressed countries who have fled to free territory, have therefore been very conscious of the problems of the post-war period. Particularly through the International Cooperative Alliance cooperatives have been devoting much thought, during the past 2 years, to these problems and especially to the part that cooperatives can play in the immense job of reconstruction. In those countries that have been the battlefields of the war or have been devastated and impoverished during the Nazi occupation, large proportions of the people are cooperators. All will need food, clothing, medicines, and living quarters. Their cooperative associations will need to be restocked with goods and their productive facilities—worn out, carried off, or destroyed—will need to be built up again.

All these items and the problems which they entail have been in process of study by special cooperative committees in the United States and in Great Britain (the headquarters of the Alliance is in London). The president of the Cooperative League of the U. S. A. participated in the United Nations Food Conference in May 1943, as a member of the delegation appointed by the United States Govern-

ment. Some months later, a cooperative conference was held in London and one also in Washington, attended by representatives of cooperative movements from the various countries involved in rehabilitation plans as well as from Scandinavia, Great Britain, and the United States. The cooperative conferences were devoted to considering the problems involved, as regards the cooperative movement, in the post-war period, and the place of cooperatives in the general relief and reconstruction program.

Both conferences approved a plan for the formation of an International Cooperative Trading and Manufacturing Association, the members of which would be the national cooperative organizations of the various countries. This association, plans for which have been formulated, is to carry on production, processing, and the distribution of goods to cooperative associations abroad. All of its work would be on a loan basis, the amounts and goods advanced to be repaid eventually. For the immediate relief necessary to tide over until the constructive work can begin, and to aid in the preliminary work of rehabilitation of cooperatives, a fund is being raised by popular subscription among cooperators in both Great Britain and the United States.

Speakers at the international cooperative conferences emphasized that cooperation is a self-help movement, that it is strongly rooted in the lives of the European people, and that all they ask is a chance to become self-sustaining again. Delegates expressed the belief that as the cooperative associations were so widespread throughout Europe they represented a practical, efficient, and nonprofit method of distributing the materials of relief and rehabilitation not only to their members but to others in their communities, and thus should play a valuable part in the post-war work. They also represent a technique well known and widely practised, which can be under way in a fairly short time after the cessation of hostilities.

Part 1.—Comparative Analysis of the European Cooperative Movement

Development and Characteristics

Just before the outbreak of war, membership in the nearly 575,000 cooperative associations in Europe exceeded 111½ millions. Over half (54 percent) of the membership was in the Soviet Union, 12 percent in other now Allied or neutral countries, 20 percent in territory occupied by the Axis in the war, and 14 percent in Axis countries.

Practically without exception the movement had recovered from the depression by 1937 and was well on the upgrade.

In the Allied and neutral countries the movement has continued to advance even under war conditions. Such information as is available indicates that the same is true in the Axis and satellite countries (except Germany and Austria), although the cooperatives are usually under strict control by the Government.

After the rise of National Socialism in Germany (and, later, in Austria), it became apparent that the democratic make-up and social ideals of these cooperative organizations were the exact antithesis of the "New Order." To this was added, in the case of the consumers' cooperatives, the fact that they were competitors of the retail tradesmen, of whom the Hitler regime was the avowed champion. It was natural, therefore, that the consumers' cooperatives in those countries were at once marked for destruction. After the beginning of the war, as one country after another fell before the German war machine, consumers' cooperatives received the unfavorable attention of the Nazis in all countries except where (as in Belgium, Denmark, and the Netherlands) they were desirous of winning the people's good will.

Even in the other countries, after the initial destruction that was characteristic, other factors operated to deter the Germans in their onslaught on cooperatives. The cooperatives represented—as did the labor unions also—a structure built by the people themselves, representing their aspirations and their desires. Not only did the cooperatives supply their members' physical needs for food, clothing, housing, medical care, etc.; in some countries these associations were also essential in the social and cultural fields and had thus become an integral part of all phases of daily life. Further, cooperation loomed large in the economy of the countries themselves. Cooperatives had become the largest single enterprise in certain States and as such were a factor to be reckoned with. These considerations retarded the program of destruction (even in Germany itself, nearly 10 years elapsed before the consumers' cooperatives could be suppressed entirely). Furthermore, the Nazis found cooperative facilities necessary—in

some cases indispensable—to the functioning of the processes of production and distribution in the territories they invaded; they therefore used them and in some cases even fostered their growth.

It is believed that, because of the strong hold of the cooperatives upon the workers of Europe, the movement can be revived rather quickly where it has been destroyed, and where it still exists can be utilized immediately after the cessation of hostilities as a practical and effective form of machinery in the immense tasks involved in the reconstruction of Europe and the redirection of energies toward peacetime pursuits. This will involve no new form of organization for the millions of cooperators; it will be merely a resumption of the activities that were formerly a normal and accepted part of their lives.

Types of Cooperatives and Extent of Development

Of over 800,000 cooperative associations of all types in existence throughout the world in 1937, nearly 575,000 were in the various countries of Europe (including the Soviet Union). Among the European cooperatives, the Soviet Union accounted for 50 percent, the other countries still free or neutral in the present war [1] for 6 percent, the countries that have been occupied by the Axis armies [2] for 28 percent, and Axis countries [3] for 16 percent of the associations. Nearly 70 percent of the cooperatives were farmers' marketing and processing associations; and a large part of the associations classified as credit were also farmers' organizations.

TABLE 1.—*Number of European Cooperative Associations, by Country and Type*

Country	Year	All types	Consumers'	Credit	Workers' productive and labor	Housing	Agricultural	Other
All countries	1937	574,401	46,699	72,190	24,081	10,592	399,490	21,349
Occupied	1937	161,049	8,792	36,284	2,970	2,782	105,508	4,713
Free or neutral	1937	321,032	28,789	1,563	16,759	2,711	260,849	10,361
Axis	1937	92,320	9,118	34,343	4,352	5,099	33,133	6,275
Free or neutral (excluding Soviet Union)	1937	34,437	4,676	1,563	1,182	2,711	13,944	10,361
Austria	1937	5,478	222	2,205	(3)	290	1,998	763
	1935	5,275	[4] 184	[5] 2,169	(3)	(3)	[5] 2,892	30
	1930	5,372	302	2,308	(3)	300	1,672	790
	1924	4,965	402	2,114	860	253	1,298	38
Belgium	1938	3,482	360	203	57	125	454	2,283
	1937	3,435	360	203	56	124	446	2,246
	1931	2,767	396	200	50	128	388	1,605
	1929	2,474	377	157	51	128	350	1,411
Bulgaria	1939	3,438	161	2,378	735	8	18	138
	1937	5,509	154	2,115	271	10	418	2,541
	1929	3,200	138	1,707	238	145	219	753
	1925	2,202	187	1,335	199	79	139	263
Czechoslovakia	1937	17,337	[4] 816	8,085	1,504	[4] 1,341	5,451	[4] 140
	1936	16,744	816	7,579	1,504	1,341	5,364	140
	1930	15,269	1,840	[5] 6,057	826	1,590	4,348	608
	1923	14,942	[6] 2,261	5,852	1,825	1,326	3,479	199
Denmark	1937	6,211	1,953	100	76	17	3,775	290
	1931	8,444	[5] 1,936	43	(3)	15	[5] 6,445	[5] 5
Estonia	1938	1,957	183	242	44	10	1,286	192
	1936	3,060	190	213	(3)	[2] 8	1,956	693
	1929	2,500	250	210	(3)	(3)	790	1,250
	1925	2,239	287	145	67	(7)	1,324	[5] 416
Finland	1939	5,280	545	1,123	[9] 4	[9] 100	[9] 2,933	[9] 575
	1937	5,330	539	1,179	4	100	2,933	575
	1929	6,002	[10] 803	1,556	----------	(3)	818	2,825
	1923	3,626	596	928	----------	(7)	1,138	[8] 964

See footnotes at end of table.

[1] Great Britain Iceland, Ireland, Portugal, Soviet Union, Spain, Sweden, and Switzerland
[2] Belgium, Czechoslovakia, Denmark, Estonia, France, Greece, Latvia, Lithuania, Luxemburg, Netherlands, Norway, Poland, and Yugoslavia.
[3] Austria, Bulgaria, Finland, Germany, Hungary, Italy, and Rumania.

TABLE 1.—*Number of European Cooperative Associations, by Country and Type*—Con.

Country	Year	All types	Consumers'	Credit	Workers' productive and labor	Housing	Agricultural	Other
France	1937	90, 433	[4] 1, 200	10, 647	648	437	77, 501	-------
	1936	83, 804	1, 200	6, 148	642	[2] 278	31, 000	[2] 44, 536
	[11]1931	30. 741	1, 237	11, 397	340	242	17, 500	25
Germany	1938	50, 254	1, 488	20, 005	1, 917	3, 372	22, 239	1, 233
	1937	51, 095	1, 512	20, 283	1, 948	3, 452	22, 403	1, 497
	1935	51, 762	1, 634	20, 866	1, 898	3, 616	22, 001	1, 747
	1933	49, 941	1, 674	21, 607	1, 828	3, 813	18, 821	2, 198
	1923	47, 040	2, 475	20, 931	3, 789	3, 265	16, 580	[3]
Great Britain	1937	3, 794	1, 136	-------	159	1, 333	1, 166	[4]
	1936	3, 863	1, 087	-------	46	356	1, 260	[2] 1, 114
	1930	3, 155	1, 248	-------	78	283	1, 418	128
	1925	1, 917	1, 381	-------	105	238	[12] 181	12
Greece	1937	5, 948	-------	4, 327	-------	-------	1, 621	-------
	1936	9, 611	625	4, 476	1, 721	946	1. 007	836
	1928	6, 243	115	3, 801	[3]	341	1, 187	799
	1925	3, 655	105	2, 064	446	[7]	519	521
Hungary	1937	3, 516	[13] 1, 800	1, 009	66	1	[13] 640	-------
	1935	4, 502	1, 800	1, 402	216	105	806	173
	[11]1930	3, 293	1, 649	1, 022	71	[3]	550	1
	1926	3, 366	[11] 1, 820	[11] 1, 016	[11] 76	[3]	[14] 454	-------
Iceland	1937	64	2	-------	2	6	54	-------
	1936	96	39	-------	-------	[15] 3	[15] 46	[15] 8
Irish Free State (Eire)	1941	528	20	72	[9] 6	108	296	[9] 26
	1937	668	21	90	6	108	417	26
Italy	1937	14, 948	3, 865	2, 812	[16] 1, 674	1, 204	4, 640	753
	1936	14, 928	3, 465	[15] 2, 530	[15] 1, 194	[15] 1, 873	5, 007	[16] 859
	1930	9, 033	3, 329	[3]	1, 146	[17] 696	3, 742	120
Latvia	1938	2, 196	184	503	18	-------	564	927
	1937	1, 729	187	532	30	-------	526	454
	1930	1, 780	295	605	[3]	-------	450	430
	1924	381	229	24	-------	-------	125	3
Lithuania	1939	1, 332	275	401	224	[3]	430	2
	1937	1, 257	57	407	8	4	778	3
	1930	1, 451	320	460	8	2	632	29
Luxemburg	1937	1, 012	408	71	-------	-------	533	[3]
	1934	738	56	[18] 50	-------	-------	567	65
Netherlands	1937	4, 883	424	1, 370	17	414	1, 838	820
	1936	3, 252	424	879	17	138	1, 435	359
	1929	3, 131	409	904	26	143	1, 327	302
	1926	3, 088	489	893	27	153	1, 196	330
Norway	1937	3, 895	[19] 1, 090	-------	[2] 6	[2] 10	2, 789	-------
	1936	2, 709	549	-------	[3]	10	2, 148	2
	1929	3, 231	410	-------	[3]	[3]	[16] 2, 821	[3]
Poland	1937	13, 908	1, 976	5, 737	218	330	5, 357	290
	1936	13, 545	1, 790	5, 863	[2] 24	341	4, 844	683
	1930	16, 801	6, 128	6, 169	[3]	864	2, 516	1, 124
Portugal	1937	25	25	-------	-------	-------	-------	-------
	1934	150	19	[18] 127	4	-------	-------	-------
	1929	271	150	[3]	[3]	-------	-------	121
Rumania	1938	10, 080	2, 791	5, 140	657	-------	955	537
	1937	6, 444	1, 026	4, 740	[2] 389	[1] 42	[2] 101	[1] 146
	1930	10, 276	2, 122	4, 757	[3]	[3]	2, 447	950
	1924	3, 886	[20] 2, 650	[3]	314	[3]	[21] 922	[3]
Soviet Union	1937	286, 595	24, 113	-------	15, 577	-------	246, 905	[3]
	1934	184, 293	45, 764	-------	18, 363	42, 102	[22] 78, 064	[4]
Spain	1937	5, 726	1, 803	-------	847	13	3, 056	7
	1934	4, 275	353	[1] 12	79	1, 217	2, 212	402
Sweden	1937	12, 437	811	816	168	1, 000	3, 689	5, 953
	1936	20, 411	1, 438	1, 008	235	6, 784	4. 576	6, 370
	1930	14, 654	1, 609	361	175	5, 295	3, 857	3, 357
	1924	11, 665	1, 561	250	255	(7)	3, 328	[5] 6, 271
Switzerland	1940	11, 599	898	688	-------	244	5, 587	4, 182
	1937	11, 723	878	657	-------	251	5, 562	4, 375
	1930	11. 176	866	533	-------	260	5, 506	4, 601
	1924	11, 443	859	551	52	241	5, 598	4, 142
Yugoslavia	1938	10, 832	2, 530	4, 912	159	124	1, 920	1, 187
	1937	9, 044	138	4, 563	363	95	3, 607	278
	1930	7, 077	[23]	4, 418	92	81	[24] 2, 026	460

[1] Data relate to 1933.
[2] Data relate to 1934.
[3] No data.
[4] Data relate to 1936.
[5] Data relate to 1929.
[6] Includes workers' productive associations.
[7] Included with "other."
[8] Includes housing associations.
[9] Data relate to 1937.
[10] Includes a few associations of other types.
[11] Data relate only to associations affiliated with central organizations.
[12] Data relate to 1923–24.
[13] Estimated; total agricultural and consumers', 2,440.
[14] Data relate to 1923.
[15] Data relate to 1935.
[16] Includes fishery associations.
[17] Data relate to 1932.
[18] Data relate to 1931.
[19] Data relate to 1941.
[20] Includes some agricultural associations.
[21] Some associations included with agricultural.
[22] Data relate to 1928.
[23] Included with agricultural associations.
[24] Includes consumers' cooperatives.

The consumers' cooperatives, which constituted slightly over 8 percent of the total number of associations in that year, had slightly over 53 percent of the total membership. The greatest relative development of this type of association was in the Allied and neutral countries, where consumers' cooperatives accounted for 67 percent of the total membership; if the U. S. S. R. is excluded, the proportion in these countries was 80 percent.

TABLE 2.—*Membership of European Cooperatives, by Country and Type of Association*

Country	Year	All types	Consumers'	Credit	Workers' productive and labor	Housing	Agricultural	Other
All countries	1937	111. 651. 126	59. 488. 489	12. 664. 618	2. 902. 446	1. 184. 530	33. 923. 166	1. 487. 877
Occupied	1937	22. 341. 061	5. 453. 735	6. 631. 015	86. 718	156. 068	9. 007. 088	1. 006. 437
Free or neutral	1937	73. 610. 568	49. 521. 603	264. 217	2. 526. 482	147. 653	20. 954. 624	195. 989
Axis	1937	15. 699. 497	4. 513. 151	5. 769. 386	289. 246	880. 809	3. 961. 454	285. 451
Free or neutral (excluding Soviet Union)	1937	12. 850. 676	10. 321. 603	264. 217	123. 511	147. 653	1. 797. 703	195. 989
Austria	1937	807. 984	263. 000	472. 859	28. 508	38. 711	4. 906	(1)
	1935	1. 017. 885	[2] 264. 464	[3] 275. 421	(1)	68. 000	[2] 410. 000	(1)
	1931	823. 300	350. 000	(1)	(1)	70. 300	403. 000	(1)
Belgium	1937	825. 542	510. 068	98. 492	5. 608	(1)	211. 374	(1)
	1935	815. 193	346. 568	(1)	5. 742	(1)	[2] 243. 734	(1)
	1924	626. 646	405. 288	77. 706	5. 208	(1)	138. 444	(1)
Bulgaria	1939	950. 571	97. 937	441. 981	197. 974	28. 804	6. 898	176. 977
	1937	1. 008. 577	84. 449	389. 097	[4] 141. 115	28. 541	114. 924	[5] 250. 451
	1929	709. 009	72. 259	319. 271	58. 860	7. 919	58. 771	191. 929
	1925	516. 588	80. 503	199. 191	36. 744	7. 060	52. 965	140. 125
Czechoslovakia	1937	4. 670. 388	805. 544	2. 983. 360	23. 011	71. 909	786. 564	(1)
	1934	3. 500. 300	[6] 1. 031. 714	1. 000. 000	(1)	[7] 151. 472	[3] 100. 300	[8] 1. 216. 814
	1930	2. 301. 281	910. 705	939. 104	(1)	151. 472	[10] 300. 000	(1)
Denmark	1937	1. 653. 768	391. 100	21. 356	(1)	12. 980	569. 537	658. 795
	1936	1. 791. 871	[1] 437. 625	[1] 20. 042	(1)	(1)	584. 258	[11] 749. 946
	1930	1. 383. 971	331. 500	(1)	(1)	(1)	570. 129	482. 342
Estonia	1938	220. 320	46. 278	105. 443	234	300	37. 234	30. 831
	1936	220. 504	41. 359	[2] 92. 775	(1)	(1)	30. 000	56. 370
Finland	1941	1. 120. 424	676. 000	[12] 147. 500	----------	[12] 1. 800	295. 124	(1)
	1937	868. 373	562. 300	147. 500	----------	1. 800	156. 773	(1)
	1929	871. 223	456. 386	138. 762	----------	(1)	70. 675	[13] 205. 400
	1923	467. 255	352. 255	63. 000	----------	(1)	[4] 52. 000	(1)
France	1937	8. 500. 605	2. 671. 000	642. 179	31. 227	33. 000	5. 123. 199	----------
	1936	4. 558. 615	1. 600. 000	[15] 586. 372	[2] 30. 600	[2] 22. 000	1. 000. 000	[1] 1. 319. 643
	1931	3. 354. 889	1. 576. 256	732. 333	23. 000	18. 300	1. 000. 000	5. 000
Germany	1937	8. 356. 370	2. 010. 911	3. 235. 582	----------	736. 757	2. 373. 120	(1)
	1934	8. 224. 510	[16] 3. 211. 800	3. 041. 182	1. 191	649. 885	1. 320. 452	(1)
	1933	7. 700. 623	[16] 3. 344. 410	[17] 3. 205. 528	(1)	[17] 708. 810	[18] 441. 875	(1)
Great Britain	1937	8. 405. 903	8. 023. 073	16. 209	34. 835	38. 438	291. 732	1. 616
	1936	8. 119. 471	7. 746. 184	(1)	[4] 42. 026	37. 261	294. 000	(1)
	1930	6. 702. 277	6. 353. 000	(1)	31. 563	27. 097	290. 617	(1)
	1925	5. 017. 464	[19] 4. 910. 983	(1)	28. 186	24. 316	43. 979	(1)
Greece	1937	250. 890	----------	193. 901	(1)	----------	56. 989	----------
	1936	220. 112	----------	[2] 95. 000	[13] 112	----------	[13] 125. 000	----------
Hungary	1937	1. 302. 811	763. 428	421. 507	7. 414	----------	110. 462	----------
	1936	1. 358. 014	630. 000	423. 852	3. 700	----------	110. 462	[7] 190. 000
	1931	1. 477. 103	[7] 804. 821	399. 005	[10] 17. 712	----------	65. 565	[7] 190. 000
	1926	887. 863	[20] 870. 549	(1)	17. 314	----------	(1)	(1)
Iceland	1942	20. 189	20. 189	----------	----------	----------	(1)	----------
	1937	12. 466	12. 000	----------	----------	----------	(1)	[5] 466
Ireland	1941	100. 473	15. 771	8. 794	[13] 1. 177	[13] 5. 649	69. 082	(1)
	1937	159. 277	9. 222	8. 899	1. 177	5. 649	102. 423	31. 907
Italy	1937	1. 957. 000	800. 000	----------	90. 000	75. 000	957. 000	35. 000
	1935	1. 895. 359	775. 000	310. 146	60. 000	71. 000	[7] 635. 507	43. 706
	1930	1. 714. 920	900. 000	----------	118. 500	49. 876	635. 507	11. 037
Latvia	1938	377. 918	27. 577	205. 964	(1)	----------	18. 538	125. 839
	1937	375. 088	27. 047	202. 696	1. 706	----------	21. 194	122. 445
	1930	212. 587	50. 320	[16] 15. 000	(1)	----------	54. 030	93. 237
Lithuania	1938	174. 542	21. 525	117. 155	----------	----------	[13] 35. 862	----------
	1935	178. 797	21. 322	121. 000	----------	----------	[2] 29. 912	[3] 6. 553
	1930	146. 053	35. 617	98. 300	----------	----------	12. 136	----------
Luxemburg	1937	46. 701	19. 588	8. 576	----------	----------	16. 661	1. 876
	1934	60. 671	[22]	6. 321	----------	----------	[22] 52. 296	2. 054
	1931	57. 907	[22]	4. 879	----------	----------	[22] 50. 575	[19] 2. 453
Netherlands	1937	973. 422	325. 368	214. 001	----------	----------	407. 169	26. 884
	1935	553. 034	320. 907	232. 127	----------	----------	(1)	----------
	1931	510. 344	[7] 222. 053	223. 291	----------	----------	[16] 65. 000	----------

See footnotes at end of table.

TABLE 2.—*Membership of European Cooperatives, by Country and Type of Association*—Continued

Country	Year	All types	Consumers'	Credit	Workers' productive and labor	Housing	Agricultural	Other
Norway	1939	584, 579	[24] 196, 234	.....	[3] 4, 452	[3] 1, 600	382, 293	.....
Poland	1939	3, 122, 296	412, 672	[12] 1 540 961	[13] 5, 876	[13] 23, 367	[13] 1, 107, 128	32, 292
	1936	2, 959, 518	353, 000	1, 544, 000	[3] 1, 518	27, 000	974, 000	60, 000
	1931	1, 895, 984	825, 887	([25])	([1])	[16] 9, 632	[13] 1, 060, 465	([1])
Portugal	1937	19, 000	19, 000	.....	([1])	.....	.....	.....
	1934	19, 000	15, 000	.....	4, 000	.....	.....	.....
	1929	76, 214	34, 000	.....	([1])	.....	.....	42, 414
Rumania	1938	1, 453, 127	154, 735	1, 120, 130	74, 000	.....	57, 686	46, 576
	1937	1, 398, 382	[3] 29, 063	1, 102, 841	22, 209	.....	[21] 244, 269	.....
	1930	1, 579, 089	289, 961	1, 003, 082	([1])	.....	201, 360	84, 686
Soviet Union	1937	60, 759, 892	39, 200, 000	.....	2, 402. 971	([1])	19, 156, 921	.....
	1935	57, 870, 400	41. 000, 000	.....	[7] 2, 002, 000	3, 360, 000	[18] 11, 508, 100	.....
	1930	62, 414, 300	48, 904, 200	.....	2, 002, 000	([1])	[19] 11, 508, 100	.....
	1926	19, 129, 033	11, 401, 708	.....	589, 173	([1])	7, 138, 152	.....
Spain	1937	1, 884, 688	1, 178, 817	.....	79, 617	63, 566	400, 688	162, 000
	1934	408, 646	84, 944	.....	3, 432	56, 418	208, 286	55, 566
Sweden	1942	1, 717, 798	765, 700	[24] 111, 100	[12] 7, 882	[12] 40, 000	[12] 535, 116	258, 000
	1937	1, 337, 132	660, 934	93, 200	7, 882	40, 000	535, 116	([1])
Switzerland	1942	1, 084, 214	[16] 461, 000	253, 214	.....	([1])	[13] 467, 744	.....
	1937	1, 032, 210	418, 557	145, 909	.....	([1])	467, 744	.....
Yugoslavia	1937	1, 105, 698	86, 983	499, 856	18, 962	9, 279	385, 012	105, 606
	1936	933, 384	[2] 88, 305	[2] 496, 646	[2] 1, 073	[2] 6, 272	[2] 80, 172	260, 916
	1931	855, 836	59, 302	([26])	([26])	([26])	([26])	796, 534

[1] No data.
[2] Data relate to 1934.
[3] Some associations included with agricultural.
[4] Data relate to 1935.
[5] Data relate to 1936.
[6] Data relate to 1933.
[7] Data relate to 1930.
[8] Some included with "other."
[9] Includes some agricultural membership.
[10] Data relate to 1929.
[11] Figures not strictly comparable with other years: classification changed in official statistics.
[12] Data relate to 1937.
[13] Data relate to 1931.
[14] Dairies only.
[15] Agricultural credit associations only.
[16] Data relate only to associations affiliated with central organizations.
[17] Data relate to 1932.
[18] Includes some credit membership.
[19] Data relate to 1928.
[20] Data relate to 1924.
[21] Includes some consumers' membership.
[22] No data; probably included with agricultural.
[23] Probably includes consumers' membership.
[24] Data relate to 1941.
[25] Included with agricultural.
[26] Included with "other."

Naturally, the relative strength of the consumers' cooperatives was greatest in the industrial countries (as in Belgium, Great Britain, and Switzerland), and that of the agricultural associations in nations where the economy was still rural (Latvia, Ireland). Finland and Hungary, largely agricultural, were exceptions; there the consumers' cooperatives' members (many of whom were farmers) exceeded those of the agricultural marketing and processing associations. In France, Italy, Sweden, and Switzerland, cooperative membership was about equally divided between consumers' and agricultural cooperatives. Notwithstanding the State's absorption of the urban consumers' cooperatives in 1935 in the Soviet Union, the membership of the consumers' cooperatives there far outstripped that of the agricultural cooperatives. Cooperative credit predominated in such countries as Bulgaria, Czechoslovakia, Estonia, Greece, Latvia, Lithuania, Rumania, and Yugoslavia. Relatively even development among the three main branches of cooperation—consumers', credit, and agricultural—had taken place in the Netherlands. The same was true in

Germany in 1937, but this had resulted from the losses sustained by the consumers' associations under the antagonism of the Nazis and the gains made by the agricultural associations which were in official favor or at least unhindered.

Workers' productive and labor-contracting associations accounted for a substantial part of the total number of cooperators only in Bulgaria. Even in other countries where they can be said to have attained a fair degree of success (France, Italy, Soviet Union), their membership never attained the level of 10 percent of the total.

Most of these types of associations should prove useful in the postwar reconstruction work—the consumers' associations in the distribution of food and household necessaries, the agricultural associations in the inauguration of farming activities in devastated regions, and in other countries in the collection, processing, and marketing of the crops. Certain special types of cooperatives, described in succeeding pages, might also be utilized.

ORGANIZATIONS FOR SOCIAL WELFARE

Medical care and sanitation.—In Belgium, "La Prévoyance," an insurance association at Brussels serving the consumers' cooperative movement, maintained three welfare establishments—one for convalescent adults, and the others giving medical care to children having or threatened with tuberculosis. At all of these it had laboratories working in preventive medicine. In addition it had a 125-bed sanitarium for men with tuberculosis, and 4 medical advisory centers open to the general public as well as members.

One large Czechoslovak association ran a home at which invalid children were given free care. Since 1904 the cooperative associations in Denmark had had a cooperative sanitarium at Skive, to which over 1,000 associations with nearly 360,000 members were affiliated.

In France the experience gained by cooperatives after the first World War should be of assistance in the present time. Refuges for care of orphan children were established at that time by individual associations, leading later to the formation of a central association, "L' Enfance Coopérative," at Paris, for operating holiday homes. In addition it had a 100-bed tuberculosis sanitarium, open all year, for the treatment of children. In recent years the accommodations of this association have been opened to Spanish refugee children and children evacuated from areas of political and military conflict. Its facilities were also utilized by the public health authorities and others. The Cooperative Union of Paris had a medical, dental, and surgical clinic and a pharmacy, and the regional association at Limoges was, just before the outbreak of war, converting its vacation home into a sanitarium for preventive care against tuberculosis.

"De Volharding" at the Hague—the second largest distributive cooperative in the Netherlands—had a sick-fund and medical-care department with 82,000 members and had since 1939 operated its own hospital. The sick-fund associations throughout Holland, many of which were connected with consumers' cooperatives, had their own drug association, "Copharma," through which their medical supplies were purchased.

In Poland a number of cooperative health associations had been established, each of which served an area of 6 to 10 villages and had

its own dispensary, a full-time physician, and sometimes a midwife. The physician, in addition to his regular duties, gave advice on infant care, housing conditions, and personal and social hygiene. In some cases associations arranged for a weekly dental clinic.

The health and sanitation cooperatives in Yugoslavia were started as an outgrowth of American relief work after the end of the first World War, as an aid in improving the appalling conditions in rural areas. The work of these associations has been of three types: Curative medicine, preventive and social medicine, and rural sanitation work. The headquarters of these organizations had a staff of physician and nurse or midwife, and provided consulting-room, dispensary, lecture-room, and bed facilities. By 1937 there were 171 of these associations, with nearly 111,000 members. They had their own federation, started in 1922, which in 1938 organized a traveling dental clinic. A wide range of educational work in social hygiene, measures to prevent disease, and rural sanitation was carried on, enlisting the interest not only of members but of whole villages.

Among the Axis and satellite nations, only Bulgaria and Hungary had associations in this field. In Bulgaria at the end of 1939 there were 30 associations with 16,616 members, classified in the official statistics as engaged in "health and public works activities." In 1934 a cooperative hospital was opened in Burgas on the Black Sea. This hospital represented the joint effort of cooperative associations of various kinds, individuals (including doctors), and even the city and national governments. Its success led to numerous others, and in 1935 a law was passed setting standards for medical-care cooperatives.

In Hungary the cooperative wholesale ("Hangya") and the Central Institute of Cooperative Credit had established a modern cooperative hospital in Budapest in 1922. This hospital was enlarged in 1938.

General welfare activities.—The Belgian cooperative movement was outstanding for its interest in social welfare. A large share of the workers' cooperative associations' earnings was used to provide social and recreational facilities for the community as well as the members. The so-called "peoples' houses" (*maisons du peuple*) of Belgium were known the world over. Probably nowhere have the cooperative associations done more to improve the moral, cultural, and social, as well as the economic, status of the members. This was especially true of the associations formed by the industrial workers, which were early advocates of general manhood suffrage and also supported trade-union movements to improve working conditions.

Cooperative associations in Czechoslovakia also had numerous "people's houses."

The Cooperative Union of Paris, "L'Enfance Coopérative" (previously mentioned), and the Cooperative Union of the Somme had holiday accommodations for between 6,000 and 7,000 children, which could undoubtedly be utilized (if still intact) as sanitariums for nursing back to health the children undernourished because of war conditions. The same use might also be made of the orphanage and the aged members' home run by the national federation of workers' productive associations in France.

Of Yugoslav cooperatives it was said that all were interested in cultural and welfare activities. Examples were the vacation resort of the Railwaymen's Cooperative Association and the day nurseries run by one of the large credit associations.

Among the Axis countries cooperatives in Bulgaria and Germany showed some activity in the welfare field. In Bulgaria the Cooperative Savings Insurance Society of Bulgarian Civil Servants—the largest cooperative insurance association in the country—carried on extensive welfare activities, including the operation of holiday homes and provision of medical care for its members, as well as a laboratory for chemical research. The consumers' cooperatives of Germany devoted part of their surplus earnings to such welfare purposes as burial funds, convalescent and holiday homes, and unemployment relief. The cooperative wholesale (G. E. G.), and the cooperative association of Hamburg each had a holiday home; in these two resorts 210 persons could be accommodated at a time. There was at Jena a special holiday cooperative which ran 12 summer vacation places. In view of the dissolution of the consumers' cooperatives in Germany it is doubtful that these facilities are still in cooperative possession.

HOUSING AND CONSTRUCTION ASSOCIATIONS

Among the most helpful associations n the devastated areas should be the housing associations, already versed in the techniques of apartment-building and house construction and other problems encountered in connection therewith. The accompanying statement shows, for such countries as information is available, the number and membership of the housing associations in 1937.

	Number of associations	*Members*
Occupied countries:		
Belgium	[1] 125	[2]
Czechoslovakia	1, 340	71, 909
Greece	[3] 946	[2]
Netherlands	414	[2]
Norway [4]	10	1, 600
Poland	330	23, 367
Allied or neutral countries:		
Great Britain	356	38, 438
Sweden	1, 000	40, 000
Switzerland	251	[2]
Axis countries:		
Austria	290	38, 711
Germany	3, 452	736, 757
Hungary	[3] 105	[2]
Italy	1, 204	75, 000

[1] Data relate to 1938
[2] No data.
[3] Data relate to 1936 and include building and loan associations.
[4] Data relate to 1934.
[5] Data relate to 1935.

Statistics published by the Czechoslovak Government for 1924 showed that the 787 reporting cooperative housing associations (of 1,418 in existence) had constructed 24,365 dwellings. In Denmark, cooperative credit associations and the Government participated with the housing associations themselves, in the financing of residential building. In 1937 the 17 housing associations (with about 13,000 members) belonging to the Danish Federation of Workers' Cooperative Building and Housing Associations constructed dwellings totaling 6,847,000 kroner in value. Aggregate income from the buildings controlled by all the associations amounted to 8,870,000 kroner for the year. In Finland a central organization for housing construction, "Haka," was formed by joint action of the consumers' cooperative

association of Helsinki, one of the cooperative wholesales, and an organization for the improvement of housing.

Such housing associations as existed in France were of the savings and loan type, financing construction rather than undertaking it themselves. In May 1935 there were 460 associations of this kind. Most of the associations in Great Britain were also of this type; of 1,333 associations, in 1937, this group accounted for 977. Also, the associations that constructed housing were for the most part only semicooperative. However, the dwellings built by them included a considerable number erected by retail cooperatives of the consumers' movement, which used their surplus funds for this purpose.

Prior to the rise of National Socialism in Germany, cooperative building associations were of considerable significance there. In 1927, for example, they accounted for 78,426, or 28 percent of all dwellings constructed in Germany, and for over 68 percent of those erected in Berlin. The central federation, "Hangya," in Hungary had constructed numerous dwellings for its employees and enlarged its activities in this field in 1938.

The more than a thousand housing associations that were in existence in Poland in 1934 had erected buildings containing a total of 75,000 rooms. One of the largest associations was that at Warsaw which had over 4,000 members, who were almost entirely wage earners and lower-salaried employees. In the 15 years of its existence it had, by 1936, built 24 apartment houses with accommodations for 1,713 families.

Housing associations in Sweden were federated into a national organization, known as the "H. S. B." It operated as a financial center, as purchasing agency, and even as producer of building materials. Local associations carried on actual construction of the buildings, which were then turned over to tenants' associations to run. By 1937, 10 percent of the housing accommodations in Sweden had been constructed by cooperative associations, which had done much to improve building design and equipment and to lower prices.

Cooperative activity in Switzerland was also considerable and had resulted in reducing rent levels somewhat. In five cities cooperatives had built over 10,500 dwellings (including the community, Freidorf, built by the Cooperative Association of Basel for its employees).

In Yugoslavia the large railwaymen's cooperative used its surplus funds to finance the construction of houses for members.

Not to be disregarded as potential aids during the reconstruction period are certain types of associations that functioned in France and Greece for a considerable period after the end of the first World War. In France the associations for the reconstruction of devastated areas at one time numbered nearly 2,300 and had a membership of 162,000 families. Although doing no construction work themselves, they made all the financial and contractual arrangements for repair and construction. It was estimated that they handled about 27 percent of all the repair work and 58 percent of all the construction work carried out in the devastated districts and in some cases the proportion ran as high as 76 percent. The Government of Greece, in order to care for the flood of refugees into Greece from Turkey and southern Russia and for persons involved in the population exchanges with Bulgaria and Turkey, gave housing cooperatives certain privileges, such as exemption from real-estate taxes and from import duties on

building materials. Resettlement cooperatives were also formed, which received land from the Government, obtained by expropriation of large estates. Such associations at the end of 1928 numbered 1,585; they had a membership of 93,000 families and had taken possession of over 1½ million acres of land.

WORKERS' PRODUCTIVE AND LABOR ASSOCIATIONS

Difficulties of financing, of salesmanship, and of competing with large-scale industry have been among the chief obstacles to the growth of workers' productive associations operating workshops or factories. For these reasons such associations have ordinarily been most successful (1) in the less-industrialized countries or those in which small-scale enterprise has predominated (such as France and U. S. S. R.), (2) in those countries where their sales problem is minimized by virtue of the patronage of a well-organized consumers' cooperative movement which provides a known market (Czechoslovakia and Great Britain) or by preference extended in contracts by a friendly government (Italy, France), and (3) in those industries requiring relatively small capital.

In no country has this branch of the movement attained a predominant place in the whole cooperative movement. Nevertheless, in a few these workers' groups have attained considerable success, and could be a real factor in the work of renewal, both of physical properties and of goods after the war. In 1937, over 2¼ million workers were members of these European industrial cooperatives, and their skills covered a wide range.

TABLE 3.—*Membership and Business of Workers' Productive and Labor Associations, by Country 1937* [1]

Country	Number of associations reporting	Members	Amount of business (in Swiss gold francs [2])	Country	Number of associations reporting	Members	Amount of business (in Swiss gold francs [2])
All countries	9,439	2,238,707	9,562,792,678	Italy	1,568	86,500	88,550,000
				Netherlands	17	(4)	(4)
Belgium	98	5,608	5,757,000	Poland	155	5,876	9,292,000
Bulgaria [3]	500	124,000	(4)	Rumania	95	11,152	(4)
Czechoslovakia	858	21,646	31,977,000	Soviet Union	4,555	1,882,350	9,248,931,678
Denmark	36	(4)	10,204,000	Spain	670	32,804	2,220,000
Estonia	16	234	687,000	Sweden	27	2,882	14,524,000
France [5]	648	31,227	46,223,000	Switzerland	57	(4)	(4)
Great Britain	89	33,472	102,662,000	Yugoslavia	36	956	1,765,000
Hungary	14	(4)	(4)				

[1] Data (except for Bulgaria and Soviet Union) are from Cooperative Societies Throughout the World: Numerical Data (International Labor Office, 1939), pp. 31, 32.
[2] Average exchange rate of Swiss gold franc in 1937=32.7 cents.
[3] Data relate to 1939.
[4] No data.
[5] Not including "commandites" in printing industry.

These workers' organizations are of two general types: Those which have their own workshops and equipment; and the so-called "labor associations" which carry on a contracting business in various lines of work. The workers' productive associations in Belgium were mainly in the printing trade, though there were others scattered through the brewing, construction, and tanning industries, and the manufacture of glass, cigars, shoes, and enameled ware. Most of

the cooperative labor associations of Belgium were those of dock workers. The associations in Czechoslovakia were engaged in various pursuits—in the operation of transport facilities, theaters, and movies, in the printing industry, and in the manufacture of bakery products, meat products, flour, clothing, footwear, stone and glass products, toys, baskets, wooden articles, artificial limbs and paper.

In France the workers' productive associations were engaged in extraction of minerals, stone, etc.; printing; manufacture of textiles, clothing, leather, stone, clay, and glass products, chemicals, paper, and jewelry; metallurgy; woodworking; construction and public works; transportation; and the practice of liberal professions. Perhaps the best known of the workers' productive associations in France—or indeed, in the world—was La Familistère, an iron-foundry association engaged mainly in the production of stoves, at Guise. Nearly destroyed in the first World War, it may also have suffered during the German invasion of northern France in 1940.

The small number of workers' productive associations in Great Britain are for the most part making clothing or footwear or operating printing plants, their chief market in many cases being the consumers' cooperative movement.

Over a sixth of the total number of cooperative associations in Greece in 1936 were classed as workers' productives and labor associations. The latter consisted of associations of porters and stevedores working in the coastal cities. The former were (like most of the German associations of the pre-Nazi period) marketing or supply associations for independent handicraftsmen in various trades—tailoring, shoemaking, baking, etc.

In Hungary the workers' productive associations were found in woodworking, building construction, shoemaking, tailoring, and various home industries. The labor associations were engaged mainly in flood control, irrigation work, and road construction.

Italy presented one of the few outstandingly successful examples of both cooperative workshops and labor cooperatives. The former were found in such industries as printing, mosaic, woodcarving, bridge and ship building, shoemaking, and tailoring; and the latter in longshore work, farming, road construction, building construction, drainage projects, and various other types of public works. Two of the country's railroads were built and operated by worker groups. These associations had had, for many years, preference in Government contracts—a policy which seems to have been continued by the Fascists.

The workers' cooperatives ("artels") in the Soviet Union have been encouraged to the greatest extent by the Government, under the various 5-year plans, and have played a substantial part in industrial production. Even as late as 1938, these industrial cooperatives were producing about 20 percent of the total output of consumer goods in the country. In certain lines the proportion ran considerably higher: Piece goods, 33 percent; furniture and felt footwear, 35 percent; metal goods, 42 percent; metal beds, 65 percent; notions, 80 percent. Certain commodities—embroideries, toys, musical instruments, and kerosene burners—were produced entirely by the artels.

The workers' productive associations in the rural areas of Rumania quarried stone and mined coal; those in the urban areas operated printing plants, tanneries, and textile-weaving mills.

OTHER ASSOCIATIONS

The services of certain other special types of cooperatives might be utilized in the work of rebuilding the economy in the devastated regions. Among these may be noted the following: For the communal feeding programs that will be necessary in the period immediately following liberation in each country the experience of the cooperative restaurants in Belgium, Finland, and Sweden, the "canteens" of Denmark, and the "cooperative kitchens" and restaurants in the Netherlands should be of service. Lumber might be obtained from the forestry associations in Bulgaria, Finland, and Rumania; and fish from the fishermen's associations in Great Britain, Greece, Italy, Latvia, Norway, Spain, Sweden, and Yugoslavia. Before the war, cooperatives distributed electric power in Czechoslovakia, Denmark, Estonia, Finland, France, and Yugoslavia (as also in certain still free countries, such as Sweden and Switzerland). In Finland where telephone service was also provided cooperatively, the farmers' cooperative wholesale, "Hankkija," was recognized as the leading enterprise in electrification work and in the installation of telephone equipment. Hungary had cooperatives carrying on a transport business, and one mining association.

The farmers in the various countries also had cooperatives of many types, in addition to the usual processing and marketing of farm products and purchasing of farm supplies. In Belgium the Belgische Boerenbond operated a chain of retail stores and bakeries. In Czechoslovakia the farmers ran flour mills, bakeries, fruit and vegetable canneries, chicory works, and starch factories, as well as associations for the joint leasing and cultivation of land and joint use of farm machinery Except for the land associations, farmers' cooperatives in France and Switzerland were in similar fields. Dairy associations were of especial importance in the agricultural cooperative movement of Estonia, Finland, Norway, Sweden, and Switzerland. In Denmark, Finland, Netherlands, Norway, and Sweden, practically every phase of agriculture had its marketing and purchasing cooperatives, operating in foreign as well as domestic markets.

Rural cooperatives were even more varied in Bulgaria. That country had in addition to the usual processing, marketing, and supply associations, cooperatives of cocoon growers and forest owners, collective-farming organizations, associations distilling attar of roses, and "river" associations carrying on irrigation, drainage, flood control, electricity generation and distribution, and extraction of salt from the sea. In Rumania there were land-leasing and cultivation associations, forestry associations, and organizations quarrying stone and mining coal.

Consumers' Cooperative Movement

CHARACTERISTICS OF THE MOVEMENT

Goods and services provided.—In general, the European distributive associations tended to deal in groceries and household supplies. Extreme variety of type characterized the consumers' cooperatives in countries where organizations usually carried on a limited range of activities and where a new association was formed for each new avenue of activity. In many cases, on the other hand, where the

consumers' cooperatives were of the usual standard types, the retail associations operated in a wide variety of lines. Thus, in France where there still remained many small associations dealing in a single commodity, such as bread, there were also large district associations operating not only grocery stores, bakeries, and restaurants, but even drug stores and department stores. The same is true in Great Britain to an even greater extent; in that country the retail cooperatives also provide services of various kinds, such as medical, dental, and optical care, beauty service, burial, laundering, auto repair, house decoration, and meals.

Finnish and Lithuanian distributive cooperatives usually were of the "general store" type, providing a wide range of commodities in a single shop. Some Finnish stores were reported to carry as many as 5,000 items of merchandise. In Germany and Sweden, on the other hand, the majority of associations tended to concentrate on foodstuffs, although some also sold dry goods, housefurnishings, etc.

Religious and political aspects.—Typical of many countries were the cleavages along religious (Belgium, Netherlands, and Spain), political (Belgium, Czechoslovakia, Finland, and Netherlands), and social lines (Hungary). Nationality divisions were also common, especially in eastern Europe where nations had been pieced together, after the first World War, from territories previously under the rule of adjoining countries (Poland, Rumania, Yugoslavia). Such differences did not necessarily mean disharmony. In some countries the various branches were on friendly terms and combined forces on occasion (Czechoslovakia, Hungary). In others (as in Poland), although there were groups of associations whose members were exclusively of a single political or religious belief, they were affiliated with the general national movement. In at least one country (Belgium), however, there was active antagonism among the various factions. One of the noteworthy features of the cooperative movement in Czechoslovakia was the warm friendship between the German and Czechoslovakia branches of the cooperative movement, which continued even after the beginning of the Pan-German movement initiated by the Nazis and until the dismemberment of the country.

Rumania contained a movement organized almost entirely on nationality lines, but compelled by Government decree to belong to a single structure culminating in a State department. Membership in a general federation was also compulsory by law, in Yugoslavia. The Finnish distributive movement was divided into two camps—the cooperatives of urban, progressive, industrial workers, and those of the rural, conservative, agricultural groups. Between them existed no special antagonism; neither does there appear to have been collaboration.

In spite of differences in language, political preference, and religious belief in some countries, the consumers' cooperative movement had in many cases succeeded in becoming unified and well-integrated throughout the entire nation. National federations had been formed, for educational and commercial activities, to which all or a preponderant proportion of the entire movement was affiliated. This was the situation in Austria (before the Anschluss), Bulgaria, Estonia, France, Great Britain, Hungary, Lithuania, Norway, Poland, Sweden, Switzerland, and Yugoslavia. In most of these the national federation pursued a policy of religious and political neutrality. This latter

did not, however, preclude action by the movement to protect itself against legislative attack; political "neutrality" meant that the movement did not identify itself with any existing political party.

Cooperative movement in relation to the State.—In its attitude to and relations with the Government, the consumers' cooperative movement, just prior to the present war, varied from (1) uncompromising self-reliance (as in Great Britain, Netherlands, Norway, Sweden, and Switzerland) through (2) participation with the Government, on equal terms, in various enterprises which were generally undertaken as expedients for improving the general economic situation (pre-Anschluss Austria, Hungary, Latvia, Lithuania) (3), through varying degrees of government assistance (usually credit, in the form of long-term loans,[5] as in France), to (4) extreme dependence on Governments which were continually intervening in the affairs of the movement (Bulgaria, Rumania).

The attitude of the Governments, on their part, ranged from—

(1) Open hostility (National-Socialist Austria, Germany), through—

(2) Apparent indifference or a hands-off policy (Belgium, Great Britain, Netherlands, Switzerland) to—

(3) Active interest manifested through—

(*a*) Strict control (Latvia, Lithuania).

(*b*) Granting of monopolies in certain lines to cooperatives (Estonia, Latvia).

(*c*) Extension of credit or outright subsidies (France, Rumania).

(*d*) Special Government offices to regulate, direct, or promote cooperative activities (Czechoslovakia, Estonia, France, Rumania).

(*e*) Establishment of cooperative training schools (Bulgaria, Rumania) or introduction of cooperative courses in the schools or colleges (France, Poland, Rumania).

(*f*) Public expressions of appreciation on the part of Government officials (Czechoslovakia, Hungary, Sweden).

(*g*) Extension to cooperatives of representation on various Government regulatory or administrative bodies (Bulgaria, Czechoslovakia, France. Hungary, Lithuania).

Since the Bolshevik Revolution in Russia, the attitude of the authorities there has ranged from (1) extreme favor that gave the movement the status of a Government enterprise, membership in which was made compulsory (1919–23), (2) restoration of voluntary membership (1924) but with operation under Communist control, to (3) absorption of urban cooperatives into the State store system (1935), but encouragement of the rural consumers' cooperatives and other forms of cooperative effort (1935–44).

Consumers' Cooperative Movement During and Immediately After the Depression

The impact of the depression and post-depression years was felt by European cooperatives in several ways: In the decreased volume

[4] In Great Britain the movement has its own political entity, The Cooperative Party.

[5] It should be pointed out that in most countries where this was the situation, similar credit was also accorded to other forms of business enterprise—and often on a much wider and more liberal scale. Among the branches of the cooperative movement, also, it was generally the credit and agricultural associations (rather than the consumers' cooperatives) that were accorded Government credit.

of trade caused by the diminished purchasing power of the members, who were largely industrial workers or agriculturalists; in the increased attacks by private business, resulting in efforts to prevent further expansion of cooperatives and to restrict their activities through either general legislation or measures aimed solely at cooperatives; and in the hampering effects of measures adopted by the Governments in their effort to adjust to worldwide conditions of commerce and trade. The trend toward curbs upon the cooperative movement was intensified as the corporative type of government began to be introduced in one country after another, under the influences of a complicated set of domestic and world events and factors.

ATTACKS UPON THE MOVEMENT

The private traders' attacks generally followed a similar pattern in all countries. The cooperatives were accused of being the recipients of special favors from the Government (notably in the matter of tax exemption); and their patronage refunds were declared to be an unfair trade practice. On the basis of these charges legislation was sponsored, the purpose of which was usually declared to be to "place cooperatives on the same footing as private business." In Finland the retail dealers had adopted the cooperatives' technique and had established wholesale cooperatives of their own, and it was through these organizations, ironically enough, that the attacks against the consumers' cooperatives were launched.

The measures proposed ranged from mild curbs upon the expansion of the movement to its entire dissolution or to imposition of taxes frankly designed to put the cooperatives out of business.

In reply to the charges made, the consumers' cooperatives pointed out that they paid the usual business and real-estate taxes and license fees, that generally the only exemptions they enjoyed were on the surplus earnings returned to members on patronage; and that these could not properly be regarded as on the same basis as "profits," being merely the overcharge advanced by the members to insure the financial safety of the enterprise. In some countries (as in Belgium and France) some difficulty was experienced in driving home this latter point, because of the fact that the cooperative law was so loosely drawn that profit-making businesses could and did incorporate under it. Where cooperatives had exemption on amounts disbursed for social-welfare purposes (pensions, hospitals, holiday homes, etc.), the same also held true for similar expenditures by private business.

For the most part the more drastic legislative restrictions attempted were defeated by the cooperatives (Denmark and Finland), though often only by concerted effort of the various branches of the movement (Netherlands), or with the support of the trade-unions (Belgium) or the liberal political parties (Czechoslovakia). Opponents were, however, successful in obtaining certain restrictions in Austria (by compromise, the associations agreed to discontinue production of textiles and not to attempt any further expansion of membership), in France (a special tax on all cooperative sales, and cancellation of the exemption on expenditure for social welfare), in Switzerland (limitation of opening of branch stores, and special taxation—also levied on chain stores), and in the Netherlands (limitation on opening of new enterprises, but cooperatives were given representation on the determining committee).

It may be noted that in Germany and, later, Austria, the drastic measures against consumers, cooperatives that were inaugurated immediately after the assumption of power by the National Socialists—finally ending in the wiping out of the entire consumers' cooperative movement—were manifestations of the Nazi policy of favor toward the small shopkeepers.

In most of the above cases, the attacks occurred in democratic countries having governments responsive to pressure groups but where the weight of the cooperative movement could also make itself felt. Where restrictions were finally imposed, these were ordinarily far less onerous than the original proposals. In the dictatorships or those countries in which the totalitarian state was rapidly being inaugurated (Bulgaria, Estonia, Italy, Latvia) the entire cooperative movement was subjected to the will of an unresponsive authority which in some cases favored it, but in all cases had complete control.

In some countries the merchants' attacks not only failed to harm the movement in any serious way, but brought about closer relationships among the various branches of the movement (Belgium and France) and redounded to its benefit in other ways. Thus, in Czechoslovakia the attendant publicity even resulted in a substantial increase in membership. In France a signal victory was achieved in the passage of a law, advocated for many years, setting cooperative standards and restricting the use of the word "cooperative" to organizations meeting these standards. The various branches of the movement in the Netherlands—neutral workers' federation, Catholic cooperatives, and agricultural associations—had always had very friendly relations. The merchants' attacks resulted in bringing them even closer, in the formation of a council for defense on which all groups were represented, in the undertaking of a 5-year plan for informing the public regarding the movement and for the better education of cooperators, and in the formation by the consumers' and agricultural cooperatives of a jointly operated chain of green-grocery stores throughout the Netherlands.

DEPRESSION EFFECTS UPON TRADE AND MEMBERSHIP

Cooperatives came through the depression fairly well. In general they were able to resist depression conditions in proportion to their financial resources and the degree of coordination of the various parts of the movement. Those countries the economy of which was largely dependent upon foreign trade were among the first to suffer, the shock being quickly communicated to industry or agriculture or both, depending upon the type of the country's exports and imports.

The Belgian cooperative movement, although it had not regained its predepression level, had undergone a drastic structural reorganization and integration designed to put it on a much firmer basis financially. By this action the consumers' cooperative movement of Belgium had become (with the possible exception of Rumania [6]) the most strongly centralized of all Europe. Rapid progress had already begun under the new plan, when the present war broke out.

The consumers' cooperative movement in France had through many years' consolidation of associations, attained a stability that enabled

[6] In Rumania, however, the centralization was forced by the Government, not voted by the cooperators themselves.

it to hold its own remarkably well during the early years of the depression. Beginning in 1933, however, it suffered a severe blow with the sudden failure of the Cooperative Bank, whose obligations were thereupon assumed by the cooperative movement. As a result of all this and the other economic effects of depression a general reorganization of the whole consumers' network was voted, providing for greater mutual assistance and bestowing added authority on the central organizations.

In the Netherlands, although the depression was severe and was greatly felt by the working-class membership, one organization was formed to give technical aid to associations in difficulties and another to lend financial assistance. Sales of local associations declined year by year throughout the depression, until 1936, when a sharply upward trend began. Such was the loyalty of the local associations, however, that the sales of the wholesale rose without a break throughout the entire depression period.

The Norwegian consumers' cooperative movement not only held its own throughout this period but advanced, each year showing higher trade levels.

Polish cooperatives had recovered from the depression by 1933 and consumers' and agricultural cooperatives were making rapid progress.

In Czechoslovakia where depression conditions (especially in the Sudeten area, where the German branch of the movement was concentrated) continued through 1936, both the German and Czechoslovakian branches of the movement had overcome the effects of the depression and were well on the upgrade by the end of 1935.

In Sweden, where there was a systematic policy of amalgamation of small associations into larger and more stable organizations and where ailing associations were taken in hand and set on their feet, the cooperative movement came through the depression without serious mishap. The sales of both the retail associations and the wholesale rose uninterruptedly during the whole depression period. The associations in Switzerland were almost as fortunate, sustaining only slight reductions about 1932 and 1933.

In the Baltic countries the trend toward the corporative State came early, dating in Lithuania from 1926, when a single-party dictatorship came into power. Similar systems followed in Estonia in 1933 and Latvia in 1934. With these changes came complete government control over the cooperatives, which had been severely affected by the depression (in Estonia by 1934 the number of associations and membership had dropped to an all-time low and many of the associations were saved only through timely assistance from the cooperative wholesale). Along with control also came favors; cooperatives were in some cases given export monopolies (Estonia, Latvia) and allowed to participate in many ways in the Government's system of economic control. In Latvia, however, this entailed a complete reorganization forced by the Government and conformity to the new ideology.

Somewhat similar circumstances were found in most of the countries that later threw in their lot with Germany, and cooperatives were of course affected by the measures adopted by the New Order. In Italy the cooperatives had been incorporated into the Fascist system soon after the rise of Mussolini.

The depression was unusually severe in Austria, but the cooperatives withstood the situation during the first few years better than did

private business, although volume of business receded. After the crisis of 1933 and the beginning of the authoritarian system cooperatives felt more and more the iron hand of the authorities, losing the Labor Bank and being themselves placed under Government administrators and obliged to become members of corporative organizations created by the Government for the various branches of trade and industry. This crisis was surmounted and Government administration was withdrawn in 1935, after which the movement (retail and wholesale) began to advance again. This progress was terminated abruptly with the German invasion in 1938. From that time onward the only question was how long the movement could delay the ultimate aim of the Nazis—dissolution.

Unlike the situation in most other countries, the depression in Germany had not been preceded by a period of prosperity, but was the culmination of a long downhill slide in business and employment that had begun in 1923. During this time cooperatives had been singled out for special taxation in many German States and municipalities, which seriously reduced their earning power and the benefits they could return to their worker members. When Government credit was made available for business, cooperatives were again victims of discrimination. In 1933 Hitler came to power. During the succeeding years workers' labor cooperatives disappeared entirely and in the other branches of the cooperative movement drastic amalgamations were forced. The consumers' associations were especially singled out, the largest associations being attacked first and the wholesales merged into an association that did not even contain the word, cooperative. During the next few years, however, the attitude not only of State governments but also of the Central Government showed extreme variation. Agricultural cooperatives, alone, were consistently encouraged.

Although drastic reorganizations in the cooperative movement were carried out by Government order in Hungary and Rumania, some degree of friendliness was also shown. In Hungary, the importance of "Hangya," the national consumer-farmer cooperative wholesale, was recognized; it was given representation on all the State-controlled syndicates, and its facilities were utilized in many ways.

In Bulgaria, where the constitutional government was overthrown early in 1934, the Government began to intervene more and more in cooperative affairs. Nevertheless, all branches of the movement expanded up to the outbreak of war, and cooperators were even given responsible posts in the Government.

Consumers' Cooperation Just Before World War II

RETAIL CONSUMERS' COOPERATIVES

Table 4 shows, for 24 countries for which data are available, the membership and business of retail consumers' cooperatives before the beginning of the war and in the latest year obtainable.

TABLE 4.—*Membership and Business of Retail Consumers' Cooperatives, by Country*

[For par values of currency, see Appendix table, p. 278]

Country	Year	Number of associations reporting	Number of members	Business done	
				Monetary unit	Amount
Austria	1937	220	300,000	Schilling	124,608,700
	1936	131	260,831	do	118,063,603
	1935	101	264,464	do	115,200,090
Belgium	1937–38	40	[1]305,197	Franc	663,073,337
	1937	[2]43	500,000	do	650,000,000
	1935	43	346,568	do	728,709,299
Bulgaria	1941	155	104,992	Lev	[3]656,400,000
	1937	62	75,000	do	556,800,000
	1935	61	69,000	do	459,020,700
Czechoslovakia	1937	816	805,544	Franc	203,798,000
	1936	816	644,400	Koruna	1,348,400,000
	1935	835	642,700	do	1,299,100,000
Denmark	1941	1,933	419,200	Krone	[4]361,500,000
	1937	1,882	366,100	do	328,700,000
	1935	1,835	319,000	do	286,003,800
Estonia	1940	208	([5])	Kroon	50,000,000
	1937	192	47,000	do	45,500,000
	1935	173	35,478	do	26,332,000
Finland	1941	529	676,000	Markka	[6]7,695,000,000
	1937	537	562,298	do	4,683,077,605
	1935	528	517,355	do	3,327,000,000
France	1937	1,235	1,800,000	Franc	1,781,409,000
	1936	1,200	1,600,000	do	1,471,772,000
	1935	1,064	1,6 8,359	do	2,232,540,000
Germany	1937	1,162	2,010,900	Reichsmark	532,069,098
	1936	1,162	2,094,500	do	510,000,000
	1935	1,169	3,121,839	do	659,600,000
Great Britain	1943	[7]1,058	9,028,218	Pound	331,547,123
	1937	1,094	8,084,990	do	251,393,047
	1935	1,098	7,414,376	do	220,429,517
Hungary	1940	2,094	[8]701,417	Pengö	[2]91,306,160
	1936	1,480	630,000	do	91,306,160
	1935	1,489	627,693	do	81,148,481
Iceland	1942	[9]48	20,189	Krone	109,000,000
	1936	37	9,150	do	19,200,000
	1935	37	8,680	do	17,200,000
Irish Free State	1941	20	15,771	Pound	2,474,239
	1936	21	9,222	do	186,537
	1935	22	9,335	do	180,876
Italy	1938	3,865	825,000	Lira	[10]1,300,000,000
	1935	3,465	775,000	do	1,180,000,000
Latvia	1938	184	27,577	Lat	58,900,000
	1935	112	18,008	do	13,523,000
Lithuania	1939	185	25,189	Lit	114,285,259
	1935	165	21,332	do	33,191,364
Nether ands	1939	351	304,804	Florin	70,769,000
	1936	419	325,368	do	63,735,779
	1935	398	320,907	do	64,775,816
Norway	1942	673	200,490	Krone	210,020,700
	1937	585	160,107	do	168,253,500
	1935	524	138,557	do	129,769,600
Poland	1939	1,776	412,762	Zloty	([11])
	1937	1,500	325,000	do	143,200,000
	1935	1,391	311,000	do	131,700,000
Rumania	1938	2,791	154,735	Leu	([12])
	1934	1,767	257,907	do	1,259,130,054
Spain	1937	1,803	1,178,817	Franc	13,638,000
	1934	272	79,814	Peseta	90,863,000
Sweden	1942	676	765,700	Krona	731,000,000
	1937	702	605,796	do	488,740,957
	1935	725	568,161	do	412,177,962
Switzerland	1942	546	461,000	Franc	406,100,000
	1937	540	413,715	do	299,251,995
	1935	535	402,339	do	274,200,381
Yugoslavia	1939	[13]138	90,672	Dinar	283,887
	1935	97	72,327	do	206,311

[1] 46,000 nonpurchasing members were dropped from rolls in this year.
[2] Data relate to 1936.
[3] Data relate to 1939; affiliates of central organizations only.
[4] Data relate to 1939.
[5] No data.
[6] Data relate to 1942.
[7] Includes agricultural supply associations.
[8] Data relate to 1941.
[9] Data relate to 1937.

WHOLESALE COOPERATIVES

In all of the countries of Europe, except Greece and Portugal, the retail cooperatives had combined to establish wholesales through which to obtain supplies of goods. The operations of these wholesales in selected years (depression, pre-war, and war) are shown in table 5.

TABLE 5.—*Membership and Business of Cooperative Wholesales, by Country*

Country and wholesale	Year	Number of affiliated associations	Currency [a]	Wholesale	
				Amount of business	Own production
Austria: GöC	1937	131	Schilling	81,700,000	(1)
	1936	131	do	73,616,332	[2] 29,718,000
	1933	143	do	76,249,019	4,841,000
Belgium: S. G. C	1940	[3] 62	Franc	138,737,000	(1)
	1937	43	do	169,000,000	27,000,000
	1933	71	do	186,655,531	28,095,091
Bulgaria: Napred	1942	78	Lev	1,140,000,000	(1)
	1940	69	do	698,167,000	[4] 117,433,998
	1933	58	do	432,297,514	37,000,000
Czechoslovakia:					
G. E. C	1937	140	Koruna	320,954,014	(1)
	1935-36	[5] 160	do	295,938,000	57,268,000
	1933	166	do	292,165,370	53,005,470
V. D. P	1940	[6] 301	do	638,500,000	[6] 172,421,000
	1933	331	do	455,549,000	136,974,659
Sdruzeni	1937	131	do	203,240,000	(1)
Denmark: F. D. B	1939	1,870	Krone	216,200,000	65,100,000
	1937	1,900	do	206,841,653	60,597,998
	1933	1,833	do	151,900,000	42,900,000
Estonia: E. T. K	1942	[7] 208	Reich mark	41,400,000	8,000,000
	1937	192	do	29,107,000	6,206,000
	1933	184	do	12,687,000	[8] 3,100,000
Finland:					
O. T. K	1942	(1)	Markka	1,612,000,000	239,600,000
	1939	127	do	1,257,000,000	243,300,000
	1933	109	do	604,970,281	82,035,578
S. O. K	1943	(1)	do	2,153,000,000	450,000,000
	1939	[9] 417	do	1,646,000,000	356,000,000
	1933	418	do	914,571,571	183,585,602
France	1939	(1)	Franc	1,276,899,000	81,200,085
	1937	1,235	do	1,066,021,394	62,441,343
	1933	1,120	do	893,878,615	50,390,293
Germany: G. E. G	1937	1,162	Reichsmark	330,009,321	120,608,663
	1936	1,169	do	309,999,304	107,581,300
	1933	1,154	do	279,940,844	108,000,000
Great Britain:					
English Wholesale	1943	(1)	Pound	7,544,315	(1)
	1942	[9] 1,008	do	157,395,338	47,406,257
	1939	1,009	do	125,015,316	44,243,924
	1933	1,052	do	83,031,390	30,049,108
Scottish Wholesale	1943	(1)	do	35,778,000	(1)
	1942	[9] 221	do	34,044,052	[9] 9,816,972
	1939	227	do	24,612,711	7,132,330
	1933	241	do	16,016,361	5,361,493
English and Scottish Joint Wholesale	1942	2	do	9,429,000	----------
	1939	2	do	8,400,000	----------
	1933	2	do	15,975,552	----------
Hungary: Hangya	1941	[10] 1,887	Pengö	230,000,000	28,600,000
	1937	1,480	do	80,053,757	4,783,095
	1933	1,541	do	43,230,547	3,828,120
Iceland: Union and Wholesale	1942	[9] 48	Krone	69,000,000	[11] 9,000,000
	1936	40	do	8,500,000	1,589,199
Ireland: I. A. W	1942	360	Pound	721,806	----------
	1937	373	do	241,974	----------
Italy: E. I. C. A	1937	(1)	Lira	115,567,000	(1)
	1932	251	do	115,526,994	(1)
Latvia:					
Turība	1938	[12] 414	Lat	[12] 80,000,000	(1)
Konzums	1935	223	do	1,350,000	(1)
Lithuania: Lietukis	1939	145	Lit	138,911,000	(1)
	1936	108	do	73,710,000	(1)
Luxemburg: General Federation	1937	(1)	Franc	28,716,000	(1)
Netherlands: Handelskamer	1940	[9] 292	Florin	27,792,000	[9] 3,424,000
	1937	302	do	28,118,700	3,158,320
	1933	284	do	21,431,000	1,434,000
Norway: N. K. L	1941	666	Krone	53,162,000	[7] 24,400,000
	1937	585	do	54,105,407	24,000,000
	1933	483	do	33,135,651	15,329,385

See footnotes at end of table.

TABLE 5.—*Membership and Business of Cooperative Wholesales, by Country*—Con.

Country and wholesale	Year	Number of affiliated associations	Currency [a]	Wholesale	
				Amount of business	Own production
Poland: Spolem	1939	1,776	Zloty	98,000,000	[1]
	1938	1,800	do	100,000,000	10,000,000
	1933	794	do	69,616,646	5,130,937
Rumania: Hangya	1937	325	Leu	121,000,000	[1]
	1935	315	do	2,647,589	590,469
Soviet Union: Centrosoyus	1934	[1]	Ruble	14,910,000,000	[1]
	1933	[1]	do	14,154,400,000	[1]
Spain: C. C. A.	1937	1,200	Peseta	4,525,000	[1]
Sweden: K. F.	1941	706	Krona	270,930,000	[10] 149,700,000
	1939	693	do	269,350,000	144,535,346
	1933	763	do	152,483,000	81,759,000
Switzerland: Konkordia	1939–40	[1]	Franc	3,816,000	[1]
	1937	47	do	3,340,000	[1]
	1933	[12] 52	do	3,533,922	[1]
V. O. L. G.	1938	329	do	43,000,000	1,500,000
	1936	318	do	37,710,000	[1]
	1933	310	do	39,822,864	[1]
V. S. K.	1943	548	do	267,340,000	[1]
	1939	545	do	227,869,001	5,280,152
	1933	533	do	168,585,443	1,886,338
Yugoslavia	1937	1,236	Dinar	57,846,000	[1]
	1935	991	do	37,166,955	[1]

[a] For par values, see p. 278.
[1] No data.
[2] Data relate to 1935.
[3] Data relate to 1938.
[4] Data relate to 1936.
[5] Data relate to 1934–35.
[6] Data relate to 1937.
[7] Data relate to 1939.
[8] Data relate to 1934.
[9] Data relate to 1941.
[10] Data relate to 1940.
[11] Estimated.
[12] Includes agricultural.
[13] Data relate to 1932.

Place of Cooperatives in the National Economy

IMPORTANCE IN TERMS OF POPULATION

Before the outbreak of World War II, the members of the consumers' cooperatives accounted for 10 percent or more of the population in Denmark, Finland, the British Isles, Soviet Union, and Sweden. In the Soviet Union, where the urban cooperatives had been absorbed into the system of State-owned stores in 1935, the membership of the rural consumers' cooperatives included nearly a third of the rural population (table 6). Allowing for the families of cooperators, the percent of population served by the consumers' cooperatives ranged from 15.0 percent (Netherlands) to 34.0 percent (Sweden).

TABLE 6.—*Importance of Consumers' Cooperatives in Relation to Population, Just Prior to Outbreak of War*

Country	Cooperators as percent of population	Country	Cooperators as percent of population
Consumers' cooperatives		*Consumers' cooperatives*—Con.	
Based on members only:		Including families also—Con.	
Denmark	10.0	Hungary	[1] 25.0
Finland	16.6	Netherlands	15.0
Germany	6.0	Norway	27.0
British Isles	18.1	Sweden	34.0
Latvia	1.4	Switzerland	25.0
Lithuania	.9	*All types of associations*	
Luxemburg	6.5	Based on members only:	
Netherlands	3.5	Bulgaria	15.6
Norway	[1] 6.7	Norway	20.0
Rumania	.8	Rumania	[2] 3.1
Soviet Union	[2] 32.1	Including families also:	
Spain	4.7	Estonia	50.6
Sweden	12.0	Finland	50.0
Yugoslavia	1.6	Greece	20.0
Including families also:		Hungary	45.0
Belgium	25.0	Poland	40.0
Czechoslovakia	30.0	Rumania	33.3
Denmark	33.3	Yugoslavia	40.[11]
Germany	24.0		

[1] Includes only associations affiliated to central organizations.
[2] Based on rural population; no consumers' cooperatives in urban areas.

IMPORTANCE IN TERMS OF TRADE

Outstanding among the countries, as regards the proportion of total retail trade done by cooperatives, were Bulgaria (25.0 percent), Estonia (24.0 percent), and Finland (30.0–40.0 percent). As the statement below indicates, the proportion of cooperative trade ranged relatively high as regards specified commodities or lines of trade. Perhaps the most striking instance is Lithuania, where the supply or trading associations handled from 59.5 to 84.4 percent of the total in various commodities just before the war.

In five countries (pre-Anschluss Austria, Bulgaria, Estonia, Hungary, Poland ("Spolem")) the central business organization of the consumers' cooperative movement was the most important commercial enterprise in the country. In Sweden, the cooperative network was reported as being "the only large-scale organization in the distributive trade."

	Cooperative business as percent of retail trade
Belgium: Total retail trade	10.0
Bulgaria: Total retail trade	25.0
Czechoslovakia: Total retail trade	3.8
Denmark: Total retail trade	17.0
Estonia: Total retail trade	24.0
Finland: Total retail trade	30.0–40.0
France: Groceries	6.0
Germany: Total retail trade:	
1931	5.0
1935	2.0
Great Britain: [1]	
Food and tobacco	12.0
Meat	14.5
Coal	20.0
Sugar and preserves	27.0
Hungary: Total retail trade	12.5
Latvia: Food	16.0
Lithuania:	
Cement	59.5
Salt	76.0
Agricultural machinery	80.0
Sugar	84.4
Netherlands: Groceries	6.0
Poland:	
Total retail trade	3.0
Food	10.0
Sweden:	
Total retail trade	12.0
Food	20.0
Switzerland:	
Total retail trade	10.0–12.0
Sugar and macaroni	80.0

[1] Data relate to 1942.

IMPORTANCE IN TERMS OF PRODUCTION

Cooperatives had made considerable progress in producing their own supplies—both in variety of product and in volume of goods produced. In most cases the major part of the production was carried on by the cooperative wholesales, either in their own departments or through separate subsidiary organizations. The local cooperatives generally produced a small amount also, mostly perishable goods like meat products and bakery goods.

Table 7 shows for the latest year for which production figures are available the value of goods produced and their relative importance in terms of wholesale business. Only in the case of Sweden did the wholesale's production account (in value) for as much as half of its total sales.

TABLE 7.—*Value of Own Production of Cooperative Wholesales, by Country*

[For par values of currency, see Appendix table, p. 278]

Country	Year	Goods produced			Country	Year	Goods produced		
		Monetary unit	Value	Percent of total sales			Monetary unit	Value	Percent of total sales
Austria	1935	Schilling.	29,718,000	42.8	Great Britain	1939	Pound	[1]51,376,254	34.3
Bulgaria	1936	Lev	117,433,998	22.1	Hungary	1939	Pengö	11,352,734	8.9
Czechoslovakia	1936	Koruna	[1]255,991,550	31.0	Iceland	1939	Krone	4,257,000	15.2
Denmark	1937	Krone	60,597,998	29.3	Netherlands	1938	Florin	3,424,000	12.3
Estonia	1939	Kroon	8,800,000	24.2	Norway	1939	Krone	24,400,000	39.0
Finland	1939	Markka	[1]599,300,000	20.6	Poland	1938	Zloty	10,000,000	10.0
France	1939	Franc	81,200,085	6.4	Rumania	1935	Lev	590,469	22.3
Germany	1931	Reichsmark	[1]155,326,693	31.1	Sweden	1939	Krona	144,535,346	53.7

[1] Two organizations.

In many countries the wholesales undertook production as part of a definite aim toward cooperative self-sufficiency. This was the case in Bulgaria, Czechoslovakia, France, Germany, and Great Britain. In other countries the consumers' cooperatives entered production only when they were unable to obtain goods of satisfactory quality or at a satisfactory price. Outstanding in this class were Denmark, Sweden, and Switzerland. The policy of this latter group resulted in some spectacular struggles with cartels and other concentrated private industry, but the entrance of the cooperative wholesale into manufacture resulted in drastic price reductions—in Denmark in the prices of rolled oats and twine, in Sweden in the prices of margarine, electric-light bulbs, flour, commercial fertilizer, and rubber footwear, and in Switzerland in the prices of flour, shoes, meat, and chocolate.[7] So effective was the Swedish wholesale that eventually it won price reductions merely by a threat to enter production of certain commodities. In Austria the wholesale's entry into production was occasioned by the desperate situation at the end of the first World War. In several fields the wholesale participated with other agencies (the Austrian Government, municipalities, trade-unions, etc.) in enterprises to produce needed goods. Some of these enterprises were liquidated during the post-war depression, others were continued by the wholesale.

The Czech cooperative wholesale, V. D. P., in 1937 was the largest flour-mill operator in the country. The German wholesale in Czechoslovakia produced more canned goods (fish, fruits, vegetables) than its affiliated associations could use; and it exported the surplus to Sweden, Finland, and Germany.

The articles produced by the wholesale organizations just before the war are listed in table 8. Undoubtedly some of the productive plant has suffered during the war, especially in those countries that have served as battlefields or have been deliberately devastated by the Germans. Nevertheless the list indicates the type of commodities that may be available from cooperative sources.

[7] In the case of chocolate, price reductions were obtained by a concerted boycott of the cartel's products by cooperative associations.

TABLE 8.—*Commodities Produced by Cooperative Wholesales, Prior to War*

Austria	Belgium	France [3]
Food products (bakery goods, sausage, macaroni, crackers, noodles, confectionery). Chemical products (soap). Clothing [1] (underwear, shoes, and other). Textiles.[2]	Food products (margarine, jam, canned goods, mustard, syrup, chocolate, cornmeal, confectionery). Chemical products (soap, paint). Clothing (shoes, hats, caps). Tobacco products (cigars).	Food products (butter, chocolate, canned goods, salt, candy). Chemical products (soap). Clothing (shoes). Twine.
Czechoslovakia (2 associations)	**Denmark**	**Estonia**
Food products (bakery goods, baking powder, butter, cheese, chocolate, canned goods, chicory, edible paste products, fish products, flour, jam and preserves, meat products, mustard, pickles, sauerkraut, vanilla, vinegar, fruit wine, confectionery, spices). Chemical products (metal and shoe polish, cosmetics). Textiles (hosiery, ribbon, and other knitgoods). Clothing (trousers, suspenders, underwear, shoes, sportswear). Elastic goods.	Food products (chocolate, flour, rolled oats, margarine, mustard, spices, confectionery, coffee roasting). Chemical products (soap, paper). Textiles (hosiery, rugs). Clothing (shoes, dresses, etc.). Tobacco products (tobacco, cigars). Farm supplies (harness, twine, rope). Wine. Leather. Bicycles. Flax cultivation and flax processing.	Food products (coffee roasting, cured fish, flour). Chemical products (soap, cosmetics, lubricants, mineral colors, polishes). Alcohol, wine. Metal products (nails, wire, chains, tinware, agricultural implements). Building supplies. Mining. Experimental-farm operations (stock raising, gardening, tree nursery, milch cows).
Finland (2 associations)	**Pre-Nazi Germany (2 associations)**	**Hungary**
Food products (coffee roasting, bakery goods, margarine, preserves, edible paste products, crackers, flour, fish products, pickles). Chemical products (fertilizer, matches, paper). Clothing. Textiles products (hosiery, knitted underwear). Brushes. Building supplies (lumber, bricks).	Food products (flour, edible paste products, meat and fish products, malt coffee, jams, preserves, cocoa, chocolate, cheese). Chemical products (soap, matches, and other). Clothing. Textiles (weaving, dyeing). Tobacco and its products. Printing, stationery. Farming.	Food products (mustard). Chemical products (soap, tooth paste, shoe polish, blacking, dyes, lacquers). Household supplies (starch, brooms, brushes, cutlery). Costume jewelry. Rope, cord. Lubricating oil.
Bulgaria	**Iceland**	**Latvia**
Food products (canned vegetables and fish, cheese, rice, flour, sugar). Electric-power generation. Rock-salt mining.	Chemical products (soap). Clothing (shoes, gloves, dresses, etc.). Textiles (woolen goods). Leather.	Food products (meat, salt). Chemical products (drugs). Lumber. Flax processing.
Lithuania [4]	**Netherlands**	**Norway**
Food products (flour, sugar, meat products). Chemical products (soap, oil polishes, lubricants).	Food products, (cheese, jams, cooking oils, packaged goods). Chemical products (cosmetics). Clothing.	Food products, (margarine, coffee roasting, flour, chocolate). Chemical products (soap). Clothing (shoes). Textiles (woolen goods). Leather. Tobacco products.

[1] Factory closed, 1934.
[2] Private business forced discontinuance in 1934.
[3] Also joint owner in several other enterprises.
[4] In most cases production was carried on through subsidiary organizations owned jointly with other cooperatives or with the Government.

TABLE 8.—*Commodities Produced by Cooperative Wholesales, Prior to War*—Con.

Poland	Sweden	Switzerland [6]
Food products (soap, crackers, preserves, flour, canned fish, confectionery). Chemical products (shoe polish, varnish, cosmetics). Paper and paper bags. Building supplies (lumber). Gunny sacks.	Food products (flour, margarine, bread, vegetable oil, coffee roasting, cornmeal, meat products). Chemical products (soap, matches, phosphates). Clothing (galoshes, shpes). Textiles (artificial silk goods). Household supplies (pottery, porcelain ware). Building supplies (cement). Cash registers.	Food products (flour, coffee roasting, cornmeal, lard, pudding powders, spices, yeast). Farming. Printing.
		Yugoslavia
		Food products (cheese, confectionery, salt). Chemical products (shoe polish). Lubricating oil.
Great Britain (2 associations)	**Great Britain—Continued**	**Great Britain—Continued**
Food products (margarine, butter, and other milk products, lard, bacon, sausage, cured fish, pickles, poultry, preserves, flour, canned goods, salted and packaged goods, confectionery). Coal. Bicycles.	Chemical products (soap, candles, paint, drugs). Clothing (furs, umbrellas, shoes, hats, caps, corsets, underwear, dresses, etc). Textiles and their products (woolen, cotton, and silk cloth, hosiery, knitgoods). Rope.	Household supplies (starch, brushes, cutlery, bedding, furniture, glassware, tinware, linoleum). Tobacco and its products. Printing, bookbinding. Engineering and construction. Farming.

[6] And (jointly with other organizations) cigars, furniture, shoes, poultry, cheese.

IMPORTANCE IN TERMS OF IMPORTS AND EXPORTS

The Austrian wholesale, GöC, had built up an extensive export and import trade with Russia, through an organization in which (at the Russian end) the Russian Government participated. In Bulgaria, "Napred" was also an important importer and exporter, and was the sales outlet for the salt produced by the agricultural cooperative syndicate. The Estonian wholesale, E. T. K., accounted for 10 percent of Estonia's imports, but in individual commodities its business ran up much higher; 30 percent of the rice, 40 percent of the sugar and petroleum, 50 percent of the agricultural machinery, and 80 percent of the fertilizer brought into the country were imported by this cooperative organization. Until 1937 it was also an important exporter, handling 13.5 percent of the butter exported, 23.0 percent of the eggs, and some fish, fruit, and potatoes, but this export business came to an abrupt end in that year, when the Government took over all export business.

Although the French wholesale, M. D. G., carried on an exporting and importing business with cooperatives in Belgium, Czechoslovakia, Great Britain, Italy, Poland, Soviet Union, and Switzerland, this had been cut considerably even before the war by the increasing restrictions on international trade in the thirties. Before the rise of National Socialism in Germany, the consumers' cooperative wholesale there, G. E. G., was a large importer of goods, mostly bought from cooperative sources. In 1931 it imported goods valued at 11,200,000 reichsmarks, from 22 European and Asiatic countries.

The wholesales of England and Scotland had purchasing agents in various places throughout the world and carried on a very large business of import and export through them.

The export business of the Hungarian cooperative wholesale, "Hangya," was started after the end of the first World War, as a joint enterprise in which the Government was the other partner.

Its company, Futura, became the channel for the collection and export of agricultural products raised throughout Hungary, as well as for the distribution of State-controlled goods. Futura's operations took it into Austria, Czechoslovakia, Italy, Poland, and Switzerland.

In Lithuania the wholesale, Lietukis, in 1939 was the only exporter of (and largest dealer in) cereals in Lithuania and handled some 45 percent of the total national flax exports. The Icelandic wholesale handled over 25 percent of Iceland's imports and 90 percent of the meat, 80 percent of the wool and 80–90 percent of the agricultural products exported. It had branch offices in Copenhagen, Leith (Scotland), and New York City.

The exporting and importing business of the Danish, Finnish, Norwegian, and Swedish cooperatives was carried on through a joint organization, the Scandinavian Cooperative Wholesale (*Nordisk Andelsförbund*). In addition, the Swedish cooperative wholesale, K. F., helped to organize an association for the export sale of Swedish handicraft goods; this association, "Products from Sweden," began business in 1935.

V. S. K. in Switzerland had, by 1939, become the largest importer of the goods it handled.

Cooperatives in World War II

SITUATION IN OCCUPIED COUNTRIES

In the early stages of the war the consumers' cooperative movement suffered the greatest physical destruction in Czechoslovakia, Poland, and Yugoslavia. To some extent this was the result of dismemberment of the country; the characteristic Nazi hostility toward consumers' cooperatives accounted for the rest. In Czechoslovakia, cooperators (especially those of German descent) had for nearly 3 years been subjected to a steadily mounting campaign of intimidation and vilification by the Nazi sympathizers in the country and finally had seen the movement split up into several pieces as the Government was forced to cede territory to Germany, Poland, and Hungary. The plant and business (factories and all) of the German branch of the movement were destroyed. The Czechoslovak structure was drastically telescoped and consolidated, and some of the facilities were turned over to private traders. In 1942, four federations were created by decree, in the so-called Protectorate (Moravia and Silesia)—for agriculture, consumers', housing, and other associations, respectively—and two auditing unions; all were placed under the control of four Government departments. All of the members' rights and authority is exercised by "trustees," appointed by the Nazis.

In the primary stage of the war, when Polish territory was divided between Russia and Germany, the Russians dissolved all the Polish urban associations in their area but left the agricultural cooperatives. The associations in territory incorporated into the Reich were dissolved. In other German-occupied areas, cooperatives of all types were at first tolerated, but later even fostered, because they were useful.

In Yugoslavia part of the movement was lost in the partitioning of the country. In Slovenia the cooperative property and savings deposits were seized by the Germans and Italians. In Serbia, after an initial period of destruction and nazification, the potential value of

the cooperative network apparently led not only to toleration by the puppet government but expansion by it. A proposed reorganization by the Government, reported in 1943, contemplated a considerable expansion of associations and functions, one of which was the establishment of a health cooperative in every community with over 4,000 inhabitants. The Nedic Government reported that these suggestions had been voted upon favorably by the associations.

During the period of Russian occupation, the cooperatives of the Baltic States suffered first by losses of property and supplies, then by incorporation into the Russian cooperative system. Later, under the Germans, all three countries were combined into the new Ostland Province, the cooperatives being allowed to continue under strict Nazi control. In the initial period after the German invasion a cooperative paper mill in Estonia and an unspecified productive plant in Lithuania were confiscated and turned over to German businessmen.

In western Europe, a much milder policy was followed by the Germans from the start. Although under strict control, the actual operation of the cooperatives does not appear to have been greatly interfered with in Belgium, Denmark, and the Netherlands, at least up to the time of the launching of the Allies' invasion campaign of liberation. In Norway the initial lenient period was followed by confiscation of the wholesale's plant and goods, after the officials resisted undercover attempts at Nazi domination; the retail associations are still in operation. By far the largest part of the French consumers' cooperative movement was in the northern (occupied) section of the country. When France was invaded the Germans destroyed the cooperatives in Alsace-Lorraine and incorporated their business into the German Labor Front. Late (1943) reports indicate that elsewhere in occupied France, after the initial period of destruction, and in Vichy France the associations were allowed to continue operations. The volume of wholesale cooperative business fell off drastically in 1940 and 1941, but recovered to a considerable extent in 1942, and the number of affiliated associations even increased.

SITUATION IN ALLIED OR NEUTRAL TERRITORIES

In most of the Allied and neutral countries the cooperatives are operating as before the war, though affected like all business by wartime shortages of goods and manpower and by rationing and other regulations. In practically all, membership has expanded and generally volume of business as well. The Swedish wholesale has even expanded its productive facilities and is entering new fields.

The cooperatives—rural consumers', workers' productive, and agricultural—in the Soviet Union are being utilized in the economy of that country to a greater extent than at any time in the past decade.

In Spain where the cooperative movement was in disfavor with the Franco Government because of its services to the Loyalists, a new law was enacted in 1942, incorporating the movement into the totalitarian State.

SITUATION IN AXIS COUNTRIES

By the time of the outbreak of war, in September 1939, the German consumers' cooperative movement was well on its way to dissolution. In Austria, which had ratified the Anschluss with Germany and had been invaded by the Germans, the consumers' cooperatives had been

"adjusted to the New Order" and were gradually disappearing. The process of destruction in both countries was complete by the end of 1942. In both countries, however, agricultural cooperatives were reported to be still in operation as far as they were useful to the Germans.

In Bulgaria and (at first) in Rumania the cooperatives were utilized for the collection and distribution of foodstuffs to the population. Later, in Rumania, they were superseded in this task by a network of State agencies.

From the beginning of the Ethiopian campaign the Italian Government encouraged the formation of new Fascist cooperatives in North Africa; the fate of these, in view of the later military events in that region, can be imagined. No data are available regarding recent developments in the Fascist cooperative movement on the mainland, where for many years they have been part of the corporative system.

Both Rumania and Finland suffered division of the cooperative movement through losses of territory early in the war, but in the case of Finland these were regained after that country became an Axis satellite. In the latter country increases in both membership and (money) sales have occurred, but volume of goods handled has decreased about 10 percent.

Of all of the countries of Europe, only the cooperative movement of Hungary could, at the end of 1943, be said actually to have benefited by the war. An increase in membership and business of Hungarian cooperatives, and the additional associations gained by territorial acquisitions in Czechoslovakia and Subcarpathian-Ruthenia, combined to increase an already powerful position.

It appears, on the whole, that whatever the Nazi antagonism toward cooperatives, the Germans have not, in most cases, hesitated to make use of them. By this very fact, however, they have preserved the cooperative structure which will, with the exception of a few countries, be more or less intact for post-war, genuinely cooperative use, when membership control and operation are resumed. Concerning this, the International Cooperative Alliance recently commented:

> * * * We have yet to learn how far the movements have been inwardly affected by the abasement of their organization to the service of a regime whose whole purpose is the annihilation of all that cooperation stands for—its ideals, principles, and practice. It seems almost inevitable that the vitality of the movements will be impaired—in some cases, perhaps, that their idealistic animation may be weakened by the effects of totalitarian ideology. Most, if not all of the movements must, we think, pass through a kind of spiritual convalescence.

International Aspects of the Cooperative Movement

Before the outbreak of the present war, cooperative associations of one kind or another were in existence in 56 countries throughout the world. In most countries the local associations had federated into one or more central organizations for educational or commercial purposes and, in some, all branches of the movement were coordinated through one national body.

These national organizations since 1896 have had an international organization, the International Cooperative Alliance. Largely

through the sponsorship of the Alliance, another international association was formed to act as a clearing house of information on matters relating to wholesaling. The latter, in turn, helped to start an international joint-buying organization which was just getting well under way when the war started. An older wholesale body acted as joint-purchasing agent for the Scandinavian countries. The subjects of banking and reinsurance on an international scale had been studied by special committees and some progress had been made, especially in the latter field.

The women in the cooperative movement who were organized into national guilds in the various countries, also had their international organization.

Probably the most consistent supporters of cooperation in the international field have been Austria, Belgium, Bulgaria, Czechoslovakia, the Baltic States (Estonia, Latvia, and Lithuania), France, Great Britain, Hungary, and the Scandinavian countries. These have had membership in practically all the organizations the purpose of which was to further cooperative relations among the countries.

The one-hundredth birthday of the Rochdale cooperative movement, being celebrated in 1944, finds the international activities either curtailed or prevented entirely by the war. The machinery is there, however, and cooperators are making plans for early resumption as soon as peace returns and conditions permit.

International Cooperative Alliance

MEMBERSHIP OF ALLIANCE

The International Cooperative Alliance ("I. C. A.") was created in 1896, following authorization by the First International Cooperative Congress, held in London in 1895.

The I. C. A.'s membership, at first consisting of individuals (who were not necessarily even members of cooperatives) interested in the idea and willing to assist, gradually included more and more local cooperative associations. In 1902 individual membership was abolished and beginning in 1910, under another change of rules, only national federations were accepted, their affiliates thus becoming members only indirectly.

By 1913, the I. C. A. had in affiliation 55 national cooperative federations of 24 countries. Their association membership totaled 3,871; at that time there were 20 million cooperators whose associations were in the I. C. A. family.

The war years, 1914–18, were very difficult for the Alliance, but it managed to maintain contact with all of its members, even in the warring countries.

The peak I. C. A. membership was reached in 1930 when 117 national federations in 40 countries were affiliated. The local associations in membership with these federations numbered 193,000, and the latters' individual members totaled 56 million persons.

In 1933 only 39 countries were represented in I. C. A. membership, but the affiliated local associations had an aggregate membership of 107,700,000 persons. Later events reduced the membership of the Alliance, as table 9 indicates. With the ascendancy of the Nazis in the early thirties the German cooperatives were subjected to drastic

reorganization,[8] then taken over by the Labor Front, and finally wiped out. About the same occurred in Austria after the Anschluss with Germany. In 1935 the Soviet Government dissolved the urban cooperatives in that country, reducing the cooperative membership by 30 million persons. Italy had lost its membership in the Alliance in the early twenties when the Italian cooperative movement was absorbed into the Fascist corporative order, though the associations there were still called "cooperative."

After the launching of the Nazi offensive, in succession the cooperative movements in Czechoslovakia, Poland, Norway, Denmark, Netherlands, Belgium, and France were cut off from their international organization. Spain had withdrawn from membership at the beginning of 1939; the reason for this action was not reported but it may be noted that its withdrawal occurred shortly after the defeat of the Spanish Republic (which had had the support of the cooperatives) by General Franco. In all of these countries (as well as in Austria) the I. C. A. looks upon the cooperatives as "victims of aggression" and they are regarded as still in membership though restrained from active participation.

Other countries no longer in membership in the Alliance include Portugal, Iran (Persia), and Turkey.

In September 1939 the I. C. A. was a federation representing the cooperative movements of the following countries:

Europe	*Europe*—Continued
Belgium	Rumania
British Isles[1]	Soviet Union (+6 Republics)
Bulgaria	Sweden
Czechoslovakia	Switzerland
Denmark	Yugoslavia
Estonia	
Finland	*Non-Europe*
France	Argentina
Hungary	Canada
Iceland	India
Latvia	Japan
Lithuania	Korea
Netherlands	Palestine
Norway	Union of South Africa
Poland	United States

[1] England, Wales, Scotland, Northern Ireland, and Eire are all members of the I. C. A. through their affiliation with the Cooperative Union, Ltd., of the United Kingdom, which is a member of the Alliance.

In some countries, several national federations hold membership in the I. C. A.; this usually occurs where each of the different branches of the movement (consumers', credit, agricultural, etc.) has its own national organization. Examples are Bulgaria, Finland, France, Poland, and Yugoslavia. In other countries where the various branches of the movement are federated into a single national body—as in Japan, Lithuania, and the British Isles—only the national organization holds membership. In still other countries, only certain branches of cooperation have, through their central organization, joined the Alliance; among these are Belgium (consumers'), Canada (consumers'), Estonia (wholesale association only), Iceland (consumers'), Korea (credit), Latvia (banks), Norway (consumers'), and Sweden (consumers').

The trend of I. C. A. membership is shown in table 9.

[8] The Nazi federation that was created during this reorganization applied for membership in the Alliance but was not admitted.

TABLE 9.—*Membership of International Cooperative Alliance, 1913–38*

Year and type of association	Number of countries represented	Number of associations	Their membership	Their business
				Gold £
1913	24	3,871	20,000,000	(1)
1930	40	193,000	56,000,000	3,201,450,352
1932	41	(1)	99,600,000	(1)
1933	39	(1)	107,700,000	(1)
1935	(1)	132,494	65,676,533	3,644,886,997
1938	34	168,672	72,384,164	1,811,895,494
Consumers'	31	35,837	52,950,623	934,370,002
Wholesales	26			715,318,899
Workers' productive	10	1,017	97,061	9,693,277
Productive federations	5			7,758,037
Agricultural	14	43,668	5,155,286	95,461,022
Credit associations and their federations	16	87,378	14,074,076	43,418,123
Insurance and other	14	772	107,118	5,876,134

[1] No data.

MEMBERSHIP QUALIFICATIONS

As indicated in table 9, the largest membership in the Alliance is that of consumers' organizations, but the I. C. A. admits all types of cooperatives that can qualify. In order to become a member the applicant must show that it conforms to the following four principles: (1) Open membership, (2) democratic control (one member, one vote), (3) distribution of surplus earnings to members in proportion to their patronage, and (4) limited interest on share capital. The other three Rochdale principles (political and religious neutrality, cash trading, and promotion of education in cooperation) are not included as essential membership qualifications, although recognized as "undoubtedly part of the Rochdale system." [9]

ACTIVITIES OF THE ALLIANCE

The main purpose of the I. C. A. is to promote the spread of the cooperative movement and to bring about better and closer relationships among the movements of the various countries and among the various branches of cooperation.

During the decade following the first World War the Alliance many times intervened with the governments of the various countries of Europe "in defense of the democratic interests of cooperators." It was not until 1932 that it could report that it had "ceased to be distracted from its proper tasks" by such activities. The following years, however, which brought in their train the trend toward totalitarianism, entailed even greater problems.

Beginning in 1921 the Alliance held an annual international cooperative school at which economists, publicists, and cooperative leaders gave courses to students from nearly a score of countries. Many of the students were themselves officials of national cooperative organizations.

I. C. A. committees were formed for the study of certain subjects. Among these were the International Committee for Inter-Cooperative Relations (the purpose of which was to promote closer relations

[9] The above was decided at the Paris Congress in 1937, on the basis of a 7-year study by a special committee. This committee stated that, in its opinion, "nothing in the modern developments of industry and commerce or changes in economic method, has diminished the integrity of the seven Rochdale principles."

between the consumers' and agricultural branches of the movement) and committees on wholesaling, banking, and insurance. Since the early thirties the I. C. A. has also made a series of research studies of modern economic problems of interest to the cooperative movement. Among the other activities of the Alliance have been the promotion of trading relations between the agricultural and consumers' cooperatives; activities looking toward the establishment of an auxiliary committee on workers' productive associations within the Alliance; the publication of a monthly magazine (Review of International Cooperation) in English, French, and German; three news services; and various studies and statistical reports.

Under I. C. A. sponsorship, millions of cooperators throughout the world celebrate the first Saturday of each July as "Cooperative Day," displaying the Rainbow Flag of the cooperative movement and staging pageants and other presentations of cooperative progress.

The international cooperative congresses, convened by the Alliance every 3 years on the average, have brought together cooperators from all over the world for better acquaintance and understanding of each other and of the problems and experience of the cooperative movement. The fifteenth congress was held in Paris in 1937. The sixteenth, scheduled to be convened in Prague, Czechoslovakia, in 1940, was of course made impossible by the outbreak of war.

Cooperative insurance.—The International Cooperative Alliance in 1922 created an Insurance Committee for the study of possibilities of carrying on insurance on an international scale. Studies by the committee convinced it that as insurance was already fairly well provided for in each country, the main possibilities lay in the reinsurance, between countries, of risks written by the various national organizations, the arrangements to be made directly by the insurance organizations concerned and not through an international agency.

Some progress has been made in this respect, and a certain amount of reinsurance of risks has actually been carried on among the insurance organizations of the various countries. The main activities in this line had been the reinsurance of fire risks among Sweden (the "Samarbete" association), Norway ("Samvirke"), Great Britain (Cooperative Insurance Society), and Finland ("Kansa"). The associations of Belgium and Great Britain also had experimented with reinsurance of life, accident, etc., risks, and that of the former country (La Prévoyance Sociale) also had such contracts with the cooperative insurance organizations of Bulgaria and Hungary, as well as a life-insurance branch in France.

In 1939 the membership of the I. C. A. Insurance Committee consisted of the central insurance cooperatives of Belgium, Bulgaria, Czechoslovakia, Denmark, Estonia, Finland, France, Great Britain, Hungary, Latvia, Netherlands, Norway, Palestine, Rumania, and Sweden.

Post-war problems.—During the past 2 years the attention of the Alliance and its officials has been given increasingly to the problems of the post-war period, especially in relation to the cooperative movement. Detailed and painstaking study has been and is being made of the various aspects of relief and rehabilitation of cooperatives in war-devastated countries throughout the world. In November 1943 the central committee of the Alliance called a conference on post-war problems, at which were present representatives from various national

cooperative movements. A similar conference was called by the Cooperative League of the U. S. A. in January 1944, which approved, among other steps, the formation of an International Cooperative Manufacturing and Trading Association (whose members would be the national bodies).

The International Cooperative Alliance and its members believe that the post-war world holds great possibilities for the cooperatives and that they are equipped to play a considerable part in its reconstruction.

Scandinavian Cooperative Wholesale

The first attempt at cooperative wholesaling beyond national borders was the Scandinavian Cooperative Wholesale (*Nordisk Andelsförbund*), established in 1918 by the wholesales of Norway, Sweden, and Denmark. The two wholesales of Finland (S. O. K. and O. T. K.) became members in 1928.

This organization was capitalized at 1,225,000 kroner, of which Denmark and Sweden each supplied 350,000 kroner, S. O. K. of Finland 250,000 kroner, O. T. K. of Finland 200,000 kroner, and Norway 75,000 kroner. Its function was to pool the orders of its member wholesales for products of common use and buy at the best advantage from cooperatives or other sources.

Its operations were successful from the first, and in its 25 years' existence it has failed to make earnings in only one year—1941. The trend of the business and net earnings of the Nordisk Andelsförbund from 1919 to 1942 is shown in table 10. In 1932 the wholesale purchased a coffee plantation in Java, "with the possibilities of copra and rubber production."

TABLE 10.—*Business and Net Earnings of Scandinavian Cooperative Wholesale Society, 1919–42*

Year	Amount of business	Net earnings	Year	Amount of business	Net earnings
	Kroner	*Kroner*		*Kroner*	*Kroner*
1919	9, 647, 649		1938	66, 826, 330	431, 970
1921	11, 385, 492	154, 761	1939	66, 300, 000	455, 000
1925	19, 161, 174	206, 503	1940	15, 900, 000	108, 534
1930	27, 800, 000	260, 912	1941	[1] 4, 041, 985	[2] 55, 284
1935	45, 231, 452	348, 909	1942	[1] 5, 380, 022	9, 438
1936	50, 807, 317	335, 339			

[1] Not including business of London Branch—£115,815 in 1941 and £186,096 in 1942.
[2] Loss.

The war has cut off the London branch from the headquarters at Copenhagen and interfered with the wholesale's service to its members, reducing its business in 1941 by nearly three-fourths. However, thanks to increased orders from Sweden, its sales in 1942 showed an increase. Almost 90 percent of its business in that year was with Kooperativa Förbundet in Sweden.

International Cooperative Wholesale Society

The International Cooperative Wholesale Society was organized in 1919, as a medium of exchange of advice and information among the cooperative wholesales of the various countries; no commercial

activities were carried on by it. Its headquarters are in Manchester, England.

The membership of the I. C. W. S. in 1939 consisted of the wholesales in Belgium, Bulgaria, Czechoslovakia (2 organizations), Denmark, Estonia, Finland (2 organizations), France, Great Britain (3 organizations), Hungary, Latvia, Lithuania, Netherlands, Norway, Palestine, Poland, Soviet Union, Spain, Sweden, Switzerland, and the United States.

Table 11 shows the value of imports and exports of the wholesale associations affiliated to the International Cooperative Wholesale Society. Beginning with 1934, Germany, Ireland, and the Ukraine were no longer shown as in membership. Austria ceased to participate in 1938, and Poland and Czechoslovakia in 1939, after the Munich agreement which destroyed their national sovereignty.

The detailed data for 1938—the latest year for which statistics are available—show the volume of imports and exports of each of the reporting countries. The main articles of import were bacon, butter, coffee, lard, rice, sugar, tea, and wheat.

TABLE 11.—*Exports and Imports of Members of International Cooperative Wholesale Society, 1928–38*

Year	Member countries		Value (in gold £) of—	
	Total	Number reporting	Imports	Exports
1928	23	16	60, 611, 444	1, 169, 960
1930	23	17	53, 144, 692	(1)
1931	23	16	47, 039, 000	(1)
1932	23	15	41, 180, 034	2, 133, 490
1933	23	14	39, 281, 298	(1)
1934	[2] 20	14	39, 977, 958	(1)
1935	20	14	44, 046, 896	1, 658, 006
1936	[3] 21	14	46, 553, 615	534, 353
1937	[4] 22	14	54, 482, 602	1, 592, 000
1938	22	13	53, 392, 931	1, 521, 658
Belgium			41, 275	
Bulgaria			116, 478	1, 187
Czechoslovakia			456, 796	13, 585
England			40, 104, 595	300, 488
Estonia			577, 240	24, 231
Finland			1, 289, 231	58, 854
France			568, 296	14, 899
Netherlands			233, 971	14, 916
Norway			280, 304	16, 398
Poland			262, 647	94, 998
Scotland			4, 937, 107	48, 885
Sweden			3, 779, 619	913, 259
Switzerland			745, 372	19, 958

[1] No data.
[2] Germany, Ireland, and Ukraine not included in membership in 1934.
[3] The United States (National Cooperatives, Inc.) became a member in 1936.
[4] Spain became a member in 1937.

International Cooperative Trading Agency

The International Cooperative Trading Agency[10] was established in 1937 under the auspices of the International Cooperative Wholesale Society.

As stated at that time, the agency's functions were to act as purchasing agent of imported articles, for the various national cooperative

[10] Originally established as the International Cooperative Agency. The word "Trading" was inserted later, in order to avoid confusion (in initials) with the International Cooperative Alliance.

wholesale associations. In addition it was to market in other countries the surplus production or stocks of these associations. Among its charter members were the English and Scottish Cooperative Wholesale Societies and the wholesales of Sweden and Finland. Business was to be carried out on a commission basis, surplus earnings being distributed to the member associations on their patronage. Voting also varied on the basis of patronage, but was subject to a fixed maximum for any single organization.

By the end of 1937 it was reported that 14 cooperative wholesale associations had affiliated with the new agency. However, these included 6 which already had their own direct trading contacts abroad [11] and would not therefore be likely to make much use of the new association. The membership of the Agency in 1939 consisted of the wholesale organizations in 12 countries (Belgium, Bulgaria, Czechoslovakia, Estonia, Finland (O. T. K.), France, Great Britain (both the English and Scottish associations), Netherlands, Palestine, Poland, Sweden, and Switzerland.

The Agency began operations early in 1938. This action was the culmination of 30 years' effort to establish cooperative trading on an international scale. It represented the first cooperative action to unite the established cooperative wholesaling machinery on a wide territorial basis, although there had been several previous instances of collaboration in the purchase of imports (as between the English and Scottish wholesales and among those of the Scandinavian countries). Establishment of such an international agency was contemplated in the early thirties but, as even then restrictions on foreign trade were becoming formidable and tariff and other barriers were being erected, the times were not deemed propitious for the success of an agency.

The I. C. T. A. was hampered from the start by currency and customs restrictions in the various countries. The outbreak of war in 1939 was accompanied by new export and import regulations in most countries, and in certain cases whole branches of trade were taken over as monopolies by the State. For some countries, foreign commerce ceased altogether. Nevertheless, the Agency's contracts for 1938 amounted to $763,000, and rose in 1939 to $1,183,000.

Even during the first year of the Agency's existence, 1938, its "most loyal members," the wholesale organizations of Austria and Czechoslovakia, were lost and this affected its business sharply. The Spolem association in Poland was the next casualty. However, aside from this the agency had so expanded its contacts and business that its future looked very promising. Through arrangement with cooperative producer organizations it had assured supplies of various dairy products, fruits, and vegetables, and it had become the selling agent for certain productive enterprises run by the wholesales of several countries. It sold condensed milk from the Netherlands, onions from the Netherlands and Hungary, fruit pulp and fresh grapes from Bulgaria, paper from Sweden and Estonia, and cooperative grease and motor oil from the United States.

The rapid sweep of invasion through eastern Europe and through the Lowlands in 1939 and 1940 brought the activities of the Agency almost to a standstill, and this situation has continued. The Agency is still

[11] England, Scotland, Sweden, Denmark, Finland, and Norway.

in existence, however, and doing some business. Although relatively inactive, it is keeping its machinery and commercial arrangements intact for the post-war period.

International Cooperative Production

As yet the only lines in which production has been attempted on an international scale are the manufacture of rubber and electric-light bulbs.

Production of bulbs is carried on by two associations. The oldest of these, Kooperativa Lumaförbundet, was organized on the initiative of K. F. (Cooperative Union and Wholesale of Sweden) in 1931. Joint owners of the factory were K. F. and the wholesales in Denmark, Norway, and Finland; membership, however, was left open to other countries. The factory makes all kinds of incandescent lamps, disposed of mainly to the constituent wholesales, but it had also built up an extensive export business to cooperative wholesales in other parts of the world. The Luma lamp-research laboratories in Sweden were the largest in the world, apart from those of the private cartel whose monopoly Luma was organized to break.

In 1937, another factory was established in Scotland. This factory, known as British Luma, Ltd., is owned by the cooperative wholesales of England, Scotland, and Sweden.

Just before the outbreak of the present war, "Napred" (cooperative wholesale of Bulgaria) and K. F. (Sweden) built jointly a rubber factory near Sofia. No data are available regarding its operations.

International Cooperative Women's Guild

When in 1940 the International Cooperative Women's Guild entered its twentieth year, it consisted of 17 affiliated associations situated in Australia, Belgium, Bulgaria, Canada, England, Estonia, Finland, France, Ireland, New Zealand, Norway, Poland (with two organizations), Scotland, Sweden, Switzerland, and the Soviet Union, and a provisional national guild committee in the United States. The Austrian and Czechoslovakian guilds, once members of the International, had disappeared before the totalitarian legions, but the president of the International (an Austrian woman who had suffered imprisonment in Austria) was in England, sending words of encouragement to the affiliated guilds as she had done ever since her first election as president in 1921. In a New Year's message of January 1944, she urged women to prepare for more strenuous duties: "We must fight for a system of international collaboration that will guarantee lasting peace. * * * for a mothers' peace that will safeguard the future of mankind and spare unborn generations the agony and terror of war."

Though the motive thus stated had been a dominant one from the beginning of the women's organizations, the first international meetings (of Austrian and Englishwomen cooperators in 1913 and of women from six different national cooperative groups at Basel, Switzerland, in 1921) stressed the need for organizing the "world's housewives in support of cooperative ideals and trading methods." By the time of the first triennial conference of the I. C. W. G. (at Ghent in 1924), the purposes of the Guild had been formulated: To unite the cooperative women of all lands for (1) the development of the spirit, principles, and

practice of cooperation, (2) the improvement of the conditions of home life, and (3) the promotion of international peace.

Although the I. C. W. G. was neutral in politics, it stimulated interest in political rights for women (especially after the Vienna conference in 1930, to which details of the different existing legal codes were presented), in problems of the world economic order (particularly at the London conference of 1934), and in peace and disarmament at the Stockholm conference in 1927, the Geneva Disarmament Conference, and the Paris Conference of 1937. At the Paris meeting its resolutions included statements on the international control of migration, the rights of colonial and mandated peoples, and the establishment of a new court of international justice. The Guild cooperated with League of Nations committees such as the Mixed Committee on Nutrition and the Committee of Experts which inquired into the legal position of women throughout Europe. It tried to combat the spread of totalitarianism by encouraging increased participation of youth and women in cooperative organizations. Because the cooperative movement is built upon the individual household, the I. C. W. G. instituted effective discussion of such domestic problems as the purity and price of foods, public kitchens and nurseries, home laundering, and family allowances.

Since the rules of the I. C. W. G. required that national cooperative guilds affiliated to the International must operate under their own executives elected by the women members themselves, and since the position of women differed in different countries, the sphere of the I. C. W. G.'s work was always greater than its actual membership. In 1933, for example, the two main types of national guilds were (1) self-governing federations of autonomous branches on the British model and (2) guilds of the Central European type, in which the women's organizations were made up of the women members of the consumers' cooperatives. In certain other countries the influence of the I. C. W. G. was felt, though national guilds had not yet been established. These included India where women were starting their own clothing cooperatives, Japan where local guilds numbered 100, Greece and Rumania where publicity work was under way, Palestine where women formed produce-marketing associations, Buenos Aires where the first South American women's guild was inaugurated in 1933, Hungary where the women's cooperative league extended the domestic and foreign market for embroidered articles, and China where women were becoming active in industrial cooperatives.

The methods used by the national guilds for attaining the objectives named above ranged from women's service on national committees outside as well as within the cooperative movement (as in Great Britain) to the day-to-day, house-to-house canvassing for the promotion of the practice of cooperation carried on by the guilds in many countries. During the early part of World War II, the national guilds made efforts to bring about control of rising prices, the development of equitable systems of rationing, and the improvement of depleted diets; they cared for refugees and injured people; and they prepared propaganda for a peaceful and better world.

In 1943, the I. C. W. G. published a Memorandum on Post-War Relief.

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TABLE 12.—*Activities of Affiliates of International Cooperative Women's Guild*

Country	Year of formation	Year of affiliation to I.C.W.G.	Special activities
Australia	1937	1938	Cooperative propaganda for associations and wholesale.
Austria [2]	1914	1921	Cooperative propaganda; courses of instruction for women and youths; publications; active support of public kitchens, councils, etc.; service on cooperative executive committees; national food council.
Belgium	1923	(1)	Improvement of nutrition; improved housekeeping; opposition to food taxes; cooperative education of children; support of temperance movement and of disarmament
Bulgaria	193	1931	Medical consultation centers; holiday homes and kindergarten; courses in cooking and sewing; cooperative propaganda; investment of cooperators' savings in cooperative movement; disarmament petition.
Canada	(3)	1939	Promotion of regional women's federations; farm women's groups.
Czechoslovakia: [4]			
Czech	1926	1927	Cooperative education (foods, health, cooperative production); cooperative propaganda increasing sales; disarmament petition.
German	1923	[5] 1930–34	Lectures on laundering, dressmaking, etc. cooperative propaganda; service on executive boards.
England	188[illegible]	1921	Promotion of economic and social reforms to improve position of women; reduction of cooperative entrance fees, to permit poor to join; campaigns for healthy homes, mothers' welfare, medical attention for school children, hospitals and national health insurance; program for world peace.
Estonia	(1)	1940	Courses on gardening, domestic economy; education of women.
Finland	(1)	[6] 1938–39	Reconstruction work.
France	(1)	1937	Office of advice and information for women cooperators; information bulletin.
Ireland	1906	(1)	Campaigns for medical inspection in schools, feeding of needy children, better housing, and for world peace.
Netherlands [6]	[7] 1897–1900	1921	Cooperative propaganda, particularly effective for the cooperative wholesale.
New Zealand	1937–38	1938	Support of trading activities of cooperatives.
Norway	1910	[8] 1927	Representations to Government, requesting care for needy children, card rationing of food; promotion of temperance and sale of nonalcoholic beverages; propaganda for peace; operation of school.
Poland:			
Polish	(1)	(1)	Stimulation of interest in cash trading.
Ukrainian	(1)	1933	Cooperative propaganda and education to help agricultural women market produce and improve housekeeping; educational pamphlets.
Rumania	[7] 1937–38	(9)	(1).
Scotland	1892	(1)	Instruction in physical hygiene, cooking, sewing, convalescent home; service on municipal and Poor Law administrative bodies; promotion of lower prices, workers' housing, and world peace.
Sweden	1906	(1)	Active opposition to credit trading; education in domestic economy and international affairs, promotion of cooperatively produced goods.
Switzerland	1913	1921	Inquiry on credit trading; promotion of use of cooperative bank, of temperance, and of sale of nonalcoholic beverages; representation on women's consultative committee to Swiss Food Ministry.
Union of Soviet Socialist Republics.	(1)	1921	Inauguration of kindergartens, educational courses for women, membership funds for women; raising of standard of living; bringing Asiatic and Mohammedan women to cooperative meetings and membership; service as engineers department managers, presidents, etc., of cooperative organizations.
United States	(1)	1941	Federation of 4 regional federations; school for women; farm women's groups.

[1] No data.
[2] The Austrian Guild was disaffiliated "as a result of political changes in Austria" in 1938.
[3] A provisional National Guild Council in Canada was reported in 1939 to have applied for affiliation.
[4] The Czechoslovakian National Guilds were reported in 1939 as having dissolved.
[5] Affiliation took place in period noted; exact year not reported.
[6] The Netherlands Guild ceased membership in the I. C. W. G. in 1935 because of the dissolution of the Dutch Guild.
[7] Formed during period noted; exact year not reported.
[8] Year of first attendance at Congress.
[9] Reported in 1939 to have applied for membership.

Other International Activities

Baltic union.—Since 1924 the cooperative movements of Estonia, Latvia, and Lithuania have collaborated in a series of joint conferences held at intervals of 1 to 4 years. At these conferences were discussed such questions as educational work, exchange of price information, and extension of cooperation in various lines. As a result of the 1928 meeting, a Baltic Union was formed, to act as center of information and publicity, collector of statistics, and organizer of studies of various matters of cooperative interest.

The latest such conference was held in Tallinn in June 1940.

Yugoslav-Bulgarian Cooperative Institute.—In 1937 the national consumers' cooperative organizations of Bulgaria and Yugoslavia formed a nonpolitical institute for the purpose of creating a permanent basis of cooperative collaboration between the two countries, and of promoting mutual economic assistance. This organization has probably been a casualty of the war.[12]

[12] *Sources.*—International section is based upon data from the following publications: Review of International Cooperation (International Cooperative Alliance, London), issues of April 1932, January, March April, July, August, September, and November 1937, January, May, June, September, and October, 1938, January, July, and September 1940, February and July 1941, April, June, and December 1942, November-December 1943, January and February 1944; People's Yearbook (Cooperative Wholesale Society, Manchester, England), 1930, 1933, 1934, 1936 through 1941, 1942, and 1944; International Directory of Cooperative Organizations (International Labor Office), 1939; Cooperative Information (International Labor Office), No. 5, 1928, and No. 1, 1929; Cooperative Consumer (North Kansas City, Mo.), July 16, 1940; Housewives Build a New World (International Cooperative Women's Guild, London, 1936); Low Prices or High Dividends? (International Cooperative Women's Guild, London (1927?)); Good Food and How to Get It, an international report on food purity, food values, and the cooperative movement (International Cooperative Women's Guild, London, 1927).

Part 2.—Development of Cooperatives in Individual Countries

Countries of Western Europe

From its beginning in Rochdale, England, in 1844, the consumers' cooperative movement spread to the continent of Europe where it took root, with certain modifications to meet local needs or national characteristics or tendencies. Whereas one of the principal tenets of the pioneers in Great Britain was that of political and religious neutrality, the movement in Belgium, France, and the Netherlands was characterized by divisions along both political and religious lines. In all these four countries and in Switzerland the consumers' cooperatives consisted largely of urban industrial workers, though farmers and persons of other classes were also included. In Luxemburg, on the other hand, cooperation was almost entirely rural, and even the consumers' cooperatives combined distribution of home and farm supplies with marketing of farmers' produce.

Belgium became famous for its cooperatives' use of their earnings to support various welfare activities, including the renowned "People's Houses" which were the gathering place for members and nonmembers alike and often became the center of community life. Such use of cooperative earnings became known in the cooperative movement throughout the world as the "Belgian plan."

The cooperative movements in Great Britain, the Netherlands, and Switzerland grew in an atmosphere of peace, and were subject only to the vicissitudes entailed by economic and social events. In France, Belgium, and Luxemburg, on the other hand, cooperative development has been twice interrupted, during the past 30 years, by direct enemy invasion and warfare, with all the destruction and loss that this connotes.

In the present war, Luxemburg has been forcibly incorporated into Germany. Switzerland, an island of peace in a sea of warfare, has retained its national entity and autonomy, but has been obliged to adopt sweeping social and economic controls. The Netherlands, which escaped invasion in the first World War, was not so fortunate in the present war.

In Great Britain and Switzerland the cooperative movement is playing an important part in the national economy, although it must be constantly on the alert against attacks from various sources (mainly private business) intended to weaken it. In the other countries, it is believed that the movement still exists, although the Germans have made drastic changes and control it closely.

Cooperative Movement in the British Isles

The consumers' cooperative movement in its modern form had its inception in Rochdale, England, in December 1844. From the small beginnings of the well-known Rochdale Pioneers the movement has grown until today it serves some 11,000,000 families. The Cooperative Wholesale Society is by far the largest industrial enterprise in the British Isles and the Scottish Cooperative Wholesale Society is the largest enterprise in Scotland.

It is a well-organized movement that reaches to practically every corner of the country and its various branches are coordinated by a central body, The Cooperative Union, through which educational, propaganda, legal, and political activities are carried on. To some extent the British movement has departed from the traditional Rochdale practice of political neutrality. It is still neutral, in the sense of not allying itself with any existing party. It participates in the political field, however, for it has formed its own party—the Cooperative Party. It had become increasingly evident to British cooperators, over the years, that a never-relaxing vigilance was necessary as regards legislative and public administrative action, in order to make sure that the cooperative movement should not be discriminated against by inadvertence or by measures submitted by its enemies. After long discussion, they finally came to the belief that the best means of insuring cooperative safety was through some agency the chief duty of which would be to examine all public measures from this point of view and to work for the election or appointment of cooperators to public office. They, therefore, formed the Cooperative Party which is an organization auxiliary to the Cooperative Union.

The retail associations provide not only groceries and merchandise of many kinds, but also a great number of services, such as laundering, burial, etc. Insurance and banking are provided on a national scale. The movement has also gone into production of a wide variety of commodities needed by the members.

Like all other business the cooperative movement has suffered through bomb damage, shortages of goods, equipment, and manpower, and the restrictions imposed by war conditions. Operating in a democratic country as it does, although in certain instances it has felt it was the victim of discriminatory practices or decisions, it has been able to make its protests felt and, usually, to obtain redress. It has been able, notwithstanding all the difficulties of wartime, to extend both its membership and its business steadily. Thanks to the integration of the movement and the machinery provided for rescuing associations in difficulties, British cooperatives almost never fail and cooperators rarely suffer financial loss.

Types of Associations

The relative development of the cooperative movement in Great Britain in 1937 (the latest year for which figures covering the whole movement are available) is shown in table 1. These figures are based upon data collected by the Registry of Friendly Societies and relate to associations registered under the Industrial and Provident Societies Acts. The figures are open to the objection that they include some organizations that are not entirely cooperative. This is especially

true of (1) the building associations, which correspond to the savings and loan associations in the United States and are only semicooperative, and (2) the housing associations, which can be termed cooperative only in the widest sense of the word.

Many have been promoted, and are financed (apart from State loans and loans from local authorities) and controlled mainly by public-spirited persons interested in housing; while others are run by employers in the interests of their employees. Almost three-fourths of the societies provided houses for renting, and tenant shareholders represented approximately one-quarter of the total membership.[1]

This group includes, however, housing provided by retail cooperative associations, to the value of about £3,000,000.[2]

TABLE 1.—*Membership and Operations of Cooperatives Registered Under Friendly Societies Act in England, Scotland, and Wales, 1937*

[For par values of currency, see Appendix table, p. 278]

Type of association	Number of associations	Members	Amount of business	Net gain	Own production	Patronage refunds
Consumers' cooperatives:						
Retail distribution	[1] 1,133	[1] 8,002,000	£248,273,000	£29,665,000	£43,060,000	£22,953,000
Wholesale distribution	3	1,255	150,596,000	[2] 3,017,290	49,143,000	[2] 2,786,000
Productive associations [3]	116	(4)	8,021,000	(4)	8,021,000	(4)
Agricultural associations:						
Supply	265	91,582	12,164,752	307,783	(4)	(4)
Marketing	143	47,004	5,911,408	45,428	(4)	(4)
Farming	36	899	174,829	13,495	(4)	(4)
Service and allotment	722	153,488	[5] 123,136	96,949	(4)	(4)
Fishermen's purchasing and marketing cooperatives	43	1,387	77,132	2,710	(4)	(4)
Housing associations [6]	356	38,438	[7] 1,089,819	115,345	(4)	(4)
Building associations [8]	977	2,083,939	[9] 136,855,953	29,613,843	(4)	(4)

[1] General supply associations only; does not include 55 in special lines.
[2] English and Scottish Cooperative Wholesales only.
[3] Includes both workers' productives and productive associations of consumers' cooperatives.
[4] No data.
[5] Allotment associations only.
[6] Associations providing living accommodations for members; dwellings mainly rented.
[7] Rents received.
[8] Associations of type known in United States as building and loan associations.
[9] Amounts loaned on mortgage during year.

As the table indicates, the distributive cooperatives dwarf all the other branches of the movement. Further, British cooperation reveals most of the standard types of associations, with a few outstanding exceptions. Insurance, for example, is supplied through one association of nation-wide scope. Credit unions appear to have no prototype in Great Britain, although there are some agricultural credit associations corresponding roughly to the production credit associations of farmers in the United States; and some retail cooperatives make mortgage loans from their surplus funds. The absence of electricity and telephone associations probably is due to the fact that British law bars cooperatives from providing rail transportation, water, or power. The absence of other types of service associations arises from the retail associations' practice of providing services—burial, meals, laundering, etc.—as well as consumer commodities.

Agricultural cooperation.—Agricultural cooperatives in Great Britain date only from about 1900 when the British Agricultural Organization Society was formed. The tardy appearance of the agricultural co-

[1] Great Britain, Ministry of Labor Gazette (London), January 1939, p. 10.
[2] For par values of currency, see Appendix table, p. 278.

operatives is said to have been due (1) to the fact that ordinarily the British farmer had no difficulty in disposing of his produce and (2) to his "more than average antipathy" to association.

Workers' productive associations.—This type of association is not particularly strong in Great Britain. Most of these associations are engaged in the manufacture of clothing or footwear, or in the printing trade. They differ widely in the extent of worker control which is the distinguishing feature of this type of association. However, only associations which do have some measure of control of operations and policies by the workers in them are admitted into membership in the Cooperative Productive Federation[3] (established in 1882) which is the central organization for marketing the products and protecting the collective interests of the group.

In 1935 there were 54 workers' productive associations in Great Britain, of which 43 were members of the Federation.

The chief customer of many of the workers' productives is the retail cooperative movement. The latter also contributes to the financing of these associations and in some cases has representation on their boards of directors. Indeed, British students of cooperatives have expressed the opinion that the survival of these productive associations is due largely to the "protected market" they enjoy in the retail cooperatives.

The value of the output of the workers' productive associations, disposed of through the Federation in 1940, amounted to over 3½ million pounds. As table 2 indicates, the Federation's membership has remained almost constant, but since the depression its business has (with the exception of the year 1938) shown a continuous rise.

TABLE 2.—*Membership and Business of Cooperative Productive Federation, 1920–40*

[For par values of currency, see Appendix table, p. 278]

Year	Number of affiliated associations	Membership	Business	Year	Number of affiliated associations	Membership	Business
1920	46	(1)	£555, 552	1935	43	15, 162	£2, 723, 849
1926	42	14, 480	2, 257, 273	1936	44	15, 208	2, 831, 324
1930	43	14, 966	2, 745, 145	1937	44	15, 221	3, 035, 943
1931	43	15, 187	2, 635, 871	1938	42	14, 514	2, 876, 270
1933	44	15, 801	2, 459, 410	1939	42	14, 248	3, 027, 666
1934	42	15, 791	2, 584, 416	1940	42	14, 646	3, 554, 931

[1] No data.

Structure of the Consumers' Cooperative Movement

The basic or primary units of the consumers' cooperative movement in Great Britain are the local or retail cooperatives. Upon this foundation—a network stretching to practically every part of the Kingdom—have been built (through the federation of the local associations) national or regional organizations providing a great variety of services and producing a wide range of commodities.

[3] There is another federation known as the Labor Copartnership Association which is sometimes confused with this Federation but which has for its purpose the extension of profit sharing by industrial firms. This confusion is increased by the fact that workers' productive associations, which in addition to their worker members also admit to membership retail cooperatives and other associations, are sometimes referred to as "copartnership associations."

These federations, which in Great Britain are termed "federal" associations, are of four types:

(1) The national wholesale associations which are federations of local associations for the purpose of doing a wholesale business in the goods dealt in by the retail cooperatives.

(2) Separate organizations formed by the wholesale associations to specialize in certain fields, such as insurance, tea trade, etc.

(3) National federations formed by the local associations to carry on specific activities. These consist of the Cooperative Press, Ltd. (a federation with some 695 member associations), which publishes several national cooperative periodicals, and the Cooperative Printing Society (both in England), and three organizations in Scotland—United Cooperative Baking Society, Paisley Cooperative Manufacturing Society (which makes clothing), and the Scottish Cooperative Laundry.

(4) The federations known as "local federal societies," formed by groups of retail associations to carry on specialized activities throughout a given region. [4] In 1935 there were 44 such federations in England and Wales and 7 in Scotland. Most of these are in the baking, dairying, or laundry trades.

At the top of the whole structure is the Cooperative Union, an educational federation that accepts into membership both consumers' and other types of cooperatives and also the commercial and productive federations.

TABLE 3.—*Operations of Cooperatives in Great Britain and Northern Ireland and of Those Affiliated to Cooperative Union, 1913–41*

[For par values of currency, see Appendix table, p. 278]

Year and type of association	Total: Great Britain and Northern Ireland				Cooperative Union		
	Number of associations	Members	Sales	Net earnings	Number of member associations	Their members	Their sales
1941							
Distributive associations	1,059	8,773,255	£302,246,329	(1)	1,006	8,636,653	£297,065,247
Distributive federations	[2] 24	[3] 197	2,255,055	(1)	23	[3] 191	2,225,096
Productive associations	90	13,759	8,768,737	£890,122	85	17,396	8,607,594
Special associations	[3] 16	10,166	1,276,050	(1)	14	7,302	1,031,913
Wholesale associations	4	[3] 1,593	185,155,689	(1)	4	1,593	185,155,689
Insurance associations	1	[3] 2	10,463,401	(1)	1	[3] 2	10,463,401
Other associations	13	(1)	(1)	(1)	13	(1)	(1)
Total	1,207	8,803,972	510,165,261		1,146	8,663,137	504,548,940
1940	[4] 1,200	8,747,380	502,041,056	(1)	1,132	8,580,423	495,629,847
1935	(1)	7,526,200	351,646,360	(1)	1,177	7,365,886	353,221,819
1930	1,334	6,447,813	340,476,680	30,230,187	1,221	6,253,734	333,362,847
1925	1,420	4,960,883	295,828,010	23,211,134	1,283	4,864,888	(1)
1920	1,501	4,559,311	404,144,150	26,993,396	1,322	4,479,209	(1)
1915	1,497	3,310,724	165,034,195	17,003,956	1,285	3,187,285	(1)
1913	1,508	3,011,390	130,035,894	14,260,414	1,272	2,874,574	(1)

[1] No data.
[2] Estimated on basis of Cooperative Union affiliates.
[3] Number of affiliated associations.
[4] Includes estimates (on basis of Cooperative Union statistics) for distributive federations and special associations.

[4] These correspond to the district wholesale or service federations in the United States.

Table 3 shows the associations in the United Kingdom (Great Britain and Northern Ireland) in 1941, and the associations that are members of the Cooperative Union. For comparative purposes, totals for preceding years are also given. This table shows a steadily decreasing number of associations, a continuously mounting membership, and sales that have fluctuated somewhat with economic conditions but on the whole trend upward.

Retail Cooperatives and Their Operations

Specialization by local cooperatives is unusual in Great Britain where the tendency has been rather for the retail store association to extend its business to cover as many lines of commodities and as many services as the membership desires. Thus, in the group of organizations classified as "distributive" are many which perform functions outside the purely merchandising field. Among the services provided are burial, optical, dental, and convalescent care, laundering, house decoration, automobile repair, motor tours, and provision of meals. In the merchandising section, some associations run establishments providing a complete line of dry goods, clothing, furniture, and the other commodities found in department stores; others may concentrate on a limited range of day-to-day requirements. Furniture departments have been stimulated by the entrance of the wholesale associations into the manufacture of furniture. Pharmacies are becoming an increasingly common department of the retail cooperatives. However, throughout the movement as a whole the grocery department has always been and still remains the most important section of cooperative trade. Data compiled by the Cooperative Union show the following percentage distribution of cooperative business in 1942:

	Percent		*Percent*
Groceries and bread	52. 8	Clothing (including tailoring)	2. 5
Meat	8. 2	Boots and shoes	3. 1
Vegetables, fruits, fish	1. 4	Furniture and hardware	2. 5
Dairy products	10. 8	Coal	5. 1
Confectionery	1. 2	Other	3. 0
Drugs	1. 2		
Dry goods	8. 3	Total	100. 0

Some of the retail cooperatives also run productive departments making certain items (especially perishable goods like bakery products, dairy products, etc.) which it is more efficient to produce locally than on a national or regional scale. A few of the distributive associations have even gone into farming, although this has been one of the least profitable or satisfactory lines of cooperative activity, and the number of associations operating farms has tended to decrease.

One large segment of the cooperative movement in the United States has no counterpart in the country that was the birthplace of consumers' cooperation. Thus, although a few retail associations provide garage service, there are no associations handling petroleum products even though thousands of British cooperators possess automobiles or motorcycles. Carr-Saunders and his associates pointed out this gap, in their analysis of the British cooperative movement in 1938, and remarked that "Even America has cooperative petrol." [5]

[5] Consumers' Cooperation in Great Britain: An Examination of the British Cooperative Movement, by Carr-Saunders, Florence, Peers, and others. London, George Allen & Unwin, Ltd.. 1938.

Trends in the membership, business, and net earnings of the retail associations in selected years from 1880 to 1943 are shown in table 4.

TABLE 4.—*Membership and Operations of Retail Distributive Associations in the United Kingdom, 1880–1943*

[For par values of currency, see Appendix table, p. 278]

Year	Number of associations	Members	Sales	Net earnings
1880	921	542, 380	£21, 093, 324	£1, 902, 174
1890	1, 418	1, 026, 912	26, 619, 566	3, 760, 846
1900	1, 464	1, 709, 371	50, 053, 567	7, 747, 338
1910	1, 428	2, 542, 532	71, 861, 383	10, 938, 331
1913	1, 387	2, 878, 648	83, 590, 374	12, 851, 303
1915	1, 375	3, 264, 811	102, 557, 779	14, 960, 086
1920	1, 379	4, 504, 852	254, 158, 144	25, 458, 555
1925	1, 289	4, 910, 983	183, 584, 049	20, 479, 780
1930	1, 210	6, 402, 966	217, 318, 001	26, 938, 024
1935	1, 118	7, 483, 976	220, 429, 517	26, 746, 054
1936	1, 107	7, 807, 942	233, 844, 350	28, 391, 100
1937	1, 094	8, 084, 990	251, 393, 047	29, 815, 125
1938	1, 085	8, 404, 688	263, 265, 306	31, 144, 045
1939	1, 077	8, 643, 233	272, 293, 748	32, 019, 854
1940	1, 065	8, 716, 894	298, 880, 990	(1)
1941	1, 059	8, 773, 255	302, 246, 329	[2] 28, 896, 977
1942	1, 058	8, 924, 868	319, 448, 476	[2] 33, 120, 928
1943	(1)	9, 028, 218	331, 547, 123	(1)

[1] No data.
[2] Surplus (after payment of interest on share capital) available for patronage refunds.

A very large proportion of the total cooperative trade is done by associations of great size, serving extensive districts. In 1941, of 1,059 retail cooperative associations, there were 96 having more than 20,000 members each; 30 of these had over 50,000 members and 6 had over 100,000 members. The 96 associations in that year accounted for 9.1 percent of the total retail membership and 61.6 percent of the cooperative retail business.

The membership of the six largest associations in 1942 was as follows:

	Members		*Members*
London	792, 355	South Suburban (London)	200, 063
Royal Arsenal (London)	318, 033	Liverpool	135, 878
Birmingham	238, 869	Leeds	128, 766

Of these six, three (as noted) are in London. There is also a fourth association in the London area, the Enfield Highway Cooperative Society. Thus, nearly 1½ million families in the metropolitan region are served by cooperatives.

It is estimated that the British cooperative movement handles about 12.0 percent of the national retail trade in food and tobacco and about 20.0 percent of the coal business. In the rationed foods (meat, butter, sugar, etc.) the percentages range from 14.5 percent in the case of meat to 27.0 percent for sugar and preserves.

A survey for 1940 indicated that cooperative factories produced 1.6 percent of the total output of all productive works in the United Kingdom in 1935 and 7.1 percent of the output of the food and tobacco industries, 3.4 percent of the furniture, 3.0 percent of the clothing, 6.5 percent of the shoes, 12.0 percent of the soap and candles, 12.5 percent of the margarine, and 16.0 percent of the jams, marmalade, and flour.

As population figures, since the beginning of the war, have been a military secret no recent comparisons of cooperatives in relation to the population can be made. In 1931, the consumers' cooperative membership in relation to the total population was as follows:

	Percent of population
English counties	14.8
Isle of Man	9.5
Guernsey	(1)
Jersey	1.3
Wales	7.3
Scotland	15.7
Northern Ireland	1.4
United Kingdom: 1931	13.4
1921	9.5
1911	5.8
1901	4.3

[1] No associations or members.

The geographical distribution of the retail cooperative movement, as regards membership and business, in 1942, is shown below:

	Percentage distribution	
	Members	*Business*
England and Wales	87.6	81.5
Scotland	11.6	17.5
Northern Ireland	.8	1.0
Total	100.0	100.0

Federations in the Consumers' Cooperative Movement

The principal cooperative federations in Great Britain operating on a national scale are the four cooperative wholesales (English, Scottish, Joint English and Scottish, and Irish), the Cooperative Insurance Society, and the Cooperative Union.

The wholesale associations since their formation have widened the scope of their activities considerably. Thus, the English and Scottish wholesales not only act as wholesale distributors to the local associations; they also manufacture much of the goods they sell, besides providing insurance and other services and acting as the investment agencies for the funds of the whole cooperative movement.

ENGLISH COOPERATIVE WHOLESALE SOCIETY

This organization was formed in 1864 after two previous attempts at cooperative wholesaling had failed. Most of the local associations in England and Wales are members of it. The association has been financially successful since its formation; and the only setbacks it experienced were encountered during the two depressions of the early 1920's and 1930's. However, although money volume of sales has fluctuated somewhat, during the 79 years' operations a loss was sustained on the operations in only 3 years (1918, 1920, and 1921).

The wholesale began production very soon after its formation and the productive enterprises have showed consistent earnings.

At the end of 1940 the C. W. S. owned 197 factories and workshops, employing 43,338 workers, which produced a wide variety of commodities (see table 8, p. 29). It was operating 10 building and engineering plants and 6 printing and bookbinding establishments.

By 1939, the year of the outbreak of the war, the wholesale was producing 35.4 percent of the goods it sold. Since that time, although both sales and production have risen, owing largely to war conditions, the output of the C. W. S. factories has not expanded as fast as the distributive business, so that by 1942 its own production had fallen to 30.8 percent of total sales. Many of the cooperative factories were reported to be "engaged largely on the production of Government requirements."

The trend of development of the wholesale since its formation is shown in table 5. Up to 1920 the number of its affiliates increased each year; since that time it has fallen steadily, though gradually, for the most part as a result of amalgamations of the societies into larger units.

TABLE 5.—*Membership and Operations of English Cooperative Wholesale Society, 1865–1943*

[For par values of currency, see Appendix table, p. 278]

Year	Number of affiliated associations	Their members	Wholesale association			
			Share capital	Business	Net gain	Own production
1865	(1)	24,005	£7,182	£120,754	£1,850	
1870	(1)	79,245	16,556	507,217	4,248	
1880	604	361,523	146,061	3,339,681	42,090	£118,598
1890	941	721,316	434,017	7,429,073	126,979	341,277
1900	1,078	1,249,091	883,791	16,043,889	289,141	2,264,088
1910	1,160	1,991,576	1,740,619	26,567,833	462,469	6,581,310
1915	1,195	2,535,972	2,284,758	43,101,747	1,086,962	12,812,954
1920	1,222	3,341,411	4,270,408	105,439,628	[2] 64,210	33,404,466
1925	1,171	3,778,659	6,192,341	76,585,764	1,053,504	26,900,865
1930	1,091	4,565,372	8,080,497	89,288,125	1,396,974	25,825,426
1931	1,079	4,884,090	8,515,097	85,313,018	1,344,218	23,823,002
1932	1,065	5,138,124	9,416,463	81,498,234	1,692,157	23,638,705
1933	1,052	5,352,310	10,067,465	82,769,119	1,729,223	30,049,108
1934	1,040	5,488,364	10,784,019	82,120,864	1,473,838	26,813,807
1935	1,033	5,983,810	12,009,372	90,177,672	2,052,498	32,449,932
1936	1,025	6,155,964	13,017,445	98,283,975	2,095,481	36,346,873
1937	1,023	6,379,274	14,147,015	107,691,527	2,569,412	40,694,814
1938	1,021	6,581,337	14,715,179	119,851,542	2,799,095	43,303,528
1939	1,009	6,765,194	14,734,826	125,015,316	2,891,485	44,243,924
1940	1,009	7,020,544	14,740,954	131,357,439	2,974,722	45,037,707
1941	1,008	7,078,362	15,859,540	142,889,444	3,890,388	47,098,301
1942	(1)	7,439,813	(1)	157,395,338	(1)	47,406,257
1943	(1)	7,544,315	(1)	166,835,000	(1)	(1)

[1] No data.
[2] Loss.

The wholesale has, in addition to its distributive and productive business, several other departments. One of these is the C. W. S. Banking Department which handles accounts for individual cooperators, for practically all of the local cooperative associations, for trade-unions, and for many nonprofit organizations. This department was opened in 1872. Although it has several branches, for the most part the retail associations act as its local agents. Through this department almost all the surplus funds of the movement are mobilized for cooperative development. In 1937 the business of the Banking Department for the year amounted to £770,106,000, and the assets totaled £109,255,000.

The wholesale also has a health-insurance section, writing risks under the National Health Insurance Acts, for cooperators and others.

The membership of this section numbered 633,000 in 1942. From the earnings made, the department also provides assistance toward dental care, convalescent care, medical and surgical appliances, and nursing for the members, as well as increases in the usual cash benefits provided under the health-insurance system.

Retail activities of wholesale.—In 1934 the member associations authorized the wholesale to form the C. W. S. Retail Society, for the purpose of rehabilitating local associations that found themselves in financial difficulties and of establishing retail branches in places where cooperation either had not taken hold at all or where local associations had been unable to operate successfully. In the latter case, it was provided, no retail branch could be started without the approval of neighboring cooperatives.

Two years later a branch was established in Cardiff, Wales, where the local association had been unable to succeed. Between 1936 and 1943, the local membership of the Cardiff branch rose from 9,010 to 20,409. By 1943 the members of six other associations had voted to become branches of the wholesale, and in the 8-year interval the C. W. S. Retail Society had assisted and returned to local control a number of other associations.

The Central Board of the Cooperative Union nevertheless felt some concern for the proper safeguarding of local cooperation. Accordingly, in 1943, a joint standing committee representing the Cooperative Union and the wholesale was formed. It will be the duty of this committee to determine, in the light of all the circumstances in individual cases, the best way of meeting the situation, i. e., whether by amalgamation of the association concerned with another association, by the transfer of its obligations to the wholesale, by internal reorganization, by control by the wholesale or supervision by it, or by incorporation into the C. W. S. Retail Society as one of its branches. The committee's decision will then have to be ratified by the executive boards of both the Cooperative Union and the Cooperative Wholesale Society.

In 1939 the C. W. S. board of directors proposed to establish a chain of fixed-price variety stores with a top price of 5 shillings; no patronage refund would be paid. The system would not be started until at least 20 associations had indicated approval, and no store would be opened without the consent of the local association of the district. Upon being put to the vote of the member associations, they decided to allow the establishment of the system under the conditions prescribed but refused authority to form a separate subsidiary organization for the purpose or to eliminate the patronage refund.

SCOTTISH COOPERATIVE WHOLESALE SOCIETY

The Scottish Cooperative Wholesale Society, started 4 years after its English counterpart, has always operated on a smaller scale, but has been as consistently successful. Indeed, in one respect it has outpaced the English wholesale, for it has shown a loss on trading operations in only 1 year (1921).

Its development from 1868 to 1943 is summarized in table 6.

TABLE 6.—*Membership and Operations of Scottish Cooperative Wholesale Society, 1868 to 1943*

[For par values of currency, see Appendix table, p. 278]

Year	Number of affiliated associations	Capital (including reserves and other funds)	Business	Net gain	Own production
1868	[1]	£1,859	£9,697	£49	
1870	[1]	12,542	105,249	2,418	
1880	161	110,259	845,221	21,685	
1890	261	579,791	2,475,601	76,545	£108,646
1900	288	1,691,753	5,463,631	222,366	1,388,720
1910	274	3,470,015	7,738,158	273,563	2,435,311
1916	262	5,528,815	14,499,037	501,531	[2] 4,708,104
1921	273	6,733,753	21,834,058	[3] 237,030	[4] 9,540,728
1926	260	9,008,221	16,717,922	347,371	[5] 5,949,289
1930	251	10,433,879	17,682,449	413,625	5,793,827
1931	251	11,113,064	16,552,348	471,838	5,053,045
1932	245	10,995,204	16,141,552	397,647	[1]
1933	241	11,590,726	16,016,360	402,133	5,361,493
1934	240	12,244,400	17,664,855	450,472	[1]
1935	238	12,995,916	18,635,116	437,857	5,421,240
1936	234	13,870,232	20,580,212	529,329	5,996,484
1937	232	13,530,537	22,438,684	447,878	6,612,000
1938	230	13,207,503	27,350,453	480,688	7,852,835
1939	227	13,021,494	24,612,711	457,886	7,132,330
1940	225	13,372,862	29,184,889	773,464	8,646,568
1941	221	14,597,921	32,149,030	975,707	9,816,972
1942	[1]	14,874,868	34,044,052	[1]	[1]
1943	[6]	[1]	35,778,000	[1]	[1]

[1] No data.
[2] Figure relates to year 1915.
[3] Loss.
[4] Figure relates to year 1920.
[5] Figure relates to year 1925.
[6] No data. Membership of affiliated associations given as 1,048,448. For previous years the corresponding figures were: 1942, 1,020,444; 1941, 999,093; and 1939, 954,245.

The Scottish wholesale was somewhat slow in entering the field of production but, once started, has shown almost continuous expansion, and indeed has been able to produce a greater proportion of the goods sold than has the English wholesale. In 1941 the output of its manufacturing plants constituted 35.7 percent of the total value of goods sold by the wholesale. At the end of 1940 it owned 58 factories employing 9,237 workers. It was operating also 4 building and engineering establishments, 2 plants making motor-car and wagon bodies, and 2 printing and bookbinding establishments.

In order to take the advantages of cooperation to remote corners of Scotland where the people did not wish to carry on cooperative enterprises themselves or where conditions were not very favorable, the wholesale has opened retail branches. In fact, the S. C. W. S. has operated some retail branches since 1910. At the end of 1942 it had 41 retail branches, in addition to 26 retail drug stores, and 5 laundries. One of the earliest of the special services was the funeral department started in 1934; by 1942 this department was operating 33 funeral establishments.

ENGLISH AND SCOTTISH JOINT COOPERATIVE WHOLESALE SOCIETY

This organization was formed in 1923 to carry on joint enterprises for the two great wholesales. It has six tea factories in various centers of England and Scotland, one coffee-roasting plant, and a cocoa and

chocolate works, besides operating extensive tea and coffee plantations in Ceylon and India. It maintains purchasing centers in various places in Africa and Asia. In the year ending in September 1941 its business amounted to £8,701,474.

IRISH AGRICULTURAL WHOLESALE SOCIETY

This association was formed in 1897 as the purchasing agent for the Irish agricultural cooperative associations. It has had a checkered career, owing primarily to the poverty of the member associations and secondarily to the disturbed political and economic conditions in the country. At the end of 1941 it had 362 member associations, and a business for the year amounting to £751,761. (For statistics of operations, see p. 59.)

COOPERATIVE INSURANCE SOCIETY

Aside from health insurance, provided by a department of the English Cooperative Wholesale Society, insurance for the cooperative movement is written through the Cooperative Insurance Society formed in 1867, which is the joint insurance department of the English and Scottish Wholesales and has agents and offices throughout the United Kingdom. It writes life, pension, annuity, fire, casualty, accident, burglary, fidelity, "house purchase," employers' liability, and livestock insurance. One of the more interesting types of insurance offered by the society is the collective life-insurance policy taken out by cooperative associations on the lives of the members. The beneficiary of a member who dies receives an amount proportioned to the average amount of his patronage of the cooperative during the preceding 3 years.[6]

The premium income of the society in 1941 amounted to £10,463,401.

A statement submitted by the cooperative movement to the Joint Parliamentary Committee (known as the Beveridge Committee) in 1942 showed that over 255,000 cooperative employees were covered by retirement schemes, and 786 associations (with 3,430,739 members) had taken out the collective insurance just mentioned. Under the latter scheme a total of £11,005,245 had been paid in 1,456,762 cases.

THE COOPERATIVE UNION

The Cooperative Union was established in 1869, under the name of Central Board. It is the national federation of the cooperative movement in the British Isles, and accepts into membership both consumers' and other types of cooperatives, whether of the primary or federated type. All the four wholesales just described, the Cooperative Insurance Society, and the central organization of the workers' productive associations—the Cooperative Productive Federation—belong to the Cooperative Union.

As already shown (table 3), practically the entire body of consumers' cooperatives of Great Britain is affiliated to the Cooperative Union. In 1941 its member associations accounted for 95 percent of the total number of associations, 98 percent of the individual membership, and

[6] In certain sections of the United States a similar plan is offered to members of store associations through cooperative insurance (see Monthly Labor Review, March 1944, p. 561).

99 percent of the cooperative business in the United Kingdom of Great Britain and Ireland.

The Cooperative Union formulates policy and speaks the views of the movement. Its duties include legal assistance to the member associations, propaganda, educational work, and defense of the movement in the economic and legislative fields. It has certain auxiliary organizations, among which are the following:

(1) The National Cooperative Authority, representing the Union, the English and Scottish Wholesales, the Cooperative Press, the Cooperative Productive Federation, and the Cooperative Party. The Authority decides upon cooperative policy in current national issues affecting the movement, arising between congresses.

(2) The Joint Parliamentary Committee, the function of which is to examine the possible bearing, on cooperatives, of all proposed legislation, to represent the cooperative movement before Parliament and Government bodies, and to obtain adequate cooperative representation on public committees.

(3) The Cooperative Party, described as the "political committee" of the Cooperative Union. It handles the funds subscribed for political purposes and endeavors to obtain the election of cooperators on both local and national government bodies.

(4) The National Educational Council, responsible for advice and guidance in the organization of cooperative education and the preparation of correspondence courses and lecture courses at the Cooperative College.

Cooperatives and the War

When the war broke out, the cooperative movement gave immediate attention to protecting its members as consumers. In order to insure the equitable distribution of available supplies, cooperators and their organizations were vigorous advocates of rationing and, later, of the extension of rationing and of price control.

Government wartime measures, including limitations on supplies, on production, and on sales to consumers, and the control of prices, began with the Prices of Goods Act of 1939 and the first Limitation of Supplies Orders in April 1940. From that time onward, restrictions were increased. Since the outbreak of the war Government regulations are reported to have been issued at the rate of 2,500 a year. By the beginning of 1942 civilian goods were very scanty as compared with the pre-war situation. Stores handling dry goods and clothing were especially hard hit.

The earliest rationing measures were carried on what was called the "datum" quota principle. Under this system dealers' quotas were based upon their volume of business in the rationed commodity as of a given date or period. This was an especial hardship for the growing cooperatives, for amounts sold in the basic period were quite insufficient to meet the current needs of the expanded membership. This system was later abandoned—a fact to which the continued growth in cooperative business in spite of restrictions and scarcities is largely attributed.

The Government's plans for the concentration of industry introduced a new and unforeseen element into the cooperative method of doing business. These plans included the "telescoping" of industry, and were originally outlined as voluntary arrangements in which each

branch of industry would decide which would be the "nucleus" firms and which the "closed" or "redundant" ones. "Nucleus" firms were to produce at full capacity. Accordingly, British cooperatives, for probably the first time in their history, were forced to produce for private enterprise or face extinction. Some cooperative factories which were not permitted to produce for civilian consumption are now engaged in making equipment, uniforms, and shoes for the armed forces and civilian defense services.

Along with other businesses the cooperatives suffered extensive bombing damage to their shops and other buildings, but prompt aid from other associations and heroic efforts by the associations concerned enabled them to continue operations in most cases.

The evacuations that took place in 1940–41, as a result of enemy bombing of the cities, operated to reduce cooperative business. The reason for this was that the population movement was away from the cities, where the cooperatives were strong, to country districts where they were relatively weak. The result was a loss in registrations at the cooperative stores in 1941. The tendency was reversed in 1942, and cooperative registrations showed an increase despite the continued decline of the civilian population. This increase is attributed "almost entirely to the resumption of trading membership by cooperators moving back to the towns they left in the previous year." [7]

The position of the movement at the end of 1943 was regarded as generally good and it was expected that, barring unforeseen and extreme changes, this would be maintained in 1944.

The cooperative movement, although given greater recognition in this war than in the last, has had to be on the alert constantly for indirect attacks under guise of wartime necessities. Thus, the enactment of price-control legislation led the private traders to attack the patronage-refund principle of the cooperatives as a price-cutting device, and in some cases they have been successful in impressing this point of view upon Government regulatory bodies. Although certain members of Parliament have expressed the view that patronage refunds should be suspended during the war, apparently no Parliamentary action toward this end has been taken.

On the whole, it is evident that the British movement is playing an important role in the war economy. The strong financial position of the movement and its enormous trading resources, together with the fact that it represents a large section of the buying public, are undoubtedly responsible for the public recognition which it has received.

Cooperation in Ireland

Agricultural cooperation has always been and still remains by far the most important branch of the movement in Ireland. It developed primarily as a result of the zeal of Sir Horace Plunkett and the organization founded by him in 1894—the Irish Agricultural Organization Society.

Although the cooperative idea was slow in gaining acceptance, by 1913, owing to intensive organization work and the gradual spread of the movement, there were 985 associations with a membership of over 100,000. The first World War was a period of great expansion

[7] People's Yearbook, 1943, p. 20.

and prosperity for the Irish cooperative movement. In 1920 it reached an all-time peak with 1,114 associations, a membership of 157,766, and an annual turnover of £14,604,852.

The post-war depression, however, revealed that the movement was dangerously undercapitalized and overexpanded and that unwise amounts of credit on a long-term basis had been extended. The associations themselves were heavily in debt to the Irish Agricultural Organization Society and to the banks. To these troubles were added the political unrest and in some cases open warfare among the various factions. The separation of the northern and southern parts of the country into two parts—Northern Ireland and Irish Free State—in 1922, likewise divided the cooperative movement. Thereafter the Irish Agricultural Organization Society confined its activities to the Irish Free State, and for Northern Ireland the Ulster Agricultural Organization Society was formed. The two central organizations maintained close relations, however.

The cooperative associations in southern Ireland were at the time of the treaty of independence almost in extremity. The one exception consisted of the cooperative creameries which, because they had been more adequately capitalized and had enjoyed more efficient management, were in somewhat better condition than the other associations. That the other branches of the movement were salvaged, even in part, was due to measures of credit and reorganization undertaken by the officials of the new Irish Free State.

Table 7 shows the development of the associations in membership with the Irish Agricultural Organization Society in 1941 (the latest year for which data are available) and in selected years since 1913. The data for the years 1910 and 1920 relate to Ireland as a whole; those for succeeding years cover Irish Free State (Eire) only.

TABLE 7.—*Membership and Business of Cooperatives in Eire, 1913 to 1941*

[For par values of currency, see Appendix table, p. 278]

Year and type of association	Number of associations	Members	Amount of business
1941			
Creameries	214	51,402	£8,237,647
Agricultural supply associations	82	17,680	750,665
Miscellaneous trading associations	20	15,771	2,474,239
Credit associations:			
Agricultural	28	4,666	4,588
Cooperatives under "Fluke" scheme	44	4,128	----------
Total	388	93,647	11,467,139
Federations	1	469	751,762
Grand total	389	94,116	12,218,901
1940	400	96,466	11,080,773
1939	410	99,326	9,826,200
1938	418	97,813	9,263,920
1937	428	99,524	8,700,322
1936	435	100,810	8,617,295
1935	443	102,145	7,712,182
1930	605	101,307	9,421,855
1923	(1)	(1)	7,725,072
1920 [2]	1,114	157,766	14,604,852
1913 [2]	985	104,702	3,333,181

[1] No data.
[2] Data include Northern Ireland also.

The latest data available for Ireland that show the distribution of the cooperatives between Northern Ireland and Eire are for the year 1936. In that year 435 of the total of 529 associations that were affiliated to either the Irish or the Ulster Cooperative Organization Society belonged to the former organization, and its affiliates accounted for 100,810 of the total membership of 115,874 and £8,617,295 of the total business of £9,881,295.

IRISH AGRICULTURAL WHOLESALE SOCIETY

The cooperatives of Eire also have a cooperative wholesale, the Irish Agricultural Wholesale Society, formed in 1897, which handles not only farm supplies but also household supplies and groceries. This association, like the local associations, suffered from the civil war and the depression of the early twenties. It was saved only by the assistance of the English Cooperative Wholesale. Only summary figures, shown in table 8, are available for it.

TABLE 8.—*Membership and Business of Irish Agricultural Wholesale, 1915–42*

[For par values of currency, see Appendix table, p. 278]

Year	Affiliated associations	Distributive business	Year	Affiliated associations	Distributive business
1915	327	£375,379	1935	469	£343,432
1920	625	1,671,116	1936	456	342,652
1925	588	486,968	1937	373	241,974
1927	598	543,896	1938	373	648,094
1930	470	582,426	1939	373	848,712
1931	470	543,417	1940	365	837,910
1933	470	330,225	1941	362	751,761
1934	468	538,665	1942	360	721,806

This wholesale is not entirely a federation of local associations. Its member associations, it is reported, have never capitalized it adequately and in order to obtain sufficient working capital it has had to admit individuals into membership. Its leadership, in spite of handicaps, has been characterized as "courageous" and "enterprising."[8] The organization was able to break up the manufacturers' combine in the manure and farm-machinery trade and by importing these commodities from the United States forced the prices of fertilizer down by 50 percent. "By making arrangements to have its own seeds tested, it was able to certify them, and to compel private merchants to do likewise. The saving to the farmers under these two heads alone would justify the society's existence." [8]

CONSUMERS' COOPERATIVES IN IRELAND

Consumers' cooperation is much weaker in Eire than in Northern Ireland. One reason for this is that the latter is more industrial and in the British Isles the consumers' cooperative movement has always appealed most strongly to industrial workers.

In Eire, among the strongest consumers' cooperatives are two whose members are coal miners and textile workers, respectively. The consumers' association in Dublin, after repeated losses and reorganizations, finally went into dissolution in 1939.

[8] Cooperation: A Survey of the History, Principles, and Organization of the Cooperative Movement in Great Britain and Ireland, by F. Hall and W. P. Watkins, p. 190. Manchester, The Cooperative Union. 1935

In Northern Ireland the consumers' cooperatives, although not numerous (there were only 17 in 1938) were quite large in size. Their combined membership in 1942 was 75,722. One of the associations, that in the city of Belfast, had over 50,000 members and 80 branches. Its business in 1938 amounted to £1,591,739; its patronage refunds in that 1 year amounted to £124,687.[9]

Cooperative Movement in Belgium

Belgium was occupied by the Germans in May 1940, after an 18-day blitzkrieg during which much destruction of property, as well as loss of life, occurred. Data are not available to indicate to what extent cooperatives suffered in the invasion nor how many of them were lost when certain districts ceded to Belgium under the Treaty of Versailles were reannexed to Germany. Evidently the cooperatives were allowed to continue operation under the German military government, for the allied army of liberation found them practically unharmed and still under cooperative leadership in September 1944. It is known that new organizations were created by the Germans to control agriculture and the collection of farm products, and these may have supplanted the cooperative supply and marketing associations.

When Belgium was invaded by the Germans n May 1940, the Belgian cooperators saw their country overrun and the development of their cooperatives checked for the second time in only a little over a quarter of a century. Although suffering greatly during the first World War, the movement, 10 years later, not only had regained its pre-war level but had gone through a long process of consolidation intended to strengthen and expand it. This process was hastened by the stress of conditions during the depression of 1930–34. The structural and economic reorganization that began in 1935 was successful in putting the movement on a much firmer basis financially, and rapid progress had begun to be made when war broke out. By that time, the consumers' cooperatives of all groups were serving about a fourth of the people in Belgium, and were doing about 10 percent of all the retail trade.

The cooperative movement in Belgium dates rom 1873, when the first cooperative law was passed. The cooperatives, however, were divided along both religious and political lines. In the distributive cooperative branch of the movement, the only "neutral" group consisted of the associations of public employees. The others were affiliated with the Clerical, Social-Democratic, or Christian-Democratic Parties.

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[9] *Sources.*—The report on the British Isles is based upon data from the following publications: Great Britain, Ministry of Labor Gazette, January and February 1939 and January 1940; Building Societies—Statistical Summary, 1929-39 (Great Britain, Registry of Friendly Societies); Cooperative Review (Cooperative Union, Manchester), issues of November and December 1942, January, June, July, August, October and November 1943, and January 1944; Wheatsheaf—Agricultural edition (Cooperative Wholesale Society), issues of June and August 1943 and January 1944; Peoples Yearbook (English and Scottish Cooperative Wholesale Societies) years 1922, 1927, 1929, and 1932 through 1943; Proceedings of congresses of the Cooperative Union, years 1881, 1891, 1901, 1911, 1914, 1916, and 1938; Annual reports of Irish Agricultural Organization Society for years 1931, 1938, and 1942; International Directory of Cooperative Organizations (International Labor Office), 1939; Cooperative Information (International Labor Office), No. 7-8, 1943; Consumers' Cooperation in Great Britain—An Examination of the British Cooperative Movement, by Carr-Saunders, Florence, Peers, and others (London, George Allen & Unwin, Ltd., 1938); Cooperation—A survey of the History, Principles, and Organization of the Cooperative Movement in Great Britain and Ireland, by Hall and Watkins (Manchester, Cooperative Union, Ltd., 1935); Consular reports, March 21, 1932, and November 16, 1936; New York Times, June 27, 1939; Cooperative Builder (Superior, Wis.), October 7, 1939; Consumers' Cooperation (New York), October 1943; and Economist (London), July 1, 1944.

Among the workers' productive associations also, a large proportion of the associations had Social-Democratic affiliations. Of the agricultural associations, the most important group consisted of associations belonging to the Belgian Peasants' League (*Belgische Boerenbond*), a conservative and entirely Catholic organization, in the administration of which priests of the church played a predominant part.

Throughout the 70 years' growth of cooperation in Belgium, not only have these divisions persisted, but apparently not even friendly relationships have been attained among the groups. Several times the Social-Democratic associations made gestures in the direction of unity or at least joint action. Thus, at their 1937 congress, these working-class associations adopted a resolution favoring relations with the agricultural cooperatives for the protection of the cooperative movement as a whole, against threatened harmful legislation; this appears to have been without result. The Boerenbond and the central federation of the Christian-Democratic associations worked together to some extent, united by their dislike of the "socialist" cooperatives, and creating associations to compete with the latter. The one recorded instance in which all branches acted together occurred in 1933 when an unusually bitter attack was launched against the cooperative movement.

Only with difficulty was distributive cooperation able to take root in Belgium. It had to contend not only with the antagonism of the private dealers, whose opposition dated from the establishment of the very first cooperative, but also with the ignorance and inertia of the exploited workers.

All branches of the cooperative movement in Belgium were interested in the moral well-being of their members, but concern for their political and economic emancipation appears to have been particularly characteristic of the working-class cooperatives of the Social-Democratic group. Not only did the latter support the trade-union movement in its fight for better conditions for the workers, but they worked incessantly for the members' cultural and social welfare. Indeed, many of the Belgian Social-Democratic associations bear names which reveal their preoccupation with social aims, as "Forward," "Progress," "Social Foresight," etc. The people's houses (*maisons du peuple*), created as community centers and supported by the cooperatives out of their earnings, became famous throughout the world.

Types of Associations and Their Activities

The Belgian cooperatives have taken a variety of forms, including two very uncommon types—the "Nations" and the cooperative pharmacies.

The official statistics divide the cooperatives into the two broad classes—agricultural and nonagricultural associations. The latter include the distributive associations, the cooperative pharmacies (to some of which the sick funds were affiliated), the supply and marketing associations, credit and housing-loan associations, as well as two types of workers' productive associations—those running cooperative workshops and the "Nations," already mentioned. The latter (found mainly at Antwerp) were dock workers' associations, each of which tended to concentrate on longshore work for vessels of a given nation,

hence the name "Nation." Some of these associations are reported to date back as far as the thirteenth century.

The agricultural group included associations purchasing farm and home supplies, the cooperative dairies, and a group of credit associations of the Raiffeisen type.

Between 1908 and 1922 the number of retail distributive cooperative associations decreased (table 9), owing to the amalgamation of small associations into larger ones, but the membership increased by over 50 percent and the amount of business done increased over fivefold. All other types of associations increased their membership and business but the greatest growth in business done was that of the credit associations.

TABLE 9.—*Number, Membership, and Business of Nonagricultural Cooperatives in Belgium in Specified Years, by Type of Association*

[For par values of currency, see Appendix table, p. 278]

Type of association	Number of associations	Members	Amount of business	Number of associations	Members	Amount of business	Number of associations			
	1908			1922			1925	1929	1934	1938
			Francs			*Francs*				
All types	945	[1] 324,700	[1] 959,094,825	1,483	[1] 517,122	[1] 5,327,495,810	2,056	2,474	3,168	3,482
Consumers' distributive	394	250,106	72,129,649	353	386,708	464,942,000	386	377	362	360
Pharmacies	6	100	1,336,235	10	671	6,288,326	12	15	16	40
Credit	45	24,000	836,121,596	83	33,192	4,231,861,521	129	157	221	203
Housing-loan	24	4,229	4,552,632	31	4,328	10,403,000	107	128	127	125
Insurance	66	10,897	2,686,740	51	12,897	10,874,000	54	61	67	72
Workers' productive	26	2,325	2,012,541	39	8,502	12,570,963	43	51	53	57
"Nations"	29	890	3,266,235	36	955	37,991,000	37	39	42	43
Industrial productive [2]	84	5,305	14,716,359	252	12,227	50,934,000	433	505	655	697
Supply and marketing	82	5,686	12,120,446	217	17,456	464,787,000	292	350	412	454
Miscellaneous	189	21,162	10,152,392	411	40,136	27,844,000	563	791	1,213	1,431

[1] Data relate only to associations that reported on this point.
[2] Enterprises run jointly by private profit businesses; not usually considered as part of the cooperative movement.

In the absence of comprehensive figures for later years, table 10, compiled from various sources, shows for the distributive, workers' productive, and agricultural cooperatives the available data for number of associations, membership, and business. For the agricultural associations, the figures shown cover all types. The information for the distributive and workers' associations excludes some associations not affiliated to any central organizations but which were in total probably nowhere near so important in either membership or business as the groups shown. There was also a group of associations belonging to the Liberal Party, but they are described as "negligible." No data whatever were available for the "Nations," the urban credit associations, pharmacies, supply and marketing associations, or the "miscellaneous" group.

TABLE 10.—*Number, Membership, and Business of Belgian Cooperatives in Specified Years*

[For par values of currency, see Appendix table, p. 278]

Year and type or affiliation of association	Number of associations	Members	Amount of business
1930			*Francs*
Consumers' distributive cooperatives	103	428,260	1,160,609,175
Social-Democratic	54	282,425	812,747,805
Public employees (neutral)	49	145,835	347,861,370
Workers' productive associations: Social-Democratic	19	[1] 4,500	51,257,348
Agricultural associations: Catholic and other [2]	2,692	273,245	996,047,000
Total	2,814	706,005	2,207,913,523
1935			
Consumers' distributive cooperatives	80	504,568	998,203,384
Social-Democratic	43	346,568	728,709,299
Public employees (neutral) [3]	37	158,000	269,494,085
Workers' productive associations: Social-Democratic	23	5,742	50,790,033
Agricultural associations: Catholic and other [4]	2,625	259,659	500,682,000
Total	2,728	769,969	1,549,675,417
1937			
Consumers' distributive cooperatives	96	585,023	1,047,217,618
Social-Democratic	42	349,559	657,694,618
Christian-Democratic	[1] 20	75,000	80,000,000
Public employees (neutral)	34	160,464	309,523,000
Workers' productive associations: Social-Democratic	22	5,589	55,121,212
Agricultural associations: Catholic and other [4]	2,625	259,659	[1] 500,000,000
Total	2,743	850,271	1,602,338,830

[1] Estimated.
[2] Data relate to 1929.
[3] Data relate to 1936.
[4] Data relate to 1934.

Development of Distributive Cooperatives

To a considerable extent the history of consumers' cooperation in Belgium is that of the Social-Democratic associations, for they constituted two-thirds of the entire movement. The other third consisted of associations affiliated with the Liberal and Clerical Parties and the neutral group of associations belonging to the public (civil-service) employees.

The Social-Democratic associations drew their membership from the working class, and their progress was connected with that of the trade-union movement and the Social-Democratic Party. In 1912 the cooperative associations supported the general strike called by that Party, in the movement to attain general manhood suffrage, and year after year they contributed to the trade-union funds. The labor organizations, on their side, strongly supported the cooperatives.

EARLY GROWTH

The first legal action authorizing the formation of cooperatives was the law of May 18, 1873. By 1875 there were already 38 urban cooperative associations. Exact figures are lacking to show the growth of membership and business from year to year. However, by 1908 the nearly 400 distributive associations had over 250,000 members and an annual business exceeding 72,000,000 francs.[10] In 1900 they had formed a wholesale association, Federation of Belgian Cooperatives.

[10] For par values of currency, see Appendix table, p. 278.

DEVELOPMENT DURING AND AFTER WORLD WAR I

At the time when the first World War broke out the consumers' distributive movement was gaining ground every year and had taken steps toward a program of consolidation for stability.

The Belgian distributive cooperatives suffered greatly during World War I. In the mass disorganization and unemployment that followed the German invasion and the consequent stoppage of industry, the associations refunded to their members the greater part of their capital. Many associations had their premises destroyed by fire or bombardment, others were deliberately demolished or looted.

The remaining associations operated as long as they could, striving to supply the people and to keep down prices. That their efforts were understood and appreciated was indicated by the fact that new members flocked to the cooperatives. One association alone recruited over 1,300 new members in the first year of the war; another gained over 5,000 new members during the war, and a third 12,000.

During the last 2 years of the war most of the associations were unable to transact business because their stocks were requisitioned or destroyed by the Germans. They endeavored, however, to keep the organizations intact for post-war activity and employees were kept on the pay roll even though sales were diminishing to the vanishing point.

At the end of the war Victor Serwy (one of the outstanding Belgian cooperative leaders) described the position of the consumers' cooperatives as follows: "In our societies there are no longer any groceries or provisions, fabrics, clothing or boots—not an article of general use. Complete emptiness." At the time he wrote this (end of 1918), neither railroads nor postal service were yet in operation and the full extent of damage was not known.

The policy of amalgamation, which had been decided upon before the war, began to be carried into effect even before the Armistice, and this was hastened after 1918. As a result of this merging process the 205 small associations which had been affiliated to the Belgian Cooperative Union [11] in 1912 were reduced by 1922 to 71, many of which were of district coverage. By 1926–27 the number of affiliates had fallen to 55.

Early in the twenties the movement also began to consider the consolidation of the productive facilities that the wholesale and numerous retail associations had undertaken. In 1924 a central productive association, the General Cooperative Society, was formed, to take over most of the factories already started and to branch out into new fields. The production of perishable commodities, such as bakery and meat products, and the provision of personal service, such as shoe repair, was, however, left to local initiative.

Throughout the 1920's, while the number of associations was growing less, both membership and business continued to expand. A change, however, had been gradually taking place in the business activities. Traditionally, the workingmen's associations in Belgium started bakeries rather than stores. Before the first World War, bread baking was still the most important line of cooperative activity of the Social-Democratic associations. Every association, however small, had its bakery. By 1930, owing to amalgamation of associa-

[11] Originally a department of the wholesale association, it was made an autonomous organization shortly after the end of World War I.

tions, there were only 65 cooperative bakeries in Belgium, and the trade in bakery goods represented only about a fourth of the cooperative business of the Social-Democratic associations. In 1937 it was reported that the sales volume in bakery products was also exceeded by that in clothing, shoes, and beer.

By June 1927, the Social-Democratic cooperatives were serving members in 1,231 of the 2,200 communes in Belgium. The 55 large associations affiliated to the Belgian Cooperative Union were running 918 branches and 338 "maisons du peuple."

The cooperative wholesale (Federation of Belgian Cooperatives) was also steadily increasing its volume of business. Its own productive activity was still small, as was also the volume produced by the productive association (General Cooperative Society).

A summary of the operations of the Social-Democratic associations affiliated to the Belgian Cooperative Union, up to the onset of the depression, is shown in table 11.

TABLE 11.—*Development of Cooperatives Affiliated to Belgian Cooperative Union, 1912 to 1928–29*

[For par values of currency, see Appendix table, p. 278]

Year	Associations	Members	Savings deposits	Amount of business	Patronage refunds
Distributive associations:			*Francs*	*Francs*	*Francs*
1912	205	170,748	(1)	47,513,587	(1)
1920	54	151,629	(1)	(1)	(1)
1922	71	169,086	(1)	(1)	(1)
1923	76	245,706	(1)	257,172,069	(1)
1924	54	270,189	191,156,898	416,820,351	12,551,892
1926–27	55	298,119	223,604,164	677,143,921	21,637,959
					Net gain
1927–28	60	[2] 286,598	(1)	755,364,402	24,459,817
1928–29	56	300,031	(1)	772,156,324	27,098,487
Workers' productive associations:					
1920	15	1,077		(1)	(1)
1922	26	2,182		(1)	(1)
1924	19	3,472		15,096,527	242,522
1926–27	25	5,968		18,452,728	527,430
1927–28	24	(1)		[3] 20,000,000	(1)

[1] No data.
[2] 40,000 nonpurchasing members were removed from rolls during the year.
[3] Approximate.

As table 11 indicates, the Belgian Cooperative Union also accepted into membership workers' productive associations. In 1926 a variety of lines was represented in these associations; they were found in the printing and publishing, brewing, construction, and tanning industries, as well as in the manufacture of glass, cigars, shoes, and enameled ware. By 1938, however, it was reported that about half of them were in the printing trade.

Social and Welfare Activities of Distributive Cooperatives

The accepted Rochdale practice is that the net earnings of cooperative associations shall be returned to the members in proportion to their patronage of the association. Sometimes, however, the members voluntarily forego these pecuniary returns and vote to use the funds in other ways. The workingmen's branch of the Belgian consumers' cooperative movement has always been a conspicuous

example of this, using a large part of the net cooperative earnings to provide various social benefits for the whole membership or even for the whole community.

One of the outstanding associations in Belgium as regards social-welfare activities was "Le Vooruit" at Ghent. This association, one of the oldest in Belgium and well known to cooperators all over the world, had just completed a new social-welfare building, costing over $400,000, when the first World War broke out. The building contained not only a supply store and several restaurants on different floors, but also a theater, a motion-picture hall, and various meeting rooms. Among the welfare activities of the association were sickness and maternity benefits and old-age pensions for members and employees, and a disablement fund for employees which also paid benefits to the families of deceased employees.

The social spirit of the cooperators throughout Belgium was also manifested in the so-called "people's houses" (*maisons du peuple* [12]) which were at once cultural, social, and recreational centers. Cooperators, trade-unionists, and people of the community made use of these centers. By 1930 there were 400 of these "people's houses."

In 1936 a chair of cooperation, endowed by the Social-Democratic associations, was established at the University of Brussels.

Work of "La Prévoyance Sociale."—One insurance association served the whole of the workingmen's cooperative movement. This association, formed in 1907, took seriously its name, "La Prévoyance Sociale" (i. e., "social foresight") and its insurance work was only one small part of its varied activities. Part of its earnings were returned in patronage refunds on premiums paid by insured cooperative associations and the rest was used for various social purposes. In 1925 it purchased a 29-hectare [13] property, with accommodations for 65 children, and about 30 convalescent adults. Four years later it purchased a seaside place—also for children needing special care for tuberculosis—at which 60 children were accepted at a time for a 3-month stay, free of charge. The sum of 1,600,000 francs was spent on these two homes. At these places the association maintained laboratories for preventive medicine. It also collaborated with the Red Cross in its work. In 1928 the association took part in the formation and financing of 5 associations for the building or purchase of homes for workers.

In December 1934, it purchased another property, consisting of about 35 acres of park, orchards, and woods, which it used for young people and children needing treatment. Shortly afterward it undertook the construction of a 152-bed sanitarium for adult male tubercular patients.

By 1937 this association was the largest insurance organization (as regards number of policyholders) in Belgium; 1 in every 11 persons in the country was insured in it. By that time it had abandoned its requirement of membership in the Social-Democratic Party and had opened its membership to all comers.

This association by 1937 owned seven properties, valued at 36,000,000 francs, and operated four medical advisory centers open to members and the general public.

[12] One of the large retail associations at Brussels was also known as "Maison du Peuple."
[13] Hectare=2.471 acres.

La Prévoyance had reinsurance contracts with central cooperative insurance organizations in Bulgaria, Hungary, and Great Britain. It had also established a life-insurance branch in France.

In 1938 the association took the initiative in the establishment of the National Institute of Social History at Brussels and undertook to finance it to the extent of 250,000 francs a year. The purpose of the institute was to collect and preserve records of the social and economic history of Belgium, and establish contacts with similar organizations in other countries.

The accompanying statement shows the expansion of La Prévoyance Sociale. Up to 1933 the association wrote fire and life insurance only; in that year it added accident insurance.

	Premium income (francs)
1922	3, 790, 000
1926	14, 977, 609
1927	16, 582, 117
1928	20, 377, 736
1931	39, 616, 323
1932	35, 050, 000
1936	51, 874, 000

Structural and Other Changes Necessitated by the Depression

In spite of the depression the sales of the local associations continued to increase through 1929–30. The next 4 years, however, showed a continuous shrinkage of business, though not in the two main lines of business—bakery products and groceries. This decline in turnover reflected the unemployment and drastically reduced earning power of the members. The savings of the members which had been deposited with the associations declined by more than 40,000,000 francs from 1932 to 1933. At the same time, however, cooperative membership was increasing, possibly reflecting the workers' necessity to stretch their money as far as possible. One of the large district associations, the Cooperative Union of the Centre, failed during this period and was taken over by a special "management" association.

A further blow was the failure of the Belgian Labor Bank in March 1934. The bank was neither cooperative nor affiliated to the labor movement but was a joint-stock enterprise formed by one local association with the idea of financing workers' productive enterprises. Its funds were mostly invested in these factories and it flourished as long as they were prosperous. When, during the depression, they closed one by one, the bank's funds were thus frozen. The general bank crisis and a campaign against the bank by the press hastened the end. Having been organized by a cooperative association, the bank was associated in the public mind with the cooperative movement. The bank's failure, of course, further reduced the purchasing power of the workers (largely cooperators) who, together with many cooperative associations, were its depositors.

With trade-union assistance, the Belgian Cooperative Union was able to obtain a credit of 150,000,000 francs (guaranteeing the deposits of the cooperative associations at the bank) from the Government.

It was apparent that drastic measures were needed if the movement was to be saved. A great many of the local associations had, as noted, been consolidated into district associations, the largest of which

(at Liége) had over 80,000 members. These large associations, comprising only one-fifth of the total number of associations, had four-fifths of the savings deposits, nine-tenths of the share capital, and seven-eighths of the total business of the workingmen's cooperative associations. The other associations were small organizations, ranging in membership down to only 15 persons. The practices of many of these left much to be desired, and, as noted, even one of the large associations had had to be taken over for reorganization.

In June 1934, at a special meeting of delegates convened by the Cooperative Union, a National Council of the union was established, having sections dealing with various phases of the problem (finance, wholesaling, production, administration, accounting and audit, and propaganda). With the intention of raising the efficiency of the associations, reducing overhead expense, and standardizing practices, the Council was invested with considerable powers of discipline over the local associations, having the right to summon before it the management of any association, to make recommendations for the improvement of methods and procedure and, in the event of the recommendations being rejected by the management, to take the matter to a special meeting of the local membership concerned. In the case of membership rejection of any of the Council's recommendations that had been arrived at unanimously, the Council was given authority to expel the local association from the Cooperative Union. Among the duties with which the National Council was charged were those of making sure that all the cooperative business went to the wholesale and the general productive society, of establishing a uniform rate of patronage refund, of merging associations where necessary, mapping out their trading areas, and introducing uniform, improved commercial and financial practice.

A further centralization was effected in 1934 and 1935 when the congress decided to amalgamate the wholesale society (Federation of Belgian Cooperatives), the Belgian Cooperative Union, and the central productive association under the name of the last of these (Société Générale Coopérative). The combined organization was to take over the functions of all, namely wholesaling, production, and educational work. At the same time a new association, subsidiary to the General Cooperative Society, was formed under the name, "Coop-Dépôts," to act as a savings bank for all the associations in the Social-Democratic branch of the consumers' movement; it was provided with paid-up capital to the amount of 2,000,000 francs. The insurance association, La Prévoyance Sociale, also became a subsidiary of the General Cooperative Society.

Inadequate capital had always been one of the hindrances to cooperative development in Belgium. (In 1920 the average share capital per member was only 25 francs.) Another was the tendency to tie up what resources there were in fixed assets—buildings, plant, etc. The enthusiasm for "people's houses" had led in some cases to the investment of unduly large proportions of the associations' capital in these buildings. One of the powers given to Coop-Dépôts was the right to prevent any association from making investments in fixed assets which Coop-Dépôts deemed unwise. The central body was given the right of examination and audit of all associations' books and accounts. It was also made responsible for the administration of the collective liability of the cooperative movement for the Government credit.

Although sales fell off in 1937, the financial condition of the associations improved considerably and the amount of share capital was steadily increasing; the average per member had increased to 90 francs.

At the same time that the movement was rearranging its internal affairs, it was also under bitter attack from the business and traders' groups. Undoubtedly, the difficult economic conditions were the motivating influence behind these attacks.[14] The chief complaint was the entirely unfounded one that the cooperative associations were the recipients of special exemptions as regards taxation. The consumers' cooperatives (at that time embracing more than 2,000,000 consumers) paid all types of taxes except on their patronage refunds. The associations contended, and had been upheld by the High Court of Appeal of Belgium in 1920, that these represented not profits in the same sense as profits made by the private dealers but (since the customers were members and co-owners) were, in the language of the trial court, "only the reimbursement to the interested party of the overcharge of price consented to at the moment of purchase." The circumstance that made it extremely difficult for the cooperative movement to obtain public recognition of this cooperative characteristic was that there were many pseudo-cooperatives started by private business which were taking advantage of the court's ruling, to evade taxation.

This campaign resulted in bringing together (for the first time of which record was found) all the branches of the consumers' cooperative movement—the workingmen's cooperatives, the league of civil-service associations, and the Christian-Democratic associations—to counter the attack.

In 1935, in what was described as "the wind of demagogy" that was passing over the country, many legislative bills were introduced, one of which would have imposed crippling taxes upon the associations and another would have limited the membership of cooperative associations to families with incomes of less than 24,000 francs ($816) a year. Both of these measures were inspired by the private retail dealers, but the cooperatives, with the aid of the trade-unions, were able to defeat them. The 1936 Congress of the Social-Democratic associations directed the General Cooperative Society to study the cooperative law, with the idea of recommending changes that would prevent the incorporation of pseudo-cooperatives under its terms, and approved a campaign to enlighten the public as to the cooperatives' true position in payment of taxes.

Trend of Development of Retail and Central Associations

The operations of the Social-Democratic associations and their central organizations during the depression and through 1938 are shown in tables 12 and 13 and the statement on page 71. It should be borne in mind that the Central Cooperative Union and the Federation of Belgian Cooperatives (the wholesale) became departments of the General Cooperative Society under the reorganization plan adopted in 1934. The merger of the union was effected in 1935 but several years elapsed before the wholesale association's business was finally taken over.

[14] The 1930 census showed 1 retail enterprise for every 35 persons and in some localities the average was as high as 1 in every 26. Altogether there were 80,000 grocery stores—or 1 for every 100 persons. In the 5 years, 1932–37, 30,000 retail traders went out of business, but just as many more were formed in spite of the depression. Many, if not most, were operating on a shoestring and it was mainly from them that the opposition to cooperatives arose.

Table 12 covers the operations of the local associations (distributive and productive) affiliated with the Cooperative Union.

TABLE 12.—*Operations of Cooperatives Affiliated to Belgian Cooperative Union, 1929–30 to 1937–38*

[For par values of currency, see Appendix table, p. 278]

Year	Associations	Members	Savings deposits	Share capital	Amount of business	Patronage refunds	Allocated to social welfare
Distributive associations:			*Francs*	*Francs*	*Francs*	*Francs*	*Francs*
1929–30	54	282,425	(1)	(1)	812,747,805	[3] 31,192,593	(1)
1930–31	54	288,276	(1)	(1)	723,000,000	28,000,000	14,600,000
1931–32	[2] 54	298,779	589,400,000	(1)	631,958,267	26,000,000	10,998,065
1932–33	51	306,685	548,528,748	22,987,261	598,550,273	25,104,241	10,829,891
1933–34	43	290,866	295,402,551	23,423,187	545,130,529	23,628,969	10,461,076
1934–35	[4] 43	346,568	197,106,243	28,423,285	728,709,299	26,747,727	17,526,505
1936–37	42	349,559	(1)	30,874,110	657,694,618	21,592,539	11,852,450
1937–38	40	[5] 305,197	(1)	31,094,134	663,073,337	23,020,727	10,788,091
Workers' productive associations:						*Net earnings*	
1929–30	19	(1)		(1)	51,257,348	(1)	
1931–32	19	(1)		(1)	41,000,000	(1)	
1932–33	22	3,750		11,036,571	43,934,583	786,026	
1933–34	20	3,275		9,813,449	39,127,654	276,707	
1934–35	23	5,742		10,004,504	50,790,033	482,506	
1936–37	22	5,589		9,905,675	55,121,212	1,153,620	
1937–38	22	5,900		9,222,910	53,722,352	1,068,515	

[1] No data.
[2] Net earnings.
[3] 1930–31.
[4] 1933–34.
[5] About 46,000 nonpurchasing members were struck from roster in this year.

As table 12 indicates, notwithstanding the troubles encountered by the cooperatives, sizable sums were returned in patronage refunds and spent for social purposes, every year. During the depression period, 1929–30 through 1933–34, a total of nearly 134,000,000 francs was paid out in returns on patronage and nearly 47,000,000 francs was allocated for social-welfare activities.

The trend of business of the wholesale is shown in table 13.

TABLE 13.—*Business of Cooperative Belgian Wholesale (Fédération des Coopératives Belges), 1901–36*

[For par values of currency, see Appendix table, p. 278]

Year	Amount of business	Year	Amount of business
	Francs		*Francs*
1901	769,360	1926	185,896,397
1908	2,995,617	1927	205,982,233
1913	11,245,682	1928	220,537,533
1919	15,869,276	1929	231,360,649
1920	55,510,869	1930	222,080,488
1921	65,405,071	1931	190,175,539
1922	72,403,234	1932	183,000,000
1923	100,380,818	1933	186,655,531
1924	124,343,476	1936 [1]	146,800,000
1925	141,913,153		

[1] Last year of independent operation.

As already noted, with the exception of certain perishable goods, the manufacture of which was retained by the local associations, the productive activity was more and more centralized in the General

Cooperative Society. By 1927 it had 16 factories. By the time of the general reorganization of 1935, combining wholesale, productive, financial, and educational functions in the General Cooperative Society, it was producing a fairly large variety of articles (see table 8, p. 28). The association found, however, that the volume of sales of some of these items was not sufficient for profitable operation. In 1937, therefore, several of the plants which had been operating at a loss were closed down, including the manufacture of soap (1 plant only), mineral water, and hosiery.

Exact figures regarding the business of the General Cooperative Society are very scanty. Those available are shown in the accompanying statement. Through 1936 the figures shown represent sales of its own products. From 1937 onward the data include the wholesale business taken over from the Federation of Belgian Cooperatives.

	Business (francs)
1926–27	21, 175, 449
1927–28	27, 718, 846
1929–30	36, 840, 814
1930–31	33, 760, 842
1931–32	27, 000, 000
1937	[1] 168, 962, 034
1938	[2] 164, 156, 000
1940	[2] 138, 737, 000

[1] Includes wholesale business: goods produced totaled 27,000,000 francs.
[2] Includes wholesale business.

Consumers' Cooperatives Just Prior to Outbreak of War

Notwithstanding various political crises, the Belgian cooperatives in 1938 were able to maintain their position, registering increases in business, earnings, and share capital.

The 40 associations in the Social-Democratic group were serving cooperators in 1,247 of the 2,671 communes in Belgium. They were operating 1,129 stores, 60 bakeries, and 375 "maisons du peuple." Their sales in 1938 amounted to 663,073,337 francs, distributed as follows:

	Francs
Groceries and provisions	249, 054, 649
Bakery products	176, 305, 035
Clothing	59, 847, 667
"Maisons du peuple"	22, 369, 138
Theaters and motion pictures	10, 752, 505
Furniture, household supplies, meat, coal, etc	144, 744, 343

The business of the General Cooperative Society fell off slightly from 1937 to 1938.

Among the other national associations affiliated to the General Cooperative Society were the National Association for Cooperative Management, which takes over and operates local associations that get into financial difficulties, until they are on their feet again; the Centrale de Cinéma, operating the motion-picture sections of the maisons du peuple; the Maisons des Mutualistes, the central organization of the sick funds, with nearly 100 drugstores; and the Central Organization for the Sale of Radio Apparatus.

The civil-service employees' cooperatives, dating from about 1880 and federated into La Société Coopérative Fédérale de Belgique

(formed in 1890), had a combined membership of about 160,000 and an annual business of over 300,000,000 francs.[15] The business done by their wholesale (formed early in the 1920's after several unsuccessful attempts) amounted to about 38,000,000 francs. Very little printed material is available regarding the Catholic or Christian-Democratic associations, but the latter are reported to have had a membership of about 75,000 and annual sales of some 80,000,000 francs. The Christian-Democratic associations had a central wholesale organization, "Bien Être," supplying groceries and bakery goods. The Liberal group was reported to be very small.

Altogether, it appears that the Belgian consumers' distributive associations, before the outbreak of the present war, represented a total of over 580,000 cooperators. Counting their families, the associations were serving about a fourth of the total population. The combined sales (well over a billion francs yearly) represented about 10 percent of the retail trade of Belgium.

Cooperatives and the War

War broke out in September 1939 and by the middle of the month mobilization of troops had begun in Belgium. Some of the cooperative employees were among the first to be called up, and the General Cooperative Society immediately urged on all associations the formation of a fund from which it recommended family allowances to be paid to their families, amounting to 5 francs a day for the wife and 2.50 francs for each child; this was to be in addition to the State grant.

Belgium was invaded on May 10, 1940, since which time details regarding the cooperative movement are lacking. It is known that the business of the General Cooperative Society in 1940 decl ned to 138,737,000 francs, a drop of 15.5 percent as compared with 1938. Local associations continued to operate and, according to the Cooperative News (Manchester, England) of September 20, 1944, the allied army of liberation found the consumers' cooperative movement practically intact and still under cooperative management. Various new organizations had been created by the Germans to control agriculture and the collection of the farm produce. How far these may have superseded and eliminated the agricultural cooperatives is not known.[14]

[15] Whereas the Social-Democratic associations served all comers, the civil-service associations dealt only with members.

[16] *Sources.*—The report on Belgium is based upon data from the following publications: Annuaire statistique de la Belgique (Belgium, Office central de Statistique, Brussels), 1920, 1922, 1926, 1931, 1932, 1935, and 1937; La Coopération Socialiste belge, 1924 (Office coopératif belge, Brussels); La Coopération Socialiste belge, 1926-27—Resultats du recensement opéré par les Soins de L'Office coopératif belge (Brussels); Bulletin Mensuel du Parti Ouvrier belge (Brussels), July 7, 1922; La Coopération belge (Brussels), issues of October 15, 1921, July 1, 1922, February 1, July 7, and August 1, 1923, December 15, 1924, June 15, 1925, and June 15, 1926; International Cooperative Bulletin (International Cooperative Alliance, London), issues of January 1911, September 1912, April 1913, August 1914, March and August 1915, February 1916, August, October, and December 1918, January 1919, September and October 1920, and November 1923; Review of International Cooperation (International Cooperative Alliance, London), issues of January and August 1924, February and May 1928, February and October 1929, March and December 1931, October and December 1933, June, July, and December 1934, January and July 1935, November and December 1936, June, October, and November 1937, January, April, and August 1938, February, April, and November 1939, and January 1940; People's Yearbooks (English Cooperative Wholesale Society, Manchester), 1929, 1930, 1933, 1934, 1935, 1936, 1938, 1940, 1941; Cooperative Information (International Labor Office), No. 5, 1935, No. 13, 1937, and No. 1, 1940; International Directory of Cooperative Organizations (International Labor Office), 1939, and Report from United States consul at Brussels, June 15, 1934.

Cooperative Movement in France

From its beginning the French cooperative movement was definitely a working-class movement and reflected the struggles and ideological divisions among the workers and the trade-unions. The social thinkers of the times also put their mark upon the movement and helped to steer it in one direction or another. The Socialist and other Parties also tried to capture the movement and direct it for their own ends. In 1912 a fusionist movement brought these groups together, resulting in the formation of a national federation—Fédération Nationale des Coopératives de Consommation—which adopted a policy of political and religious neutrality from which it never deviated, although it many times declared its position for or against legislative and other developments affecting the cooperative movement. Amalgamation of small, weak associations, begun before the first World War and continued for a decade thereafter, strengthened the movement decidedly. The regional or "development" associations thus formed were by 1928 doing 47 percent of all the business of Federation affiliates; by 1936 their proportion had risen to 69 percent.

In 1934 the consumers' cooperatives were doing about 6 percent of the retail trade in perishable groceries in France. Although urban in origin, the consumers' cooperative movement had attracted (largely through the regional associations) an increasingly large number of members in rural areas.

Types of Associations

Most of the usual types of cooperatives were found in France. That country, birthplace of workers' productives, was also one of the very few countries in which these associations were important. Some of the workers' productives, as for instance the association of the workers in precision instruments in Paris, had attained real importance. Many of the buildings for the Paris Exhibition in 1936 were erected by workers' productive associations. France also had the distinction of having a law embodying cooperative standards for such associations, to prevent the tendency shown by this type of association in France and elsewhere to become closed corporations hiring (and profiting by) the labor of nonmember workers.

The consumers' cooperative movement, as exemplified by the affiliates of the National Federation, were for the most part associations dealing in groceries, though some also had clothing and general merchandise departments. Some of the regional associations also had restaurants, meat markets, and even pharmacies. On the other hand, associations dealing only in bread were common, and there were nearly a thousand the only function of which was to run a bakery. A few breweries also were operated. Insurance in the consumers' cooperative branch was furnished by a single association. Several distributive associations operated vacation homes for children, at the seaside and in the country, and one operated vacation hotels for adults in resort localities. Among the workers' productive associations preventive care for children, in a pretuberculosis sanitarium, was furnished by a special association. Family allowances were paid by

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some distributive and productive cooperatives in France long before the Government introduced its general compulsory system in 1934.

Credit cooperatives were little developed in France among the urban groups that constituted the greatest part of the distributive cooperatives. The urban "people's banks"—less than 100 in number—provided credit mainly for tradesmen and small craftsmen. Such credit facilities as were available in the consumers' cooperative movement were those provided through the savings departments of the large regional associations and the Cooperative Bank of France. In both cases, however, from the viewpoint of the individual cooperator, these were agencies of thrift rather than credit, as the funds were used mainly for the development of cooperative enterprises and facilities rather than in loans to individuals. The agricultural credit associations were only partially cooperative and depended for their initiation and funds largely upon Government credit and advances.

Among the agricultural cooperatives there was considerable variety. There were not only thousands of mutual-insurance associations, but also purchasing associations, electricity associations, marketing organizations, and agricultural processing associations of many kinds. Among the last group were dairies, distilleries, wine-making associations, cider plants, sugar refineries, starch factories, associations making olive oil, flour mills, and bakeries.

The agricultural cooperative movement was federated into the Fédération Nationale de la Mutualité et de la Coopération Agricole, formed in 1910. It had four sections dealing, respectively, with production and marketing, insurance and mutual aid, credit, and other agricultural associations, and had subsidiary commercial federations in these various fields.

In 1937, the latest year for which data for all types of associations are available, the number and membership were as shown below:

	Associations	*Members*
All types	90, 433	
Distributive	[1] 1, 200	2, 671, 000
Housing	437	[2] 33, 000
Workers' productives	648	[2] 31, 227
Credit, urban	97	55, 807
Credit, rural	10, 550	586, 372
Agricultural:		
Mutual insurance	50, 461	2, 293, 838
Marketing, purchasing, and other	27, 040	2, 829, 361

[1] 1936.
[2] Data relate only to associations affiliated with central federation.

Relations with the Government

Credit facilities.—Subsidies or credits to various types of small enterprises appear to have been a feature of French Governments of all shades of liberalism or conservatism. Large sums were earmarked each year for the use of small businessmen in all lines of industry.

Especially before 1900, the workers' productive associations received certain subsidies. Later the Government funds appropriated for them were in the form of long-term loans. These associations proved to be good risks and it was reported that losses on loans to them were negligible. The Government was also one of the best

customers of these associations, and in some cases (as in associations contracting for public works) the only one. In general, where practically identical bids were made by a private contractor and a workers' productive association, the contract would be awarded to the cooperative.

From the beginning, agricultural cooperatives received outright subsidies as well as loans. The funds loaned by their credit associations consisted to a great extent of Government advances.

The consumers' cooperatives received much less help than the above types. During and just after the first World War, funds were appropriated to enable them to undertake certain tasks desired done by the Government. It was reported in 1920 that the Government had granted 10,000,000 francs [17] to be used for the reconstruction of cooperatives in devastated areas and 2,000,000 francs for the cooperative movement in general. Only a fractional part of the sums so granted failed to be repaid, so that in the long run they were loans only, not subsidies. Thereafter, Government credit was nearly always available to consumers' cooperatives, though the total was small in comparison to credit granted in other directions.

The consumers' cooperative movement, the motto of which is "self-help," was divided as to the degree to which such assistance was helpful and the point at which it began to sap self-reliance. The general manager of the consumers' cooperative wholesale pointed out that the consumers' cooperatives had fully equaled the record of the agricultural cooperatives as regards improvement of quality, standardization of product, etc., "without either credits or fiscal privileges from public authorities." He added that "the agricultural cooperative movement in France has, perhaps, asked too much from the State, and received too much from it, and not enough from the farmers. The restrictive character of agricultural cooperative legislation has been the price of the encouragement the [agricultural] movement has received from the Government. It would have done much better with less money and more independence.'

Other governmental action in aid of cooperatives.—The interest of the various administrations was also manifested in other than financial ways. In 1918 the Government created by decree a Superior Council of Cooperation, charged with studying and advising the Ministry of Labor and Social Welfare on all matters relating to the development of the cooperative movement. It consisted of the Minister as chairman, and representatives of the French Parliament and other Government agencies, as well as of the various types of cooperatives. This council was continued by all succeeding Governments until the invasion in 1940.

In September 1920 a chair of cooperation was established in the College of France. Charles Gide, noted cooperative leader, was appointed to this place and occupied it until 1930, when he retired.

Early Development of Consumers' Cooperative Movement

The revolutionary year of 1848 marked the real beginning of the cooperative movement in France, although there had been a few scattered attempts prior to that time. In the early periods of the

[17] For par values of currency, see Appendix table, p. 278.

movement workers' productive associations, whose purpose was to free the workers from employer control by making them masters of their own businesses, were the predominant form. Gradually they were outdistanced by the consumers' cooperatives.

NATIONAL FEDERATION

As early as 1895 a schism had occurred. Certain Socialist-influenced associations formed their own federation, and 5 years later withdrew from the French Cooperative Union that had been formed in 1885. In 1912 the two factions—Socialist and conservative—amalgamated again and formed the Fédération Nationale des Coopératives de Consommation,[18] which (until the invasion of France in 1940) continued to be the keystone and central educational body of the French consumers' cooperative movement.

The "Pact of Unity" signed at that time termed the Federation "an organization for the emancipation of the workers" and adopted as one of the essential principles of its member associations that they should "set aside funds for social purposes and for the carrying out of the cooperative program."

The Federation proclaimed its independence of any political or religious party and thereafter became in fact a federation for the consumers' cooperatives throughout France. The members of the Federation consisted of 17 regional federations, composed in turn of the local associations in their districts.

Its development was interrupted to some extent by the first World War, but by 1928 its affiliates numbered 1,450 out of a total of 3,513; and their members accounted for 1½ million families and an annual business of over 2¼ billion francs.

The Federation's interests were many and varied. Through its relations with the Parliamentary "Cooperative Group" (composed of Deputies in Parliament who were interested in the cooperative movement), it kept in touch with legislative developments and voiced the views of the cooperators. One of its achievements was a general reduction in food taxes. Its newspaper and periodicals were circulated throughout France.

In 1913 the National Federation opened a school of cooperation (later changed to school of apprenticeship) for the training of cooperative managers. This institution had to suspend operations during the war but began again in January 1919. The Federation was also responsible for the introduction in the educational institutions, at all levels, of courses in cooperation.

Its technical office gave advice to cooperatives on many questions. One of the sections of this office concerned itself with problems of social hygiene, food preparation and consumption, and infant hygiene. By 1919 the section had established an office in Paris from which it was supplying local cooperative secretaries with data on all of these subjects.

World War and Post-War Development

The consumers' cooperative movement grew considerably during the first World War. In the struggle to distribute provisions to the

[18] The two wholesales connected with these federations amalgamated at the same time.

people, the Government of France, the city of Paris, and other communities made use of the facilities of the cooperatives. In Paris a special cooperative organization, the Union of Parisian Cooperative Societies, was formed. It sold coal, controlled the sale of milk and its byproducts, and distributed potatoes to persons in receipt of charitable aid of various kinds. Later, at the request of the Ministry of Munitions, it undertook the operation of restaurants for war workers. At the end of 1916 it was also operating in Paris 26 stores selling margarine, veal, and certain frozen meats, and 15 such stores in the suburban towns around the city.

All of these activities did much to publicize the cooperative movement, so that at the end of the war Charles Gide could say with truth: "There is now hardly a Frenchman who has not had the opportunity of becoming acquainted with cooperation, and who does not cherish grateful remembrances of its activities."

Shortly after the signing of the Armistice the cooperative movement of Alsace-Lorraine petitioned for membership and became a part of the French cooperative movement. The latter was thereby augmented by 22 associations with 63,800 members and a yearly business of about 34½ million francs. By the end of 1919 there were in operation in France some 4,000 consumers' cooperative associations, not counting over 1,000 (in invaded districts) that had not yet been reestablished. Notable progress had been made toward unification and concentration of the movement, as well as toward improved efficiency.

A special type of cooperative was active during this post-war period, namely associations for the reconstruction of devastated areas. The first such association was organized in 1919. Four years later there were 2,262 reconstruction cooperatives with a membership of 162,000. It was estimated that these associations handled about 27 percent of all the repair work and 58 percent of all the construction work carried out in the devastated areas. In some regions their proportions ranged as high as 76 percent.

After a period of inflation in the early and middle twenties the French franc was stabilized. One of the first effects was relatively widespread unemployment, but within a year industry had been able to absorb practically all these unemployed. The cooperative movement shared in the upsurge of economic activity, and during the 2-year period from 1925 to 1927 cooperative business increased by more than 50 percent.

The national cooperative congress of 1913 had adopted a resolution favoring the concentration of cooperative forces into regional associations which would undertake to extend the cooperative movement into new areas through the opening of branch stores and which would also absorb existing associations wishing to become part of an organization larger and more stable than themselves. By 1918 the movement toward amalgamation was well under way and several "development associations" (as they were called) had been established, absorbing all the smaller associations within an entire district or even Department.

The Union of Parisian Cooperative Societies, which as noted, had evolved to meet a war emergency, changed its name to Cooperative Union of Paris, absorbed the other local associations, and by 1919 had become a "development society" for the whole metropolitan district. In its network by 1920 were 300 branches—grocery stores, meat markets, restaurants, cafes, holiday homes, and a pharmacy. Its

membership of 55,000 and their families accounted for between 5 and 6 percent of the population of Paris.

At the end of 1924 there were 46 regional associations of this type, with a combined membership of 565,000, some 2,600 stores, and an annual business of about 600,000,000 francs. These associations accounted for about a fourth of the combined turnover of the cooperatives. The largest of the development societies, the Union of Cooperators of Lorraine, at Nancy, with a membership of 157,500, in 1937 operated 801 stores and had a business amounting to 347,659,000 francs. The Paris association did a business of 196,165,000 francs in that year.

The development of the distributive cooperatives, of those affiliated to the National Federation, and of the regional associations is shown in table 14.

TABLE 14.—*Operations of Distributive Cooperatives in France, 1913–38*

[For par values of currency, see Appendix table, p. 278]

Year	Total associations			All associations affiliated to National Federation			Regional ("development") associations			
	Number	Members	Business	Number	Members	Business	Number	Members	Number of stores	Business
			Francs			*Francs*				*Francs*
1913	3,261	865,022	317,572,890	894	254,251	108,001,827				
1918	[2] 3,140	1,313,427	636,699,319	[2] 1,944	742,924	433,830,200	(1)	(1)	(1)	(1)
1922	4,300	2,329,869	1,747,223,293	1,937	1,338,708	1,116,670,256	47	504,559	2,317	423,980,792
1928	3,513	2,285,221	3,552,883,386	1,459	1,444,044	2,373,549,431	52	677,374	1,181	1,107,359,937
1930	3,296	2,288,838	3,831,186,712	(1)	(1)	(1)	51	720,106	(1)	1,248,560,357
1933	2,908	2,491,000	(1)	1,120	1,659,956	3,800,966,363	40	[3] 1,033,051	[3] 4,937	[3] 1,579,000,000
1936	[4] 2,875	2,671,000	(1)	(1)	(1)	(1)	39	1,096,277	5,077	1,615,000,000
1938	(1)	(1)	(1)	[5] 1,000	2,500,000	3,500,000,000	38	1,147,993	5,030	2,220,000,000

[1] No data.
[2] As of July 1919.
[3] Data relate to 1934.
[4] As of Jan. 1, 1935.
[5] Approximate.

Welfare Work

Concern for the welfare of the children has been a continuing characteristic of the consumers' cooperative movement and, as noted, cooperative associations were among the first to adopt the family-allowance system.

During the first World War period, refuges for orphan children were established. The early efforts were scattered and were generally carried on by individual associations. In 1922 coordination was effected in the Paris area through the formation of a special association, called "L'Enfance Coopérative." Its special function was the development of vacation colonies, homes, or camps. In 1927 the association widened its membership to accept all National Federation affiliates throughout France.

Its first activity was the opening of a sanitarium for the treatment of children threatened with tuberculosis. Then followed a series of vacation camps. By the end of 1932 it was operating 4 summer camps as well as the year-round sanitarium. Altogether, the camps had accommodations for 1,050 children and the sanitarium for 100. The costs of operating these camps were met from a bond issue subscribed by the cooperative associations and their members, by sub-

scriptions of affiliated associations, and by fees paid by the children's parents (if they were able to pay). The accommodations have also been used in recent years to shelter Spanish refugee children and children evacuated from other areas of political and military conflict. In 1938 the association had in membership 62 cooperative associations.

L'Enfance Coopérative and its sanitarium were approved as public utilities by the Ministry of Public Health and their services were increasingly utilized by the public health authorities, insurance companies, and others.

Another specialized association, Hôtels Co-op, ran several hotels for adults at the seashore and in the country. In spite of the depression they were reported in 1933 to be in a "satisfactory" condition, with a promising future. No later information is available for them.

At least three of the development associations carried on certain welfare activities for the members or their children. The Union of the Somme spent about 600,000 francs annually for the upkeep of its holiday home which provided free vacations for some 1,600 young people each year. Its estate of 50 hectares, with accommodations for 500 children at a time, cost the association 4,000,000 francs for its purchase and equipment. The Cooperative Union of Paris operated a medical, surgical, and dental clinic, a mutual-benefit fund paying sickness, death, and maternity benefits to members in proportion to purchases at the association's stores, and five vacation homes for members. The regional association at Limoges joined with the municipal authorities in turning a prison just outside the city into a holiday home with facilities for over 300 children. The association later acquired a manor house which it used as a summer home but was planning to convert into a sanitarium for preventive care against tuberculosis. These three associations each year enabled from 6,000 to 7,000 children to spend their vacation under ideal conditions.

The consumers' cooperatives also established a National Committee of Leisure to coordinate and promote the recreational and social welfare work in the cooperative movement.

French Cooperative Wholesale Society

An early attempt at cooperative wholesaling, in 1886, failed. The Cooperative Wholesale Society (*Magasin de Gros*, "M. D. G."), created in 1906, was moderately successful almost from the first. During its first decade, its business increased steadily year by year, with the exception of 1914–15 when war conditions caused a 34-percent decrease.

For the next few years its expansion was rapid. By the end of 1919 it had established its own banking department through which the resources of cooperators were channeled into cooperative development, and it was operating three shoe factories. Its main business was in groceries but it had a substantial trade in wines also.

In 1924, in the pinch of the post-war depression, some of the large associations affiliated with the wholesale entered into a purchasing contract with it. They bound themselves thereafter to make all their purchases through the wholesale. This had the advantage, especially in regard to the wholesale's productive activities, of enabling the M. D. G. to plan for a fairly known market. Several years

later it began the retailing of the products of its shoe factories, and by 1934 had 33 retail outlets. It also gradually expanded its production until it operated 11 plants manufacturing chocolate, butter, soap, salt, canned goods, and clothing. In 1930 the trade-mark "Co-op" was adopted and registered. Its use was restricted to goods manufactured by the wholesale or those whose manufacture it controlled.

The shoe department proved to be one of the wholesale's less successful ventures. It was the first to feel the effects of the depression beginning in 1929, and during the next few years considerable losses in the retail outlets were incurred. By 1936 the shoe factories' financial position had improved and they were again operating "in the black," but the retail outlets were still losing money.

The wholesale joined with the agricultural associations in the formation of a cooperative for the marketing of farm produce. It also was part owner in several private enterprises It owned about a fourth of the stock of a company producing fats and oils used in the manufacture of soap and other industrial products, and a controlling interest in a wine company, a salt works, and a company engaged in the processing of ground nuts.

The character of the M. D. G. had changed gradually over the years. At first a wholesale organization, with branch warehouses in various parts of France, after the growth of the large development associations it turned these warehouses over to their management. Thereafter, its functions were mainly those of joint purchasing agent of the member associations, exporter, importer, and manufacturer.

The society had built up a substantial import and export business with cooperatives in other countries (Russia, Switzerland, Belgium, Great Britain, Italy, Poland, and Czechoslovakia), but the tariff barriers and increasing restrictions on international trade during the thirties decreased this business considerably.

The trend of development of the wholesale is shown in table 15.

TABLE 15.—*Operations of French Cooperative Wholesale Society, 1906–7 to 1942*

[For par values of currency, see Appendix table, p. 278]

Year	Number of member associations	Amount of business	Share capital	Net earnings	Value of own production
		Francs	*Franc.*	*Francs*	*Francs*
1906–07	141	1,877,181	47,025	(1)	
1913–14	425	13,720,489	119,625	43,415	926,716
1916	428	19,906,028	131,650	(1)	1,417,476
1920	1,591	165,930,376	3,889,825	(1)	14,085,177
1923	1,664	268,860,543	9,315,576	1,030,000	22,140,185
1926	1,480	457,071,448	10,701,450	1,621,244	23,591,845
1929	1,425	711,679,961	(1)	(1)	38,087,229
1932		827,000,000	(1)	(1)	50,390,293
1935	1,238	761,597,181	15,852,075	(1)	48,232,905
1936	1,330	863,104,260	17,872,075	4,835,298	54,287,610
1937	1,235	1,066,021,394	23,063,375	7,702,453	62,441,343
1938	(1)	1,209,466,132	23,680,000	8,195,654	65,582,590
1939	840	1,276,899,000	24,147,900	(1)	81,200,085
1941	(1)	1,004,284,000	(1)	(1)	(1)
1942	891	1,234,284,000	28,045,700	7,959,729	54,061,977

[1] No data.
[2] Data are for 1919–20.

Cooperatives During the Pre-War Decade

The French consumers' cooperative movement, being primarily a working-class movement, was peculiarly sensitive to declines in employment with the resultant waning purchasing power. It therefore was among the first to feel the results of the spreading business stagnation in the thirties, although it held its own remarkably well during the first few years of the depression.

Its troubles were soon accentuated by other difficulties. As the depression deepened, the movement was the object of increasing attacks from the private merchants. Although this was no new development (intermittent attacks had been leveled against it from the same source since as early as 1893), the current attack was so bitter that the International Cooperative Alliance termed it "a campaign of calumny." Sweeping charges of complete tax exemption of cooperatives were made by the merchants. To these the cooperatives pointed out that they paid all the taxes levied upon business, with the following exceptions: (1) Associations which dealt only with members did not pay the profits tax, for they had no profits in the accepted sense; (2) no tax was paid on patronage refunds; and (3) no tax was paid on earnings spent for general welfare work.

As a result of the influence of the merchants, the French Parliament in 1933 levied a special tax on turnover and canceled the previous exemption on social-welfare expenditures.

Another complicating factor for the cooperatives was the difficulty in which the Cooperative Bank found itself. This bank, which had begun as a department of the wholesale, became an independent organization in 1922. During the next 10 years the number of its accounts rose from 37,000 to over 99,000 and its volume of business from 1,480,000,000 to 27,704,000,000 francs. During the last 2 years of this period the development was especially rapid, owing partly to the closing down of the savings departments of several large associations whose members then transferred their accounts to the central bank.

It suddenly suspended operations in 1933. Examination indicated that its loans to cooperatives were sound, but its managing director had without authorization made loans outside the movement and even to private business. A large proportion of these latter transactions proved to be bad and involved the bank in such difficulties that it was forced to close. The cooperative associations of the National Federation, however, guaranteed all the debts of the bank and undertook to pay off all its obligations within a period of 15 years.

In 1935 a general reorganization, designed to strengthen and unify cooperative effort, was voted by the congress of the National Federation. A general auditing union, the General Society of Control of French Cooperative Societies, was formed. It was given authority to supervise the financial and commercial activities of all the development associations, those having purchasing contracts with the wholesale, and those having savings departments. A national committee of 50, appointed by the regional federations in proportion to their importance, was created. It was to administer the Control Association. An administrative council of 18 members was appointed to coordinate the activities of the federation and wholesale, superseding the former administrative council.

It was provided that thereafter the wholesale would accept into membership only cooperatives affiliated with the National Federation. Federation members that were not members of the wholesale must join it before the end of 1939.

The functions of the defunct Cooperative Bank were taken over by a federal association that had been formed in 1932 by the large associations under the name, National Society for Development and Solidarity. Its activities were mainly those of auditing, though it had some credit functions. It was selected to carry out the liquidation of the bank, and in July 1934 changed its title to Central Society of the French Cooperative Societies. In the reorganization of 1935 its bylaws were changed and it assumed some of the credit activities of the former bank, though under strict limitations. Its operations were to be confined to cooperative associations only.

The year 1936 was marked by sudden rises in prices, sit-down strikes, and other evidences of unrest, and devaluation of the currency. Also the private merchants were still active in seeking Government protection and action. These merchants, who accounted for about 65 percent of the total private trade of France even then, were trying to obtain the passage of a law forbidding the opening of new chain or "multiple" stores—a measure which would have prevented the further expansion of cooperative associations operating branches. This measure was opposed by the cooperative movement and failed to pass. It was observed at the time that the large cooperative associations were "better equipped technically than the most advanced types of private store, and the cooperative movement as an instrument of economic progress * * * greatly embarrasses the old-fashioned forms of private trade."

During this period collaboration between the consumers' cooperatives and the agricultural cooperative movement was developing in a most encouraging manner and several joint associations were formed under the terms of a special law authorizing such associations.

At the cooperative congress of 1936 the proposal was made that the National Federation should become a member of the Popular Front. This was overwhelmingly rejected by the congress, which reaffirmed its independence of all political parties.

The year 1937, also, was characterized by a feeling of insecurity which prevented the country's sharing in the general recovery of world trade in that year. Nevertheless the consumers' cooperative movement not only maintained its position but even achieved some advance. The cooperators were finally successful in obtaining the passage of a law which they had been advocating for many years, limiting the use of the word "cooperative" to organizations which met specified cooperative standards.

After the franc was devalued to about three-fourths of its former rate, industry recovered somewhat in 1938, although hindered by the unfavorable world situation. The cooperative wholesale reduced its prices to the lowest level possible, thereby reducing its net earnings. Notwithstanding this action it was able from the surplus of that year to pay 4,841,912 francs toward the liquidation of the Cooperative Bank's liabilities, and to return 251,455 francs in patronage refunds to its member associations.

In 1938 the Government issued a decree establishing the Central Cooperative Credit Bank and transferring to it from the Ministry

of Labor the duty of administering the State funds available for loans to consumers' cooperatives and workers' productive associations. The bank was constituted as a federation of cooperative associations, and given the privilege of making loans for periods as long as 15 years, as well as short-term loans (as formerly). By a later decree the informal purchasing groups that had sprung up among public employees, as well as among workers in factories and other industrial establishments, especially after 1934, were required (in order to continue operation) to become consumers' cooperative associations. The consumers' cooperatives immediately approached these groups with a view of inducing them to join existing cooperatives or, failing that, of assisting them in establishing new associations.

A Government committee, composed of representatives of cooperatives and of the various Ministries, was established in the same year to study the cooperative movement and devise means of establishing a permanent link among the credit, consumers', agricultural, and workers' productive associations.

The 17 regional federations, which were the members of the National Federation and which in the reorganization of 1935 had been reduced to 13, were joined in 1939 by a new national group—"Fédécopérail," federation of the cooperative associations run by railway workers. In 1937 this organization had in membership 150 associations with 100,000 members.

Effect of the War on Cooperatives

During the years 1935–38 the consumers' cooperative movement gradually attained recognition in the system of planned economy that was slowly being put into force in France. The cooperative movement was recognized, under the Meat Marketing Act, as the representative of consumers, and was also given representation on a number of public bodies.

Beginning in 1939 the cooperatives began to suffer increasingly from the wartime economic regulations and difficulty of obtaining supplies because of the scarcity of certain essential commodities. Nevertheless, the movement was holding its own and even increasing its productive output.

Even as late as the beginning of May 1940, the managing director of the Cooperative Wholesale Society told the annual meeting of delegates that the wholesale's business since the beginning of the year had been increasing at the rate of about 20 percent over 1939, partly as a result of rising prices and partly as a result of intensive cooperative efforts. He stated that he "faced the future with great confidence" for the development of the cooperative movement.

Less than a month later, the German armies had cut off from the rest of the country the whole northern (industrial) section of France, which contained all of the large development associations and nine-tenths of the entire cooperative movement. Some associations had their premises destroyed by bombardment. The wholesale association lost its footwear factories at Amiens and Lillers.

A policy of "regroupment, unification, and purification of the cooperative movement" was immediately started by the Germans. The National Federation and the Cooperative Wholesale Society were merged into one organization, all associations in a single town or city

were required to consolidate, and some of the veteran cooperative leaders were "permitted to retire." In Alsace-Lorraine all of the cooperatives were incorporated into the German Labor Front and lost their identity.

In unoccupied France, cooperatives like other organizations were subjected to the measures inaugurated by the Vichy Government with a view to reorganizing French economic life along corporative lines. The law of December 2, 1940, reorganizing agriculture, was described as "a compromise between the old organization inherited from republican France and the new conceptions of autocratic government." Somewhat later a National Committee of Commerce was created on which the consumers' cooperatives were represented as one of the four forms of distribution, the others being the chain stores, wholesalers, and other retailers.

Evidently the associations in occupied France, as well as Vichy France, were allowed to continue operations. In June 1943 a cooperative congress was held in Paris that brought together, for the first time since the invasion, delegates from cooperatives throughout France (except Alsace-Lorraine). The reports there submitted indicated that business had improved, after an initial fall, but production had declined (see table 15), and that under the circumstances "the situation of the cooperative movement is generally satisfactory."

Workers' Productive Associations

France has the distinction of being the birthplace of workers' productive associations [19] and is one of the few countries in which this form of cooperation has attained any great development. Certain students of the workers' productives in France [20] attribute their development to the tardy rise of large-scale industrial enterpr ses and the fact that France has remained to a great extent a land of small enterprisers among whom the workers' productives with small capital resources could hold their own. Of no little importance also was the encouragement by the successive French governments, in the form of loans and of contracts for business.

The first association was formed in 1831 but did not even get into operation. Between 1848 and 1852 nearly 200 associations were formed, but disappeared during the period of the Empire. In 1865, a few again were started with varying degrees of success.

THE NATIONAL PRODUCTIVE FEDERATION

In 1884 the workers' productives, in an attempt to strengthen their movement, which was at rather low ebb, formed a central body, the Chambre Consultative des Associations Ouvrières de Production. Of the 51 associations then in existence, only 22 (mostly in Paris) joined it. However, it was favored by legislation of 1888, under which the public authorities were empowered to give preference to workers'

[19] The workers' productive associations of France are of two kinds—those which own their own businesses with plant, equipment, etc., and those which make collective contracts to carry on certain types of work in establishments owned by others. This latter type of association, called the "commandite," is found in a number of industries, especially the printing industry No statistical data are available for the commandites the tables here given all relate to the workshop-owning associations. (For a description of the methods of operation of the commandites, see Monthly Labor Review. February 1926, pp. 208-211 and August 1929, pp 115, 116.)

[20] Jean Gaumont (Histoire Générale de la Coopération en France) and David Japoss (Labor Movement in Post-War France).

productives over private contractors, on Government contracts. Five years later it started its own bank and again was aided by Government encouragement and a deposit of 150,000 francs. In 1904 it established an orphanage for children of deceased cooperators and auxiliary workers. In 1907 it founded a legal bureau and a department o accountancy; also a benefit association to prov de death, old-age, and unemployment benefits. Family allowances were also inaugurated by the Chambre in 1923, and in 1927 it opened a home for aged members. The Chambre's family allowance fund was reorganized after the establishment of a general system of family allowances in France in 1934; and membership was opened to consumers' cooperative associations as well as to workers' productives.

In 1930 the Chambre had in affiliation 340 associations with 23,000 members. By 1937 the number of affiliates had risen to 475 and their combined membership to 31,227. Their business in that year amounted to 372,768,000 francs. The affiliates of the federation represented 73.3 percent of the total workers' productive associations and 41.9 percent of the total reported business.

The annual congress of 1937 changed the name of the Chambre Consultative to one more descriptive of the actual situation—Confédération Générale des Coópératives Ouvrières de Production de France et des Colonies. A report rendered at this meeting stated that in 1937 the orphanage was sheltering 178 children—7 more than in the preceding year. Its two vacation homes were still in "satisfactory" operation. The secretary-treasurer of the central organization also stated: "We think that the difficult period that our associations have just gone through is at an end and the next periods will be better."

SITUATION PRIOR TO WAR

The workers' productive associations, being so largely dependent upon the Government for both credit and contracts, were strongly affected by the changes in public policy resulting from the rapid changes in the political complexion of the Government.

Certain advantages in taxation enjoyed since 1927 were withdrawn in 1934 and the associations became liable to taxes on turnover as well as on industrial and commercial profits (except sums used for welfare purposes).

In 1935 a decree was issued, in the drafting of which the Chambre participated, defining standards for genuinely cooperative "workers' productive associations" and making illegal any false use of the term.

A decree of 1931 had provided for certain preferences to workers' productives in connection with public works, and up to 1936 State credit was available. This credit was withdrawn in 1936 and 1937 but was reintroduced in 1938. In 1939, out of a special appropriation of a billion francs for public works (adopted as a measure to cushion the effects of war dislocations), 50 million francs were earmarked for contracts for workers' productive associations.

Of 648 associations in existence at the end of 1937, 4 were in agriculture, 8 were in extractive industries (quarrying, etc.), 6 in food manufacture, 71 in the printing trade, 5 in textile industries, 21 in the clothing industries, 103 in woodworking industries, 22 were making leather products (shoes, gloves, etc.), 51 were in metallurgical trades, 39 in the stone, clay, and glass industries, 271 in construction or public

works, 25 in transportation, and 22 in other trades (chemicals, paper, jewelry, liberal professions, etc.). In addition to their members, these associations employed 7,305 "auxiliary" workers.

The associations were situated mainly in the Department of the Seine (including the metropolitan district of Paris)—with over a third of all the associations—and in the highly industrial districts, such as the Department of Nord, and the cities of Marseilles, Lyons, Toulouse, Limoges, and Rennes.

TABLE 16.—*Membership and Operations of Workers' Productive Associations in France, 1893–1938*

(For par values of currency, see Appendix table, p. 278

Year	Total number of associations	Membership		Amount of business	
		Number of associations reporting	Members	Number of associations reporting	Amount
					Francs
1893	80	(1)	(1)		(1)
1900	294	155	10,793	(1)	(1)
1907	358	331	15,838	297	50,358,700
1910	498	485	19,520		(1)
1913	476	466	19,097	445	71,309,000
1920	529	463	19,973	379	199,524,800
1923	531	424	21,322	342	155,026,200
1930	584	356	17,108	323	386,772,000
1933	506	434	19,086	347	377,783,491
1936	642	418	21,419	384	329,000,666
1937	648	462	16,530	450	890,068,251
	Confédération Générale				
1884	22	(1)	(1)		(1)
1892	40	(1)	(1)		(1)
1907	200	(1)	(1)	(1)	(1)
1921	345	375	20,000	(1)	(1)
1930	340	340	23,000	340	210,000,000
1937	475	475	31,227	475	372,768,000
1938	478	478	32,872	478	596,400,000

[1]No data.

A report of the administrative council of the Confederation in May 1940 (just before France was invaded), summarized in the organization's official journal, L'Association Ouvrière, listed the names of 102 associations that had gone out of existence since the outbreak of hostilities. No information regarding the workers' productive associations has been received since the invasion.

LA FAMILISTÈRE AT GUISE

Perhaps the most famous of all the French workers' productive associations was that known as La Familistère, at Guise. This organization was founded in 1879 by M. Godin, and engaged in the production of stoves. Its workers were divided into four classes according to their length of service and stage of initiation: At first they were merely employees with a right to a pension and insurance against sickness and accident; next they received a share in the earnings, to the extent of one share each year; the next step increased their share in the earnings 50 percent over what they had received in the second class; and

finally they became full members. The profit sharing was paid in stock, not in cash, and upon the withdrawal of a member, his stock had to be sold back to the association.

Before the first World War this association, with its six foundries, was the most important metal-casting works in Europe.

The association sustained heavy losses during the war. The city of Guise was practically destroyed and the Familistère suffered not only from the bombardment but by having most of its plant and machinery either ruined or carried off by the Germans. It started operation again in August 1919.

The association was able to weather all the vicissitudes of the next decade and in 1931 was described as "among the most flourishing" of the French workers' productive associations. Its plants and workers' houses together formed a garden city For the 2,500 worker-owners the association had provided sickness and old-age insurance and various kinds of social-welfare measures. From a turnover of 7,921,618 francs in 1919–20, when it was revived, its business expanded to 48,844,530 francs in 1924–25 and 72,412,738 francs in 1929–30. It was still in successful operation in 1937, when the workers' productives were commemorating the centenary of the death of Fourier whose teachings had inspired the founding of La Familistère, but no data are available as to its fate under German occupation.[21]

Cooperative Movement in the Netherlands

In many of the central and southeastern countries of Europe, the cooperative movement developed in an atmosphere of turbulence. Cooperators had to contend with a succession of wars with their resultant destruction of life and property and shifting of territory and population, with recurring depressions, and with periodic political and economic upheavals. In the Netherlands, on the contrary, when the country was invaded by the Germans in May 1940, there had been a hundred years of peace under the constitutional rule of a single royal family.

The country, depending on its overseas trade, had of course felt severely the post-war depression of the early twenties and the widespread unemployment and trade stagnation during the depression beginning in 1930. Its international trade was drastically curtailed by the restrictions on imports and exports imposed by the countries with which it traded and by their early abandonment of the gold standard, to which the Netherlands continued to adhere until 1936.

[21] *Sources.*—The report on France is based upon data from the following publications: Bulletin du Ministère du Travail (Paris), issues of April-May-June 1922, January-February-March 1924, October-November-December 1924, April-May-June 1932, July-August-September 1935, July August-September 1937, and October-November-December 1938; L'Information Sociale (Paris), October 15, 1931: Annuaire Statistique de la France, 1938; L'Association Ouvrière (Paris), issues of May 5, August 25, and November 25 1937, and May 10, 1940; Annuaire de la Coopération (Fédération Nationale des Coopératives de Consommation de France), 1920 and 1926-27; International Cooperative Bulletin (International Cooperative Alliance, London) issues of May 1917, January. May, September, and December 1918, January, September, November, and December 1919, February, April-May, June, August, September, and October-November 1920, February and June 1921, February, April, and May, 1925, September and December 1927, and May and December 1928; Review of International Cooperation (International Cooperative Alliance. London), issues of October 1919, October 1921, February, April, June, and November 1933, June and November 1934, April and July 1935, March, April, and July 1936, April and May 1937, February, May. September, and October 1938, June and October 1939, January, February, and November-December 1940, March, April, and September 1941, February 1943, and June 1944; Peoples Yearbook (English Cooperative Wholesale Society, Manchester) 1937, 1939 1940, and 1941; International Directory of Cooperative Organizations (International Labor Office, Montreal), 1939; Cooperative Information (International Labor Office, Montreal), No. 2, 1935 and No. 3, 1939; Labor Movement in Post-War France, by David J Saposs (New York Columbia University Press, 1931) and Consular reports of April 13, 1921 and April 12, 1938.

Nevertheless, until the late thirties the Dutch had the advantages of a free, democratic country in which the standard of living was high, conditions generally good, and illiteracy almost nonexistent.

One of the most highly educated peoples in the world, the Dutch were inherently conservative and consequently rather slow to take up cooperative activities. Although the first cooperative (a farmers' association) was formed as early as 1837, the general law authorizing cooperatives was not passed until 1876, and then largely as a result of the efforts of a single enthusiast who, with a small group of adherents, was successful in getting the measure through Parliament. The development of cooperatives took place very gradually, especially in the field of consumers' cooperatives, being retarded at first largely by public knowledge of the financial losses sustained by the members of a few of the early associations. The rate of progress was also slowed by religious and political differences which (as in the Dutch trade-union movement) kept apart, in small separate groups, cooperators who might otherwise have been banded into strong, stable organizations. Thus, the Catholics, who had their own political party and trade-unions, also formed separate cooperative associations admitting only those professing that faith. There were several Protestant political parties, and a Christian (Protestant) labor-union group, as well as Protestant cooperatives. During and preceding the first World War there was also a group of cooperatives connected with the Social-Democratic Party, but they later merged with the consumers' cooperatives that were neutral as regards both politics and religion.

Although cooperative growth was slow, it was practically continuous and by the middle thirties the Dutch farmers had through their cooperatives achieved a success rivaled only by that of the agricultural cooperatives of Denmark. In 1938 cooperative dairies handled 76.7 percent of the total milk production and made 82.0 percent of the butter and 75.5 percent of the cheese. In the same year 34.0 percent of the egg output was sold through the cooperative egg-marketing associations; 90 percent of the potato flour produced in the Netherlands and 60 percent of the beet sugar were made by cooperatives. Through cooperative insurance associations, the farmers insured their houses and farm buildings against fire, their cattle against loss, and their crops against hail. Their output of fruit, flowers, and vegetables was sold through special auctioneering associations; and their grain was threshed by machines from the cooperative threshing associations. Each of the various types of associations had its own central organization.

The consumers' cooperatives were found mainly in the cities, among the industrial workers, and although their penetration in their special field was not so great nor so spectacular as in the case of the farmers' associations, they were serving about 15 percent of the entire population (the percentage was considerably higher on the basis of the cities alone) and accounted for about 6 percent of the retail grocery business in the Netherlands.

This growth was achieved entirely on the basis of self-help. In the Netherlands there was neither the Government favor (low-rate loans, preferential contracts, etc.) found in some of the other countries nor Government attempts to control the administration of cooperatives. In isolated instances it appeared that certain measures

discriminated against the cooperative movement but usually the movement was able eventually to obtain representation and have the situation remedied. Under the system of controlled capitalism and general regimentation that had gradually resulted from Government measures designed to aid recovery in the difficult decade preceding the outbreak of the present war, the cooperatives—especially the central associations whose operations entered into international trade—lost some of their freedom of commercial action as did all other businesses.

Aside from losses of life and property, the greatest immediate effect of the German invasion of the Netherlands upon the cooperatives was the drastic reduction of business. Although no direct word has been received since late in 1942, it appears that the movement has been allowed to continue but with pyramided taxation and with a new system of central control over the agricultural cooperatives. The framework should therefore be intact for post-war expansion.

Types of Local Cooperatives

In table 17 is shown the development (as indicated by number of associations) of the various types of cooperatives, from 1910 through 1936. Such figures are not very satisfactory as an indication of growth, for a contraction in number may really be an indication of strengthened operation. This has been the case in the consumers' cooperative movement where small associations have merged to form stronger ones, and the combined membership has shown an almost uninterrupted increase. Unfortunately, the Netherlands has published no figures showing membership and business of all the types of cooperatives.

TABLE 17.—*Number of Cooperative Associations in the Netherlands in Specified Years, by Type*

Type of association	1910	1914	1923	1926	1929	1933	1936
All types	2,320	2,894	3,032	3,088	3,131	3,210	3,252
Consumers' distributive associations	223	240	413	489	429	413	424
Housing associations	201	269	178	153	143	145	138
Insurance associations	42	47	84	56	57	65	73
Credit associations:							
Agricultural				786	807	807	808
Other	536	715	834	107	97	79	71
Purchase, sale, and productive associations:							
Agricultural	1,163	1,362	1,153	1,196	1,327	1,418	1,435
Workers' productive	(1)	(1)	(1)	27	26	21	17
Other industrial	(1)	(1)	[2] 94	107	92	76	76
Commercial	(1)	(1)	(1)	113	88	103	103
Other	(1)	(1)	(1)	25	36	39	46
Miscellaneous	155	261	276	29	29	44	61

[1] No data; may be included in miscellaneous.
[2] "Middle-class" associations.

CREDIT ASSOCIATIONS

Most of the credit cooperatives in the Netherlands are those of the farmers, and these agricultural credit cooperatives in turn are mostly of the Raiffeisen type which also do purchasing of farm supplies and processing and marketing of farm produce.

No data are available for the whole group of credit associations. The magnitude of the Raiffeisen associations' operations is shown in

table 18. The paralyzing effect of the great depression is shown in the reduction of their loan business from nearly 58 million florins in 1929 to about 19 million in 1934 (the latest year for which data are available). The Raiffeisen associations have their own federation to which 729 associations, with 158,718 members, were affiliated in 1936.

TABLE 18.—*Membership and Operations of Raiffeisen Credit Associations in the Netherlands, 1912–34*

[For par values of currency, see Appendix table, p. 278]

Year	Number of associations	Number of members ("accounts")	Loans made in year	Loans outstanding end of year	Deposits	Net earnings
			Florins	*Florins*	*Florins*	*Florins*
1912	835	99,152	12,725,000	25,145,000	33,779,000	179,000
1914	928	126,630	12,022,000	33,127,000	34,954,000	258,000
1918	1,115	216,573	28,268,000	53,000,000	135,728,000	435,000
1921	1,228	306,650	49,216,000	119,087,000	191,508,000	1,286,000
1925	1,247	368,756	48,041,000	160,316,000	198,056,000	1,803,000
1929	1,283	472,531	57,933,000	209,114,000	240,791,000	1,908,000
1931	1,294	511,322	46,972,000	227,675,000	217,561,000	2,253,000
1933	1,296	509,815	18,896,000	215,092,000	153,118,000	2,026,000
1934	1,295	524,142	18,803,000	206,220,000	174,024,000	1,932,000

CONSUMERS' COOPERATIVES

The consumers' cooperatives of the Netherlands have consisted mainly of bakeries, fuel associations, kitchens doing central cooking of meals for urban dwellers, and store associations selling groceries and provisions and household supplies.

Figures are not available for recent years, showing the various types of consumers' cooperatives. In 1917, of 552 distributive cooperatives, 343 were cooperative stores, 142 were cooperative bakeries, 10 were cooperative butcheries, and 57 were cooperative fuel associations. As is evident from these figures, the bakeries in the Netherlands, as in Belgium, have formed an important part of the distributive cooperative movement. However, unlike the situation in Belgium, where the sale of bakery goods has been decreasing in relation to that of groceries, the Catholic federation reported that among its associations bakery sales were outstripping those of groceries.

Cooperative housing associations.—Cooperative housing associations have been found in the Netherlands since early in the twentieth century. These associations erected their own buildings and generally retained title to them, the members occupying the dwellings on a rental basis.

The expansion of these associations was halted during the first World War by scarcities of materials and by the high cost of labor and land, and their number decreased from 282 in 1915 to 178 in 1923. Part of the decrease was attributed also to the policy of the local and national governments of subsidizing private builders, so that the need for cooperative effort was not so great. For 1936 only 138 of these associations were reported.

Welfare, health, etc.—Although the Dutch cooperatives did not undertake welfare work extensively, as the Belgian associations did, a few organizations have been outstanding in this respect. One of the oldest cooperatives in the Netherlands, "De Volharding" ("Perseverance") at the Hague, about 1890, established a sick-benefit depart-

ment and later a medical-care department. Although opposed by the medical profession and for several years boycotted by the hospitals, this association was very successful. By 1923 its medical department had a membership of 50,000 and a staff of 30 doctors in addition to nurses and pharmacists. In 1939 it established its own hospital. By 1940 the membership of the sick fund had grown to 82,000. The association had 21,000 members in the store department, making it the second largest consumers' distributive cooperative in the country.

Early in 1940 the national wholesale association "De Handelskamer" helped to start a new association, "Copharma," to act as wholesale purchaser of supplies for the pharmacies of the sick-benefit societies, many of which were operated in connection with consumers' cooperatives. The International Cooperative Alliance stated that the sick funds (with about 4,000,000 members) had needed the wholesale as a protection against the boycotts of the medical profession and the monopoly prices of the highly cartelized drug industry.

Development of Consumers' Cooperative Movement

CENTRAL EDUCATIONAL ORGANIZATIONS

The first educational federation, the Dutch Cooperative Union, was started as a department of "Eigen Hulp," an association of public employees, but became an independent association in 1890. It was politically neutral. Because one of its bylaw provisions specifically excluded from membership "workingmen's cooperatives," the associations of the latter class therefore formed their own federation—the Union of Workingmen's Cooperatives—in 1907; it was Social-Democratic in affiliation. This latter federation in its early years required its member associations to turn over some of their earnings to the Party and to the trade-union movement.

In 1920 the neutral Dutch Cooperative Union and the Union of Dutch Workingmen's Cooperatives merged, forming the Central Union of Dutch Distributive Cooperatives (*Centrale Bond van Nederlandsche Verbruikscoöperaties*). Political and religious neutrality was one of the principles of the new organization.

A number of the retail associations refused to join the new federation; these included the two largest associations in the Netherlands.

The accompanying statement shows such data as are available for the two federations that amalgamated to form the Central Union of Dutch Distributive Cooperatives:

	Affiliated associations	*Their members*
Social-Democratic federation:		
1908	19	10, 385
1918	43	38, 754
Dutch Cooperative Union:		
1900	32	32, 574
1910	97	65, 035
1911	122	87, 057
1915	151	99, 783
1920	150	161, 096
Central Union of Dutch Distributive Cooperatives:		
1922	141	137, 264
1924	137	127, 150
1925	132	121, 241
1926	135	178, 704

The Central Cooperative Union has been active in the formation of various auxiliary enterprises, including the Cooperative Savings Bank,

the General Pension System for Cooperative Employees, and the G. J. D. C. Goedhart Foundation, which is the center of educational work in the consumers' cooperative movement.

Catholic federation.—In 1912 the Catholic trade-unions had taken the lead in the formation of a Catholic federation of cooperatives. This federation admitted to affiliation only local associations whose membership was restricted to Roman Catholics, and one of its requirements was that a portion of the local associations' earnings be devoted to assisting Catholic benevolent institutions.

The following statement shows the development of the federation from 1915 through 1926:

	Number of associations	*Their members*
1918	192	25, 705
1920	238	30, 000
1922	96	24, 385
1925	81	18, 257
1926	85	18, 549

As the above figures indicate, the Catholic associations were small, averaging less than 250 members per association in any of these years. There were, however, several large associations. The largest one, "Ons Dagelijks Brood" ("Our Daily Bread"), had by 1936 attained a membership of 6,122.

Joint action.—Although federated along religious and political lines, the various branches of the cooperative movement had amicable relations and occasionally joined forces for particular ends.

In 1917 the neutral, Catholic, and Social-Democratic federations formed a central cooperative committee to defend the interests of the cooperatives and to obtain representation on the various public regulatory bodies. That committee remained in existence during the first World War and for several years afterward; a similar body was formed again in 1934.

In the endeavor to extend and strengthen the consumers' cooperative movement in the rural areas and small towns, in 1931 the Central Cooperative Union and the wholesale formed the Cooperative Society for Financing and Control ("Cofibé"). The purpose of this organization was to give technical aid to, and even finance, local associations that got into difficulties. A few years later another association, "Fibeco," was formed by joint action of two cooperative federations (De Handelskamer and the Catholic cooperative federation) and the Catholic trade-unions, for the purpose of financing new associations.

LOCAL COOPERATIVES

Consumers' cooperation was of especially slow development in the Netherlands. A cooperative official, explaining the slow pace of cooperative growth commented as follows:

> The Dutch distrust innovation, and are always slow to recognize the necessity of a new line of action; but when once undertaken the work will be carried through, because for perseverance our nation cannot be easily surpassed. * * * Even the name, "Cooperation," being a word of a foreign tongue, seemed to make the Dutch afraid. So in the beginning there were failures and many a workingmen's society lost money and credit instead of giving golden fruits. It took some time before the more successful societies of civil servants and military officers made a better impression on the workingmen.[23]

[23] G. J. D. C. Goedhart, in International Cooperative Bulletin (London), December 1924, p. 363.

When the first World War broke out, although Holland was not invaded it was immediately and deeply affected. The consumers' cooperatives went through a period of vicissitude from which, however, they emerged with an increased membership and a stronger organization. The cooperatives were finally able to obtain representation on Government wartime bodies to regulate prices, distribution, imports and exports, etc. Under a regulation adopted after the end of the war, the associations were required to contribute to the funds of the chambers of commerce composed of private retail dealers.

The war had taught the cooperatives the necessity of building up their working capital instead of paying all of the earnings out in patronage refunds. Generally, also, the associations in this period began to create reserves for the payment of pensions to employees and benefits of various kinds (sick, death, maternity, etc.) to the members.

The division along religious and political lines had resulted in many small associations. In Amsterdam alone there were 9 separate retail cooperatives. In the post-war depression when the cooperatives reflected the unemployment and low purchasing power of their members, many associations failed and others were in financial difficulties. It was in this period that the federations began to urge the merger of small associations into larger organizations.

As the depression continued, the Government imposed greater measures of control of industry, as well as export and import quotas. Heavier taxation for purposes of relief followed.

It was reported that many of the unemployed who had some capital opened small retail businesses. This naturally worsened the condition of the other small merchants who, however, directed their displeasure toward the cooperatives and urged the Government to forbid the opening of new cooperative stores. That the independent merchants were still doing 81 percent of the total retail grocery trade was indicated by the results of an official survey, made in 1929; the cooperatives accounted for about 6 percent.

In order to protect the interests of the cooperative movement as a whole, the National Cooperative Council was formed in 1934. Its charter members were the cooperative wholesale, the Central Union, the Catholic Federation, the dairy federation, the Landbouw-Comité (largest wholesale association of the agricultural supply cooperatives), and several other central agricultural organizations—representing altogether over 1,300 local associations.

Another departure was the formation of an organization by the consumers' and the agricultural branches of the movement, to operate a chain of green-grocery stores throughout the Netherlands.

The Netherlands held to the gold standard for some time after other countries had departed from it. This made competition by its industries on the international market difficult, and the domestic market also was stagnant. The country went off the gold standard in September 1936, and the currency was depreciated by 20 percent. Although this made some improvement, the number of unemployed remained large and purchasing power low, and 1936 was still a year of depression.

A temporary recovery took place during the first half of 1937 but fell off in the latter half. In the attempt to accelerate the progress of the cooperative movement, the various central organizations of the consumers' cooperative movement embarked upon a 5-year plan of

publicity and education. In that year, over the opposition of the cooperative movement, a law was enacted giving the Minister of Trade and Industry authority over the opening of new businesses. Under the law, organizers of new enterprises were required to furnish "satisfactory evidence of the business knowledge, professional skill, and credit worthiness" of those who were to run them. The bill, as first introduced, provided that examination of these qualifications should be in the hands of the local chambers of commerce. The cooperatives, however, were successful in having it amended so as to give special committees this function and to allow the cooperatives representation on these committees.

Table 19 gives such data as are available from various sources, showing the extent of consumers' distributive cooperation in the Netherlands up to the outbreak of the present war, and the relative importance, in the total, of the associations federated in the various central organizations.

TABLE 19.—*Membership and Business of Distributive Cooperatives in the Netherlands, 1925–39*

[For par values of currency, see Appendix table, p. 278]

Year	Distributive cooperatives—all types [1]			Associations affiliated to—							
				Central Union			Catholic Federation			Protestant Federation: Number of associations
	Number	Their members	Their business	Number	Their members	Their business	Number	Their members	Their business	
			Florins			*Florins*			*Florins*	
1925	536	[2]	[2]	132	121,241	[2]	81	18,257	7,170,000	[2]
1926	496	[2]	[2]	135	178,704	44,982,400	85	18,549	[2]	[2]
1929	415	279,242	[2]	130	185,395	[2]	[2]	[2]	[2]	[2]
1930	425	289,251	[2]	131	189,970	[2]	[2]	[2]	11,771,000	[2]
1932	408	309,371	[2]	[2]	[2]	[2]	105	34,262	[2]	7
1934	409	315,356	66,551,162	141	216,125	[2]	118	38,526	[2]	11
1935	[3] 406	320,907	64,775,816	139	219,787	[2]	119	38,864	11,002,000	10
	[4] 357	303,085	64,010,000							
1936	[3] 419	325,368	63,735,779	138	218,656	42,008,023	121	38,501	10,971,000	[2]
	[4] 357	301,973	62,770,000							
1937	[4] 348	297,445	66,569,000	136	216,025	41,062,100	119	39,028	11,889,806	[5] 11
1938	[4] 351	298,887	68,213,000	131	216,062	[2]	120	39,863	12,445,547	[2]
1939	[4] 351	304,804	70,769,000	[2]	[2]	[2]	[2]	[2]	[2]	[2]

[1] Includes bakeries, cooperative kitchens, etc.
[2] No data.
[3] Including fuel associations.
[4] Not including fuel associations.
[5] With 3,794 members and a business in 1937 amounting to 936,000 florins.

DEVELOPMENT OF THE COOPERATIVE WHOLESALE

The cooperative wholesale was started in 1882 as a purchasing agency for the various branches of the "Eigen Hulp" association and later became the wholesale department of the Dutch Cooperative Union. During the latter period, associations desiring the wholesale service had to join the union and endorse formally the principle of religious and political neutrality which was basic with the union. Although the purchasing department had made a start in the field of production as early as 1900, when it bought a soap factory in Delft, the purchasing service operated largely as an agency and did not

become a full-fledged wholesale until 1909. In 1914 it became a separate organization, "De Handelskamer," and was joined by most of the neutral associations as well as by various Catholic, Socialist, and independent associations which were not willing to endorse the neutrality principle. The wholesale confined its efforts to the commercial field and took no stand whatever regarding political or religious matters.

Of 284 associations affiliated with De Handelskamer at the beginning of 1918, 119 were affiliated with the Dutch Cooperative Union, 36 with the Social-Democratic federation, 32 with the Catholic federation, and 97 were not members of any central organization.

Even as early as the period of the first World War, De Handelskamer had its own packing plant where goods were put up under its own trade-mark, "Haka"; also a chemical laboratory for food analysis, a plant for making wooden shoes, and an experimental bakery. A meat-packing plant was maintained from 1914 until 1918, when it was discontinued because of Government restrictions. The wholesale very early started an auditing department, in the attempt to improve the accounting practices of its member associations and to insure their financial stability. Its relations with its employees had been regulated by collective agreement since before 1919.

In 1918 the Government desired to use the services of De Handelskamer and its associations in order to fight the rising prices. With a loan from the authorities, the wholesale built a clothing factory, with branches in 6 cities. The new enterprise was immediately successful, but when peace was concluded and the post-war slump came, the wholesale was left with a large supply of goods made at high prices which it could not sell, as well as the Government loan to repay. The factories were closed in 1923, but at a loss that brought De Handelskamer to the verge of bankruptcy. The local associations, however, rallied to its assistance with new capital, and succeeded in saving it.

During the depression of the early twenties the business of the wholesale and the number and membership of its affiliates declined. By 1926, however, its sales were on the upgrade and so continued through 1929. After a slight decline in 1931 they rose above the 1929 level in 1932, and this in spite of the fact that over 300,000 workers were out of jobs (about 70,000 of these were cooperators), that their economic condition was reported to be below the average for Europe, and that in the period 1927–32 the index of wholesale prices had fallen 35 percent (from 149 to 97).

In 1932, 12 of De Handelskamer's affiliates went into liquidation, but 13 new associations joined, including "De Volharding" with 17,000 members. Thus, the number of associations rose from 287 to 288, and the combined individual membership served by the wholesale increased from 162,702 in 1931 to 189,381 at the end of 1932.

In 1934, when the number of unemployed exceeded 400,000, the wholesale reduced its prices on a number of commodities of general necessity in order to help its member associations supply their needy worker members. Notwithstanding this, its sales volume rose by about 4 percent as compared with the preceding year. By this time, 30.5 percent of De Handelskamer's sales consisted of its own manufactures—clothing, cheese, perfumes, cosmetics and toiletries, jams, cooking oils, and a variety of foods packed under its own label. In

1934, also, "Vooruitgang" ("Progress"), the largest association in the Netherlands, joined the wholesale, bringing in 51,280 members.

In 1932, on its fiftieth anniversary, De Handelskamer had moved into a new headquarters building in Rotterdam. This move apparently stimulated new interest and loyalty among the member associations, for notwithstanding the depression, which was very severe, the membership increased during the next few years and sales rose steadily through 1937. A decline took place in 1938 (largely attributable to a fall in wholesale prices), but the sales reached an all-time high in 1939. Data are not available for De Handelskamer's membership for 1939, but in 1938, 292 of the 351 consumers' cooperatives in the Netherlands were members of the wholesale, and their combined membership (258,896) accounted for slightly over 86 percent of all the 298,887 consumers' cooperative members in the country.

The development of the wholesale over the 50-year period, 1890–1940, is shown in table 20.

TABLE 20.—*Membership and Operations of Netherlands Cooperative Wholesale, De Handelskamer, 1890–1940*

[For par values of currency, see Appendix table, p. 278]

Year	Number of affiliated associations	Their membership	Operations of De Handelskamer		
			Amount of business	Value of own production	Net earnings
			Florins	*Florins*	*Florins*
1890	16	7,000	500,000	(1)	(1)
1900	41	17,000	928,000	(1)	(1)
1909–10	92	(1)	3,217,000	107,000	41,000
1914	138	94,300	4,935,055	96,000	39,000
1915	159	111,124	6,236,096	195,000	59,000
1920	385	192,401	14,612,665	(1)	15,000
1924	377	151,808	11,304,306	[2] 468,716	126,000
1926	310	147,137	13,885,748	445,529	108,094
1929	(1)	148,198	18,283,115	574,000	(1)
1931	287	162,702	17,427,458	850,000	441,192
1932	288	189,381	18,447,923	999,000	262,813
1933	288	199,042	21,691,984	1,434,000	723,797
1934	289	254,736	22,414,770	2,062,000	561,078
1935	290	258,090	25,128,900	2,701,000	566,000
1936	298	262,516	25,681,810	(1)	578,000
1937	295	261,350	28,118,700	3,158,000	402,618
1938	292	258,896	27,893,093	3,424,000	512,788
1939	(1)	(1)	30,140,000	(1)	(1)
1940	(1)	(1)	27,792,000	(1)	(1)

[1] No data.
[2] Data relate to 1925.

Cooperatives and the War

The Netherlands, after having been assured that the country's neutrality would be respected, was invaded by German forces in May 1940.

During the battle period there was much destruction both from the war and from looting, cooperative as well as other property being affected. Rotterdam—the headquarters of Vooruitgang, of De Handelskamer, and of the Landbouw-Comité—bore the brunt of the German attack. The greatest cooperative loss was that suffered by Vooruitgang, whose headquarters building and several branches were completely demolished. So great was the destruction of life and

property in some parts of the city, and so great the resulting dislocation of life there, that the membership of the association fell from 48,637 to 24,212. The buildings of De Handelskamer "escaped serious harm."

Apparently, after the military and civil overlordship was imposed, the cooperative associations were allowed to continue operations, under the "mild" policy which the Germans first adopted. Difficulties of obtaining supplies, stringent rationing, and lack of transport facilities drastically reduced cooperative sales, however. New taxes, imposed on gross surplus and raising the rate from 11½ to 31½ percent, reduced earnings to almost nothing. This resulted in a change of cooperative price and dividend policy; some associations reduced prices to the lowest possible level consistent with safety, and others paid fixed patronage returns which were included with expenses of operation.

The cooperatives continued their educational and training courses, and in 1941 even created a chair of cooperation at the University of Amsterdam.[24] In 1942 De Handelskamer purchased an estate to which it proposed to transfer all of its training activities.

German rule became harsher in 1942 and new measures were imposed upon the populace. Among those affecting the cooperative movement was one that dissolved the National Cooperative Council—representing all branches of cooperation—that had been formed in 1934. A new Cooperative Council of the Netherlands, covering only agricultural cooperatives, was formed to which all these associations were required to affiliate. The Council was placed under the control of the Department of Agriculture and Fisheries. It was given the authority to liquidate any agricultural cooperative that failed to affiliate within 4 months, any that was not large enough to permit "a useful performance of economic activities," or any that failed to meet its obligations. This move, as the International Cooperative Alliance pointed out, "means the isolation of the consumers' movement and thus undoes a good deal of the progress made in recent years in the direction of cooperative unity." [25]

[24] But many educational institutions closed later in 1941 rather than accept Nazi control of their educational policies. It is not known whether Amsterdam University was one of these.

[25] *Sources.*—The report on the Netherlands is based upon data from the following publications: Jaarcijfers voor Nederland (Netherlands Centraal Bureau voor de Statistiek), 1922, 1923–24, 1927, and 1936; Maandschrift (Netherlands Centraal Bureau voor de Statistiek), issues of November 1922, June and September 1926, August 1928, July 1930, May 1935, May 1936, April 1937, July 1938, and September 1940; Het Cooperatieve Niews (Central Cooperative Union, The Hague), November 16, 1924; International Cooperative Bulletin (International Cooperative Alliance, London), issues of July 1911, June 1912, June 1913, March, July, and December 1916, June-July 1918, March and April-May 1920, May-June 1922, November and December 1923, December 1924, and June 1925; Review of International Cooperation (International Cooperative Alliance, London), issues of July 1929, September 1931, December 1932, July 1933, February 1934, June 1935, July 1937, January, July, and October 1938, August 1939, February and June 1940, September 1941, and September and December 1942; People's Yearbook (English Cooperative Wholesale Society, Manchester), 1929, 1933, 1935 through 1939, and 1941; Cooperative Information (International Labor Office), No. 12, 1929, No. 6, 1934, No. 1, 1937, No. 2, 1940, and No. 7, 1942; International Directory of Cooperative Organizations (International Labor Office), 1939; Irish Economist (Dublin), October 1923; Cooperative Movement in the Netherlands During the War Period (Report from U. S. Trade Commissioner at The Hague, May 1919 (unpublished)); Reports from U. S. consul at Rotterdam, December 17, 1923, and No. 52, October 30, 1934; and Holland and the War, by G. N. Clark (Oxford Pamphlets on World Affairs, No. 43, Oxford, England, 1941).

Cooperative Movement in Luxemburg

Although the population of Luxemburg was only about one-third agricultural, apparently the entire cooperative movement was rural. The consumers' cooperatives, which constituted about half of the total number of associations, combined the functions of providing supplies for farmers' households and their productive operations with the marketing of their produce. There were also specialized marketing cooperatives handling particular commodities, such as livestock, grapes, or dairy products. Each of these branches of the movement had its own federation, as did also the Raiffeisen credit associations.

The consumers' cooperatives were banded into the General Federation of Agricultural Cooperative Associations (*Fédération des Associations agricoles du Grand-Duché de Luxembourg*) formed in 1909, but its membership included other types of cooperatives as well. This organization supplied its affiliates with household and farm supplies, advised on marketing and accounting problems and on legal matters. Its business in 1937 amounted to 28,716,000 francs.[26]

The status of the cooperative movement in 1937 is shown in table 21.

TABLE 21.—*Number, Membership, and Amount of Sales of Cooperative Associations in Luxemburg, 1937*

[For par values of currency, see Appendix table (Belgium), p. 278]

Type of associations	Number of—		Total amount of business
	Associations	Members	
			Francs
Rural credit associations	71	8,576	
Consumers' supply and sale associations	408	19,588	(1)
Specialized marketing associations:			
Dairy	268	11,819	5,697,000
Vinegrowers'	57	1,742	
Fruit and vegetable growers'	44	(1)	
Livestock and meat marketing	98	3,100	57,000
Agricultural and rural insurance (livestock)	66	1,876	[2] 7,000

[1] No data. [2] Premium income.

In 1930 the Government established a High Council for Agricultural Cooperation and Mutual Aid, to consist of not more than 15 members appointed for 4-year terms. Its duties were to promote and advise cooperatives, give technical assistance, and distribute any Government subsidies that might be provided. After the beginning of the depression subsidies were granted to marketing cooperatives in order to assist them in selling their produce. Other decrees regulated the sale of milk.

Luxemburg was invaded by the Germans on May 10, 1940, and was annexed to the Reich on August 30, 1942. The opposition of the people was expressed through their withholding of their crops and livestock from the invaders and through a general strike. No data are available regarding the fate of cooperatives either then or later.[27]

[26] For par values of currency, see Appendix table (Belgium), p. 278.

[27] *Sources.*—The report on Luxemburg is based upon data from the following publications: Cooperative Organizations Throughout the World—Numerical Data (International Labor Office), 1939; Cooperative Information (International Labor Office), Nos. 4 and 14, 1929 and No. 3, 1930; International Directory of Cooperative Organizations (International Labor Office), 1939; European Conference on Rural Life—Luxemburg (League of Nations, Geneva), 1939; Note Statistique—Extrait de L'Annuaire Officiel 1930 (Grand Duchy de Luxembourg, Office de Statistique).

Cooperative Movement in Switzerland

Grazing and forest associations were known in the Swiss mountain valleys as early as the fifteenth century. The Swiss Confederation itself sprang from the Mark-Genossenschaften, the village self-help organizations which the Alpine peasants established in order to supply their needs and cultivate the land in common. The Swiss debt to the Rochdale Pioneers is, therefore, less than that of some other peoples. The first cooperative association of the present Swiss organization was founded as a consumers' society at Zurich in 1851. Within the next 25 years, an association of the Rochdale pattern was formed in the town of Schwanden, a farmers' organization was formed near Winterthur, and others were organized at Basel, Geneva, and elsewhere.

All types of associations expanded during World War I, suffered in the long period of crisis and depression following that war, and recovered during the late 1920's. The depression of the early thirties was accompanied and followed by restrictive Federal measures aimed at control of both foreign and domestic trade and by special acts directed against cooperatives and other large businesses.

Nevertheless, the cooperatives continued their steady increase of membership and sales. By 1940 there were nearly 12,000 cooperatives in a population of 4,000,000 people. The largest group of associations consisted of agricultural cooperatives which included 2,900 dairy associations handling 90 percent of Swiss milk production, almost 700 Raiffeisen credit cooperatives, and nearly 700 associations purchasing farm supplies.

Consumers' distributive cooperatives numbered about 900 of the nearly 12,000 Swiss cooperatives in 1940. The associations together handled from 10 to 12 percent of the country's retail trade and served about one-fourth of the population. In the field of production, the cooperative associations owned and operated the largest flour mill, the largest meat-packing establishment, and the largest bakery in the nation. The Basel cooperative was one of the larger associations on the continent, with 62,295 members and annual sales of over 63 million francs.[28] Other large organizations were those at Zurich (28,826 members), Geneva (23,449 members), Bern (17,496 members), and Luzern (12,790 members).

In the same year, when the Swiss Cooperative Union and Wholesale, V. S. K., celebrated its fiftieth birthday, its 545 member societies were scattered throughout more than 1,000 of Switzerland's 3,000 local government areas and in all the four language regions of the nation—the French, the German, the Italian, and the Romansh. Eighty percent of all cooperative stores in Switzerland were then carrying on business with V. S. K. In spite of the effects of war in the countries surrounding the Swiss "neutral island," the federation's turnover amounted to 247 million francs and its annual patronage refunds—calculated as usual in proportion to purchases—amounted to 18 or 19 million francs.

Among the outstanding characteristics and accomplishments of the Swiss cooperative movement may be mentioned its uncompromising spirit of independence and its refusal to accept assistance from the

[28] For par values of currency, see Appendix table, p. 278.

State; its elimination of competition between associations; its policy of financing cooperative enterprise upon a basis of "indivisible cooperative capital," built up from earnings, etc., rather than from share capital; the high degree of loyalty of local associations toward V. S. K.; and the early prominence of cooperative leaders in national affairs (presidents of four cooperative unions were elected to the National Assembly as early as 1911).

Types of Cooperatives

The Swiss cooperative movement was one of the most varied and inclusive in Europe. It included, in addition to the usual retail associations, agricultural consumers', dairy, machinery, cattle-breeding, and pasture associations; restaurants and guest houses; transportation by water; electricity- and gas-supply, credit, shoe-manufacturing, bakery, sick-benefit, and burial associations.

The main periods of growth of the movement were the decades of industrialization of the nation, beginning with 1890 and ending after World War I in 1920, as table 22 indicates.

TABLE 22.—*Number of Cooperatives in Switzerland, 1890–1940, by Type*

Type of association	1890	1900	1910	1920	1925	1930	1935	1937	1939	1940
All types	1,551	3,719	7,113	11,084	11,284	11,766	11,680	11,723	11,629	11,599
Consumers'	96	243	517	806	853	866	872	878	894	898
Credit (Raiffeisen)	2	3	150	291	391	533	632	657	685	688
Sickness and death funds	33	68	151	614	579	545	456	422	390	385
Water supply	21	184	331	390	409	436	433	432	435	436
Electricity and gas	1	9	144	382	380	351	314	300	290	287
Building	6	14	39	179	233	260	258	251	246	244
Agricultural:										
Cheese and dairy	845	1,459	2,086	2,651	2,731	2,806	2,874	2,911	2,924	2,924
Cattle raising	27	475	981	1,500	1,521	1,527	1,439	1,493	1,509	1,515
Purchasing	84	355	496	761	763	730	698	701	696	694
Machinery	48	123	225	397	445	443	439	457	457	454
Miscellaneous	388	786	1,993	3,113	2,979	3,269	3,265	3,221	3,103	3,074

COOPERATIVE CREDIT

Raiffeisen associations.—As early as 1903 the agricultural societies of Switzerland had begun to form Raiffeisen credit banks. By 1928 the credit associations had 292 cooperative banks in German-speaking areas, 140 in French-speaking areas, and 3 in Italian-speaking regions. Ten years later, confidence in the banks as savings institutions and their higher mortgage and current account loans combined to make the 1941 report outstanding, as may be seen from table 23.

Credit cooperation has never developed widely in Switzerland, but by the end of the twenties there were three central cooperative banking and credit institutions—the Central Cooperative Bank (founded in 1927), the Union of Swiss Raiffeisen Associations (1902), and the Swiss People's Bank (1869).

TABLE 23.—*Development of Raiffeisen Banks in Switzerland, 1903–41*

[For par values of currency, see Appendix table, p. 278]

Year	Number of banks	Membership	Number of depositors	Turnover	Total assets	Deposits	Reserves
				Francs	*Francs*	*Francs*	*Francs*
1903	25	1,740	2,323	6,037,708	1,765,817	675,600	10,581
1913	166	11,507	29,549	50,220,170	27,444,311	12,832,340	474,881
1918	224	16,784	48,238	197,354,686	65,864,025	30,237,433	1,125,163
1923	332	27,678	77,030	327,678,019	136,394,928	62,800,063	3,079,157
1927	435	37,482	106,027	441,661,841	195,951,649	90,116,019	5,447,649
1937	[1]	[1]	[1]	[1]	[2] 389,978,000	218,127,000	14,164,000
1939	[1]	[1]	217,000	[1]			
1940	672	[1]	225,000	[1]	[2] 450,129,000	263,883,000	17,472,000
1941	704	66,149	237,000	[1]	[2] 486,304,000	283,320,000	18,705,000

[1] No data.
[2] Aggregate working capital.

Central Cooperative Bank.—The wholesale, V.S.K., had outgrown its own banking department created in 1911 to serve cooperative and industrial associations and individuals, and when, in 1927, the Swiss Trade-Union Federation was contemplating the establishment of an independent bank, the Union of Swiss Distributive Associations voted unanimously for joint action in the project. The Central Cooperative Bank, thus formed, began operations with a subscribed share capital of 3,672,000 francs, of which 3,532,000 francs (about $674,000) were fully paid up. Of this paid-up capital, V. S. K. provided 2,000,000 francs. Share capital almost trebled during 1928, reaching 10,459,000 francs at the end of the year. The bank's growth in subsequent years may be judged from its statements in 1935 and 1939:

	1935 (francs)	*1939 (francs)*
Turnover	1,233,000,000	2,707,246,000
Deposits	53,734,000	----------
Paid-up capital	10,500,000	10,799,000
Reserves	1,150,000	1,450,000

By 1942 the problem of these associations had become that of expanding their business sufficiently to employ their expanding capital.

BUILDING AND HOUSING ASSOCIATIONS

Switzerland faced a severe housing shortage after World War I. Private capital withdrew from such building during the war and its place was taken after the war largely by capital from cooperatives and public-utility groups acting with or without the aid of State and commune. The growth of cooperative housing coincided with the growth of cities during the period 1910–20. The associations increased rapidly in number through 1931, after which they declined. Ten thousand persons were members of housing cooperatives in 1933.

The work of the building and housing societies naturally centered in the cities where it sometimes received the aid of the municipalities. After 1925 the State ceased giving aid except when the groups of houses were being built for larger families. At Basel, the building associations could obtain funds from the powerful Cooperative Association of Basel. Indeed, the latter built the suburban community of Freidorf, consisting of 150 detached houses and store and school, to accommodate cooperative employees.

Among cooperative building projects in which the municipality assisted the cooperatives, the following were outstanding: At Zurich between 1910 and 1930 the city spent 50,000,000 francs to help construct 2,044 houses containing 8,589 homes. By 1941 one-ninth of Zurich's 93,000 flats were cooperatively owned and their rents were 100 to 200 francs lower than rents for similar privately built apartments. Dwellings (except single houses) built with the aid of the cooperative society in Zurich were rented, not sold. At Lausanne the cooperative housing association with the aid of the city had erected, before 1935, 26 individual houses, 8 two-family houses, and 3 apartment houses containing 60 dwelling units. At Bern, the municipality's participation in the cooperative housing projects amounted to 8,700,000 francs before 1935. At Bienne, the city lent the cooperatives funds on second mortgages at 5 percent. Cooperative housing included 213 houses built since 1925 at a cost of 4,000,000 Swiss francs. At Geneva, where a cooperative building association was founded in June 1919, both Federal and Cantonal grants were received. Fifty-two family dwellings, erected at a cost of 1,225,000 francs, were almost completed in December 1921.

LIFE INSURANCE

Life insurance was provided by the Swiss Mutual Insurance Society founded as a result of a resolution adopted at the congress of the Swiss consumers' cooperatives in 1918. From the beginning both cooperative and trade-union groups supported the insurance association, and both acted as agents for it.

On its twenty-second anniversary in December 1941, the Swiss Mutual Insurance Society announced that since its founding it had paid out 15,433,000 francs to its insured. The Society's guaranty fund that year reached 18,790,000 francs.

	1937 (*francs*)	*1934* (*francs*)	*1931* (*francs*)
Amount of insurance outstanding	42, 759, 000	38, 873, 000	6, 448, 000
Premium income	1, 731, 000	1, 561, 000	372, 000
Claims paid	978, 000	611, 000	98, 000
Total assets	16, 078, 000	13, 580, 000	2, 139, 000
Paid-up capital	350, 000	250, 000	50, 000
Reserves	680, 000	530, 000	224, 000

ELECTRICITY COOPERATIVES

In 1937, the number of organized electricity cooperatives in Switzerland was 300 and their membership 85,000, or an average of 283 per association. By 1940 the number of associations had dropped to 287.

Most of these associations were rather small enterprises. Some of them were merely distributors of power purchased at wholesale, others owned their own generating facilities. Near Basel, where many industries—silk weaving, wood carving, pottery making—were carried on in the homes, one large electric cooperative was operating successfully in the early 1930's. The association bought its energy at low rates because it had three possible sources of supply and its rates were at the level of operating expenses. This association, however, was unusual.

Structure of the Consumers' Cooperative Movement

Swiss distributive cooperatives were federated into three main central organizations: (1) The Cooperative Union and Wholesale of Swiss Consumers' Cooperatives (*Verband schweiz. Konsumvereine*, known as "V. S. K."), formed in 1890; (2) Union of Swiss Cooperative Associations, "Concordia" (*Verband der Genossenschaften "Konkordia"*), formed in 1908; and (3) Union of East Switzerland Cooperative Agricultural Associations (*Verband ostschweiz. landwirtschaftl. Genossenschaften*, known as "V. O. L. G."), formed in 1886.

The relative strength of these three federations in 1937 is shown in table 24.

TABLE 24.—*Members and Business of Swiss Federations of Cooperatives, 1937*

[For par values of currency, see Appendix table, p. 278]

Item	Cooperative Union and Wholesale (V. S. K.)	Union of East Switzerland Cooperative Agricultural Associations (V. O. L. G.)	Union of Swiss Cooperatives ("Concordia")
Number of affiliated associations	540	326	47
Number of individual members	413,715	24,104	4,842
Federations—	*Francs*	*Francs*	*Francs*
Amount of sales	200,488,233	[1] 47,864,000	3,340,000
Paid-up capital	1,676,000	2,650,000	48,000
Total sales of member associations	299,252,000	[2] 39,137,000	6,574,000

[1] Including goods marketed.
[2] 1936, including goods marketed.

"Concordia" Union.—The Concordia was a Christian-Socialist federation, the membership of which consisted of Roman Catholic distributive associations, mainly in eastern Switzerland. As indicated in the preceding table, this federation was the smallest of the three, accounting for only about 5 percent of the total affiliated associations.

TABLE 25.—*Sales of Concordia Union of Switzerland and its Affiliated Associations*

[For par values of currency, see Appendix table, p. 278]

Year	Affiliated associations			Sales of the Federation
	Number of stores	Sales	Patronage refunds	
		Francs	*Francs*	*Francs*
1910–11	40	2,319,000	147,000	730,000
1915–16	60	2,893,000	135,000	2,022,000
1919–20	144	9,475,000	324,000	7,466,000
1924–25	192	10,890,000	466,000	6,231,000
1929–30	133	8,764,000	508,000	4,289,000
1933–34	140	7,155,000	447,000	3,373,000
1935–36	139	6,723,000	421,000	3,356,000
1937–38	114	6,077,000	374,000	2,989,000
1939–40	114	6,925,000	414,000	3,816,000

V. O. L. G. federation.—The V. O. L. G. federation was a combination distributive and marketing federation for its affiliated "agricultural consumers' associations." Of 438 stores operated by V. O. L. G. affiliates in 1935, 229 carried in stock all foodstuffs, household goods, brushes, twines, basketry, glass, china, office supplies, drapery, and footwear. In 1930, 61 associations owned agricultural equipment for the use of their members; 48 associations operated feed mills, 4 operated distilleries, and 7, bakeries; 15 had cider presses and 8 had flour mills. V. O. L. G.'s business in consumer goods then amounted to 18,533,000 francs, and its business in farm supplies totaled 14,890,000 francs; agricultural products marketed totaled 4,188,000 francs.

The Cantons of Aargau and Zurich contained a complete network of agricultural associations and there V. O. L. G. supplied 40 to 53 percent of the population's agricultural requirements. In the Cantons of Thurgau and Grisons the agricultural unions were also strong and in 7 others they were fairly well scattered. Farmers made up nearly 80 percent of the membership. The local organizations were usually small; only 44 had a turnover above 200,000 francs and 85 had less than 100,000 francs. In 1935, 229 out of 314 affiliates were consumers' associations and 139 were engaged in marketing produce. Of these, 130 had subsidiary enterprises, including fruit-juice extractors, mills, bakeries, distilleries, and butcheries.

Swiss Cooperative Union and Wholesale, V. S. K.—By far the largest of the three federations was V. S. K., with headquarters at Basel. Its membership included over 60 percent of the total number of distributive associations, and their sales accounted for nearly 87 percent of the total cooperative business. V. S. K. itself carried on a wide variety of merchandising, productive, and educational and service activities.

Intercooperative relations.—In the course of the years, some overlapping of function between the consumers' cooperatives and the agricultural cooperatives had developed. Generally these matters were settled amicably by negotiations between the associations concerned. Thus, in the city of Geneva, where the consumers' cooperative had been processing and distributing dairy products and milk, an association was formed (representing both the cooperative association and the milk producers) which operated the stores and the milk routes and distributed the earnings between the two groups.

In 1933 an agreement between V. O. L. G. and V. S. K. provided for joint purchases by the two federations wherever possible, elimination of competition between them, and an understanding that each would purchase as much of its supplies as possible from the other (agricultural products from V. O. L. G., and manufactured products and consumer goods from V. S. K.).

Relations among all the branches of cooperation in Switzerland were coordinated through the Committee for Intercooperative Relations.

Development of Consumers' Cooperative Movement

As noted, Swiss consumers' cooperation in its modern form dates from 1851, with the formation of an association at Zurich. Growth was fairly rapid, being contemporaneous with the urbanization of Swiss life and the development of new forms of retail trade.

Expansion occurred in all branches of the cooperative movement in Switzerland during the first World War, but during the post-war crisis

years between 1920 and 1925 both membership and sales declined. By 1927 the nation was so well organized cooperatively that a cooperative speaker asserted no further growth could be expected. The movement continued to expand, nevertheless, and in the 5-year period from 1930 to 1934 both membership and sales rose markedly, while average purchases per member increased by nearly 50 percent.

In this period Swiss retail trade included the newer forms of trade, such as the large department store, the modern specialty shop, automobile (or "rolling") stores, etc., operating side by side with the peddler, the market, and the old-time fair. Although small retailers still controlled over 77 percent of the total shops in Switzerland, they were increasingly alarmed by the spread of cooperatives operating many branch stores (and accounting for over 12 percent of the total) as well as by the large-scale joint-stock and partnership companies which together accounted for about 10 percent of all the stores. Organizing into trade associations, the private dealers began to agitate for restrictive legislation and in 1933 were successful in obtaining passage of a law limiting the opening of branch stores; in 1937 they obtained a law levying special taxes upon chain-store organizations and cooperatives.

Although the cooperatives succeeded in obtaining representation on the bodies which passed upon applications for the opening of new branch stores, the Government interpreted the "purchase obligation" clause in V. S. K.'s bylaws (adopted in 1935) as making all of its affiliated associations branches of the wholesale. They were therefore forbidden to open new premises or to alter or extend their present ones without express permission.

During this period, also, the operations of cooperatives and their federations were curtailed by a series of Government regulations establishing foreign-trade quotas and controlling prices. Notwithstanding these difficulties the consumers' cooperatives continued to increase both membership and sales steadily from year to year.

TABLE 26.—*Operations of Members of Swiss Union of Consumers' Associations, V. S. K., 1897–1942*

[For par values of currency, see Appendix table, p. 278]

Year	Number of associations	Members	Number of stores	Sales	Net earnings	Patronage refunds	Value of property
				Francs	*Francs*	*Francs*	*Francs*
1897	71	53,365	279	21,798,000	2,318,000	1,696,000	1,318,000
1900	116	83,549	419	32,725,000	3,204,000	2,392,000	1,916,000
1905	204	141,349	671	54,436,000	4,953,000	4,054,000	4,149,000
1910	328	213,018	1,008	101,000,000	8,567,000	6,997,000	8,262,000
1920	493	363,420	1,824	325,857,000	16,550,000	12,997,000	19,628,000
1925	521	352,172	2,010	276,367,000	15,944,000	13,303,000	21,894,000
1930	523	362,953	2,232	296,513,000	21,177,000	17,640,000	31,755,000
1933	533	389,451	2,404	284,787,000	20,900,000	17,659,000	38,960,000
1934	534	397,142	2,416	279,538,000	20,598,000	17,601,000	40,223,000
1935	535	402,339	2,423	274,200,000	20,098,000	17,273,000	41,104,000
1936	541	407,737	2,436	283,178,000	20,504,000	17,711,000	42,150,000
1937	540	413,715	2,452	299,252,000	21,043,000	18,640,000	43,168,000
1938	543	421,100	2,454	307,069,000	22,065,000	19,471,000	44,904,000
1939	545	427,166	2,469	326,440,000	23,228,000	20,463,000	47,149,000
1940	546	430,315	2,472	350,191,000	23,892,000	21,560,000	48,965,000
1941	(1)	443,000	(1)	373,200,000	(1)	22,500,000	(1)
1942	546	461,000	2,498	406,100,000	26,470,000	23,800,000	(1)

[1] No data.

V. S. K.—A Four-Language Cooperative Federation

Although V. S. K. had begun as an agency for collecting statistics and formulating economic policy, it early added a wholesale distributive department which soon outstripped other functions. By 1939, V. S. K. was the largest customer for Swiss-made goods and Swiss agricultural products and the nation's largest-scale importer of the goods it handled. V. S. K. handled 80 percent of all the macaroni and sugar consumed in Switzerland.

To some extent it had attained this position through use of such measures as exclusive purchasing agreements made with some of its affiliates and (after 1935) the inclusion in its bylaws of a "purchase obligation" for member associations covering certain staple commodities. Direct purchases abroad enabled it to buy to better advantage the foreign goods it needed.

The development of its business activities is indicated in table 27.

TABLE 27.—*Growth of Swiss Cooperative Wholesale, V. S. K., 1895–1942*
[For par values of currency, see Appendix table, p. 278]

Year	Affiliated associations	Total sales	Net earnings	Reserves	"Social" capital
		Francs	*Francs*	*Francs*	*Francs*
1895	55	1, 134, 955	9, 109	16, 250	3, 600
1905	204	9, 143, 129	87, 141	57, 000	180, 000
1915	407	50, 193, 162	479, 383	748, 200	1, 600, 000
1925	521	125, 251, 195	635, 342	1, 592, 600	4, 200, 000
1935	535	177, 148, 267	746, 719	1, 673. 800	9. 000, 000
1936	541	188, 476, 063	722, 140	1, 675, 600	9, 500, 000
1937	540	200, 488, 233	655, 685	1, 675, 800	10. 000, 000
1938	543	207, 029, 695	578, 326	1, 675, 200	10. 500, 000
1939	545	227, 869, 001	583, 222	1, 677, 000	11, 000, 000
1940	546	247, 083, 976	579, 218	1, 680, 200	11, 500, 000
1941	(1)	244, 236, 000	(1)	(1)	(1)
1942	546	263, 690, 000	(1)	(1)	(1)

[1] No data.

PRODUCTIVE ACTIVITIES

V. S. K.'s interest in the use of production as a controlling influence on prices began before the first World War, when the refusal by the cooperative bakeries of Zurich and other towns to agree to a price increase set by the Swiss Master Bakers' Association brought about a boycott of the cooperatives by the syndicate of Swiss mill owners. In consequence V. S. K. purchased in 1912 one of its first productive enterprises—the municipal flour mill at Zurich—and organized the Flour Mill Association of the Swiss Distributive Associations. Flour prices immediately fell 3 francs (58 cents) per 100 kilograms and the flour cartel dissolved. By 1935, the cooperative milling association had a turnover of 8,528,923 francs. It not only operated the largest mill in the entire country but it had built up a fund of 2,000,000 francs to finance expansion.

Inability to obtain adequate supplies, at equitable prices, and contests over price levels were the motivating influence leading to other productive ventures by V. S. K. A long boycott of cooperatives by shoe manufacturers was broken when V. S. K. began construction of its own factory in 1911. This enterprise, originally a department of V. S. K., was reorganized as an independent federation

in 1925, its operations being controlled by the 125 local associations which became its members. By 1938 this enterprise—the Swiss Shoe Cooperative (*Schuh-Coop*)—had annual sales amounting to 8,368,000 francs, of which 1,670,000 francs represented its own manufactures. After the beginning of World War II the private interests again attempted to prevent shoe supplies from reaching cooperatives, but with what success is not reported.

Although some local associations operated their own butcheries, the meat output was not sufficient to supply the whole consumers' cooperative movement. In 1914, therefore, V. S. K. purchased a substantial interest in the largest meat-packing enterprise in Switzerland, with the understanding that the federation would discourage further cooperative meat production. The arrangement proved to be satisfactory and profitable to both parties.

The so-called "chocolate war" was an open fight by the cooperatives against monopoly. V. S. K. inaugurated a boycott against the chocolate trust, in which it was joined by all but 11 of its affiliated associations and by V. O. L. G. The boycott ended when the cartel abandoned its quantity-discount practice to which V. S. K. was opposed.

V. S. K. by 1937 was operating several farms and a coffee-roasting plant. It was also financially interested in a cigar factory, a garden truck association, a wholesale furniture association, the National Union of Cheese Manufacturers at Bern, the National Poultry Federation, and other similar enterprises. (See table 8, p. 29.) Nevertheless, only about 11 percent of V. S. K.'s total sales were of goods of its own production. Among the obstacles to the development of cooperative production were the competition of strong privately owned companies, the demands of the cooperative employees (said usually to be greater in the case of cooperative than of private employers), V. S. K.'s policy of dealing only with member associations, and the lack of international connections, especially for technical innovations.

The membership and business of some of the productive enterprises for the year 1937 may be seen from table 28.

TABLE 28.—*Swiss Consumers' Productive Enterprises, 1937*

[For par values of currency, see Appendix table, p. 278]

Item	Cooperative Dairy Society of Swiss distributive associations	Cooperative flour mills of Swiss distributive associations	Leman Cooperative Flour Mills	Cooperative shoe factory	Cooperative furniture association	Cigar factory
Number of member associations	20	220	49	[1] 125	----------	--------
Number of individual members	----------	291,061	----------	----------	----------	--------
	Francs	*Francs*	*Francs*	*Francs*	*Francs*	*Francs*
Amount of sales	4,986,000	12,099,000	2,004,000	8,368,000	1,409,000	281,000
Share capital paid up	22,000	783,000	146,000	1,196,000	110,000	57,000
Reserves	52,000	200,000	98,000	1,200,000	2,000	--------

[1] Figure relates to 1938.

In the midst of the chocolate war, V. S. K. had begun widespread use of the label "CO-OP" which then and later was an influential factor in increasing its sales and in unifying the cooperatives as pur-

chasers. V. S. K.'s avowed object in all these struggles had been to safeguard the consumer's interests by assuring him a fair price. A similar policy actuated the union in the early establishment of a laboratory for testing the quality of goods. Long before the Swiss Government brought in its Federal foodstuffs legislation, the union had a chemical laboratory of its own, directed (after 1918) by a well-known Swiss scientist.

Swiss Cooperatives and the State

The Swiss consumers' cooperative movement was essentially nonpolitical, although, as individuals, cooperative officials served on Government committees and sat as members of the Swiss Parliament. V. S. K., however, had confined its contact with Government to its own specific problems and had never formulated any concrete program of legislative or political action.

Until the emergencies preceding and arising from World War II, Swiss cooperatives were little touched by national legislation. They literally did not exist in law until the Commercial Code went into force in 1883. Even that code made no mention of federations. It left the legal definition of "cooperative" so elastic that the Swiss could develop "an unparalleled abundance of cooperative types and forms," and so loose that even profit-seeking organizations could and did use the cooperative form. Not till the completion of the revised Commercial Code in 1937 was the cooperative association mentioned separately from commercial companies and clearly defined as an organization for self-help.

Before the end of the 5-year period (1937–1942) provided for the cooperatives' transition to the 1937 law, the Swiss cooperatives had to submit to new taxation and other forms of emergency State control already mentioned.

With the Government's war policy of control of imports, consumption (rationing) and prices, and war taxes, V. S. K., collaborated wholeheartedly. It met severe rationing well by laying in large supplies. Under a law of 1940, it had paid a tax on turnover and a 3-percent tax on all cooperative refunds in excess of 5 percent of sales. When the wartime rise in prices continued in 1943, V. S. K. advocated that the State take over the increase for the more important foodstuffs and lay a special tax to cover the cost. It had defended the consumer against "unjust" taxation and had succeeded in having eggs, fruits, and vegetables placed on the tax-exempt list, and the tax on the main foodstuffs and soap kept down to 2 percent.

In 1941, the Government had imposed the full weight of the original 1933 decree relating to the opening of new or branch stores, and prohibited all expansion except by special license. By midsummer 1943, the cooperatives faced a proposed Federal decision to broaden and continue the licensing system after the war in a way which would actually mean "a fundamental reorganization of large sections" of the Swiss economy. Since the Director of the Federal Office for Industry, Trade, and Labor had announced this new policy to the Swiss retail traders, without consulting any cooperative opinion, cooperatives believed that the Federal Council planned to create "a privileged position for these [the private traders] groups, a kind of monopoly for the defense of their business interests against an in-

convenient competition." Cooperative speakers stressed the cooperative refusal to ask for State help in the past and their own representative character, coming as they did from "all sections of the population, workers, farmers, artisans, teachers, people of all political and religious creeds, who set aside their individual opinions and interests to serve the common interest through cooperative action." [29]

Scandinavian Countries

The Scandinavian countries have been noted for the wide acceptance of the cooperative idea, especially among the farmers. Consumers' cooperatives, however, were not far behind. In Finland, from 30 to 40 percent of the nation's retail trade was done by cooperatives.

Unlike the situation in many other countries, where the national cooperative wholesale of the consumers' cooperatives entered production as part of a definite policy of self-sufficiency, in the Scandinavian countries cooperative production was rarely undertaken where supplies were obtainable from private sources at equitable rates. Even in accordance with this conservative policy, the development of cooperative production nevertheless had become a substantial part of the wholesale's business in each country. The contests between the Swedish cooperative wholesale, K. F., and the cartels controlling certain commodities of wide consumer use resulted in drastic price reductions benefiting not only cooperators but Swedish consumers in general.

In addition to their domestic operations the Scandinavian cooperative movements have been cooperating among themselves for the past 25 years, through the Scandinavian Cooperative Wholesale (*Nordisk Andelsforbund*, known as "N. A. F."), formed in 1918 on the initiative of K. F. Its headquarters office is in Copenhagen and its members are the national cooperative wholesale associations of Sweden, Denmark, and Norway, and the two wholesales of Finland.[30] The business of N. A. F., which acted as joint purchaser for its members, has naturally been affected seriously by the war, especially as Denmark and Norway have been under enemy occupation, and Finland has been cooperating with the Nazis. Nevertheless, during 1942 it was able to make purchases for all of its members. As would be expected, trade with Sweden furnished the lion's share of N. A. F.'s business in 1942. The distribution was as follows: Sweden 87.9 percent, Denmark 7.3 percent, Finland (both wholesales combined) 3.9 percent, and Norway 0.8 percent.

[29] *Sources.*—The report on Switzerland is based upon data from the following publications: Annuaire Statistique de la Suisse (Bureau Fédéral de Statistique, Bern) 1939, 1940; Rapports et Comptes sur l'activité des organes de l'Union (Union suisse des Coopératives de Consommation, Basel) 1940, 1941; International Directory of Cooperative Organizations (International Labor Office), 1939; International Cooperative Bulletin (International Cooperative Alliance, London), issues of April, October, and November 1911, March and October 1912, January and February-March 1914, December 1918, January and December 1919, July-August and November-December 1921, November 1925, and May 1927; Review of International Cooperation (International Cooperative Alliance, London), issues of June and November 1928, May and December 1932, April 1934, August and September 1935, March and November 1936, April 1937, March, May, August and October 1939, February and June 1940, November 1942, August 1943, January 1944; People's Yearbook (English Cooperative Wholesale Society, Manchester, England), 1929, 1930, 1934, 1937, 1938, 1941; Annals of Collective Economy (Geneva), January-April 1941; Report of the Inquiry on Cooperative Enterprise in Europe in 1937 (Washington, 1937); La Coopération—Journal populaire suisse (Basel), issues of April 18 and June 20, 1942, and August 14, 1943.

[30] For additional information on N. A. F. and its operations, see p. 37.

Cooperative Movement in Denmark

When in 1940 the German Nazis invaded Denmark the cooperative organizations were left practically untouched. That the Danish cooperative movement was not liquidated as in other invaded countries was undoubtedly due in part to the characteristics which placed it among the foremost in the world—its powerful agricultural cooperatives and their successful experience in the export trade.

About 90 percent of the population living on Denmark's 206,000 farms belonged to one or more cooperative associations. Practically every phase of the farmer's economy was organized cooperatively. He obtained his farm and household supplies from the cooperative store, his produce was marketed through cooperative associations. Personal insurance as well as protection for crops, buildings, and livestock were available through cooperative insurance associations. Cooperative dairies handled approximately 95 percent of all Danish milk, and about one-third of the butter exports throughout the world came from Danish cooperatives. In 1935, the cooperative associations of that country handled the following proportions of the totals of various Danish goods exported: Eggs, 25.1 percent; cattle, 39.1 percent; butter, 47.1 percent; and bacon, 84 percent.

The consumers' cooperatives, though not so well known, were also important in the nation's economy. Almost 10 percent of the population of Denmark were members of distributive cooperatives and, counting the families, about a third of the Danish people were being served by them. The cooperative associations accounted for about 17 percent of the total retail trade.

The cooperatives, being such a large force in the economic life of the country, were able to exert considerable influence upon prices. On several occasions they even entered upon the production of commodities the price of which they considered unreasonable. Thus, when a rolled-oats company kept its prices artificially high, the cooperatives began manufacturing this commodity and brought prices down by 26 percent. A somewhat similar effect upon the price of twine was exerted by development of a cooperative industry manufacturing 20 percent of the national output of such twine. Ordinarily, however, the cooperative movement did not undertake production when it was well treated by private producers.

Danish cooperative success was attained without either the protection or the restraint exercised by a cooperative statute. No body of actual law for cooperative associations, except for credit organizations, existed in Denmark. For the two generations before the Social Democrats first took over the Government in 1924, the farmers had held the majority in the lower house of the Danish Parliament. They were responsible for progressive legislation which provided a democratic credit system, greatly enlarging the number of individual landowners, and which developed education and social insurance. For the cooperatives, however, the farmers introduced no special legislation. In the early years, almost all cooperatives were unincorporated organizations with unlimited liability, operating simply under the provisions of the common law and controlled by the members, each of whom had one vote only. Cooperatives which sold only to members were not required to obtain licenses and were not taxed on earnings; with this exception, cooperative associations carried on business under the general statutes regulating all Danish trade.

Types of Cooperatives and Their Activities

Cooperatives played a part in many lines of enterprise in Denmark. The greatest variety occurred in the associations serving the farmers. Farm products were marketed either directly or after being processed, and the sale of these commodities was carried on in foreign as well as domestic trade. Necessaries for farm and household were supplied through cooperative channels, as were also insurance of many kinds, credit, electric power, and even hospital care. Nearly all types of cooperatives had their own federation.

The consumers' cooperatives, although not so varied in kind, were almost equally well developed, and there was also a small group of workers' productive organizations.

The relative development of the Danish cooperative movement in 1937 is indicated in table 29. It should be noted that the membership given in the case of the agricultural cooperatives contains a great deal of duplication and the figures should not be totaled. Probably in no country in the world was the individual farmer a member of more types of associations than was the case in Denmark.

TABLE 29.—*Membership and Operations of Danish Cooperatives in 1937, by Type*

[For par values of currency, see Appendix table, p. 278]

Type of association	Number of associations	Members	Business
	Local associations		
			Kroner
Consumers' associations	1,953	391,100	368,495,000
Bakeries [1]	36	[2]	15,100,000
Breweries and dairies [1]	2	[2]	19,700,000
Restaurants [1]	33	25,000	4,995,000
Store associations	1,882	366,100	328,700,000
Workers' productive associations	76	[2]	29,747,000
Fishermen's	36	[2]	10,204,000
Craftsmen's	18	[2]	5,543,000
Other [1]	22	[2]	14,000,000
Housing associations [3]	17	12,980	[4] 8,870,000
Insurance associations	7	658,795	[5] 14,334,000
Electricity associations [3]	283	[2]	[2]
Rural credit associations [3]	100	21,356	[6] 152,100,000
Other agricultural associations:			
Productive, processing and marketing	2,299	476,262	1,050,000,000
Purchasing	1,476	93,275	133,600,000
	Federations		
			Kroner
Consumers' associations:			
Cooperative Wholesale (F.D.B.)	1	[7] 1,841	206,800,000
Bakery supplies [1]	1	[7] 36	15,095,000
Coal supply	2	[7] 174	8,000,000
Agricultural associations:			
Marketing of agricultural products	4	[7] 960	222,335,000
Manufactures	2	[7] 1,775	13,300,000
Purchasing of—			
Agricultural supplies	5	[7] 3,025	156,005,000
Coal	1	[7] 1,030	9,600,000
Central banks	2	[8] 1,333	----------
Sanitarium	1	[7] 1,077	500,000

[1] Data relate only to associations affiliated to central federation.
[2] No data.
[3] Data relate only to associations affiliated to central federation.
[4] Income from rents. Value of dwellings constructed in 1937 was 6,847,000 kroner.
[5] Premium income.
[6] Total turnover.
[7] Number of member associations.
[8] Number of member associations, 1 bank only.

HOUSING ASSOCIATIONS

Cooperative housing associations have played a small but important part in the provision of living quarters in Denmark. Even as early as 1919 the local associations were sufficiently numerous to form their own central organization.

The Danish Union of Workers' Cooperative Building and Housing Associations was formed when housing cooperatives were beginning construction on a considerable scale in Austria and Switzerland, but the period of greatest Danish activity came after 1933. An act of that year, designed to replace dwellings of pre-war construction, authorized the Government to grant loans up to 95 percent of the building costs to municipalities and cooperative housing organizations and up to 70 percent of the cost to private builders. As a result of this law the number of dwellings constructed nearly doubled in 1933–34.

After 1938 the municipality of Elsinore took advantage of a new Danish law which provided for nonprofit projects to provide housing for large families. One cooperative association undertook the construction of 102 apartments, leaving direct technical supervision to the State and the municipality. Capital was obtained from credit associations and the State, but only 5 percent was required from the families and this amount might be guaranteed by the municipality in the case of families of more than two children.

The Union of Workers' Cooperative Building and Housing Associations was a member of the Cooperative Union (*Det Kooperative Fællesforbund*) and, as in the case of other associations affiliated to that Union, its members were mainly industrial workers. In 1937 the housing federation had 17 member associations and they in turn had 12,980 individual members. The largest building cooperative was the Workers' Mutual Building Society which then had 5,000 members and 4,200 apartments to its credit. That organization financed its construction as follows: 40 percent of the capital necessary for an apartment was obtained on a first mortgage from a credit association, 15 percent from an association taking second mortgages, 10 percent from the members (who were the tenants), and the remainder (up to 90 percent) from the State under the law of 1933. After the mortgages were paid off, rents were reduced to the level necessary for adequate maintenance. The next largest cooperative building association—the Workingmen's Society—operated 3,000 apartments in the mid-thirties and used methods similar to those of the Mutual.

The part share of the cooperatives in the provision of Danish housing after 1933 is shown below.

	Dwellings constructed by—		
	Cooperatives	*Public authorities*	*Private builders*
1933	1,042	254	15,079
1934	575	1,197	21,403
1935	249	254	22,436
1936	340	266	17,540
1937	299	836	17,403
1938	482	770	13,369

ELECTRICITY COOPERATIVES

The Danish electric-power business was largely in the hands of the public, through operation either by political subdivisions of the State

or by cooperative associations. The development of rural electrification had begun before World War I and was greatly accelerated by the shortage of fuel oils during that war. Farmers combined in cooperatives and prospective consumers took shares. Many of the cooperatives at first owned both generating plants and lines. When towns and municipalities began electrification later, some of them "wholesaled" power and the farmer cooperatives maintained the lines and operative functions. Occasionally the town and the cooperative in the surrounding area became partners in generating power.

In the mid-1930's Danish rural electricity cooperatives numbered 283 and served a large part of the nation's agricultural area. Their annual sales of power were about 100,000,000 kilowatt-hours, which amounted to from 20 to 25 percent of the total power sales of the country. Later reports indicated that the rate of expansion of the cooperatives was not keeping pace with that of the municipal companies.

COOPERATIVE SOCIETIES' SANITARIUM

In 1904, several dairy associations organized the Danish Cooperative Societies' Sanitarium (*Andelsforeningernes Sanatorieforening*). The sum of $50,000 was raised by subscription by cooperatives and their members and a hospital and sanatorium was built. At the end of the depression of the 1920's more than 1,000 cooperative associations were members of the sanatorium association. Its growth in membership and income since 1930 is indicated below:

	Affiliated associations	*Their members*	*Gross income of sanitarium (kroner)*
1928	1, 072	188, 838	500, 000
1931	1, 074	190, 880	600, 000
1934	1, 077	193, 810	100, 000
1937	(1)	194, 307	500, 000
1939	(1)	359, 496	500, 000

[1] No data.

CENTRAL FEDERATION OF DANISH COOPERATIVES

Coordination of the branches of the Danish cooperative movement was effected through the Central Federation of Danish Cooperatives (*De samvirkende danske Andelsselskaber*) formed in 1917. To it in 1937 were affiliated the following federations and central organizations:

Union and Wholesale of Danish Distributive Societies (F. D. B.).[1]
Association for the Purchase of Goods for the Cooperative Societies of Ringköbing.
Association of Cooperative Dairy Societies.
Association of Cooperative Butter Export Societies.
Association of Cooperative Bacon Factories.
Danish Cooperative Egg Export Society.
Federation of Danish Cooperative Cattle Export Societies.
Danish Seed Supply and Seed Growers' Association.
Jutland Cooperative Society for Feed Purchase.
Islands Cooperative Society for Feed Purchase.
Funen Cooperative Society for Feed Purchase.
Danish Cooperative Fertilizer Supply Society.
Danish Cooperative Coal Supply Society.
Danish Cooperative Cement Factory.
Association of Danish Cooperative Agricultural Insurance Societies.
Cooperative Bank of Denmark.
Danish Union of Cooperative Credit Societies.
Danish Cooperative Societies' Sanitarium.

[1] F. D. B. participated also on an international scale through membership in the Scandinavian Cooperative Wholesale Society (see p. 37).

Development of Consumers' Cooperatives Through 1939

Consumers' cooperatives made their first appearance in Denmark in 1851. In 1871 the first attempt at centralized purchasing was made under a plan developed by Pastor Hans Christian Sonne, and a wholesale association was formed which was later absorbed into the Union and Wholesale of Danish Distributive Associations (*Faellesforeningen for Danmarks Brugsforeninger*, known as "F. D. B.") formed in 1896.

For many years almost the whole of the consumers' cooperative movement of Denmark was in the rural areas, and there were almost no consumers' cooperatives. The wholesale was accordingly composed mainly of farmers' cooperatives, which in 1929 were obtaining 83 percent of their supplies from it. In 1934 this proportion had risen to 89 percent and by 1937 to 91 percent.

Meanwhile in the urban centers a small trade-union cooperative movement had developed, consisting of associations operating bakeries, restaurants, and stores, providing dwelling accommodations, etc. Each of these types of associations had its own federation and all in turn were affiliated to the Cooperative Union (*Det Kooperative Faellesforbund*) formed in 1922. This trade-union group also had its own bank and insurance organizations.

The depression of the early 1930's drew members to the urban consumers' cooperatives, as the following figures indicate. That they still constituted a very small part of the total distributive movement of Denmark, even in 1934, is shown by the fact that the 36 distributive associations accounted for only 60,860 of the total membership of 319,100 and 22½ million of the total business of 171½ million kroner in that year.

	Urban cooperatives	*Membership*	*Turnover (kroner)*
1931	30	42, 230	14, 922, 100
1932	32	52, 200	15, 925, 700
1933	32	55, 400	18, 803, 500
1934	36	60, 860	22, 501, 100

Though the Danish consumers' cooperative associations did not receive as much attention outside Denmark as did the agricultural associations, they had become almost as widely organized. In 1934 the existing 1,883 consumers' cooperatives with their 319,100 members represented almost 10 percent of the country's population—a proportion exceeded only in Great Britain, Finland, and Switzerland with about 16, 14, and 10 percent respectively. Including family members, however, one-third of the Danish people were in some way associated with the consumers' cooperatives, which were doing about 10 percent of the retail trade of Denmark at that time.

The large district associations found in France and Belgium were not a feature of the cooperative movement in Denmark, where the law prevented the formation of branches outside the headquarters locality. (This provision had also checked the growth of chain-store organizations operating in a number of towns or cities.) The Copenhagen cooperative, with its 100 retail outlets (all within the city limits), 31,000 members, and annual business of over 13 million kroner, was a marked exception to the rule. Only 13 other Danish cooperatives had more than 2 stores at the end of 1937 and more than 90 percent of all associations had only 1 place of business.

The average cooperative was nevertheless considerably larger than the average private business [3] and when in the early thirties the difficult world conditions began to be reflected in depression in Denmark, attacks upon the cooperative movement by the private merchants (who were still doing some 90 percent of the total trade) became increasingly bitter. However, as the cooperative associations represented such a well-established and conservative element of Danish economy, the attacks had little or no effect.

The foreign economic situation was more serious, for Denmark's whole business system was geared to its foreign trade. The Government attempted in various ways to overcome the effects of restriction of markets and the resulting accumulation of surpluses of export commodities. Among these were destruction of cattle, reduction of taxes, abandonment of the gold standard, negotiation of trade agreements with England, and imposition of import and export quotas. Although cooperative leaders recognized that Denmark was departing from its traditional free-trade policy only under the compulsion of events, they opposed quotas based upon trade of previous years because the membership and business of the cooperatives was growing. Nevertheless, in the absence of a complete change in the entire Danish economy, the fact remained that public policy was determined largely by the farmers and partially by the cooperatives.

Total turnover of consumers' associations even rose during the depression (table 30) and costs of operation fell—from 10.1 percent in 1932 to 8.9 percent in 1936. Patronage refunds averaged 7 percent in the latter year. In 1938, the consumers' associations reported an improving financial position, for of their working capital their own net worth (shares, reserves, and funds) represented 53.3 percent and 46.7 percent was loan capital (members' deposits, sums owing for goods, credits, etc.). In the Copenhagen consumers' cooperative, net worth constituted 74.6 of the working funds. In the one year 1936, the net surplus of the consumers' associations amounted to 23,500,000 kroner, from which were paid patronage refunds amounting to 19,200,000 kroner.

TABLE 30.—*Membership and Business of Consumers' Distributive Cooperatives in Denmark, 1930–41*

[For par values of currency, see Appendix table, page 278]

Year	Number of associations	Members	Amount of business	Year	Number of associations	Members	Amount of business
			Kroner				*Kroner*
1930	1,823	331,550	147,500,000	1935	[1] 1,891	[1] 424,355	[1] 313,200,000
1931	1,825	331,000	134,700,000	1936	1,898	437,625	338,000,000
1932	1,852	315,500	138,100,000	1937	1,882	[1] 366,100	328,700,000
1933	1,866	317,600	155,000,000	1938	1,891	[1] 376,000	342,000,000
1934	1,883	319,100	171,500,000	1939	1,901	[1] 392,000	361,500,000
				1941	1,933	419,200	([2])

[1] Membership of 1 group not reported.
[2] No data.

[3] In 1938 the average business per cooperative association was 184,000 kroner. Among the private dealers 61 percent had an annual business of less than 25,000 kroner, 5 percent a business of 100,000–200,000 kroner, and 2 percent a business of more than 200,000 kroner.

Federations of the Consumers' Cooperative Movement

Among the consumers' cooperatives there were three groups of associations federated respectively in the Danish Cooperative Union and Wholesale ("F. D. B."), the Cooperative Union of industrial workers, and the Ringköbing association (*Ringköbing Amts Vareindköbsforening*). The industrial group had no wholesale of its own and some of its members were affiliated with F.D.B., which included practically all of the consumers' cooperatives in Denmark. The Ringköbing was a small regional joint-buying organization, the membership of which in 1937 included 70 local associations with 10,000 members and a total annual business of about 3,600,000 kroner.

COOPERATIVE UNION AND WHOLESALE SOCIETY

The F. D. B. from the date of its formation in 1896 had a steady and consistent growth, even during depression years.

By 1916, more than 1,500 cooperative associations with 240,000 members had joined the wholesale. Its annual sales in that year amounted to 87,686,567 kroner and its production to nearly 18,656,716 kroner. By 1927, turnover had risen to more than 133,000,000 kroner and the value of production to 36,869,238 kroner. The wholesale then had branch warehouses in 15 towns and factories in 6. Beyond its regular business of production and sales, it maintained a seed-testing bureau, organized bookkeeping classes, supported the Middlefart Cooperative College, and published a journal which reached 140,000 subscribers. Ten years later, these miscellaneous services had been widely extended to include (1) a central laboratory which carried out analyses and experiments, to the number of 2,872 in 1937 alone; (2) an architects' office which not only dealt with the wholesale's extensive building program (representing a value of 2,450,000 kroner), but also advised consumers' societies.

TABLE 31.—*Membership and Business of Cooperative Union and Wholesale Society of Denmark, F. D. B., 1920–39*

[For par values of currency, see Appendix table, p. 278]

Year	Member associations			Wholesale (F. D. B.)			
	Number	Membership	Amount of business	Amount of business	Value of own production	Net earnings	Patronage refund (as percent of sales)
			Kroner	*Kroner*	*Kroner*	*Kroner*	
1920	1,792	335,104	(1)	203,355,621	41,882,214	5,061,457	3.0
1922	1,805	337,535	(1)	123,410,344	29,735,463	6,233,070	5.0
1924	1,804	337,500	(1)	169,585,367	46,186,675	11,642,057	6.0
1926	1,802	323,500	(1)	136,868,832	38,932,259	6,642,929	5.0
1928	1,784	321,500	(1)	134,368,629	38,079,154	8,701,963	5.0
1930	1,791	321,500	(1)	143,534,129	39,645,475	10,786,099	7.0
1931	1,796	321,500	(1)	121,512,764	36,783,474	(1)	6.0
1932	1,819	306,500	(1)	135,158,025	38,477,258	8,862,857	7.0
1933	1,833	307,600	(1)	151,900,000	42,900,000	(1)	7.0
1934	1,853	309,100	(1)	168,000,000	47,500,000	10,918,000	7.0
1935	1,869	344,000	(1)	184,200,000	51,165,000	11,181,211	6.5
1936	1,856	367,500	303,800,000	195,800,000	55,800,000	(1)	(1)
1937	1,855	366,100	327,000,000	206,800,000	60,600,000	(1)	(1)
1938	1,864	376,000	340,000,000	198,100,000	59,700,000	(1)	(1)
1939	1,870	392,000	359,000,000	216,200,000	65,100,000	(1)	(1)

[1] No data.

The wholesale society's productive policy was friendly to private manufacturers. It entered the field only when private interests did not serve it well. When tobacco merchants, for example, attempted a boycott, the cooperative wholesale began the processing of tobacco. By the year 1937, the wholesale's largest productive works was the margarine factory at Viborg, Jutland, and the coffee-roasting plant at Kolding was next largest. That year F. D. B. purchased 4,600,000 kilograms of coffee beans, or 17.3 percent of all Danish coffee imports. (For products of F. D. B.'s 20 productive works, see table 8, p. 28.)

The wholesale and the Danish agricultural associations worked out so satisfactory a system of collaboration for grass seed that F. D. B.'s turnover of this commodity was greater in proportion to the national consumption than that of any other article which F. D. B. supplied. Agreements begun in 1906 and amended in 1913 and 1926, defined the productive and distributive activities of each group and ultimately established a method of collaboration between producers and consumers which, according to a report of the International Cooperative Alliance, might well serve as a model.

Cooperation Under the Nazis

When the Germans invaded Denmark in 1940, the nation's retail establishments numbered 78,207 and their turnover amounted to 2,959,600,000 kroner. Cooperatives were doing 17 percent of this retail business. In fact, the Danish cooperative associations formed so integral a part of the national economic life that, when the Germans occupied the country, the cooperative machinery and services appear to have been maintained practically intact.

According to a report from the International Cooperative Alliance, the Danish Government collaborated with the invaders at the beginning. Sugar, tea, and coffee rationing, which had already begun, was continued more drastically, but the most severe effect of the German occupation was felt by the producers and consumers of vegetable oils, cereals, dairy products, and meats—the products in which the cooperatives had been most active. Lack of raw materials caused F. D. B. to cease operation of its margarine factory temporarily in April 1940. Under a Government order of May, only large, low-income families could obtain margarine. A decree for the compulsory delivery of cereals was issued in the summer of 1940. Although the allocation for livestock was cut by two-fifths and 50 percent of the pigs and poultry were to be slaughtered, so much cereal was carried off to Germany and used by the German army of occupation that by midsummer the country was relying on the year's bad harvest. Bread rations were consequently greatly reduced. The price of bread in Copenhagen rose from 90 öre per loaf in the summer to 145 öre in the autumn and Parliament had to approve a grant of 16,500,000 kroner to maintain prices at 121 öre.

At the end of October 1940, the number of cattle in the country had been so greatly reduced that milk production was not expected to exceed 60 percent of the customary total. The Germans took the butter which would, in normal times, have been exported to England (15,800 tons in May 1940 alone); Danish butter exports fell to 5,400 tons by September. The German Reich Office for the Milk Industry arranged with the Danish Butter Executive Committee to increase

the price of butter to 450 kronen per 100 kilograms, thus doubling the price of the preceding year. In the first quarter of 1941, prices were raised still further and export was stimulated. However, the price of German coal imported into Denmark was increased also, and eventually domestic milk deliveries suffered most unfavorably. Before the year 1941 ended, Germany's share in Danish foreign trade reached 80 percent.

In 1941, the International Cooperative Alliance reported that German policy had already reduced supplies to a critical point. By the end of 1942, a reduction of more than 12 percent in the Danish cooperatives' productive works had taken place. In October 1943, the I. C. A. commented upon "the depletion of all livestock, general economic impoverishment" and deficiencies.

Until 1940 cooperatives had been taxed only on that part of their earnings that had been derived from business with nonmembers. The Extraordinary Income and Property Taxation Law of 1940–42 subjected the total net earnings of cooperatives to both a property tax and a progressive income tax.

During the first year of the German occupation, Danish cooperative membership increased from 348,000 to 394,000 and in 1941–42 trade as well as membership of the Copenhagen Consumers' Cooperative grew. The Wholesale Association, F. D. B., entered the general publishing field in 1940 by founding a legally independent publishing association, "Det Danske Forlag." Though freedom was sufficient to permit the new society to publish a book on "Fundamental Principles of the Consumers' Movement," the cooperative publishers met opposition from the private interests in the trade. At the Parliamentary elections, the Danes cast the largest vote in their history; the Nazis lost 3,000 votes, and the four large democratic parties gained 365,000 more votes than they had in 1939. Other indications of the survival of democratic institutions—cooperative or not—are lacking.[4]

Cooperative Movement in Finland

In cooperation, Finland was one of the most highly organized countries of Europe. The Finnish cooperative movement developed widely and rapidly because the Finnish people were accustomed from early times to fishermen's, trappers', and other guilds which required conformity to a common principle and the distribution of rewards in proportion to the members' participation. Though farmers and laborers had established separate, independent cooperatives in the nineteenth century, 1899, the year of the formation of the Central Union of Finnish Cooperative Associations, Pellervo-Seura, by Prof. Hannes Gebhard, lecturer in agriculture at the University of Helsinki, marked the beginning of the modern Finnish cooperative movement. Finland had then been an autonomous duchy of Russia for 90 years.

[4] *Sources.*—The report on Denmark is based upon data from the following publications: Statistisk Aarbog (Statistiske Departement, Copenhagen), 1930, 1933, 1935, 1937, 1938, 1940, 1941; International Directory of Cooperative Organizations (International Labor Office), 1933, 1936, 1939; Review of International Cooperation (International Cooperative Alliance, London), issues of September 1928, February 1930, March 1935, January and May 1936, February, June, and August 1937, January and September 1938, January, May, and July 1939, January and March 1940, March 1941, June, September, and December 1942, October 1943; People's Yearbook (English Cooperative Wholesale Society, Manchester, England), 1934, 1935, 1938, 1939, 1941; Quarterly Journal of Economics, vol. 27, November 1912; Report of the Inquiry on Cooperative Enterprise in Europe in 1937 (Washington, 1937); Denmark, A Social Laboratory, by Peter Manniche, (Oxford University Press, 1939); Democracy in Denmark, by J. Goldmark and A. H. H. Hollman, (Washington, D. C., 1936); Denmark, the Cooperative Way, by Frederic C. Howe (New York, 1936); The Cooperator (New York, N. Y.), April 19, 1943.

Through the work of Pellervo and Prof. Gebhard, information on cooperatives was spread, model rules and expert advisers were provided to help in establishing cooperatives, and a law legalizing cooperative associations was passed by the Government at Helsinki in 1901. With this support, the consumer movement quickly reached out from industrial to rural areas, where Gebhard found the same conditions which had influenced Raiffeisen to develop rural banking in Germany. In Finland a central organization to provide rural credit was formed prior to the local associations, and this policy of growth from the center out, of one nation-wide organization in each field, was adopted and carried out except in the case of consumers' cooperatives and in Swedish regions where schisms caused duplications.

The activities undertaken by the consumers' cooperatives were many and varied, and the cooperative movement greatly increased the efficiency of the whole economic structure of this northern agricultural nation. After 1920, cooperatives assisted Finland's hundreds of thousands of former tenants, small landowners, and settlers to revise their economy. Through their participation in cooperatives a large part of the population received the advantages of modern technical processes, of an organized system of credit, and of wholesale buying and selling. Large-scale output and distribution reduced the middleman's expenses and enabled the farmers to receive for their produce 70 to 75 percent of the prices paid by the consumers in the cooperative dairies. In addition to providing these economic advantages, the cooperative associations (particularly their central unions) raised the standard of professional skill among their members and helped educate the Finnish people in the principles of business management, collaboration, and self-government.

During the years of peace the consumers' cooperative movement grew in both size and economic stability and by the onset of the second World War was supplying half of the population and doing about a third of the entire retail trade of the nation. Losses incurred in the war with Russia were great, but in spite of them the movement continued to grow. Data on developments since Finland threw in her lot with Germany in 1941 indicate that membership has continued to grow, but scarcities of goods have cut down cooperative sales.

Types of Cooperatives

The following cooperative central unions were in existence before Finland became independent of Russia in the spring of 1918:

	Year in which founded
"Labor" Central Agricultural Supply Cooperative Association (Swedish)	1897
Central Bank of Cooperative Agricultural Credit Associations, O. K. O.	1902
Finnish Cooperative Wholesale Association, S. O. K.	1904
"Hankkija", Agricultural Cooperative Wholesale Society	1905
"Valio", Federation of Finnish Cooperative Dairies	1905
General Union of Consumers' Cooperative Associations, Y. O. L.	1908
Central Union of Finnish Distributive Associations, K. K.	1916
Cooperative Wholesale of the Central Union of Finnish Distributive Associations, O. T. K.	1917
Central Livestock Cooperative Association	1918
"Unity," Cooperative Butter Export Association (Swedish)	1918

With the achievement of Finnish independence[5] and the Land Act of 1918 (which gradually increased the number of landowners), the consumers' and agricultural cooperative movements took on new vigor. The Swedish Cooperative Union in Finland was established in 1919. The Central Cooperative Egg Export Association ("Muna") the Forest Owners' Central Organization, and the Union of Cooperative Associations in Aland, were formed in 1921 and a number of insurance associations within the decade of the 1920's. Table 32 provides detail on the growth of cooperative associations in the early twentieth century and illustrates clearly the great increase in rural organization.

TABLE 32.—*Number of Cooperative Associations in Finland, in Specified Years, 1905–33*

Type of association	1905	1910	1914	1918	1919	1920	1921	1922	1933
All types	592	1,929	2,300	2,991	3,120	3,281	3,422	3,634	5,460
Consumers'	166	512	517	689	737	770	788	790	545
Credit	140	416	512	708	713	728	775	949	1,401
Telephone					91	112	120	127	335
Electricity					45	58	72	87	[1] 250
Agricultural:									
Dairy	225	362	436	494	494	504	515	541	696
Machinery	4	191	235	295	303	320	333	269	400
Turf	7	85	127	172	181	188	195	202	110
Egg marketing					71	77	79	89	195
Cattle marketing									7
Forestry									5
Miscellaneous [2]	50	363	473	633	485	524	545	580	1,516

[1] Including sawmill and flour mill.
[2] Miscellaneous for 1905, 1910, 1914, 1918 includes chiefly agricultural associations; for 1933 it includes 1,216 agricultural associations.

The leading form of cooperative in Finland consisted of the consumers' groups, which included 16.6 percent of the population and accounted for 30–40 percent of the retail trade of the country. Cooperative dairies and milk-marketing associations, with 77,155 members and 20,395 collaborating nonmembers, ranked next in size; egg-marketing organizations and the cooperative slaughterhouses were also important. Among the successful types of rural cooperatives were the more than 1,100 credit associations with a membership of 152,500. Many consumers' cooperatives also had savings and credit departments. Other forms of cooperation developed in Finland were insurance cooperatives (one group of consumer associations, S. O. K., was served by three insurance organizations and another, K. K., by two) and housing cooperatives which began to grow before World War II. The variety of the Finnish cooperatives in 1937 is indicated in the statement below:

	Number	*Members*
All types	5,330	868,373
Consumers'	539	562,300
Housing	100	1,800
Credit, rural	1,179	147,500
Insurance	392	(1)
Forestry	4	2,800
Electricity, rural	183	11,400
Agricultural	2,933	142,573

[1] No data.

[5] The Constitution was adopted July 17, 1919, and peace was finally made with Russia by the treaty of Tartu in 1920.

Cooperative housing.—Though the need for cooperative housing was great, this branch of the cooperative movement developed slowly in Finland. In 1910 almost 70 percent of the population of Helsinki lived in the one-room flats which constituted 74 percent of all housing in the city. Rents were controlled during World War I and practically no building was done. In 1919 about 50 percent of the population still occupied one-room flats and some 96,000 out of a total of 157,000 families lived in one- or two-room dwellings.

The first cooperatively owned apartment house (with 250 rooms) was erected in Helsinki in 1919. The following year 1,300 rooms were cooperatively built, in 1924 some 5,400, and in 1926 about 10,000. To finance construction, each apartment owner paid 50 percent of the cost, the cost per room being about 30,000 markkaa.[6] By 1926 it was reported that every member of the Helsinki bricklayers' union owned a cooperative apartment of 2 or 3 rooms. The cooperative housing, however, apparently did not meet the need, for it was reported in the late 1930's that the building that was being done was mainly for the better-paid classes and the poorer workers were still paying as much as 25 to 30 percent of their wages in rent.

After negotiations of some length, the "progressive" cooperative associations (including the wholesale, O. T. K., the Elanto association of Helsinki, and the cooperative insurance company, Kansa), the Housing Reform Associations, and other groups founded a cooperative, the Central Housing Association ("Haka"), in the autumn of 1938. Haka undertook the construction of buildings, and founded the tenants' associations. Under Finnish law these associations were usually limited companies. The associations sold shares, generally at the rate of about 310 markkaa per square meter of the floor area (as contrasted with the 1,000 markkaa charged by private housing companies), and the sum so accumulated constituted the capital of the association. After the shareholders paid 15 percent of the cost, the remainder was advanced by reliable financial institutions and the city of Helsinki which granted second mortgages from a special fund.

Development of Consumers' Cooperatives

Though the consumers' cooperatives did not actually begin as an organized movement in Finland until the opening of the twentieth century, a distributive association was founded in Viipuri (Viborg) in 1878 and others appeared elsewhere in the 1880's and 1890's. Uniformity among early cooperatives was promoted in 1904 when Väino Tanner (later Prime Minister of Finland and always a supporter of cooperatives) and the Pellervo Association assisted in the formation of the Finnish Cooperative Wholesale Association (*Suomen Osuuskauppojen Keskuskunta*, known as "S. O. K."). Four years later the need for a special organization to carry on educational work caused the founding of the General Union of Consumers' Cooperative Associations (*Yleinen Osuuskauppojen Liitto*, known as "Y. O. L."). Under the policy immediately adopted by the central body, local cooperatives were urged to discourage credit sales and to build up capital by requiring membership investment of 10 to 25 markkaa (19–48 cents) per person.

[6] For par values of currency, see Appendix table, p. 278.

The incentive to cooperative expansion resulting from the work of S. O. K. and Y. O. L. coincided with the resurgence of national ambitions. The systematic restriction of Finnish autonomy that had begun with the Russian manifesto of 1899 was ended temporarily by the assassination of the Russian General-Governor of Finland in 1904 and the disturbances of 1905 in Russia. The Finnish Diet was restored and the Finns established a form of representative government extremely democratic for that day. Another period of Russian repression followed. Between 1906 and 1910 consumers' cooperative membership declined (table 33), but in the 4-year period between 1914 and 1918 consumers' associations developed quickly, the membership rising from 97,000 to 255,000 and sales from 71 million markkaa to 482 million markkaa. At the end of 1919 Finland's officially registered cooperative associations totaled 3,135, or 1 cooperative for every 1,200 inhabitants; and there was 1 cooperator for every 7 inhabitants.

TABLE 33.—*Membership and Operations of Finnish Distributive Cooperatives, in Specified Years, 1902–23*

[For par values of currency, see Appendix table, p. 278]

Year	Membership	Number of stores	Amount of sales	Amount of share capital and reserves
			Markkaa	*Markkaa*
1902	6,000	34	1,200,000	
1906	50,000	274	22,000,000	800,000
1910	37,000	452	47,000,000	3,400,000
1914	97,000	415	71,000,000	6,800,000
1918	255,000	585	482,000,000	47,900,000
1922	342,000	601	1,800,000,000	112,200,000
1923	352,000	596	1,945,000,000	131,600,000

Finnish industries, particularly paper pulp and textiles, were then reaching large-scale size and the changes in Finnish economy and thought had split the Finnish cooperative movement. Between 1870 and 1915, while the nation's population grew from 1,769,000 to 3,301,000, the town population quadrupled. Within the membership of S. O. K. and Y. O. L. in which both agricultural and urban groups were included, differences developed over cooperative principles, attitude toward labor, and the so-called "socialistic innovations." A number of urban associations withdrew in 1916 and 1917 and established their own Central Union of Finnish Distributive Associations (*Kulutusosuuskuntien Keskusliitto*, known as "K. K."), and their own wholesale, the Cooperative Wholesale of the Central Union of Finnish Distributive Associations (*Osuustukkukauppa*, known as "O. T. K.").

This division had scarcely occurred when the Finnish revolution began, with a strike in which cooperative employees took part, and cooperative warehouses were plundered. S. O. K. was declared the property of the State, and a member of one of the new consumers' cooperatives became its commissioner. The fighting ended in the spring of 1918 with the complete establishment of Finland's independence. Both the new and the old consumers' cooperatives suffered from the revolution but ultimately the Finns founded a compromise democratic government, moderate views prevailed, and the entire cooperative movement survived.

A second division within the consumer movement took place 3 years after the first, when the Swedish cooperatives in Finland—some 229 associations situated mainly in Wasa—withdrew from Pellervo.

In spite of these separations, the growth of the original federation, Y. O. L., of the original wholesale, S. O. K., and of their affiliated associations did not suffer perceptibly. Three years after the "progressive" associations withdrew from Y. O. L., the latter's affiliated associations had increased by 81 and the number of shops and members showed a similar increase. At the end of World War I these "neutral" associations had 200 gasoline stations throughout Finland.

	Associations	*Stores*	*Members*
Before schism:			
1915	431	980	110, 800
1916	486	1, 257	181, 700
Y. O. L., after schism:			
1918	524	1, 302	173, 564
1919	567	1, 610	201, 307

The growth in the membership and sales of the member associations of both of the central federations continued until 1929, the sales of K. K. affiliates doubling between 1920 and 1925. By 1930, 423 consumers' cooperative associations belonged to the neutral Y. O. L., and 112 to the progressive K. K. Their total membership then numbered 467,480 in a population of 3,667,067, and their total sales aggregated 2,988,984,233 markkaa. The value of the combined sales of the two wholesales was 1,679,566,779 markkaa. In the depression year of 1932, when 2.5 percent of the Finnish population was unemployed, cooperative sales fell 20 percent as compared with 1928. No cooperatives went bankrupt, however, and cooperative purchasing loyalty increased, as is customary in depressions, S. O. K.'s sales rising 3 percent. In 1931, associations affiliated to S. O. K. purchased from it 79 percent of the articles they sold.

Consumers' Cooperatives Prior to Outbreak of World War II

DEVELOPMENT OF LOCAL ASSOCIATIONS

A characteristic of Finnish consumers' cooperatives was the variety of goods and services offered by them. Many of the Y. O. L. rural associations were general-purpose associations, their stores providing as many as 5,000 different articles, including household and hardware utensils, groceries, cloth, shoes, ready-made clothes, feed, fertilizer, poultry, bicycles, gasoline, etc. They also purchased eggs, grain, butter, meat, etc., from the members for sale in the cooperative stores and on the open market. The associations of the progressive K. K. group often had both rural and urban members and handled thousands of different items. The affiliates of both Y. O. L. and K. K. operated savings departments, cafes and restaurants.

The local associations also engaged extensively in production, mainly of bakery goods and beverages. In 1935 the value of the total production of Y. O. L. and K. K. affiliates was almost 300,000,000 markkaa. In 1938 the enterprises operated by affiliates of Y. O. L. numbered some 140 and were mainly bakeries. Their total output was valued at 64,000,000 markkaa and in 1939 at 71,300,000 markkaa, an increase of 11.4 percent. The annual output of the enterprises operated by K. K. associations—more urban than those of Y. O. L.—had then reached a value of 404,000,000 markkaa.

By 1938 some 550 consumers' cooperatives were in operation in Finland. Their membership had increased 25 percent in the past 5 or 6 years and their retail stores handled about 30 percent of the retail trade of the nation. Their chains of modern, well-equipped stores, more than 6,000 in number and efficient and attractive in character, covered the country and served 606,000 members, representing 50 percent of Finland's population. Distributive sales totaled 5,137 million markkaa in 1938 and total capital 745 million markkaa (table 34). The movement ran 361 restaurants in 1939, often distinctive for their attractiveness and good cuisine. More than 300 productive units, working in or with these cooperatives, manufactured goods valued at 444 million markkaa in 1938.

TABLE 34.—*Membership and Operations of Cooperative Commercial Associations, in Specified Years, 1905–39*

[For par values of currency, see Appendix table, p. 278]

Year	Stores	Cafes and restaurants	Productive works	Number of associations		Number of members	Amount of sales	Own capital	Net earnings
				Registered	Active				
							1,000 markkaa	*1,000 markkaa*	*1,000 markkaa*
1905	210	------	------	171	155	26,360	10,811	540	354
1910	695	------	------	525	405	79,021	43,589	3,381	1,267
1915	980	------	------	553	413	110,864	89,158	8,136	3,612
1920	2,422	40	138	801	623	330,887	1,450,145	64,599	30,381
1925	3,084	126	227	802	562	387,477	2,381,885	203,334	40,476
1930	3,908	178	249	796	534	466,911	3,985,809	388,182	53,813
1935	4,930	235	277	779	532	517,529	3,319,963	474,089	72,326
1936	5,281	258	294	779	534	537,106	3,761,984	512,040	86,742
1937	5,625	285	322	785	539	562,279	4,671,760	561,397	117,425
1938	6,031	328	314	790	542	605,988	5,137,656	630,133	115,044
1939	6,059	361	319	791	545	640,810	5,465,952	654,066	119,880

The "Elanto" association at Helsinki.—The largest distributive cooperative in Finland and one of the largest in northern Europe, was the "Elanto" ("Livelihood") of Helsinki. It was started with the aid of Pellervo in 1905 when an official inquiry exposed very unsanitary conditions in the bakery trade. The original activity undertaken was a bakery which delivered its first load of bread in 1907 and was rebuilt on a scale sufficient to supply half of Helsinki in 1925. The association added milk products to its activities in 1911, groceries in 1914, meats in 1917, a savings department in 1919, and drug stores and factories making chemical and drug products in 1920. By 1923 Elanto was operating, besides these, a leather factory, a brewery for light beer, a jam factory, saddlers', mechanical, and knitting mills, a soap works, two farms, and 136 retail stores. Membership was then 29,659, value of production 86.8 million markkaa, and the amount of sales 167.7 million markkaa.

The Elanto association emphasized high quality and low prices and did not hesitate to go into production when necessary to secure these. Other characteristics of the association were its cash policy, the efficiency of its stores and restaurants, its fixed 2-percent patronage refund, its policy of transferring 30 percent of earnings to reserves, the large amount of these reserves, its enlightened labor policy, its progressive democratic administration, and the influence of its policy upon business competitors. Its financial position was very strong, for its business was financed largely by its own funds.

By the mid-1930's, Elanto had begun the use of traveling shops and added a flour mill, a mineral-water plant, a laundry, a steam-power plant, and restaurants and cafes. By 1940 Elanto was operating 394 branches and 18 restaurants. In the first year of the war, Elanto was responsible for feeding the majority of the population of Helsinki. Its development is shown below:

	Members	*Turnover (markkaa)*	*Own funds (markkaa)*
1915	7, 207	49, 175, 067	2, 039, 378
1918	19, 161	33, 935, 084	(1)
1919	23, 612	57, 804, 464	(1)
1920	28, 405	17, 945, 958	487, 306
1925	31, 865	28, 918, 062	4, 713, 990
1930	42, 329	309, 545, 039	61, 861, 111
1935	49, 736	271, 916, 547	58, 861, 111
1936	(1)	342, 000, 000	(1)
1937	53, 218	401, 000, 000	(1)
1940	70, 000	502, 000, 000	103, 000, 000

[1] No data.

DEVELOPMENT OF CENTRAL FEDERATIONS

The trend of membership and operations of the associations affiliated with each of the central federations, Y. O. L. and K. K., is indicated in table 35. Y. O. L. associations in 1939 still greatly outnumbered those in K. K. The latter, however, were by far the larger associations, their average membership being 3 times as large as that of Y. O. L. associations and their average business being over twice as large.

TABLE 35.—*Membership and Operations of Affiliates of Finnish Federations, Y. O. L. and K. K., in Specified Years, 1914–43*

[For par values of currency, see Appendix table, p. 278]

Year	Number of associations	Membership of associations	Total sales	Total net surplus	Own production
	Affiliates of Y. O. L. ("neutral")				
			Markkaa	*Markkaa*	*Markkaa*
1914	415	97, 000	71, 000, 000	(1)	(1)
1918	524	173, 564	368, 000, 000	(1)	(1)
1920	489	181, 214	964, 016, 663	(1)	(1)
1925	446	188, 300	1, 319, 200, 000	(1)	(1)
1928	419	206, 414	1, 824, 684, 822	(1)	(1)
1930	423	225, 748	1, 741, 000, 000	(1)	(1)
1932	416	232, 058	1, 538, 339, 814	125, 754, 429	(1)
1935	(1)	(1)	1, 984, 569, 156	(1)	49, 718, 759
1936	414	260, 000	2, 252, 766, 207	(1)	60, 967, 382
1937	417	280. 000	2, 823. 000, 000	(1)	78, 102, 235
1938	417	299, 315	3, 034, 400, 000	56, 025, 000	64, 000, 000
1939	418	317, 652	3, 208, 379, 000	59, 371, 000	71, 300, 000
1940	368	295, 124	3, 555, 823, 352	(1)	95, 524, 488
1942	(1)	360, 000	4, 400, 000, 000	(1)	(1)
	Affiliates of K. K. ("progressive")				
			Markkaa	*Markkaa*	*Markkaa*
1918	87	95, 216	146, 856, 915	5, 178, 818	(1)
1920	106	143, 896	525, 846, 302	10, 456, 999	(1)
1925	113	198, 845	1, 063, 670, 676	18, 931, 377	(1)
1928	112	225, 537	1, 358. 200, 000	31, 600, 000	(1)
1930	112	241, 732	1, 247, 984, 233	(1)	(1)
1932	110	248, 551	1, 064, 808, 177	18, 800, 000	231, 661, 505
1935	115	265, 169	1, 335, 493, 881	24, 300, 000	246, 349, 890
1936	118	275, 000	1, 503, 000, 000	(1)	(1)
1937	122	282, 600	1, 860, 000, 000	46, 000, 000	(1)
1938	125	306, 673	2, 103, 253, 477	(1)	380, 458, 522
1939	127	323, 100	2, 256, 900, 000	(1)	404, 000, 000
1940	119	317, 758	(1)	(1)	(1)
1942	(1)	358, 279	3, 295, 000, 000	(1)	(1)
1943	(1)	363, 267	3, 919, 000, 000	(1)	(1)

[1] No data.

COOPERATIVE INSURANCE

Although the cooperative law of 1901 did not permit cooperative associations to carry on insurance business, the cooperatives formed separate insurance organizations which were operated on cooperative principles. In the last years before the outbreak of World War II the Finnish insurance organizations were suffering from a decline in the interest rate and a consequent increase in premium rates. In 1936 the total value of new policies failed to reach the level of 1935 by 26 percent.

Attached to the neutral Y. O. L. cooperative group were the following insurance organizations:

Cooperative Life Insurance Association, Pohja, founded 1923, with 84,683 members in 1937 and the amount insured totaling 1,232,121,000 markkaa. In 1936 Pohja's investments amounted to 140,000,000 of which 51,000,000 markkaa were in cooperative associations and their enterprises.

Fire, Motor Cars and Accidents Insurance Association, Vara, founded 1910, with 631 member associations in 1937 and 28,013 persons insured against fire and 10,488 against accidents.

Staff Insurance Fund of Consumers' Cooperative Associations, Elonvara, founded 1919, with 337 member associations in 1937 and 5,855 persons insured. A recent law required that the employer be responsible for the first 200 markkaa compensation paid for accidents. In 1936 Elonvara paid old-age pensions to 18 people, invalidity pensions to 27 persons, and sickness and maternity pensions to 98 persons. In the workers' sickness department pensions were paid to 246 persons.

Attached to the progressive K. K. cooperative group were the following organizations:

Mutual Life Insurance Company, Kansa, founded 1923, with 262,945 members in 1937 and the amount insured totaling 1,154,915,000 markkaa. Kansa issued collective insurance policies through 53 cooperative associations in 1936. Burial insurance policies were taken out for their members by 108 cooperative associations.

Mutual Fire and Accidents Insurance Company, Kansa, founded 1919, with 104,576 persons insured in 1937 and the amount insured totaling 3,205,319,000 markkaa.

DEVELOPMENT OF COOPERATIVE WHOLESALES

In the schism in 1916–17 which resulted in the formation of K. K. and its affiliated wholesale, O. T. K., more than half of the local associations retained their membership in the original wholesale, S. O. K. In 1938, the year before the outbreak of the second World War, the progressive wholesale had edged slightly ahead as regards the combined membership of the affiliated associations. The neutral wholesale still led as regards number of affiliates and total sales, but O. T. K.'s business was growing at a faster rate than that of the neutral organization (table 36).

Cooperative wholesale production.—Finnish central cooperative organizations did not produce as extensively as those in some neighboring countries. In addition to the split in the cooperative movement already mentioned, other reasons for this were lack of capital, the large amounts of production by retail cooperatives, and inexperience in industrial life.

In 1928 when the value of O. T. K.'s production was 64.8 million markkaa, that total formed only 8 percent of the wholesale's turnover. For the same year the value of S. O. K.'s production also amounted to 8 percent of its turnover. By 1938 the proportion of own production to annual turnover had increased to some 20 percent for both

TABLE 36.—*Membership, and Operations of Finnish Cooperative Wholesales, S. O. K. and O. T. K., in Specified Years, 1905–43*

[For par values of currency, see Appendix table, p. 278]

Year	Number of associations	Number of members	Amount of sales	Amount of capital	Net earnings	Own production
	S. O. K. ("neutral")					
			Markkaa	*Markkaa*	*Markkaa*	*Markkaa*
1905	(1)	(1)	1,004,025	127,400	(1)	
1910	(1)	(1)	13,610,079	1,146,300	(1)	
1915	341	(1)	35,098,522	3,856,800	1,456,781	
1920	500	(1)	323,699,443	19,579,200	4,337,573	[2] 20,339,090
1925	(1)	(1)	700,548,578	53,003,024	10,561,768	(1)
1930	423	228,781	1,008,586,919	120,672,917	17,227,619	123,586,581
1933	418	237,399	914,571,571	156,717,512	(1)	183,585,602
1935	417	252,360	1,101,210,376	176,053,489	(1)	212,010,977
1936	(1)	(1)	1,211,799,821	188,429,710	27,134,000	259,800,000
1937	(1)	(1)	1,520,074,340	199,877,836	35,037,000	315,868,850
1938	417	300,000	1,562,819,150	215,911,228	(1)	308,133,363
1939	(1)	(1)	1,646,000,000	(1)	(1)	356,000,000
1940	(1)	(1)	1,649,555,434	(1)	(1)	400,231,535
1941	(1)	(1)	1,754,564,000	(1)	(1)	(1)
1942	(1)	(1)	1,770,000,000	(1)	(1)	344,200,000
1943	(1)	(1)	2,153,000,000	(1)	(1)	450,000,000
	O. T. K. ("progressive")					
			Markkaa	*Markkaa*	*Markkaa*	*Markkaa*
1915	(1)	(1)	[2] 14,375,207	[2] 3,450,750	(1)	
1920	110	(1)	98,837,754	8,819,750	3,105,923	
1925	112	(1)	656,176,161	40,783,000	8,839,390	
1930	112	242,301	670,979,860	91,858,044	8,195,494	
1933	109	(1)	604,970,281	117,309,675	(1)	82,035,578
1935	(1)	(1)	776,745,679	138,435,875	(1)	103,917,420
1936	(1)	(1)	871,952,137	150,459,875	(1)	155,000,000
1937	(1)	(1)	1,094,751,028	165,757,500	(1)	
1938	(1)	306,673	1,195,930,015	182,625,750	26,300,000	228,853,923
1939	127	323,081	1,257,000,000	201,300,000	27,100,000	243,300,000
1940	(1)	(1)	1,397,615,000	(1)	(1)	(1)
1941	(1)	(1)	1,613,321,000	(1)	(1)	(1)
1942	(1)	(1)	1,612,000,000	(1)	(1)	239,600,000

[1] No data. [2] For year 1918. [3] For year 1921.

wholesales. The productive works of the two organizations in the mid-1930's were as follows:

S. O. K.—At Helsinki: Hosiery, chemical factories, chicory, coffee roasting, bakeries. At Vaajakoski: Match, paper, margarine, preserving factories, sawmill, brushworks. At Viborg: Biscuit and macaroni factories. At Jamsa: Brickworks. At Oulu: Flour mill.

O. T. K.—At Helsinki: Fertilizer, technochemical, margarine, underwear, tailoring factories, coffee roasting. At Jääski: Rye-flour mill. At Tampere: Match factory. At Merikarvia: Herring pickling plant.

Cooperatives and the State

Though the Finnish cooperative movement could not exert unified political pressure because of the schism in 1916–17, Finnish cooperative interests were close to every Finnish Government. In 1919 the President of Finland was a former chairman of the board of directors of Elanto of Helsinki, the largest consumers' cooperative in Finland, and his Minister of State was Elanto's current chairman. At the time of another crisis, the outbreak of World War II, cooperative leaders were still serving in important Government capacities. The Minister of Finance held the presidency of the International Cooperative Alliance; a recent prime minister had been a prominent cooperator; and the head of S. O. K. and Y. O. L. had also been commercial

head of the State's Central Food Committee. Though the division between the two consumer groups was not clear cut, as a rule it was the "progressive" group that was recognized by the State as representative of the consumers' general interests and its officials who were invited to serve on customs and other committees.

Finnish Government favors to the cooperatives included actual subsidies, especially in the field of agricultural cooperation. Rural credit associations received funds for auditing and Hankkija received them for seed experimentation. Subsidies were given for cooperative education. In the early 1930's S. O. K., the "neutral" wholesale, received about 79,365 markkaa annually for this purpose and Pellervo about 436,508 markkaa. Government loans to the credit associations were also made and the Government owned about 23,809,524 markkaa of the share capital of the Central Bank in the mid-1930's.

Legally, the position of the Finnish cooperatives rested upon the Cooperative Law of 1901, as revised in 1918 and 1927, and the law of 1895 relating to joint-stock companies. The cooperative law forbade cooperatives to carry on insurance business and certain forms of banking, it limited the member's liability to the amount of his share holdings, it provided special regulations for the administration of loan business and for democratic administration, and on the whole it allowed the associations great freedom of action.

Cooperative associations were obliged to pay taxes to the State, the municipality, and the Church, though both State and municipality were known to grant reductions. Cooperatives designed to supply their members with commodities or to promote members' productive activities were required to pay income tax on only half their net earnings (under certain lenient conditions). Regulations such as these incited private traders to attack the cooperatives as recipients of special privilege. In the autumn of 1935 it was reported that a bill had been prepared by a special committee, for submission to the Finnish Parliament, which would place the cooperative movement on the same basis as all other business. The fate of this measure is not known.

Consumers' Cooperatives in World War II

Less than 3 months after the outbreak of the war in September 1939, hostilities began between Russia and Finland.

The Finnish consumers' cooperatives entered the war with their financial condition greatly strengthened, as has been indicated above. Progress continued in 1939. Among the gains made by the K. K. associations should be included 16,000 new members, 38 new stores and cafes, and in total sales, the amount of 153,646,523 markkaa which meant an 7.3-percent increase over the previous year. In 1939, the membership in the Y. O. L. associations increased from 299,315 to 317,652, total trade to 3,208,379,000 markkaa, making a gain of 5.7 percent, and the number of retail units increased by 105 to a total of 3,612. Of the latter, 3,208 were ordinary stores, 215 small shops, and 189 cafes and restaurants. The wholesales also made appreciable gains in business and resources.

The peace treaty was signed at Moscow on March 12, 1940. Under the Protocol of April 29, 1940, Finland ceded about 14,000 of its 148,000 square miles of territory to Russia and received into its reduced

area 450,000 inhabitants from the ceded lands. Since the ceded lands lay in the southeastern section near and above Leningrad and since the port of Viipuri was included, the cooperative movement suffered considerably. The losses to Russia in 1940 comprised about one-tenth of the consumer movement—8 associations with 32,000 members, 269 stores and restaurants, and 21 productive works representing an annual turnover of 237 million markkaa, 450 distributive and productive enterprises serving 43,000 members, whose purchases totaled 395 million markkaa annually, and the largest mill in the country (situated at Viipuri), a bakery, meat cannery, a new rye mill (at Jääski), an office building, and warehouses. Though these properties were again under Finnish administration in 1942, the value of S. O. K.'s productive works decreased 21 percent as compared with the previous year and that of O. T. K.'s by 17.4 percent.

In spite of these losses, the membership of associations affiliated to Y. O. L. increased about 4 percent during 1940 and the aggregate trade of all affiliates (amounting to 3,555,823,352 markkaa) showed a growth of 10.8 percent. Business in the cafes and restaurants grew 43.5 percent over 1939 and own production of the affiliated associations 39 percent. The main problem was to obtain essential raw materials and a continuous supply of commodities. By December 1940 the average cost of living had increased 35 percent (over August 1938–July 1939) and wages were rising very slowly. In 1941 the cost of living climbed 18 percent over 1940. Many adults could not afford sufficient food to maintain health, and children were ill. The cooperative movement requested the Government to control prices and stop speculative trading. In midsummer 1941 the International Cooperative Alliance reported the food situation was as bad in Finland as in Spain. The cost of living continued to rise in 1942 and the sales tax was also raised.

Finland joined Germany and went to war against Russia on June 26, 1941. Their troops reoccupied the ceded territory, which was reincorporated into Finland by vote of the Finnish Parliament on November 29, 1941. Since that time Finnish cooperatives have continued their successful operation. During 1942 Finnish dependence on cooperatives was so great that approximately 720,000 families, representing more than half of the total population, were organized into consumers' cooperatives. Because of a reduction in the volume of foreign and domestic supplies, however, the volume (though not the money value) of the total cooperative retail trade was less than in 1939.[7]

[7] *Sources.*—The report on Finland is based upon data from the following publications: Suomen Tilastollinen Vuosikirja, Tilastollisen Päätoimiston Julkaisema (Helsinki) 1932, 1939, 1940, 1941; The Finland Yearbook 1939–40 (Helsinki, 1939); Finland of 1940–41 (New York, 1940); Neutral Cooperative Movement in Finland; Its Tasks and Place in the Community (Helsinki, 1933); A Quarter of a Century of Cooperation in Finland (Helsinki, Government Printing Office, 1924); Agricultural Cooperation in Finland (Helsinki, Pellervo-Seura, 1936); Cooperation in Finland, by Hannes Gebhard (London, 1916); Cooperative Societies Throughout the World—Numerical Data (International Labor Office, 1939); International Directory of Cooperative Organizations (International Labor Office) 1933, 1939; Cooperative Information (International Labor Office), No. 12, 1932, No. 8, 1936, No. 9, 1938, No. 5, 1941; European Conference on Rural Life, 1939, Cooperative Action in Rural Life (League of Nations Publications, 1939); International Cooperative Bulletin (International Cooperative Alliance, London), issues of July 1917, October 1918, June, July, and November 1919, February, July, October-November 1920, January and February 1921, September 1922, March 1923; Review of International Cooperation (International Cooperative Alliance, London), issues of March 1928, February 1930, January 1934, January and July 1935, July 1937, March and July 1938, April, May, and June 1939, February, November-December 1940, June 1941, December 1942, February 1943; People's Yearbook (English Cooperative Wholesale Society, Manchester, England), 1929, 1932, 1933, 1934, 1935, 1936, 1937, 1938, 1939, 1940, 1941; Report of the Inquiry on Cooperative Enterprise in Europe in 1937 (Washington, 1937); New International Yearbook (New York and London, 1943); New York Times (New York City), September 2, 1936; and certain confidential sources.

Cooperative Movement in Norway

Norwegian cooperative associations fall mainly into two large groups—the consumers' cooperative store associations, and the agricultural marketing associations, some of which also purchase farm supplies for their members (table 37). There are also very small numbers of housing associations and fishermen's associations. The combined membership of the various types of associations before the war formed slightly over 20 percent of the population.

TABLE 37.—*Membership and Business of Cooperative Associations in Norway, by Type of Association*

[For par values of currency, see Appendix table, p. 278]

Type of association	Number of associations	Number of members	Amount of business
			Kroner
All types	3,895	584,579	371,335,650
Consumers' cooperatives:			
Federated in N. K. L.[1]	666	196,234	210,020,700
Independent [2]	424	(3)	(3)
Housing associations [4]	10	1,600	504,050
Agricultural cooperatives: [2]			
General supply associations	1,763	63,870	17,135,000
Marketing associations	1,026	318,423	122,400,000
Fishermen's associations: [4]			
Marketing associations	4	150	60,000
Purchasing associations	2	4,302	21,215,900

[1] Data relate to 1941.
[2] Data relate to 1937.
[3] No data.
[4] Data relate to 1934.

Consumers' Cooperatives

The first consumers' cooperative association in Norway is believed to have been started in Stavanger in 1864. The association was short-lived but served to introduce the cooperative idea. A little later other associations were formed and by the end of the sixties had become fairly numerous. The economic crisis of 1880 wiped out most of these associations and it was not until 10 years later that any revival of cooperative interest took place. Most of this was attributable to the energy of Ole Delhi, a lawyer who had become acquainted with the cooperative movement on a trip to England. Notwithstanding the physical difficulties of travel in the isolated and mountainous districts of Norway, he traveled about, organizing associations, calling meetings for exchange of experience, and finally, in 1906, organized the Consumers' Cooperative Union of Norway (*Norges Kooperative Landsforening*) known familiarly as "N. K. L." By 1907 this new organization had 19 member associations with 6,300 members. In that same year a cooperative wholesale department was formed in the Union, to supply them with goods.

By the time of the outbreak of the first World War the Union had in membership 149 associations with 32,000 members. Because of the Government's system of allotment of goods, based upon previous consumption, the expanding N. K. L. suffered more than private business and had to refuse admission to new associations. However, during even this difficult period both N. K. L. and its member asso-

ciations continued to grow and the Union emerged from the war with annual sales four times as large as those of 1914.

The post-war economic inflation and crisis was followed by a long period of deflation and depression, ending in 1929. That year marked also the first full year of the stabilized currency, and large increases in sales and production were registered by both local associations and the wholesale. However, this period of prosperity lasted only until late in the summer of 1930, when falling prices, lowered business activity, increased unemployment, and resultant decreased purchasing power began to be noticeable.

In 1931, a widespread labor dispute in Norway further reduced the incomes and buying power of the worker cooperators, but a lockout that paralyzed all the private tobacco factories for several months resulted in more than doubled business for N. K. L.'s tobacco factory.

In spite of adverse circumstances the consumers' cooperative movement not only was able to hold its own but to show advances from year to year throughout the depression. Each year in the period 1932–36 the sales of both retail and wholesale associations reached new high levels, and an unusually sharp rise took place in 1937 when economic recovery was reached throughout Norway.

In 1936 the members of the local associations affiliated to N. K. L. were drawn from various occupational groups in the following proportions:

	Percent
Wage earners in industry, handicrafts, fishing, merchant marine, transportation, etc	49. 2
Farmers	26. 3
Farm laborers and forestry workers	6. 2
Independent craftsmen	3. 2
Salaried employees	11. 6
Self- employed, business and professional people	3. 5
Total	100. 0

The ultimate need of the movement—production of its own supplies—was recognized from the start. In 1911, at the end of N. K. L.'s first 5 years of existence the first step in that direction was taken, with the purchase of a margarine factory at Bergen. In the same year the union purchased its headquarters building at Oslo and opened a savings department, to receive deposits from members.

In 1921 an insurance association, "Samvirke," was started, to write fire and other insurance (except life); and in 1930 a life-insurance association was formed under the same name. In 1928 an auditing service was undertaken, which according to report, resulted in "a distinct improvement in the activity and economy" of the member associations. Some time previously an architectural department was started for the planning of the buildings of both the Union and the local associations. In 1936, after a long contest, the Union finally obtained Government permission to open a Cooperative Bank at Oslo and did so in the same year.

By 1940 N. K. L. was operating three margarine factories, 3 coffee-roasting plants, and one factory each making tobacco products, soap, shoes, flour, chocolate, woolen goods, and leather. Altogether, about 40 percent of its annual business consisted of the sale of goods made in its own productive departments. It had branch warehouses in nine cities and, jointly with the Swedish Cooperative Whole-

sale (K. F.), it operated an electric-light-bulb factory (a branch of K. F.'s big factory, "Luma").

TABLE 38.—*Membership and Business of Norwegian Cooperative Wholesale Association, N. K. L., and Affiliated Associations, 1914–41*

[For par values of currency, see Appendix table, p. 278]

Year	Number of member associations	Their members	Their sales	Cooperative wholesale, N. K. L.	
				Sales	Value of manufactures
			Kroner	*Kroner*	*Kroner*
1914	149	32,000	10,019,600	3,097,000	(1)
1919	295	70,984	71,215,200	12,063,342	(1)
1924	432	100,836	134,327,400	31,580,162	7,033,768
1929	440	104,685	[2] 104,598,000	29,222,777	8,269,612
1930	425	110,076	110,385,500	30,568,034	11,500,000
1931	434	116,147	103,454,600	30,000,466	12,922,804
1932	447	122,231	105,151,400	30,710,598	13,944,865
1933	460	124,703	109,444,100	33,135,650	15,329,385
1934	479	130,245	117,391,400	36,297,100	15,850,000
1935	497	138,557	129,769,600	41,393,675	19,652,143
1936	549	148,748	145,108,400	46,520,538	(1)
1937	585	160,107	[3] 168,250,000	54,105,406	24,000,000
1938	585	169,175	183,330,500	56,619,229	(1)
1939	608	181,050	195,319,000	62,600,000	24,400,000
1940	630	189,403	[4] 218,400,000	59,443,000	(1)
1941	666	196,234	210,020,700	53,162,000	(1)

[1] No data.
[2] Net earnings, 5,664,500 kroner; patronage refunds, 2,976,500 kroner.
[3] Net earnings, 8,500,000 kroner; patronage refunds, 5,000,000 kroner.
[4] Net earnings, 10,428,000 kroner; patronage refunds, 4,900,000 kroner.

In 1939 N. K. L. and the Agricultural Cooperative Wholesale Society (N. N. F.) signed an agreement designed to prevent overlapping and competition between the two organizations. Under the agreement N. K. L. agreed to discontinue handling certain farm supplies and to obtain from N. N. F. any of these needed by its affiliates.

Cooperatives and the State

The Norwegian commercial law forbids the opening of branches in another community than that in which the parent organization is situated. The consumers' cooperative movement therefore has never had to compete with that concentration of private business known as the chain store. This restriction on branches, of course, applies to the cooperative movement as well and has prevented the development of large associations covering a whole district, such for instance as were found in France (the "development" societies). However, Norwegian cooperative associations did have the privilege of establishing branches within the home community.

Except for a short time, under a law passed in 1933, cooperative associations paid no income tax on their business with members, any margin being recognized as simply an overcharge rather than a "profit" as in private business. They were, however, taxed on the net margin resulting from their trade with nonmembers.

During the early years of the consumers' cooperative movement some Government credit was extended to it, but as the movement grew it became self-sufficient. Agricultural cooperatives have also received some Government loans.

Although the cooperators are of many shades of political opinion, the consumers' cooperative movement itself has always maintained strict political neutrality.

Cooperatives and the War

With the outbreak of the present war a wave of buying sent sales in the consumers' cooperatives soaring.

For months before the actual invasion of Norway the indiscriminate destruction of Norwegian shipping had somewhat dislocated trade and made difficult the obtaining of supplies from abroad. N. K. L., however, had been foresighted and had been carrying up to 5 times its usual inventories.

When war broke out, N. K. L. pointed out to its member associations that the cooperatives were capable of exerting a decisive influence on the price level. In 1940 their membership constituted about 6.7 percent of the population of Norway. Taking into account their families, the consumers' cooperative movement was serving nearly 27 percent of the population at that time. The importance of the movement was recognized by the Government which from the outset of the war gave it representation on both local and national price-control committees for the various branches of trade.

When Norway was invaded, in April 1940, the cooperative warehouses in the harbor of Narvik were destroyed and N. K. L.'s margarine factory there was damaged. Other associations in the zone of hostilities also suffered damage.

The physical configuration of the country has been both an asset and a disadvantage to the cooperative movement. The cooperative associations are scattered throughout Norway, from the Polar Sea to the extreme south.

In peacetime the difficulties of communication and transport through the mountains to isolated sections hampered to some extent the spread of the movement. These difficulties, however, were also responsible for the fact that the local associations undertook, to a degree unusual in the consumers' cooperative movement, the production of some of their necessaries—notably perishables, such as bakery and meat products. The productive departments of these local enterprises also included manufacture of cheese and margarine, coffee roasting, tanning of leather, laundering, and even tailoring and dressmaking establishments. In 1938 the local associations were operating over 200 productive plants of various kinds. Although the expansion of N. K. L.'s productive facilities was limited to the extent that the local facilities were developed, this fact became an advantage under wartime conditions. When Norway was invaded and whole regions were cut off from communication with the rest of the country, the local associations were still able to obtain supplies from their own bakeries and factories.

Notwithstanding all the wartime obstacles, both the wholesale and retail branches of the movement increased their membership in 1941, though both showed some decline in money volume of sales. Repeated efforts by the Germans to take actual control of the movement, while ostensibly leaving it in the hands of the cooperators, were firmly resisted by the cooperative officials. Specifically the Germans demanded that N. K. L.'s board of directors vote to allow the Nasjonal

Samling (the Norwegian Nazi Party) to appoint two "controlling representatives" on the board. Finally, in the summer of 1942 the Germans arrested and sent to a concentration camp the president and the secretary of N. K. L. They were later released "under surveillance," but on August 10, 1942, the offices and warehouses of N. K. L. were closed by the Germans, who seized the entire stock of goods. No later data are available. However, despite the fact that the National Union of Consumers' Cooperatives is thus prevented from further commercial activity, it is regarded as probable that the local (retail) associations continue to operate in most parts of Norway.[8]

Cooperative Movement in Sweden

The Swedish cooperative movement was largely practical and economic, its foremost aim being to provide foodstuffs and other necessaries for its members in the best and cheapest way. In 1941, however, nearly 2 years after the outbreak of World War II, Swedish cooperative policy stressed the Swedish conception of life, its essential democracy, and its dependence upon the "responsible and spiritually fully developed person."

Swedish cooperatives developed simultaneously with Sweden's industrialization, with increase in agricultural products for sale, and the advent of a modern banking system and large-scale enterprise. In the mid-1930's the consumers' distributive movement was reported to be "the only large-scale organization in the distributive trade in Sweden." The average yearly business per cooperative association was over 9 times as large as that of private retailers. More than a third of Sweden's population was served by consumers' cooperatives in 1943, and these associations accounted for about 12 percent of the total retail trade and about 20 percent of the retail business in food.

Swedish cooperatives were outstanding for their use of production to break up monopoly control of important articles of general consumption, and thus lower prices. American observers sent abroad in 1937 to study cooperatives in Europe reported that this policy had "contributed materially to the building of a sound national economy," enlarging purchasing power and increasing business and employment, especially among low-income groups.

Although Swedish cooperatives were strongly federated, they also emphasized effective local autonomy and democratic control. At the fortieth congress of the Swedish cooperative federation, Kooperativa Förbundet ("K. F.") in 1939, the Swedish Prime Minister congratulated the cooperatives upon being able to "foster democracy along with progress, in a sphere in which people were least inclined to recognize that democracy would work."

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[8] *Sources.*—The report on Norway is based upon data from the following publications: Statistisk Arboks for Norge, 1936, 1937, 1938, and 1940 (Statistiske Centralbyrå, Oslo); Sociale Meddelelser, No. 8, 1923 (Norway Departmentet for sociale saker); Kooperatøren (Oslo), July 1922, August 1923, January 1924, and January 1925; Kooperatören (Stockholm), September 1921 and January 1922; Konsumentbladet (Stockholm), July 1925; Cooperative Review (Manchester, England), February 1939; Review of International Cooperation (International Cooperative Alliance, London), November–December 1921, September 1925, August 1926, January and February 1937, July 1938, April 1940, January and February 1941, and December 1942; People's Yearbooks (English and Scottish Cooperative Wholesales) for 1933, 1934, 1937, 1938, and 1941; Cooperative Information (International Labor Office), Nos. 33 and 38, 1926, No. 4, 1929, Nos. 2 and 7, 1930, No. 5, 1931, Nos. 3 and 5, 1932, No. 3, 1933, No. 1, 1938, No. 5, 1941, Nos. 7 and 9, 1942, and No. 1, 1943; International Directory of Cooperative Organizations (International Labor Office), 1939; Cooperative Societies Throughout the World—Numerical Data (International Labor Office), 1939; Consular Report, Stavanger, September 8, 1928; Report of President's Cooperative Inquiry Commission, 1937 (Washington, 1937); Cooperative Consumer, June 1, 1942; and Cooperative League News Service, April 16 and October 8, 1942.

Farmers' cooperatives were equally well developed, and almost without exception Swedish farmers were members of marketing and other cooperatives. Cooperative dairies marketed 80 percent of the nation's total milk output, 86 percent of the butter, and 50 percent of the cheese output. Cooperatives also handled 30 percent of the eggs. Fertilizer, machinery, and various farm supplies were purchased through cooperative organizations.

Coordination between the consumers' and farmers' cooperatives, to prevent overlapping of functions, was accomplished through the Joint Committee of Cooperative Organization established in 1936.

Types of Cooperatives and Their Activities

Cooperatives in Sweden have undertaken a wide diversity of activities. The distributive cooperatives were concentrated largely on food distribution, other consumer activities being generally undertaken by specialized associations. Some operated cafes and restaurants, others carried on housing activities, and still others had as their function the distribution of electricity. Insurance against death, fire, accident, etc., was provided through two central associations. The agricultural cooperatives were equally varied. Sweden was also one of the countries in which longshoremen were organized cooperatively.

TABLE 39.—*Number of Cooperatives in Sweden, by Type, 1916, 1926, and 1936*

Type of association	1916	1926	1936	Type of association	1916	1926	1936
All types	7,264	12,605	20,411	Agricultural associations—Continued.			
Consumers' associations	4,344	8,566	14,484	Egg marketing	67	102	263
Distributive	1,324	1,583	1,438	Cattle breeding	143	327	534
Restaurants and cafes	62	78	84	Distillery	91	94	112
Housing	560	1,511	2,979	Central unions	35	38	54
Other building	1,921	2,823	3,805	Miscellaneous	156	244	520
Electricity distributives	117	1,570	1,887	Workers' productive and labor associations:			
Central unions	2	24	30	Workers' productive	75	163	197
Miscellaneous	358	977	4,261	Longshoremen's	19	28	38
Agricultural associations:				Printing	30	79	108
Supply purchasing	1,327	1,551	1,662	Credit associations:			
Machine purchasing	139	297	422	Urban	48	105	191
Peat	59	90	83	Rural	80	184	817
Dairy	621	699	862				
Slaughterhouses	30	38	64				

COOPERATIVE CREDIT ASSOCIATIONS

The greatest development of cooperative credit in Sweden has dated from 1930 when the Swedish Federation of Cooperative Rural Credit Banks (*Svenska Jordbrukskreditkassan*) was formed as part of a reorganization of the rural credit system. Between that year and 1936 the number of rural credit cooperatives rose from 187 to 789. Data for the rural credit cooperatives are shown in table 40; similar data for the urban cooperatives are not available.

TABLE 40.—*Membership, Loans, and Capital of Rural Credit Cooperatives in Sweden, in Specified Years, 1916–41*

[For par values of currency, see Appendix table, p. 278]

Year	Number of associations	Membership	Loans	Deposits	Own capital
			Kronor	*Kronor*	*Kronor*
1916	57	1,654	100,000	(1)	(1)
1920	120	4,187	3,700,000	2,000,000	(1)
1925	137	7,643	8,800,000	3,600,000	(1)
1930	187	14,081	15,300,000	7,400,000	(1)
1934	699	59,267	43,500,000	17,900,000	(1)
1935	771	73,071	56,800,000	23,000,000	2,800,000
1936	789	84,148	72,600,000	31,900,000	3,700,000
1937	785	(1)	88,800,000	(1)	4,400,000
1939	(1)	(1)	120,300,000	(1)	6,300,000
1940	(1)	108,700	115,100,000	(1)	7,100,000
1941	(1)	111,100	114,200,000	(1)	7,300,000

[1] No data.

ELECTRICITY COOPERATIVES

As Sweden lacks coal resources, its electrification program has been based upon utilization of its abundant waterpower. In 1909 the Swedish Government created the Waterpower Administration, under the Royal Board of Waterfalls. Under the system thus created, rates were severely competitive, and the State intervened only when necessary to protect the consumer from exorbitant rates or poor service; by generating power and selling it wholesale to cities, towns, and cooperatives, the State became an effective competitor, able to push rates down.

By 1937, about 65 percent of all Swedish farms had been electrified. Approximately one-half of the rural distributive facilities were owned cooperatively, and the State supplied power to one-third of the rural electrification systems.

Cooperatives were encouraged and assisted by the Government Waterpower Administration. It drew up the cooperatives' bylaws, designed their distribution systems, inspected their lines, provided account books, and helped to audit their accounts.

COOPERATIVE HOUSING

Though some Swedish cooperative housing associations were organized in Stockholm and Göteborg when industrialization developed in the last half of the nineteenth century, and 100 such associations were registered by 1897, the period of growth which has given Sweden distinction in cooperative housing began in World War I. Wild speculation in real estate and a great increase in rents in 1917 caused the organization of tenants' unions, which combined in a national association in 1922. The Stockholm associations completed their first construction in 1919 with money raised by lottery.

The Stockholm Tenants' Saving and Building Society was organized in 1923. About 65 percent of the association's members consisted of manual workers and their families; the remainder were office employees and people engaged in private enterprises.

In 1926 the various local housing associations federated into the National Federation of Tenants' Savings Banks and Housing Societies (*Hyresgästernas Sparkasse- och Byggnadsföreningars Riksförbund,*

known as "H. S. B."). By 1939 this federation had 69 affiliated associations with 18,500 members.

The national union's annual building program, measured by the number of units built and the value of its real estate, is indicated by the figures below. By 1937, cooperative dwellings constituted about 10 percent of all housing in Sweden. H. S. B. alone had constructed buildings containing about 17,000 dwelling units and valued at 212,000,000 Swedish kronor (130,000,000 kronor represented buildings in Stockholm). As each building was completed, it was turned over to a local association formed among the occupants for the express purpose of managing the apartment house, collecting rents, etc.

	Number of dwelling units constructed	*Real-estate value (in kronor)*
1924	149	1,782,900
1925	519	6,754,000
1926	1,155	15,043,585
1927	1,237	16,475,000
1928	923	10,618,000
1929	1,238	15,326,000
1930	1,002	14,460,600
1931	1,207	16,244,800
1932	1,512	20,644,200
1933	1,010	13,006,000
1934	951	11,117,000
1935	1,591	19,188,000

Construction was usually financed through bank credit (up to 60 percent of costs), through H. S. B. Savings Bank credit (up to 90 and 95 percent of costs), and by deposits of the associations' members. Little State or municipal credit was used by housing cooperatives.

The housing provided fell generally into four types differing in style, financing, and nature of ultimate ownership and management. All four types had good technical equipment and design, sunny sites, and convenient lay-out. The best-class group included the majority of modern city apartments, each unit varying in size from one to five rooms. In these, the membership contribution amounted to 10 percent of the total value of the apartment—a sum usually varying with the size of the apartment from $190 to $1,180. Houses of the second type were built less expensively on less valuable lands and consisted of smaller groups of rooms. The advance membership contribution in the second group was 5 percent of the total value—from $80 to $400.

The other two types were not managed cooperatively by the residents. Those of the third type consisted of houses constructed in Stockholm by private contractors with municipal aid. They were taken over by H. S. B. and were managed by foundations created for the purpose. No membership deposits were required but occupants could be admitted only after consultation with the city authority regarding economic status. In the 1930's the Riksdag made a generous appropriation for aiding this type of housing. The fourth type of housing, being intended only for large families, was financed partially by municipalities, with the State contributing 30 to 50 percent of the rent according to the size of the family.

The Federation, H. S. B., had its own city-planning division, its own architects, its own purchasing department, and its own factories.

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It advised the member associations in construction of the buildings, operated a savings bank, and aided in financing. In order to provide materials for construction at reasonable costs, H. S. B. purchased a factory for making parquet flooring, and plants for mixing mortar and stucco finish, for making shutters, trusses and girders, washing powders and cleaning and polishing materials, and an extensive plant for constructing houses for export. In addition to these enterprises, H. S. B. developed a summer vacation colony at Årsta, a system of house insurance in cooperation with Folket, and nurseries and playgrounds in some of the apartment-house developments.

By their operations, the Swedish cooperative housing projects established higher standards in building designs and equipment and reduced the price of housing. The result was the stimulation of private agencies in a way beneficial to all Sweden.

COOPERATIVE INSURANCE

Swedish cooperatives entered the field of fire insurance in 1908, in order to forestall the formation of a private syndicate to regulate fire insurance premiums; they entered the field of life insurance in 1914 because of the bad state of working-class insurance. In both cases, K. F. subscribed the guaranteed capital. The fire-insurance association, Samarbete, eventually added accident, automobile, burglary, and liability insurance. The two insurance associations operated with the same management, under the supervision of K. F.'s administrative council, and the president of the insurance associations was a member of the board of directors of K. F.

TABLE 41.—*Growth of Cooperative Insurance Associations in Sweden, 1908–42*

[For par values of currency, see Appendix table, p. 278]

Year	Samarbete			Folket		
	Number of policies	Premium income	Surplus	Number of policies	Premium income	Surplus
		Kronor	*Kronor*		*Kronor*	*Kronor*
1908	6,238	34,012	(1)			
1914	(1)	(1)	(1)	11,141	310,611	(1)
1930	(1)	5,710,000	847,016	(1)	6,460,000	944,660
1934	(1)	6,600,000	1,124,495	(1)	8,140,000	830,156
1935	266,985	6,597,178	(1)	206,373	8,831,012	(1)
1938	(1)	10,350,000	1,439,389	(1)	10,470,000	168,425
1942	(1)	12,570,000	(1)	258,000	12,350,000	(1)

[1] No data.

By 1938 the life-insurance association, Folket, held the ninth place among 16 Swedish companies with regard to premium income. Samarbete occupied fifth position in fire insurance, fourth in automobile insurance, and first place in collective accident insurance. By that time, the two associations had about 473,000 policyholders.

Early in the century, the insurance cooperatives loaned much of their funds to the consumers' cooperatives. After the latter built up large funds of their own, both Folket and Samarbete invested more and more money in housing enterprises; in 1938 they had 60,848,000 kronor thus invested.

Development of Consumers' Cooperatives

Impulse for the development of Swedish consumers' cooperatives came early, from the example of the Rochdale Pioneers in England, but the movement was not particularly successful at first. Added impetus was given with the formation of the Cooperative Union and Wholesale, K. F., in 1899. The practices of open membership and the payment of patronage refunds to nonmembers, credited toward purchase of the membership shares, did much to expand the movement. By the outbreak of the first World War, more than 100,000 persons were members of Swedish consumers' cooperatives.

The movement early adopted practices looking toward increasing the financial stability of the associations. Among these were cash trading, financing the movement through the medium of savings departments in the local associations, a systematic policy of concentration through mergers of small local associations, and specialization in foodstuffs.

Until the formation of the great Stockholm cooperative, K. F. S., in 1916, Stockholm had 16 cooperatives, only two being of particular strength. Between 1916 and 1926, K. F. S. became a powerful cooperative, increasing its membership from 4,461 to 34,799. By 1939 this association was operating 453 stores.

In 1923 the 1,174 Swedish cooperatives operated a total of about 2,000 stores. By 1935 the number of associations had been reduced to about 850 and stores had risen to some 4,000. By 1939 the corresponding numbers were 807 and 5,363, and in 1940 they were 787 and 5,472. Less than a fourth of the associations operated only one store. After the outbreak of World War II, local consumer associations increased their members at a pace equaled only in 1916 and in 1932. Membership reached 765,700 by the end of 1942. More than 72 percent of the associations registered in 1941 had at least 1,000 members. During the same year 130 new stores were opened.

During the decade of the 1930's, Swedish cooperatives were serving about a third of all Swedish families. They were doing about 10 to 12 percent of the nation's total retail trade and 15 to 20 percent of the total trade in foods and provisions. An official survey of Swedish retail trade reported in 1937 gave the following proportions of business done by the various retailers:

	Percent
Individual retailers	83. 3
Department stores	2. 4
Chain stores	1. 4
Mail-order houses	. 9
One-price stores	1. 0
Cooperative stores	11. 0

The yearly turnover of the individual retail cooperative far exceeded that of the private retail establishments, the average for the latter being 51,000 kronor in 1930, when the average for the cooperatives was 470,000 kronor.

A comparison of prices made by the Swedish Government indicated that cooperative prices were 5 percent lower than private retail prices "leaving out of account the dividend refund given by cooperatives." This difference prevailed before 1939 and increased to the advantage of the cooperatives during the early part of World War II.

With the exception of a slump in sales in 1925, consumers' cooperatives' sales mounted steadily until the outbreak of World War II (table 42). In spite of the trade restrictions caused by rationing and shortages of goods, sales even then continued to increase, approaching a value of 700,000,000 kronor in 1940 and exceeding it in 1941. In 1942 the volume of trade reached 731,000,000 kronor; rising costs of operation had decreased net surplus somewhat, but the average dividend was 3.6 percent; share capital increased 4,000,000 kronor, and members' savings 3,000,000 kronor.

TABLE 42.—*Growth of Swedish Consumers' Cooperative Enterprises, in Membership, Sales, Capital, and Earnings, 1910–42* [1]

[For par values of currency, see Appendix table, p. 278]

Year	Number of associations reporting	Membership	Number of stores	Amount of business	Net earnings	Patronage refunds	Share capital	Interest paid on share capital	Reserves
				Kronor	*Kronor*	*Kronor*	*Kronor*	*Kronor*	*Kronor*
1910	542	85,358	645	28,709,648			1,733,812		539,207
1915	770	121,643	983	59,959,149	2,325,331	2,179,231	3,672,986	137,066	279,551
1920	1,016	240,467	1,700	264,545,408	8,003,479	7,587,093	13,969,140	545,388	4,425,666
1925	921	316,490	2,220	259,106,379	11,277,629	7,835,006	21,421,489	1,032,559	1,590,272
1930	789	420,004	3,058	319,736,196	15,817,135	11,234,052	32,546,596	1,611,035	2,203,852
1933	693	482,112	3,507	321,259,017	15,448,426	11,022,098	37,744,032	1,869,102	2,091,502
1934	686	497,986	3,610	342,887,638	16,579,174	11,951,407	39,525,761	1,968,314	2,321,425
1935	674	513,564	3,753	376,224,464	17,772,468	12,737,883	41,171,328	2,039,879	2,509,876
1936	680	548,384	4,041	413,219,414	19,311,851	14,106,986	44,264,828	2,134,313	2,698,824
1937	717	605,010	4,524	484,148,081	21,872,310	16,075,800	48,896,097	2,328,559	3,027,374
1938	736	645,160	4,886	538,453,584	23,873,968	17,248,521	52,595,798	2,428,295	3,429,964
1939	738	682,521	5,218	596,677,296	25,110,876	18,609,823	55,527,946	2,466,578	3,633,998
1940	711	700,000	5,301	673,200,000	[2]	[2]	58,230,000	[2]	[2]
1941	682	736,508	5,431	720,800,000	26,960,000	[2]	[2]	[2]	[2]
1942	676	765,700	5,620	731,000,000	26,380,000	[2]	[2]	[2]	[2]

[1] Data do not include cooperatives in Friesland which numbered 62, with sales of 13,648,654 kronor, in 1939.
[2] No data.

The retail associations were substantial producers of goods—notably "soft bread" and meat products. In the 15-year period from 1924 to 1939, the volume of production by these local associations rose from 13,792,348 to 58,564,802 kronor.

That the membership of the Swedish cooperatives has been drawn from all classes of the population is indicated by the distribution given below. As it shows, industrial workers and farmers constituted the largest groups of cooperators.

	Percentage distribution of members		
	1925	*1935*	*1939*
Industrial workers	29.2	28.2	26.7
Farm workers	4.7	4.2	3.9
Craft workers	5.1	5.8	6.3
Other workers	20.2	15.0	15.9
Employees (clerks, lower ranks of public employees)	9.1	9.3	9.2
Farmers	15.0	14.5	14.0
Craftsmen (small workshop masters)	3.1	2.3	2.1
Public officials	2.6	2.5	2.6
Corporations	.9	.9	.8
Small tradesmen	-----	4.2	4.9
Professional men	-----	2.5	1.7
Miscellaneous	10.1	10.6	11.9
Total	100.0	100.0	100.0

Cooperative Union and Wholesale, Kooperativa Förbundet

The Swedish cooperative Union and Wholesale Society, K. F., began its existence in 1899 as an information and propaganda center. It became a central buying agency in 1904. Boycotts of this new enterprise, which were organized by retailers early in the twentieth century, led K. F. to start independent purchasing, production, and the banking of savings deposits. Some of the early ambitions for K. F. were abandoned—for instance, that of serving as a center not only for consumers' cooperatives but also for other branches of the movement. In 1939, K. F. had as affiliates only the consumers' associations and certain insurance organizations.

K. F.'S COMMERCIAL ACTIVITIES

In 1930 the average turnover of Sweden's 10,000 wholesale trading enterprises was a little less than 500,000 kronor each. For the same year, K. F.'s wholesale turnover was almost 144,000,000 kronor. The figures on K. F.'s wholesaling, given below, show its growth between 1929 and 1941 and indicate the accelerated expansion in the year of the outbreak of World War II.

	Kronor		*Kronor*		*Kronor*
1929	141, 320, 000	1934	165, 115, 000	1939	269, 350, 000
1930	143, 618, 000	1935	177, 656, 000	1940	279, 070, 000
1931	148, 036, 000	1936	192, 778, 000	1941	270, 930, 000
1932	149, 454, 000	1937	217, 213, 000		
1933	152, 483, 000	1938	229, 855, 000		

Retail trade.—K. F. developed retail trade on a large scale. Skocentral, a subsidiary, had more than 30 shoe stores in 1938. These served as exhibit centers for both wholesaling and retailing and for sampling public demand. In 1935, K. F. bought a controlling interest in the large Stockholm department store founded by Paul U. Bergström and known as P. U. B. During the first and second years of World War II, this store—then the largest owned by cooperatives in Stockholm—increased business 19.8 percent, its sales totaling 27,600,000 kronor in 1940. In 1941, P. U. B.'s sales reached 28,930,000 kronor, an enormous expansion over the 9,450,000 kronor of trade in 1935, the last year under private management.

Production.—K. F. carried on a successful program of production of which the expansion has been in quantity rather than in variety of goods, as may be seen from table 43. Cardinal principles in this program were (1) concentration on one objective at a time, (2) sound and independent financing, and (3) large-scale production of goods for the use of members, but only when necessary to influence the price and quality of goods. This policy apparently satisfied various interests, for Government officials and industrialists stated to American inquirers in the mid-1930's that the cooperative movement's check on monopoly prices had made it unnecessary for the Government to develop anti-monopoly legislation.

K. F.'s production began after a margarine cartel, which had fixed prices, attempted to boycott cooperatives in 1909. This new cooperative margarine enterprise played so important a part in national economy that K. F. added soap manufacturing in 1910. On March 29, 1922, the cartel composed of the seven largest margarine manufacturers suddenly ceased the joint issuance of price quotations, an

event declared to be of "tremendous significance" to the cooperatives. Between 1924 and 1938 the cooperative factory's production doubled. K. F. bought a vegetable oil plant in 1932. Up to 1940, K. F. supplied more than one-quarter of Sweden's margarine and was reported the same year to have the largest storage plant for edible oil products in Europe. Government regulations forbidding the home consumption of margarine went into effect May 26, 1940, and lack of raw materials caused the closing of the factory from May to October 1940.

K. F. began flour milling because a private flour-mill organization gained control of flour prices after the State ceased regulation of the grain market in 1920. In 1922, K. F. bought the Tre Kronor (Three Crowns) flour mill on the isle of Kvarnholmen in Stockholm harbor and later acquired the island itself with its good dock facilities. The Swedish Millers' Ring which then controlled 90 percent of the flour produced in Sweden yielded for the first time in its history, and lowered prices on March 18, 1925.

In 1925–26 and 1928, price conditions caused K. F. to start the production of superphosphate fertilizer and of rubber shoes and galoshes. In accordance with its policy, K. F. began to produce, in the 1930's, cash registers, crisp bread, porcelain, and artificial silk, each filling some special local need. After pursuing for years a policy of entering those industries in which cartel combinations had resulted in the exploitation of consumers, K. F. was eventually able to win certain price reductions by threat alone. Thus, a threat to enter the linoleum industry brought an offer from the trust to lower prices 15 percent, and an agreement to that effect was reported in 1940.

The most unusual industrial enterprise undertaken by the Cooperative Union was the electric-light-bulb factory, Luma, which was built in order to break the monopoly of an international electric-bulb cartel. In 1931 the enterprise was taken over by an international cooperative organization (*Kooperativa Lumaförbundet*), which included the cooperative wholesales of Sweden, Denmark, Norway, and Finland. Prices set by the international cartel dropped 40 percent after the opening of the Luma plant.

TABLE 43.—*Value of Goods Produced by Cooperative Union and Wholesale Society, K. F., 1924–39*

[For par values of currency, see Appendix table, p. 278]

Product manufactured	1924	1934	1935	1936	1939
	Kronor	*Kronor*	*Kronor*	*Kronor*	*Kronor*
All products	24, 440, 457	80, 471, 748	89, 891, 184	120, 859, 531	144, 535, 346
Flour	11, 924, 395	26, 130, 548	29, 136, 643	30, 673, 291	34, 206, 002
Margarine	9, 074, 126	15, 384, 787	15, 853, 011	15, 564, 307	20, 493, 471
Chemical technical supplies	520, 960	878, 902	930, 458	1, 453, 260	2, 153, 055
Rubber galoshes		10, 082, 217	11, 571, 586	12, 667, 729	11, 095, 896
Shoes		2, 266, 381	2, 703, 684	3, 501, 186	3, 436, 695
Pottery and porcelain					3, 199, 365
Crisp bread		2, 407, 920	2, 579, 843	3, 015, 130	3, 952, 160
Cement		161, 000			
Vegetable oil		22, 432, 596	25, 453, 732	35, 095, 340	36, 932, 984
Cash registers		727, 397	1, 481, 487	1, 546, 631	2, 148, 461
Artificial silk			180, 740		
Coffee (roasting)				14, 692, 391	17, 642, 104
Other production	2, 920, 976			2, 650, 266	9, 275, 153

Exports.—After K. F. had acquired experience in purchasing on the world market in connection with various productive undertakings already mentioned, it circularized the owners of small enterprises and handicraftsmen to suggest the formation of a special export organiza-

tion. As an inducement K. F. offered to guarantee a capital of 500,000 kronor. The desired export association, Produkter från Sverige (Products from Sweden), took form in 1935.

OTHER K. F. ACTIVITIES

In order to improve cooperative building standards, the architect's office of the Cooperative Union and Wholesale Society was established in 1924. By 1935 this office had a chief and 10 architects and a civil engineer with assistants. Affiliated associations were not required to use the services of these specialists, but many did so.

Systematic consumer cooperative auditing began with the appointment of a consulting auditor in 1917. By 1932 Swedish consumers' cooperatives had developed 18 auditing districts, each with a district committee and district auditor, and all affiliated to the central union's joint auditing system and subject to its supervision. Though participation in the auditing system was at first voluntary, about 1932 membership in the auditing department became obligatory for all affiliated associations.

In 1922, K. F. participated in the organization of an association, known as S. H. F., to assist and manage associations in financial difficulties.

Cooperatives in World War II

The first years of World War II caused no change in the internal structure and organization of the cooperatives. They, like all private economic organizations, were still controlled by a 1911 law, and regulations for wartime rationing and control were applied on a commodity basis to cooperatives and private business alike.

The private traders' movement for the organization of all trade and occupations into corporations, which began throughout Europe in the 1920's, increased greatly in vigor in Sweden after the outbreak of World War II. Though K. F. had already been compelled to join private traders' organizations for fodder stuffs, fresh fruits, cereals, and fats, in 1939–40 the cooperatives repeated their declaration that they could serve the consumer best by creating competition between the large-scale "cartelized" and the cooperative enterprises. They therefore opposed all private traders' plans for corporative groups formed to fix quotas or prices or to control imports. At the same time they insisted upon their desire to collaborate with the Government in attaining the objects for which the traders' associations were working.

As the war crisis continued, cooperators served on Government committees which were endeavoring to stabilize prices and prevent inflation. The Cooperative Wholesale, K. F., was "always asked to criticize and report on proposed Government schemes before they are [were] put into operation." During the discussion of the retail sales tax (which covered 50 percent of the purchases of an average family and became effective January 1, 1941), the chairman of K. F.'s executive board presented to Parliament the cooperative movement's objection to such a tax. When the Government took steps to check rising prices and inflation—the cost-of-living index (1914=100) stood at 169 on July 1, 1939, and at 239 on January 1, 1943—the cooperative movement accepted the program unconditionally. In order to aid in the fight against inflation, K. F. also decided to withdraw money set free by the depletion of stocks and use it to establish a post-war "Fund for Peace Supplies."

Before the blockade which began with World War II, K. F. had purchased goods abroad in such quantities that special ships had to be chartered to carry them to Sweden, and the value of accumulated stocks stood at 60,000,000 kronor by the end of 1939. An American observer reported that Swedish cooperatives bought $12,000,000 worth of strategic materials on the world market in 1939, and that, under Government controls, one-half of these reserves were shared with private retailers. Cooperative exports were also turned over to the Government.

The blockade eventually cut Sweden off from its former markets and sources of raw materials to such an extent that the volume of exports in 1941 was only about half of the 1939 volume and imports dropped to about one-third. As shortages developed, cooperative policy was based on the needs of the nation rather than those of the cooperators.

To meet the need for wool, K. F. made an agreement with the Swedish textile industry which laid the basis for the national planning of the whole Swedish artificial-wool industry. Production of such wool at K. F.'s Nordisk Silkecellulosa factory trebled. By 1942 the value of Silkecellulosa's output was 17,220,000 ronor, a sum which meant a tenfold increase since 1938. Another factory, Cellul, was built in 1942–43 jointly by K. F. and private textile firms. In April 1942 K. F. bought 149,729 of the 150,000 shares of a large paper industry, including also large tracts of forest lands and some water power.

In order to assist in the war emergency, K. F. established a new charcoal factory, a fish-marketing association (Svensk Andelsfisk) in which consumers and producers collaborated, and the first Swedish fish-oil producing plant, and it began production of synthetic rubber by a newly developed process which used only Swedish raw materials.

Though K. F.'s sales rose during 1940, a drop caused by shortages of goods followed in 1941. Actually the decrease in trade was greater than the figures show, for the wholesale price index gave an average increase of 11.9 percent.

In 1942, K. F.'s financial position appeared to be "extremely strong"; own capital represented about one-half of total capital resources. Net surplus had risen from 4,490,000 kronor in 1941 to 4,770,000 kronor. The combined balance sheet total for K. F. and its subsidiaries had increased from 301,400,000 kronor to 337,800,000 kronor.[9] Value of production reached 185,320,000 kronor in that year.

[9] *Sources.*—The report on Sweden is based upon data from the following publications: Statistisk Arsbok för Sverige (Statistiska Centralbyrån, Stockholm) 1939, 1941, 1942; Kooperativ Verksamhet I Sverige. (Sveriges Officiella Statistik, Stockholm), 1908–10, 1914–16, 1920–22, 1925, 1926, 1930, 1933, 1934, 1935, 1936, 1937, 1938, 1939; Sweden, A Wartime Survey (American-Swedish News Exchange, Inc., New York, N. Y.) 1943; The Sweden Year-book (Stockholm, Sweden), 1938; Swedish Cooperative Wholesale Society's Architect's Office (Kooperativa Förbundets Bokförlag) 1935; Swedish Consumers in Cooperation, by Anders Hedberg (Kooperativa Förbundet, Stockholm, 1937); Cooperative Housing in Sweden (Royal Swedish Commission, New York World's Fair) 1939; Cooperation in Sweden, by Axel Gjöres (Cooperative Union, Ltd., Manchester, England) 1927; Social Problems and Policies in Sweden (Annals of American Academy of Political and Social Science, Philadelphia, Vol. 197, 1938); Sweden, the Middle Way, by Marquis Childs (Yale University Press, New Haven) 1936; Cooperative Organizations and Post-War Relief (International Labor Office, Montreal, 1943); International Directory of Cooperative Organizations (International Labor Office), 1939; Cooperative Information (International Labor Office), No. 5, 10, 1935; No. 2, 6, 7, 1938; No. 1, 1940; No. 3, 5, 1941; International Labor Review, International Labor Office, Montreal, March 1943; International Cooperative Bulletin (International Cooperative Alliance, London), issues of May-June 1922, January 1924, June 1925; Review of International Cooperation (International Cooperative Alliance, London), issues of February and March 1928, September 1933, November 1936, August and September 1939, March and November 1941, March, June, July, and October 1942, January, February, May, June, November, and December 1943; People's Yearbook (English Cooperative Wholesale Society, Manchester, England), 1937, 1940, 1941; Report of the Inquiry on Cooperative Enterprise in Europe in 1937 (Washington, 1937); Cooperative Builder (Superior, Wis.), issue of July 8, 1943; The Cooperative Consumer (North Kansas City, Mo.) issue of January 30, 1943; The Cooperator (New York, N. Y.), December 1939; and certain confidential sources.

Cooperative Movement in Iceland

When, in 1942, Icelanders celebrated the sixtieth anniversary of the first Icelandic cooperative association, the cooperative movement was the strongest economic and social force in the country and its membership represented almost three-quarters of Iceland's total population of 120,000. Since 1886 when the control of the country's entire economic life was still a monopoly of Danish merchants, cooperative influence had been powerful in the modernization of this northern island. Agriculture, historically the mainstay of the population, was mechanized, the land under cultivation doubled, the fishing industry enlarged, and more than half of the population had become urbanized in the last two or three decades before 1940. Dairies, fishing stations, docks, greenhouses, abbatoirs, and refrigerating plants were built.

Extent of Cooperative Development

By 1943 the distribution of practically all Iceland's farm products at home and abroad, was carried on by the cooperatives. The Union and Wholesale Association of the Icelandic Cooperative Associations (*Samband Íslenskra Samvinnufélaga*, known as "S. Í. S.") was the largest single business enterprise in Iceland and its monthly magazine, Samvinnan, was Iceland's most widely circulated periodical. It operated a woolen mill, a tannery, and clothing, shoe, glove, and soap factories. It had branch offices in Copenhagen, Leith (Scotland), and, after 1940, in New York City. S. Í. S. imported most of Iceland's farm machinery and handled more than 25 percent of Iceland's total imports. Of goods exported, it controlled all of the frozen mutton, 90 percent of all meat products, 80 percent of the wool, and 80–90 percent of the agricultural products.

Although Icelandic legislation covered cooperative housing associations, and although cooperative building in Reykjavik (particularly workers' cooperative apartments) had been successful, the main cooperatives in 1940 were 44 selling and purchasing associations with a membership of 13,018 and 2 consumers' associations with 3,671 members. Of the consumers' cooperatives, the Eyfirdinga Association at Akureyri (which had been revolutionized by an Icelandic student of Danish cooperative methods) was not only the oldest and strongest organization but it was also the largest retail enterprise in Iceland. Its diversified services supplied a large part of the town's 5,000 inhabitants and a rural population of the same size; its productive works included a dairy, margarine and soap factories, a bakery, sausage and chemical works, and salting and freezing plants for mutton and fish. The selling and purchasing cooperatives bought most of the goods their members required and, through their ownership of slaughterhouses, refrigerating plants, fishing stations, fish-meal and cod-liver-oil factories, and dairies, they processed a large part of the produce which they sold for their members.

Effects of the War

Iceland's strategic position during World War II caused a shifting of the annual export of some 2,500 tons of lamb, 600 tons of wool, and unclipped sheepskins and fish, and of the Cooperative Union and Wholesale's purchases of goods (valued at 4,462,011 kroner [10] in 1938) from the Scandinavian countries, Germany, Italy, and Great Britain, first to Great Britain and then to the United States. A newly appointed Trade Commssion handled exports, and food rationing and excess-profits taxes were introduced. Prices and wages were first "pegged" (a representative of the federation of cooperatives was one of the five members of the Price Regulation Committee) and later "controlled" by a Juridical Committee. Though the price index had risen 125 points (April 1939=100) by the autumn of 1942 and some of the cooperatives paid substantial excess-profits taxes, the cooperative movement carried on business as usual and even expanded.

Cooperative membership, total trade, and own production increased. In 1941, Icelandic produce made up almost half of the business of S. Í. S. and more than a third of the affiliated associations' total sales. Between the end of 1938 and the end of 1941, the value of real estate, machinery, and stocks owned by S. Í. S. and its affiliated associations rose from 1,031,238 kroner and 6,501,286 kroner to 1,145,689 kroner and 7,929,179 kroner, respectively. S. Í. S. capital increased from 992,882 to 1,783,430 kroner, and reserves from 1,617,044 to 3,014,824 kroner in the same period of time. It should be borne in mind, however, that part of the increase in values was caused by rising prices and that in 1940 and 1941 loan capital represented more than two-thirds of the federation's capital and almost two-thirds of that of the associations.

Development of Cooperatives, 1921–42

The trend of cooperative development, as epitomized in S. Í. S. and its affiliated associations, is shown in table 44. The table reveals a continuous growth in membership, and an expansion in sales broken only by the depression years of the early thirties.[11]

[10] For par values of currency, see Appendix table, p. 278.

[11] *Sources.*—The report on Iceland is based upon data from the following publications: Arbók Hagstofu Íslands, 1930 (Reykjavik, 1931); International Directory of Cooperative Organizations (International Labor Office), 1929, 1933, 1936, 1939; Cooperative Information (International Labor Office), No. 12, 1939; Review of International Cooperation (International Cooperative Alliance, London), issues of July, November, and December 1942; People's Yearbook (English Cooperative Wholesale Society, Manchester, England), 1934, 1938, 1940; Monthly Labor Review, February 1921; American Scandinavian Review (American Scandinavian Foundation, New York), March 1939; Cooperatve League News Service (Cooperative League of the USA, New York), April 6, 1944; Cooperative Builder (Superior, Wis.), November 25, 1940.

TABLE 44.—*Operations of Union and Wholesale Association of Iceland and its Affiliates, 1921–42*

[For par values of currency, see Appendix table, p 278.]

Year	Affiliated associations				Union and Wholesale Association, S. Í. S.		
	Number	Their members	Their business	Net surplus	Amount of business	Net surplus	Own production
			Kroner	*Kroner*	*Kroner*	*Kroner*	*Kroner*
1921	39	(1)	(1)	(1)	9,066,000	(1)	(1)
1923	38	(1)	(1)	(1)	9,472,000	(1)	(1)
1925	38	(1)	(1)	(1)	11,822,000	(1)	(1)
1927	38	7,062	12,986,992	(1)	11,923,000	(1)	(1)
1929	39	7,676	18,299,826	(1)	15,965,000	(1)	(1)
1931	37	7,759	14,661,655	(1)	(1)	(1)	(1)
1934	39	8,054	(1)	(1)	(1)	(1)	(1)
1935	39	8,684	9,652,000	(1)	6,418,000	(1)	1,970,000
1937	42	10,805	28,084,000	(1)	25,600,000	(1)	2,775,000
1938	46	15,298	30,625,735	989,805	22,170,754	469,988	(1)
1939	47	16,287	[2] 36,117,000	(1)	28,038,000	625,200	4,257,000
1940	48	17,358	[2] 44,054,000	(1)	35,497,000	833,800	5,657,000
1941	48	18,594	71,160,339	2,129,120	54,395,176	1,047,739	(1)
1942	(1)	20,189	109,000,000	(1)	69,000,000	----------	[3] 9,000,000

[1] No data.
[2] Agricultural associations not included.
[3] Estimated.

Baltic States

The cooperative movements in the Baltic States—Lithuania, Estonia, and Latvia—began late in the nineteenth century when these regions formed part of Russia. The movements felt the effects of the Russian revolutions of 1905 and 1917 and survived to collaborate closely with other forces working for the independence of the three peoples. After independence was achieved and each State carried out land reforms which greatly enlarged the number of free but penniless landholders, enthusiastic cooperative expansion occurred.

The type of cooperative organization which developed in the newly independent nations naturally reflected the needs of the populations. Agricultural and industrial opportunities amounting to revolution came at the same time. Russian marketing and financial facilities had to be replaced. Credit and loan associations early became strong and remained so until 1939. The traditional consumers' cooperative was comparatively rare because of the small urban population. A compromise type of cooperative, sometimes described as a "trading" association, provided the agriculturalists with consumer goods, agricultural supplies, and it also purchased agricultural products. Dairy cooperatives built up strength as the quality of cattle, milk, butter, and poultry was improved. Other types of cooperatives characteristic of the three Baltic States were the "peat and litter," the potato or alcohol distillery, insurance, fishermen's, and agricultural improvement associations.

The years of inflation in the 1920's followed by the difficult years of the thirties led to frequent Parliamentary and other changes and finally to measures resulting in the introduction of the corporative State. Lithuania established a more or less conservative single-party dictatorship in 1926 which was continued in power in 1932 and 1938. Estonia began a similar system in 1933 and Latvia in 1934.

In all three countries, the first Governments had been friendly to the cooperative movement and Government and cooperative leadership had in some cases been identical. After the establishment of the corporative State, the cooperatives were assigned to places in the appropriate corporative group and Government control of the central cooperative organization became complete. Cooperatives received export monopolies, they entered Government subsidized joint-stock companies and appear to have participated in many ways in the Government system of export, import, and domestic economic control. Figures available indicate a large expansion of "cooperative" business under these conditions.

Before the present war the cooperative movement in the three countries had attained a position of considerable influence. In Lithuania the consumers' cooperatives were serving at least a third of the people and in Estonia the cooperative wholesale was the largest commercial enterprise in the country. In both of these countries the movement had friendly encouragement from the public authorities. In Latvia, however, where the central federation had expanded into foreign as well as domestic trade, the corporative government engineered a "voluntary" liquidation of this and another central organization and forced the members of both to affiliate with a State-dominated wholesale organization.

Successive occupation of the countries by the Russians and then the Germans resulted in loss of autonomy of the cooperative movement in all three countries, increased control by the occupation authorities, and losses of property by confiscation. Reports indicate, however, that as late as the end of 1942 the cooperatives were still in operation in Estonia. No data are available for the other two countries.

Cooperative Movement in Estonia

When in June 1920 the Estonian people adopted a democratic constitution which placed much power in the Assembly, sweeping economic changes were already under way. Land legislation of the previous year had nationalized 96.6 percent of the acreage of the large estates which formerly made up 58 percent of the nation's area. From the nationalized land 83,514 new independent holdings were created before 1936, more than 56,000 of which lay outside of towns. Even before Estonia became ndependent, its agricultural development had been more advanced than was the case in Russia and small landholders had begun to profit from the example of Danish agricultural cooperation.

The Estonian cooperative movement was closely associated with the movement for national independence. After independence, cooperatives which had begun under the Russian regime were reorganized, some of them with considerable Governmental support. Although the customary credit and insurance cooperatives appeared, agricultural associations predominated. A central agricultural federation, founded in 1911, encouraged production for export and a wholesale, started in 1917, promoted production and sale. By 1927 the central dairy organization was exporting 59 percent of the national butter export and the wholesale was handling from 65 to 95 percent of the fertilizers coming to the Estonian market. Ten years later the wholesale handled one-third of the total Estonian dairy-products output and butter alone made up 19.9 percent of the total value of all

national exports. About one-half of the population was said to be included in the cooperative system.

In the early thirties changes in governmental forms began to appear and by 1937 a definite trend toward the corporative state. Nevertheless the cooperative movement, which pursued a policy of political neutrality, had friendly encouragement from the public authorities, and cooperatives were given export monopolies in certain agricultural products (butter, meats, eggs).

After the outbreak of World War II, when the country was occupied first by the Russians and then by the Germans, the forces of occupation utilized the services of the cooperatives, depriving them at the same time of their autonomy. In spite of all the handicaps the movement was reported to have increased in size and business throughout 1942. Later data are not available.

Types of Associations

Almost 75 percent of Estonia's population was agricultural and as would be expected, therefore, by far the greater part of the cooperatives were those serving farmers' needs. Among the agricultural cooperatives the dairies were the most important, but other marketing, credit, and insurance associations were also important. Among the more unusual forms of agricultural associations were the peat cooperatives producing both peat for fuel and peat used for barnyard litter, and the associations distilling alcohol from potatoes.

Consumers' cooperatives included the distributive associations, urban credit organizations, and housing. Table 45 shows the number of cooperatives and status of each type in Estonia in 1937.

TABLE 45.—*Number, Members, and Business of Cooperative Associations in Estonia, 1937*

Type of association	Number of associations	Their members	Total business [1]
Consumers' distributive associations (urban and rural)	183	46,278	37,893,000
Housing, and building and loan associations	10	300	----------
Credit associations, rural	242	105,443	----------
Workers' productive associations	16	234	687,000
Fishermen's associations	28	(2)	(2)
Agricultural associations: Marketing	1,286	36,962	22,483,000
Electricity associations	24	272	6,000
Insurance associations	168	30,831	[3] 55,643,000

[1] Amounts given in Swiss gold francs; for par value, see Appendix table, p. 278.
[2] No data.
[3] Amount of insurance outstanding.

Credit and loan cooperatives.—The first Estonian cooperative—a "savings society"—was founded in Tartu in 1902. During World War I all capital deposited in Russian banks was lost. After Estonia became independent, the peasants' new freedom and the land reforms created a large demand for credit, and savings cooperatives were widely promoted. A law of 1920 eliminated the difference between savings and mutual credit associations and authorized cooperative banks to carry on all banking functions. Loans were granted against personal bond and to some extent on mortgages but only for the promotion of production.

The number of credit cooperatives grew from 102 with 27,000 members in 1922 to 202 with 65,000 members in 1929. By 1931 cooperative banks appeared to play as large a part as the joint-stock banks in the national economy. Whereas the total deposits and loans of the joint-stock banks amounted to 37,700,000 kroons and 67,000,000 kroons respectively, the deposits and loans of only 182 out of the 230 existing cooperative banks were 34,100,000 kroons and 43,000,000 kroons, respectively. In 1936 the cooperative banking institutions had a combined balance of 72,200,000 kroons.

Credit cooperatives were affiliated to E. T. K. and by 1939 that central and its affiliates were reported to account for 52 percent of the total Estonian deposits and 48 percent of the loans made.

The Central Bank of Rural Cooperative Credit Cooperatives (*Eesti Rahvapank*) was founded in 1920. By 1928 the bank served as the central institution financing the entire cooperative movement, all the cooperative central organizations being included in its membership. It acted also as the agent of the Estonian Treasury in distributing considerable amounts of Government credit to fishermen and farmers.

Cooperative insurance.—Local cooperative insurance funds originated in Estonia in the second half of the nineteenth century because of a Russian regulation requiring insurance of farm buildings. The Central Federation of Mutual Insurance Associations was formed in 1923 and at the end of the years 1928, 1931, and 1934 the affiliated insurance associations numbered 231, 291, and 280, respectively. Their members, however, dropped from 56,370 to 30,831 between 1934 and 1938. At the opening of the latter year the Federation's amount of insurance outstanding aggregated 218,082,000 kroons; premium income totaled 592,000 kroons. For the affiliated local associations (each operating in its own locality only) the respective figures were 66,321,000 kroons and 179,000 kroons.

According to a report of 1939, Estonian insurance cooperatives accounted for 65 percent of the total number of policies, 48 percent of the total amount, and 40 percent of the insurance premiums in Estonia.

Electricity cooperatives.—When Estonia developed electric power and made progress in laying high-tension electric trunk lines, cooperative associations of electricity consumers were organized. In 1937 those in operation were reported to be engaged mainly in running transformer plants.

Development of Consumers' Cooperatives

The Estonian consumers' cooperative movement began in 1902 in South Estonia when Estonia was a province of Russia. In spite of the lack of a satisfactory basis in Russian law, after 1906–07 this kind of cooperative enterprise continued to develop until World War I. During that war many of the associations were compelled to cease operations and Estonian material losses were severe, but the movement achieved federation and formed the Estonian Cooperative Wholesale (*Eesti Tarvitajateühisuste Keskühisus*), popularly known as "E. T. K.", in 1917. After Estonia attained independence, consumers' cooperatives were founded so rapidly that the members

numbered almost 100,000 by 1921. The members were mainly in rural areas.

After the end of the war, E. T. K. broadened its activities to include the handling of fertilizers, agricultural machinery, building materials, and the sale of produce—flax, linseed, grain, and potatoes. Stores were opened along the whole coast line to supply the fishermen and purchase fish. Processing and production were started, with three fish-preserving and one coffee-roasting plant and the preparation of fruit wines. In the mid-1920's the principal commodities handled were agricultural products, food, drygoods, and some leather, chemicals, and household supplies.

During the depression of the 1920's, liquidations and mergers of associations reduced the number of cooperatives affiliated to E. T. K. year by year. In 1929 associations numbered 242 and membership had fallen to 56,648, as may be seen in table 46. In 1934 the number of associations and members dropped to an all-time low—180 and 34,206 respectively. The farmers suffered so badly from the depression that many cooperative associations lost a large part of their shares and reserves and were saved mainly through the exertions of E. T. K.

In 1933 a new constitution (with the President being given almost dictatorial powers) replaced the precarious Parliamentary shiftings characteristic of the first Estonian democratic system. Abandonment of the gold standard, in the same year, and a good harvest combined to start an economic revival, in which the cooperative movement shared. Both membership and the retail and wholesale trade of the cooperatives began a slow climb (table 46) which was continued even under a new change of constitution in 1937, inaugurating a partial corporative state, with the creation of a second chamber in the national Parliament, representative of corporations and vocational groups.

In the mid-1930's the retail cooperatives operated 533 stores and did about 15 percent of the total Estonian retail trade. By 1939 the proportion of the retail trade cooperatively handled had risen to 24 percent.

In 1934 E. T. K. handled 10 percent of the total national import trade, 50 percent of the agricultural machinery imported, 50 percent of the cattle foods and salt, 40 percent of the sugar and petroleum, 30 percent of the rice, and 80 percent of the fertilizer. It marketed 23 percent of the eggs exported, also some quantities of fruit, fish, and potatoes, and (on a commission basis) 13.5 percent of the butter exported. This whole export trade, however, was cut off by the Government establishment of a "special central organization" for the purpose in 1937.

Though E. T. K. maintained branches in Tartu and some 10 other outlying regions and provided its affiliated associations with an average of 60 percent of their goods, E. T. K.'s greatest progress was made in the development of production. By 1937 goods produced in its own plants made up about 20 percent of its total turnover. The enterprises included the coffee-roasting and fish-curing establishments mentioned above, a tobacco factory begun in 1933 which by 1937 supplied 50 percent of the market demand, a metal works making chains, wire, tinware, and nails sufficient to furnish 50 percent of the local demand, a flour mill, an engineering works which produced

agricultural implements, bicycles, and building supplies, and a chemical factory supplying soaps, cosmetics, lubricants, mineral colors, and polishes.

TABLE 46.—*Membership, Sales, and Production of Cooperative Wholesale Association, E. T. K., and Affiliated Consumers' Cooperatives, in Specified Years, 1917–42*

Year	Affiliated consumers' associations			Wholesale, E. T. K.	
	Number	Number of members	Amount of sales	Amount of sales	Value of own production
			Rubles	*Rubles*	*Kroons*
1917	55	8,830	8,416,214	1,862,497	
			Kroons	*Kroons*	
1919	156	65,195	817,475	384,185	
1921	250	99,312	11,352,761	8,856,559	
1923	263	89,197	20,381,460	12,133,733	
1925	277	78,214	27,763,250	14,359,899	
1927	267	69,064	27,903,540	14,034,919	92,715
1929	242	56,648	34,795,000	20,977,362	(1)
1931	218	60,000	22,347,000	15,180,000	(1)
1932	203	60,000	17,929,000	11,688,000	(1)
1933	184	(1)	20,021,000	12,687,000	1,632,000
1934	180	34,206	22,821,000	15,399,000	3,072,000
1935	183	35,343	26,249,900	18,948,000	4,130,000
1936	(1)	(1)	35,000,000	24,384,000	4,970,000
1937	192	47,000	45,000,000	29,000,000	6,080,000
1938	183	45,868	45,500,000	30,354,471	7,600,000
1939	208	53,900	50,000,000	36,300,000	8,800,000
				German marks	*German marks*
1942	(1)	(1)	(1)	41,400,000	8,000,000

[1] No data.

E. T. K. acquired in 1932 a large new site in Tallinn on which head offices, stores, and part of the factories and workshops were centralized; this property was administered by a subsidiary company. Other property included mines, an estate used for farming, gardening, and stock raising, and the largest tree nursery and some of the best milking herds in Estonia.

In 1936 E. T. K.'s affiliated associations were 180 consumers', 178 dairy, 203 banking, 211 insurance, 180 agricultural-machine-using, 133 fuel and litter, 96 land-improvement, and a few fishermen's, cattle-breeding, and house-building cooperatives. Activities carried on for these affiliates and itself included propaganda, the editing of the main cooperative journal of Estonia, a publishing works, the transport and insurance of goods, work in auditing, and the operation of a "hospital" department which nursed or took over insolvent cooperatives. E. T. K. also supported its own cooperative college which in 1938 trained more than 600 students.

By 1938 E. T. K. had become the largest commercial and industrial enterprise in Estonia.

In the meantime a partial reorganization of the cooperative structure, which had begun under the new government and constitution of 1933, was carried forward by the later corporative government. Central federations were created, under sponsorship of the Government, for the dairy, slaughtering, and poultry associations in the agricultural cooperative movement. In 1937 these were given monopolies on the export of butter, meat, and eggs.

Apparently on the initiative of the cooperatives, the Government created a Chamber of Cooperation at the end of 1935. The 60 members of the Chamber were to be elected by the cooperatives for 4-year terms and the task of the Chamber was to watch and assist in all branches of cooperation. After a law of 1937, the Chamber comprised sections for cooperative banking, commerce, insurance, industry, and "cooperative utilization," each with its own assembly. The Chamber employed 16 controlling instructors and published a monthly magazine. According to a Government publication the Chamber's activities were advice and training of cooperative personnel, control of bookkeeping, the "elucidation of cond tions and requirements" of cooperatives, and "the formulation of the attitude of the cooperative movement with regard to laws concerning cooperation." Membership in the Chamber was compulsory for all cooperatives, as was also the payment of affiliation fees "according to turnover."

Estonian Cooperatives in World War II

In June 1940 when the Russian forces marched into Estonia and incorporated that nation into the Soviet Union, the cooperative movement was completing a very satisfactory decade of development. A network of 208 consumers' cooperatives with 600 stores and an annual turnover of 50,000,000 kroons had been spread over the country.

The Russians at once nationalized all private business and requisitioned cooperative experts to organize this new form of State trading. Though the external organization of the cooperative system was not touched, the director of E. T. K. was arrested and taken to Russia and new cooperative leaders were installed. E. T. K. became directly subject to the Central Union of Consumers' Associations in Soviet Russia (*Centrosojus*). Both the cooperatives and the new State system of trade operated under control of the People's Commissariat. Many of the nationalized private businesses, however, had to be administered by the cooperatives. The consequent economic disorganization, the shift to the Russian currency, and Soviet priorities of purchase rights all combined to diminish supplies. Even before the Germans advanced into Estonia in 1941 and the Russians retreated, taking with them motors, horses, ships, trains, and goods, Estonian stores were nearly empty. One estimate placed the damage done to the cooperatives by the Russian occupation at 112,000,000 kroons.

The Germans, in their turn, relied on the cooperatives for services of distribution, and they too denied the associations any democratic independence. A German order of September 16, 1942, forbade the associations to hold their annual meetings and transferred all power to executives appointed by the civil authorities. In December 1942 a new central cooperative organization for Estonia was created and all cooperatives were required to register in it within 10 days, on penalty of liquidation. The largest cooperative paper mill was confiscated and transferred to the German Ostland-Faser Co.

In spite of all these handicaps and invasions of cooperative rights, the Estonian cooperative structure appeared to have survived both the Russian and German occupations and to be in a firm financial

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position. The number of cooperative associations had increased, and for 1942 E. T. K.'s annual sales totaled 41,400,000 German marks, the value of own production 8,000,000 marks, and its net earnings for the year reached 500,000 German marks. Most of the earnings were allocated to reserves.[1]

Cooperative Movement in Latvia

Though some cooperative organization began in Latvia as early as the 1860's, it was not until 1907 that the Cooperative Central Union and Wholesale Association, Konzums, was established to carry on wholesale and educational activities. When World War I began a few years later, Latvia's population was 2,500,000 and when it ended, 1,596,131. At the time of the formation of independent Latvia, in 1920, not only the Latvian business structure but the farmers' buildings and fields had been destroyed.

The cooperative movement, however, entered the new era with energy. To coordinate the activities of the different types of cooperative associations, a Council of Cooperative Congresses was established in 1920 and various central cooperative federations soon appeared.

As Latvia was predominantly agricultural, farmers' cooperatives of various types formed by far the greatest section of the cooperative movement. Even the consumers' cooperatives were largely rural and the cooperative wholesale, Konzums, was both a distributive and a marketing organization.

Hastened by the world-wide depression of the early thirties, the Latvian Government assumed a largely corporative and dictatorial form in 1934. It forced the liquidation of the federation of workers' cooperatives and Konzums, and decreed that their affiliates become members of a new wholesale that was not cooperative but a State-owned stock company. In the period, 1934–39, the whole Latvian cooperative movement was transformed through forced amalgamations and State control.

The Russians took possession of Latvia on June 17, 1940, and their treatment of Latvians and Latvian cooperatives appears to have followed the same course as in the case of Estonia (see p. 153). When the Germans conquered the Baltic States in March 1941, Latvia and the other two countries, in addition to White Ruthenia, were constituted as the Ostland District of the Reich. The property previously nationalized by the Russians was confiscated by the Germans in August 1941. The farmers' marketing cooperatives were reestablished by the Germans and were used as producers and collectors of produce for the conquerers.

Types of Associations and Their Activities

The cooperative movement in Latvia had the usual standard types. One form of agricultural cooperation—associations marketing grain

[1] *Sources.*—The report on Estonia is based upon data from the following publications: The Estonian Yearbook, 1929 (Tallinn); Estonia, Population, Cultural, and Economic Life. ([Riigi statistiska Keskbüroo], Tallinn, 1937); International Directory of Cooperative Organizations (International Labor Office), 1929, 1933, 1936, 1939; Cooperative Societies Throughout the World—Numerical Data (International Labor Office. 1939); International Cooperative Bulletin (International Cooperative Alliance, London), December 1922, and March 1925; Review of International Cooperation (International Cooperative Alliance, London), June 1928, January 1929, April 1931, July 1933, July 1935, September 1936, June 1938, February and August 1939, October 1943, and February 1944; People's Yearbook (English Cooperative Wholesale Society, Manchester, England), 1929, 1934, 1936, 1937, 1938, 1939, 1940, 1941.

and other agricultural products—disappeared early in the 1930's when by successive measures the Government formed State monopolies of both domestic and foreign trade in grain, bread, seed, and potatoes. The number of cooperatives of each type in 1937 is shown in the accompanying statement:

	Number of associations
All types	2, 196
Consumers' cooperatives	184
Credit associations	503
Savings and loan associations	477
Insurance associations	450
Agricultural associations:	
Dairies	258
Agricultural machinery	228
Distilleries	24
Peat	54
Marketing of grain and other products	(1)
Fishermen's associations	18

[1] No longer any associations of this type; all such marketing a Government monopoly.

Cooperative insurance.—In the period before World War I when cooperative credit organizations were beginning to ameliorate distressing rural conditions, cooperative insurance associations were also being formed to cover fire and other risks. The Central Federation of Mutual Insurance Associations (*Savstarpējās apdrosināsanas centrālā savienība*) was established in Latvia in 1922. By the end of 1929 there were in Latvian towns 32 insurance cooperatives with 19,742 members and in rural areas 392 cooperatives with 73,495 members. At the beginning of 1939 nine years later, 606 organizations were affiliated to the Central Federation, and of these 469 were insurance cooperative associations. After the new Government took control in 1934, model rules for the insurance union were drawn up and approved on December 16, 1937. The insurance organizations were little changed, however, "because a Government representative [was] at the head of the Union."

Although the number of insurance cooperatives decreased between 1935 and 1938, membership rose from 114,579 to 125,839, and both insurance outstanding and reserves increased.

TABLE 47.—*Membership and Operations of Cooperative Insurance Associations in Latvia, 1934–38*

[For par values of currency, see Appendix table, p. 278]

Year	Number of associations	Membership	Insurance outstanding	Reserves
			Lats	*Lats*
1935	454	114, 579	579, 487, 932	4, 195, 751
1936	456	118, 279	644, 071, 354	4, 572, 601
1937	454	122, 445	671, 338, 067	4, 909, 328
1938	450	125, 839		

According to a published report of the former Latvian Finance Minister, cooperative insurance organizations did well in 1938. More than 120 new associations were founded, mainly in the eastern part of the country where cooperatives had not been strong. The assets of the Central Federation increased 22 percent, reaching a total

of 1,600,000 lats, and shares and reserves rose 26 percent to a total of 1,256,000 lats. At the same time, premium income amounted to 1,300,000 lats, showing an increase of 39 percent. From these operations the Central Federation returned a dividend of 63,747 lats to premium payers and derived a net surplus of 71,677 lats.

Cooperative fisheries.—A Latvian Union of Fishermen's Cooperative Associations was formed in 1919. By 1934 this Union included 47 associations with 5,000 members. A new union, the Central Federation of Fishermen's Cooperative Associations, was established under the new Government in 1937 and was granted a monopoly of the wholesale trade in fish in Riga on October 15, 1939.

At the beginning of 1939, fishermen's cooperatives numbered 18 and their members 1,101. The aggregate output of canned fish was valued at 1,209,900 lats in 1938, a sum which indicated an increase of 40.5 percent over the output of 1937. On January 1, 1939, the total balance of the Central Federation amounted to 273,794 lats, of which shares and reserves made up 43 percent.

Development of Consumers' (Trading) Cooperatives

When 69 delegates representing some 37,000 cooperators gathered at Riga early in 1922 for the first cooperative congress of distributive associations, the country was in process of being rebuilt, and cooperative development was retarded by the instability of the currency, lack of capital, low consumer purchasing power, and inexperienced leadership. Delegates also charged that the tax laws bore more heavily upon the cooperatives than was the case under the Czar's rule.

Under such conditions Latvian cooperatives developed as general-purpose rather than as specialized types, and the membership was as diversified as the trading activities. In 1926 the variety of occupations represented among the 77,803 members of the 314 consumers' cooperative associations then existing resembled somewhat the occupational distribution of the population in 1930, as shown below.

	Percent of population
Agriculture	59. 05
Professions (education, public administration)	5. 46
Manufacturing industry	15. 20
Trade and commerce	6. 41
Commerce and transportation	4. 49
Others	9. 39
Total	100. 00

	Percent of cooperative members
Agricultural land proprietors	39. 0
Freeholders and leaseholders	4. 6
Intellectual workers	28. 2
Wage-earning laborers	9. 8
Artisans	10. 2
Industrial workers	. 7
Traders	. 6
Others	6. 7
Total	100. 0

From 1926 to 1930 consumers' cooperative membership averaged about 63,000 persons. By 1931 the depression had begun and membership had fallen to 46,930. The unemployment and distress of the people, the frequent bankruptcies, and general insecurity in Latvian business were reflected in declines in business and sizable deficits in 1931 and 1932 (table 48).

The Central Union and Wholesale, Konzums, formed in 1907, was the principal organization of its type in Latvia. One of its avowed aims was to assist the agricultural interests and another was to organ-

ize the production and purchase of goods handled by the affiliated associations. Konzums thus dealt not only in the traditional consumer goods but also in fertilizers and seeds and, in the 1920's, it exported bacon and butter.

In 1928 when its affiliated associations numbered 402 and their membership was 80,000, Konzums' turnover reached 49,903,570 lats, almost twice the figure for 1924. Goods purchased by the affiliated cooperatives accounted for 87 percent of the turnover of 1928. In that year its exports of meat, butter, and linseed were valued at 6,139,949 lats and its imports of agricultural machinery, manufactured goods, fodder, manure, and provisions at 7,482,688 lats. Though the meat-export department suffered severely in 1928, all other departments were thriving. The position of this organization in the national economy may be seen from its importation of 50 percent of the feeding stuffs, 34 percent of the artificial manure, and 29 percent of the agricultural machinery imported by the entire country. The productive enterprises of Konzums consisted of a flax mill, a bone mill, a sawmill, a salt plant, and two electric-powered slaughterhouses. In 1934 Konzums' enterprises included also a fat-refining plant and a pharmaceutical laboratory.

When the world-wide economic collapse of the early 1930's arrived, Konzums' affiliated associations included 206 consumers', 57 agricultural, 54 dairy, and 20 other associations. In 1931 turnover decreased 50 percent to 22,400,000 lats. The balance sheet showed heavy investments in real estate, large debts owed by customers, and a low percentage of own resources. As Konzums' main creditors were the State Bank and the Ministry of Finance, the latter appointed a State Administrator to oversee its operations.

Cooperatives Under State Domination

In 1934 the Prime Minister of Latvia requested the Parliament to change the constitution. Upon its refusal to do so, an armed "putsch" occurred, and a new government was formed under the Prime Minister, which disregarded the numerous political parties (at one time numbering 44). In 1935 and 1936 four chambers of a corporative character were formed.

Activities of the cooperative movement were placed under 3 new laws, the Cooperative Societies and Associations Act, the Cooperative Fund Act, and the Government Security Fund Act. This legislation was said to give the cooperatives "better opportunities for outside work than formerly" and not to interfere with the use of Rochdale principles. The Government reserved the right to make some adjustments in the cooperatives, and all decisions of boards and meetings were to be approved by the Government. Up to 1938 (report of December) it had appointed members to 10 cooperative boards out of a reported total of 2,000 cooperatives.

Actually however, the Government was adapting the cooperative movement to the new ideology. Some cooperative association premises were searched, some associations were closed. The cooperative law of June 17, 1937, brought the entire movement into line with the new policies by compelling all associations to submit new sets of rules before being licensed and by obliging all to join their respective unions and submit to partial Government auditing. Danger from the liqui-

dation of cooperatives was eased by a law requiring that all unconcluded liquidations be handed over to the Latvian Credit Bank and by allowing a sum of 10,000,000 lats to be used to repay the losses of cooperative members.

In 1935 only 1.3 percent of Latvia's 29,576 retail sale establishments were cooperative, except in the food business in which the proportion of cooperative ownership was 4.7 percent and of turnover 16 percent. As may be seen in table 48, an increase in earnings began in 1934 and in amount of business, and patronage refunds in 1935. Although the consumers' cooperative membership had fallen to 27,047 (an all-time low) by 1937, sales that year reached 38,193,134 lats, thus topping the largest previous total by almost 7,000,000 lats. In 1937, too, interest and patronage refunds were larger than ever before. Share capital amounting to 914,383 lats exceeded by 56,039 lats that in any earlier year and total own capital had never been greater except in 1932. This progress was continued in 1938.

TABLE 48.—*Trend of Development of Consumers' Cooperatives in Latvia, 1926–38*

[For par values of currency, see Appendix table, p. 278]

Year	Number of associations	Number of stores	Own capital		Outside capital	Sales	Earnings	Interest	Patronage refund
			Share capital	Total					
			Lats	*Lats*	*Lats*	*Lats*	*Lats*	*Lats*	*Lats*
1926–30 (average)	308	451	598, 289	2, 837, 054	9, 528, 629	27, 236, 892	163, 363	27, 471	86, 599
1928	302	434	597, 903	2, 679, 921	9, 404, 142	26, 547, 434	223, 578	28, 718	95, 301
1929	301	444	634, 928	3, 240, 365	9, 947, 045	31, 501, 290	286, 610	31, 129	113, 671
1930	295	468	722, 555	3, 775, 940	10, 608, 374	28, 322, 312	113, 836	31, 961	111, 710
1931	300	476	786, 534	3, 925, 819	9, 950, 036	25, 165, 305	[1] 79, 814	27, 720	57, 788
1932	290	459	858, 344	4, 092, 359	8, 725, 197	18, 335, 571	[1] 158, 767	21, 482	33, 021
1933	249	402	828, 193	3, 917, 161	6, 069, 378	19, 776, 008	114, 972	25, 376	65, 413
1934	234	388	812, 842	3, 905, 575	5, 611, 519	19, 293, 851	186, 283	32, 356	62, 094
1935	192	375	735, 303	3, 521, 011	4, 464, 241	22, 159, 423	321, 930	36, 060	84, 528
1936	194	393	798, 816	3, 702, 860	4, 481, 410	28, 978, 534	435, 295	41, 464	121, 539
1937	187	399	914, 383	3, 966, 672	5, 026, 210	38, 193, 134	759, 077	68, 472	219, 709
1938	184	428	1, 051, 616	4, 401, 899	5, 929, 515	58, 900, 000	(2)	(2)	(2)

[1] Deficit.
[2] No data.

In January 1937, under pressure from the Government, Konzums and a workers' cooperative federation, Union of Cooperative Distributive Associations, voted for their own "voluntary" liquidation and the transfer of their assets and liabilities to a new organization—a joint stock company, formed by the Government. By this act the Government amalgamated two organizations which had been rivals within the Latvian cooperative movement since 1920. This rivalry reflected differences between "bourgeois" consumers and "radical" workers' groups which began as early as the Russian Revolution of 1905, subsided under the Bolshevist domination, and reappeared in independent Latvia. The Union of Cooperative Distributive Associations, though neutral in politics, was founded to safeguard the interests of the workers. Among Konzums' affiliated associations, on the other hand, there were purely agricultural cooperatives, savings and loan, and dairy cooperatives as well as consumers' cooperatives which supplied both household and agricultural needs. The workers' organization was a small federation which had only 34 affiliated associations at the time of its dissolution.

TABLE 49.—*Number and Members of Certain Types of Cooperative Associations in Latvia, 1926–38, by Type*

Year	Total associations of specified types	Consumers'		Credit		Insurance		Dairies	
		Number	Members	Number	Members	Number	Members	Number	Members
1926–30 (average)	1,742	308	63,304	578	172,098	408	83,506	448	21,462
1928	1,772	302	54,475	588	172,824	417	86,797	465	21,766
1929	1,773	301	53,376	592	181,124	425	93,315	455	23,611
1930	1,780	295	50,320	605	195,353	430	99,233	450	25,017
1931	1,784	300	46,930	623	205,835	438	95,858	423	24,971
1932	1,751	290	44,229	628	208,540	440	99,437	393	24,423
1933	1,692	249	36,792	634	208,170	447	103,891	362	22,721
1934	1,654	234	32,568	626	204,680	454	109,394	340	20,790
1935	1,592	192	28,358	618	202,234	456	114,579	326	19,628
1936	1,550	194	27,580	606	205,495	456	118,279	294	19,145
1937	1,441	187	27,047	532	202,696	454	122,445	268	18,541
1938	1,395	184	27,577	503	205,964	450	125,839	258	18,538

On August 4, 1937, cooperative delegates received "in subdued silence" the Government terms: Amalgamation of small associations; and all local associations affiliated to the two defunct unions to become automatically members of the new company, Centrālā Savienība Turība, to which was given a monoply of certain articles of import.

The chief shareholders in Turība were the Government banks; the affiliated associations held only 1,000,000 lats out of Turība's 7,000,000 lats of share capital. Turība, in turn, was a stockholder in the various joint stock companies established by the new Government. Between 1936 and 1938 the Latvian Government established joint stock companies in a great many fields of economic activity—the fuel trade; the heavy industries; production of brick, lime, beer and soft drinks, oils and liquid fuels, timber, and peat; and export of various commodities. In 1938 Turība, then in its second year, owned shares amounting to 2,118,000 lats in 15 such joint stock companies, of which the greater part of the share capital was held by Government banks and other organizations.

Under this plan of State control, by 1939 (when the results of an official study were published) the Latvian cooperative movement was reported to have "changed beyond recognition." The legal position and to a certain degree the organization of the cooperative system had been altered, as has been mentioned above. The total number of cooperatives listed in the Government statistical annual had dropped from 1,654 in 1934 to 1,395 in 1938 and membership in consumers' associations had decreased from 32,568 to 27,577 (see table 49). Membership in credit and insurance cooperatives, however, had grown about 1,000 and 15,000, respectively. According to a report published by the Latvian Legation in Washington, consumers' cooperative sales had increased from 19,293,951 lats in 1934 to 58,900,000 lats in 1938, the increase between 1937 and 1938 being given as 20,700,000 lats, that is, 54 percent. Improvements in the consumers' cooperative position described by the same report included also a growth of 16 percent in the number of stores, of 30 percent in aggregate balances, of 49 percent in the number of employees, and of 44 percent in the aggregate share and reserve capital. How much freedom was accorded to the cooperatives in the management of their activities is not apparent from the reports available.

At the end of 1938 the Central Union and Wholesale, Turība, had in affiliation 209 consumer associations, 171 dairy, and 34 miscellaneous associations. Total sales had risen from 56,000,000 lats in 1937 to 80,000,000 lats in 1938. Turība began the year 1939 with a balance of some 18,000,000 lats, of which shares and reserves made up more than half. Net surplus, which had been 480,457 lats in 1937, increased to 1,008,337 lats after the payment of patronage refunds of 300,000 lats and 650,000 lats, respectively, in 1937 and 1938.[3]

Cooperative Movement in Lithuania

The organization of thrift and loan and peasants' trading cooperative associations began in Lithuania in the 1870's and 1880's, and some real progress in cooperation occurred about 1904. Toward the end of the nineteenth century the westernizing of the medieval Lithuanian land system began under the leadership of intellectuals. However, the Lithuanian peasant farmers had been serfs until freed by legislation passed by the Russian Government during the period 1862–65, and as long as Lithuania remained under Russian domination the people lived practically as they had in the Middle Ages.

From 1915 to 1918 during World War I the Germans occupied Lithuania and the country lost much of its assets—47 percent of its cattle, 38 percent of its horses, and 44 percent of its pigs. Some 57,000 buildings were destroyed. In the same period of time, 90 percent of the cooperative organizations in existence before the war disappeared. The Lithuanian State was revived in 1918 and its independence recognized in 1920. The population of some 2,000,000 was then predominantly rural and remained so as late as 1936. The newly created Government at once began agrarian reforms. It abolished the common pasture lands and peasants' "servitudes," it consolidated the peasants' strip and plot holdings, and cut up the large estates for the benefit of the landless peasants.

A network of cooperatives for the supply of credit, consumption goods, and the purchase and marketing of agricultural supplies was extended through private and Government efforts. Government leaders were the real organizers of whole parts of the cooperative movement and some enterprises were subsidized or partially owned by the Government from the early years of independence, though it was stated as late as 1936 that the State hoped to convert these into genuine cooperatives. Cooperative accounts were audited by Government officials. Consumers' cooperatives with less than 50,000 lits capital were exempted from the payment of the trade tax and their federations with a capital exceeding 50,000 lits from the profits' tax. In addition, the State maintained, at the agricultural college at Dotnuva, a lecturer on agricultural cooperation. Cooperative delegates were specially provided for in the Chamber of Commerce, Industry, and Trade created in July 1936.

[3] *Sources.*—The report on Latvia is based upon data from the following publications: Valsts Statistiskā Pārvalde, Latvijas Statistikas Gada Grāmata (Riga), 1939; International Directory of Cooperative Organizations (International Labor Office), 1929, 1933, 1936, 1939; European Conference on Rural Life, 1939: Latvia (League of Nations Publications, 1939); International Cooperative Bulletin (International Cooperative Alliance, London), May-June 1922; Review of International Cooperation (International Cooperative Alliance, London), March 1928, August and December 1929; November 1931; February 1934; December 1936; June, July, and December 1938; People's Yearbook (English Cooperative Wholesale Society, Manchester, England), 1934, 1940; The Cooperative Systems of Scandinavia and Baltic States (U. S. Bureau of Foreign and Domestic Commerce, Special Circular No. 372, Washington, D. C., September 15, 1936); and New International Yearbook (Funk & Wagnalls Co., New York), 1943.

By the beginning of World War II the cooperative movement was a powerful factor in the economy of Lithuania, and its cooperative wholesale the largest business enterprise there. About a third of the people were served by the consumers' cooperatives.

Types of Associations

The characteristic types of cooperatives which developed in Lithuania were the trading (village and urban consumers' cooperatives which both purchased and sold goods), the credit, the dairy, the agricultural improvement, and miscellaneous associations including workers' productive, building, and insurance cooperatives. From table 50, which presents the numbers of cooperative organizations existing in 1923, 1928, 1933 and in the last years before World War II, it is apparent that credit and "other marketing" cooperatives had the most consistent growth of all.

The Central Committee of Lithuanian Cooperative Associations served as a common center for issuing publications, for organizing propaganda and education, and as an advisory committee for all forms of cooperation. This council was reorganized in 1937.

TABLE 50.—*Number of Cooperatives in Lithuania in Specified Years, 1923 to 1939, by Type*

Type of association	1923	1928	1933	1937	1938	1939
All types	717	1,559	1,405	1,257	1,288	1,332
Consumers' associations	422	409	105	57	[1]251	[1]275
Credit and savings associations	222	496	509	407	398	401
Building associations	----	5	4	4	----	----
Insurance associations	----	1	1	1	2	2
Publishing associations	----	11	5	2	----	----
Labor associations	----	9	7	4	----	----
Productive associations	45	32	5	4	228	224
Agricultural associations:						
Dairy	----	386	322	224	----	----
Other marketing	28	186	195	204	409	430
Cattle-raising	----	8	136	204	----	----
Bee culture	----	16	15	12	----	----
Machinery loan	----	----	101	133	----	----
Potato-alcohol distilleries	----	----	----	1	----	----

[1] "Commercial" includes some agricultural.

Cooperative credit associations.—The cooperative credit movement began in Lithuania with the founding of a credit bank in 1873. After losses during World War I, the cooperative organizations were revived and subsequently advanced much of the funds required for the restoration of the country and the modernization of agriculture.

The cooperative credit movement was composed of two groups of associations, each with its own central organization—the rural credit associations of which the membership in 1931 was more than 50 percent agricultural, and the urban credit associations (including the Jewish People's Banks) the members of which were chiefly town dwellers. The Raiffeisen credit cooperatives of the Memel district also had their own federation, the Raiffeisen Bank, founded in 1924. It was registered as a joint stock company of which the main shareholders were the cooperatives.

Although the number of Lithuanian credit cooperatives reached 547 in 1927 and had decreased to some 400 at the beginning of World War

II, total share capital, deposits, loans, and net earnings showed a steady growth from 1935 to 1938.

	1935 (lits)	*1937* (lits)	*1938* (lits)
Own capital	17, 672, 798	21, 278, 908	22, 177, 568
Deposits	30, 003, 371	41, 423, 953	42, 677, 547
Loans	58, 359, 969	65, 900, 104	69, 602, 315
Net earnings	444, 020	776, 062	----------

The Lithuanian Government held shares in the Lithuanian Cooperative Bank (the central organization for the majority of the associations) which was founded in 1920 and brought under Government control in 1933. This Bank supervised the operations of the affiliated credit cooperatives. At the beginning of 1937, the affiliates of the Cooperative Bank consisted of 3 federations, 13 trading, and 163 credit cooperatives. The Bank's share capital, of which the State held part, then stood at 3,000,000 lits, its deposits at 6,560,000 lits, and loans granted at 15,900,000 lits.

At the end of 1936, the 41 Raiffeisen cooperatives in the Memel district had funds of 8,730,000 lits (as compared with 20,130,000 lits in 1931) and loans granted amounting to 16,640,000 lits (as compared with 24,960,000 in 1931).

The Jewish People's Banks numbered 85 with a membership of 15,849 at the beginning of 1937. Own capital amounted to 3,350,000 lits, loans to 14,060,000 lits, and deposits to 14,730,000 lits.

Cooperative association for bookselling.—A cooperative association for publishing and bookselling was founded in 1923 and by 1936 had become the largest enterprise of the sort in Lithuania. The range of this cooperative's activities was wide and novel and undoubtedly valuable in the development of the native culture. It dealt in all kinds of apparatus (radios, theodolites, typewriters, etc.), and it issued a great variety of educational material, including a Lithuanian encyclopedia of which 4 out of 16 volumes had been completed by 1936.

Development of Trading Cooperatives

During the first few years of Lithuanian independence the cooperative movement was organized with separate consumers' associations and agricultural purchase and sale associations, but their operations were almost the same. As dairy farming and stock breeding spread and the organization of industries to utilize agricultural products developed, the number of cooperatives increased rapidly. The resultant overlapping of organizations encouraged the consumers' and the purchase and sale cooperatives (of which the members were often the same individuals) each to extend operations into the other's field and ultimately brought about the failure of some consumers' cooperatives.

Clarification of the fields of activities of the various cooperatives came largely from above. The Central Union of Cooperative Associa-

tions (Lietukis) was formed through the efforts of Government officials in 1923, and its affiliated associations included consumers', agricultural, credit, and dairy cooperatives. Its original function was largely that of education. The credit groups soon withdrew to join their own central organization, as did also the cattle-registration groups. In 1926 the dairy cooperatives also formed a separate central union, called Pienocentras. About the same time, the educational work of Lietukis was transferred to the newly incorporated Chamber of Agriculture. The final demarcation of activities occurred in 1930 and 1931 when an arrangement worked out between Lietukis and Pienocentras transformed the agricultural purchase and sale cooperatives and the consumers' cooperatives (except cooperatives which were clearly urban) into a uniform type of rural association which became distinctive in Lithuania—the "trading" cooperative association. These trading cooperatives handled ordinary consumer goods such as groceries as well as farm supplies, and they also purchased agricultural produce.

Lietukis then began to act as the central union and wholesale for the trading cooperatives and henceforward its aim was declared to be the development and organization of the trade in agricultural products and the reconciliation of the interests of producer and consumer. Since there were only about 20 of the traditional types of consumers' cooperatives in Lithuania and these had no cooperative wholesale of their own, the activities of Lietukis constituted the main cooperative wholesale business. During this early period a wholesale known as the Christian Cooperative Wholesale was liquidated (in 1928). A second wholesale organization was absorbed by Lietukis at the beginning of 1931.

In the decade preceding World War II, Government participation in cooperative enterprise continued, and even increased, through its part ownership of certain joint stock companies. During this period a decline in membership began in the depression in 1932, and continued year by year throughout the 1930's, whereas after 1934 sales and net earnings grew at the rate of 10,000,000 lits and 200,000 lits respectively a year (table 51). The decrease in individual membership appears to have been accompanied by the opening of cooperative facilities to the public, for the increase in sales (from 52,255,099 lits in 1929 to 114,285,259 lits in 1939) could scarcely be explained by a rise in prices and in member purchases. The remarkable decrease in the amount of members' share capital after 1933 is also significant.

By 1938 (the last full year of peace) Lithuania had 183 agricultural and rural consumers' or trading cooperative associations, with a membership of 23,480, sales valued at 95,164,700 lits, and own capital of 8,200,000 lits. Credit cooperatives numbered 398, of which the membership was 117,155, the capital 13,990,000 lits, the deposits 41,670,000 lits, and the loans 63,570,000 lits.

Cooperative expansion continued in 1939, with the membership in agricultural and rural consumers' associations increasing 17.3 percent, the number of stores increasing from 310 to 452, and the amount of turnover from 40,400,000 to 56,100,000 lits.

TABLE 51.—*Development of Consumers' Trading Cooperatives in Lithuania, 1925–39*

[For par values of currency, see Appendix table, p 278]

Year	Number of cooperatives	Membership		Number of stores	Amount of business	Net earnings	Share capital	Reserves
		Total	Farmers					
					Lits	*Lits*	*Lits*	*Lits*
1925	247					676,886	2,154,606	509,780
1926	208					389,419	2,198,589	543,604
1927	205	37,641			20,631,975	490,965	1,481,023	634,460
1928	223	36,875	22,792	288	23,524,254	514,571	2,584,886	741,265
1929	259	38,891	25,077	318	52,255,099	764,649	1,168,653	1,182,894
1930	254	23,841	23,486	313	44,992,836	875,390	1,177,891	1,330,548
1931	213	33,993	22,399	294	46,003,579	605,198	1,112,116	1,444,172
1932	185	28,747	18,330	271	37,314,464	288,667	877,987	1,138,053
1933	184	26,087	16,074	284	37,534,228	413,223	1,029,014	1,387,342
1934	176	22,285	13,890	284	37,342,382	483,091	880,582	1,301,826
1935	171	20,906	12,835	290	46,427,654	680,448	759,150	1,246,263
1936	180	21,026	13,118	298	55,562,955	821,248	725,775	1,451,830
1937	182	21,525	13,352	316	65,045,674	1,042,931	916,804	1,628,956
1938	183	23,480	14,701	334	95,164,700	1,374,775	693,901	1,975,432
1939	185	25,189	16,499	378	114,285,259	2,277,009	673,233	417,770

The largest Lithuanian consumers' cooperative was Parama, at Kaunas, which in 1937 had 30 stores. Like other Lithuanian cooperatives, in the late 1930's Parama encouraged all patrons to become members, at one time announcing that all nonmember customers whose purchases exceeded 1,000 lits might join the association without paying the usual fees. In 1936 Parama maintained a bakery with a daily capacity of 50,000 kilos—the largest in the Baltic States. At that time the daily needs of Kaunas were 40,000 kilos and the output of Parama 20,000 kilos of bakery goods.

ACTIVITIES OF COOPERATIVE WHOLESALE, LIETUKIS

After 1930 Lietukis divided its attention between supplying its member associations with consumer goods and farm supplies and the marketing of flax and grain. The two main divisions of its trading activities were the import of commodities needed by the members and the purchase and export of farm produce. The wholesale also provided accounting service, besides assisting member associations on matters of finance and real estate. Only about 20 percent of its affiliates were consumers' cooperatives in 1936 and 80 percent were agricultural cooperatives. In 1939 Lietukis had 145 affiliates with a total individual membership of 25,000. The Central Union and Wholesale might thus be said to serve about 100,000 persons out of a total population of some 2,000,000.

Lietukis was handling about 85 percent of the total Lithuanian wholesale trade in sugar, 76 percent of the salt, 80 percent of the agricultural machinery, 60 percent of the cement, and all of the fertilizer. The machinery department also handled automobiles, bicycles, and sewing machines. Groceries and building materials were important items of Lietukis' turnover. Its petroleum trade expanded after 1936 when it acquired a number of storage tanks at Memel; in 1938 its imports of petroleum products constituted 42 percent of the total imports of these items. In 1939, Lietukis was the only exporter of, and the largest dealer in, cereals in Lithuania,

and handled 45 percent of the total national flax export. By acquiring grain mills in the late 1930's, Lietukis was able not only to regulate flour prices but also to purchase in quantities sufficient to influence grain prices.

Lietukis collaborated with the dairy union, Pienocentras, in the manufacture of soaps, oils, polishes, and lubricants, and with the Government in the operation of Maistas, a joint stock meat-packing company (founded in 1923 on an earlier cooperative beginning). In the mid-1930's, Maistas maintained 4 processing plants and 50 retail stores and the Government apparently hoped to convert the enterprise into a purely cooperative association.

From sales of about 32,000,000 lits in 1933, Lietukis increased its business more than fourfold by 1939, as table 52 indicates. The single break in its consistent growth occurred in 1937.

TABLE 52.—*Membership and Operations of Central Union of Lithuanian Cooperative Associations, Lietukis, 1933–39*

[For par values of currency, see Appendix table, p. 278]

Year	Number of affiliated associations	Amount of business	Net earnings	Share capital	Reserves
		Lits	*Lits*	*Lits*	*Lits*
1933	140	32,063,457	(1)	(1)	(1)
1934	127	37,616,700	83,100	289,100	361,300
1935	112	60,530,300	382,900	272,200	331,200
1936	108	73,714,500	640,600	375,400	350,400
1937	111	72,360,000	776,800	505,900	529,700
1938	131	113,908,900	957,500	705,900	568,500
1939	145	138,911,000	1,147,700	915,100	807,900

[1] No data.

Lithuanian Cooperatives in World War II

On March 22, 1939, the Lithuanian cooperatives suffered the first of many losses caused by World War II, with the cession of Klaipèda (Memel) to Germany. Following the Mutual Assistance Pact signed with the Soviet Union, October 10, 1939, Lithuania received its former capital, Vilna. Soviet troops occupied the country on June 15, 1940, and on July 21, the Lithuanian Parliament adopted a resolution for union with the U. S. S. R., which was accepted in Moscow on August 3. When Germany attacked Russia, Lithuanian patriots established an independent government at Kaunas, June 23, 1941. The Germans dissolved this government on August 6, and made Lithuania a district in the Ostland Province of the Reich under a German commissioner general.

Though the Russian policy for the Baltic republics included the nationalization of land, farms less than 45 acres in size were left in the hands of the small owners and only the larger properties were placed under State administration.

After the German occupation of Lithuania began, the Germans appointed their own administrators for the large farms and treated the small farmers as holders of German State property. The formation of a central German organization to "manage and exploit all the State farms and their technical enterprises such as machine and tractor

stations, also certain collective farms and other agricultural enterprises singled out by the Reich Commissioner" was announced February 14, 1942. Raw materials and food were confiscated for German use. At least one of the joint stock companies affiliated to the Lithuanian cooperative movement was made a branch of the German organization in the same field of production.

At the same time, the Germans were giving seized Lithuanian property to German-speaking Balts who were being returned to Germanize the Baltic States, and 70,000 Lithuanians were moved to the Reich to work.[4]

Countries of Central and Eastern Europe

In all of the countries of central and eastern Europe—Austria, Czechoslovakia, Germany, Hungary, Poland, and Soviet Union—the cooperative movement had reached impressive proportions and was an important factor in the life of the people. In Germany the consumers' cooperatives were serving about 25 percent of the population, in Czechoslovakia 30 percent, in Poland 40 percent, and in Hungary 45 percent.

The advent of Hitler and the gradual rise of totalitarianism changed the situation in five of these countries within a few years. In every case it was the consumers' cooperative movement which was the main target of attack, the agricultural cooperatives being left for the most part unmolested. In Germany an avowed program of dissolution of the consumers' cooperatives was adopted by the Nazis. Such was the cooperatives' position in the economy of the people, however, that nearly a decade elapsed before the program could be carried out in its entirety, resulting in the disappearance of this form of cooperative. In Austria internal difficulties, added to the depression and the involved financial difficulties of the Government itself, had produced knotty problems for the cooperative movement which it was only beginning to solve when the political crisis of February 1934 occurred, resulting in the adoption of totalitarian policies. After the Anschluss with Germany and the assumption of power by the Nazis, the Austrian cooperatives suffered a fate similar to that of the German associations. In Czechoslovakia a drastic policy of amalgamation and dissolution of consumers' cooperatives was inaugurated almost as soon as the German invaders arrived in 1939, the outcome of which the outside world has not been permitted to learn. A large proportion of the cooperatives in Poland were dissolved or destroyed in or after the partition of its territory among Russia, Lithuania, and Germany. Reports from German-occupied territory indicate that the Germans have made use of cooperative facilities and have even encouraged the formation of new associations where this suited their purposes.

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[4] *Sources.*—The report on Lithuania is based upon data from the following publications: Lietuvos Statistikos Metraštis (Centralinis Statistikos Biuras, Kaunas), 1931, 1935, 1938 (Vilna) 1939; International Directory of Cooperative Organizations (International Labor Office), 1929, 1933, 1936, 1939; European Conference on Rural Life, 1939: Lithuania (League of Nations Publications, 1939); Review of International Cooperation (International Cooperative Alliance, London), June 1928, July 1931, September 1932, November 1933, September and October 1936, September 1937, October 1938, September 1939, and January 1940; The Cooperative Systems of Scandinavia and Baltic States (U. S. Bureau of Foreign and Domestic Commerce, Special Circular No. 372, Washington, D. C., September 15, 1936); People's Yearbook (English Cooperative Wholesale Society, Manchester, England), 1931, 1932, 1940, 1941;New International Yearbook (Funk & Wagnalls Co., New York, 1943); Cooperative Review (Cooperative Union, Ltd. Manchester, England), March 1942; Washington Post, February 14, 1944.

Among these five countries, the cooperative movement of Hungary alone received actual advantages from the war, profiting by the addition of associations in the territories reannexed (after 20 years) from Czechoslovakia, Rumania, and Yugoslavia.

Cooperative Movement in Austria

In the 50-year existence of the Austrian cooperative movement, Austria passed through practically the whole cycle of modern political and economic development—the Imperial Government until 1918, the Austrian Federal Republic, 1918–34, the Austrian Corporative State, 1934–38, and the German Reich since 1938. When the first cooperative associations were founded before the 1890's, the landholding classes and the craft guilds of the Empire held almost medieval power. Changes caused by the beginning of industrialization and political enlightenment appeared in the old Empire before World War I.

In the new Republic, the connection between the political leadership of the National Government and the management of the cooperative societies was close. Cooperative associations acted with the State or with municipal bodies in the management of socialized enterprises. A series of crises, however, had followed the dismemberment of the Empire in 1918–19 and the subsequent collapse of the Austrian currency. In the consequent readjustment, legislation was passed which limited the privileges of the consumers' cooperative societies. In the winter of 1933–34, when Austria was drawn into the backwash from the German National Socialist revolution, a combination of groups established the corporative form of government in Austria.

For a time, the new government took over almost complete control of the cooperative associations, destroying their democratic machinery at one stroke. Cooperative circles included so much of the nation's talent, however, that the committees appointed by the Government in 1934 to administer the movement were almost invariably headed by its friends. Within one year after the winter revolution of 1934 the cooperative societies, except the Workers' Bank (*Arbeiterbank*), had resumed their business. Government control of economic life continued to increase until the Anschluss with Germany in 1938. After that event, German influence did not destroy the cooperative structure immediately. The consumers' societies were "adjusted." Three years later, on February 18, 1941, a German Reich decree announced that the "assets, properties and organization of the Austrian societies affiliated to the Zentralverband [Union of Austrian Distributive Societies], as well as those of the Wholesale Society with headquarters in Vienna, are to be handed over to, managed by, or disposed of by the Labor Front." Throughout the changes of the 1930's, the agricultural cooperative societies survived virtually untouched by regulation. Their fate since the Anschluss is not known, but for other sections of the cooperative movement the cycle from autocratic control through liberty and back to authoritarian control was complete. At their peak, the consumers' cooperatives had been responsible for the provisioning of at least a third of the population of Austria.

Types of Associations

Austria had almost every form of cooperative association and excelled in some. Before World War I, the chief development was in Raiffeisen banks and agricultural cooperation, but most of these organizations were in the regions lost to Austria under the peace treaty. After the war the agricultural associations steadily increased in number. The consumers' cooperatives, on the other hand, just as steadily decreased, this being largely due to the policy of amalgamation of smaller associations into powerful district associations. The consumers' cooperatives were predominantly working-class organizations, although some associations of peasants and other groups also existed. Insurance was provided for the consumers' cooperative movement through a single organization, the Insurers' Protection Bureau (a subsidiary of the Central Cooperative Union).

TABLE 53.—*Number of Cooperatives in Austria in Specified Years, by Type*

Type of association	1910	1913	1919	1925	1929	1930	1934	1936
All types	16,468	19,091	3,870	5,014	5,430	5,372	5,845	5,478
Credit associations	10,890	12,240	1,980	2,148	2,303	2,308	2,424	2,205
Schulze-Delitzsch	(1)	(1)	(1)	473	545	545	611	379
Raiffeisen	(1)	(1)	(1)	1,675	1,758	1,763	1,813	1,826
Consumers' associations	1,361	1,451	321	375	322	302	234	222
Agricultural associations	2,887	3,511	900	1,333	1,674	1,672	2,067	1,998
Industrial and professional associations	964	1,216	524	865	803	757	805	749
Building (housing) associations	312	616	121	252	293	300	299	290
Other associations	54	57	24	41	35	33	16	14

[1] No data.

The Austrian registry of cooperatives showed 312 housing associations in existence at the end of the year 1910. Of this total, 176 had been established within the year. This growth continued during the Balkan Wars. Though all cooperatives increased 10 percent in number during the year 1911, the increase among the housing associations was 56.4 percent. The latter numbered 482 in 1911, and 616 in 1913. During the first year of World War I—1915—the housing associations founded a federation, the Austrian Union for Workmen's Houses and Allotments, which survived World War I and the vicissitudes of the Federal Republic. The most recent membership figures available for the federation are shown below:

	Number	*Membership*
1929	236	30,180
1933	241	34,800
1936	339	33,300
1937	290	38,711

Austrian agricultural cooperative associations were organized into 16 provincial unions and 1 central union, the General Union of Austrian Agricultural Cooperative Societies (*Allgemeiner Verband für das landwirtschaftliche Genossenschaftswesen in Österreich*). In 1934 the membership of the 3,617 local associations which made up these unions was approximately 408,000. The influence of the agricultural cooperatives in Austrian economic life, however, was far greater than these numbers suggested.

Electricity cooperatives had made a beginning with 27 associations and a balance-sheet total of 916,000 francs in 1937

In the same year the number of urban credit associations reached 332, their membership was 157,324 and their total turnover was 165,048,000 francs. About two-thirds of the credit associations were Raiffeisen associations among the farmers. The trend of development of these associations during the difficult years from 1931 to 1936 is shown in table 54.

TABLE 54.—*Deposits and Loans of Raiffeisen Associations in Austria, 1931–36*

[For par values of currency, see Appendix table, p. 278]

Year	Number of associations	Deposits	Loans
		Schillings	*Schillings*
1931	1,792	318,700,000	289,100,000
1932	1,796	305,000,000	274,600,000
1933	1,804	316,200,000	276,200,000
1934	1,815	332,700,000	267,800,000
1936	1,839	315,535,000	[1] 534,705,000

[1] Total turnover.

Development of Consumers' Cooperatives

Though a consumers' cooperative association was founded at Teesdorf in Austria as early as 1856, and cooperative associations began to spread after the formation of the Vienna Consumers' Society in 1864, the Austrian cooperative movement did not develop as speedily as the parallel movement in Germany. The power of the long-established craft guilds and bourgeoisie and the division of the cooperatives into eight rival groups, as well as the late appearance of the industrial revolution, all retarded the growth of Austrian cooperatives. In 1873, when the first law for cooperatives was passed, only 169 associations were in existence in Austria. In spite of this small total, a federation—the General Union of Self-Help Trading and Economic Societies—had been created in 1872. Consumers' cooperatives were the principal supporters of this union, but it admitted all types of associations. For the next 20 years the movement grew slowly. By 1910, however, there were 1,361 distributive associations and 312 building cooperatives.

The General Union had been the only cooperative federation in Austria for 30 years when, in 1901, a group of its member associations withdrew to form the Union of Austrian Workers' Trading and Economic Societies (*Verband der Arbeiter-Erwerbs und Wirtschaftsgenossenschaften Österreichs*). Three years later, the consumers' cooperatives from the seceding group joined the consumers' associations which had remained in the General Union and formed the Central Union of Austrian Consumers' Societies (*Zentralverband österreichischer Konsumvereine*). Under various names, the Zentralverband had a continuous existence until the German Reich absorbed Austria in 1938. The depleted General Union continued under the name Österreichischer Genossenschaftsverband until at least 1938, its membership consisting of credit associations on the Schulze-Delitzsch plan.

Although the attitude of the Imperial Government toward the cooperative movement had been more or less hostile, by the time the Balkan Wars brought unemployment and a disruption of Austro-

Hungarian economy, the Central Union has established itself under strong leadership. In 1905 another forward step was taken with the formation of the Wholesale Society of Austrian Consumers' Cooperatives (*Grosseinkaufsgesellschaft österreichischer Consumvereine*, known as "GöC"), as a subsidiary to the Central Union. Its bylaws provided that 30 percent of its earnings were to go into a productive fund and 10 percent to reserves. It accepted savings deposits from trade-unions as well as cooperative associations. The wholesale's principal warehouses were in Vienna but even before World War I it had opened others in Moravia, Ostrau, Aussig, Brünn, and Trieste.

WORLD WAR I AND EARLY POST-WAR PERIOD

Conditions during World War I and the post-war readjustment period encouraged the development of cooperatives in Austria. During the war, weaknesses in the economic and political system forced the Imperial Government and the people themselves to rely for distribution and even supply on such organizations as the trade-unions and cooperative associations.

When the Imperial Government developed plans for supplying the war workers, a new cooperative organization—the Victualling Union of War Workers—was formed, the members of which were the trade-unions, the employers in the industrial establishments involved, and the Wholesale Society, GöC. More than 400 industrial enterprises, employing 200,000 workers, had joined the Victualling Union by 1917. The main responsibility for the distribution of food fell upon GöC, which supplied the needs of 400 industrial enterprises and 575,000 persons (one-third of the wartime population of Vienna).

The terms of the treaty of St. Germain (ratified October 17, 1919), creating Yugoslavia, Czechoslovakia, Hungary, and Poland and rectifying other national boundaries, left the new Austria with only about one-fourth of its former land and resources. The total number of cooperative associations dropped to 3,870 in 1919—a reduction of almost four-fifths from the 19,091 in Austria in 1913. Of the credit associations only about a sixth of the pre-war total remained in Austrian territory. Consumers', agricultural, and building associations each lost between three-fourths and four-fifths of their member groups.

The Federal Republic of Austria was established in mid-November 1918, birth and class privileges were abolished, and a revolutionary socialization of industry was soon under way. At the same time, national industries which once supplied an internal market of 50 million people were compelled, by the territorial changes mentioned above, to contract themselves to a market of 5,500,000, and that at a time when thousands of demobilized army and civil personnel were entering industry for a living. Although wartime controls—notably rationing—were continued, the break-down of the supply system compelled the Government to turn to the cooperatives for the service of distribution. For a time in 1918, the crisis was severe; Vienna had but 10 days' supplies on hand and all distributive cooperatives suffered from looting. The public flocked to the associations; membership in the Central Union's affiliates rose from some 300,000 to about 371,000 and the increase would have been even greater had the associations not been forced to prohibit new admissions because of the scarcity

of provisions. In 1920, GöC was supplying foodstuffs to one-third of Austria's 6,000,000 people. Though individual membership declined slightly as private shops began to open after the peace, the total membership in 1922 was 145,165 larger than before the war. This growth was due partly to encouragement by Social-Democratic Party leaders, partly to the cooperative associations' collaboration with the trade-unions, and partly to economic conditions.

The Distributive Society of Vienna and District was the largest in Austria and the best customer of GöC. It was formed in 1919 by a merger of existing associations. At the end of its first year it had 140,541 members, and a total turnover of 700,745,436 kronen. It employed more than 1,560 persons and, besides its stores, operated a bakery, saddlery, smithy, butchery, and dairy. It had established a publicity department and library, and its stores numbered 158.

By the end of 1919 all cooperative associations, as well as other Austrian enterprises, were facing ruin in the inflation which led to the collapse of the Austrian currency. Because of the inflation, the need for increased working capital was continuous. Associations ceased payment of patronage refunds, allocated large sums to reserves, and increased the value of shares. The distributive cooperatives violated the Rochdale cash-sale principle and began to buy on credit; they also accepted credit of 1½ billion kronen from the State; and they encouraged members to increase their shares and savings deposits.

In 1922, the Central Union held no congress and made no printed report. League of Nations' loans had been made to Austria, but the Austrian people were still suffering from unemployment and undernourishment. Flour prices had gone up to 53,571 percent, pork 74,418 percent, lard 87,766 percent, and rice 105,822 percent above the pre-war prices.

ACTIVITIES OF COOPERATIVE WHOLESALE AND CENTRAL UNION

During the next few years, when the very existence of Austria as a nation was at stake, the wholesale participated in the reconstruction of wartime organizations, some municipal, some trade-union, and some industrial. Either alone or in conjunction with the city of Vienna or the National Government it formed companies for the production and distribution of fuel, food, wearing apparel, household goods, and farm articles and for the exportation of Austrian and the importation of foreign goods. In this way it acted with the municipality to buy and distribute coal from Czechoslovakia, fruit, vegetables, and meat. It participated with the Federal Government and the agricultural cooperative wholesale in an organization to buy raw cotton, which was then worked up by private factories and returned to the wholesales for sale through special cooperatives; and it participated with the State in the shoe and leather business. Acting independently it bought, cut, and sold fuel wood, bought or leased factories to make clothing, rubber, soap, bakery goods, and vermicelli. It participated with the trade-unions in the organization of the Labor Bank (*Arbeiterbank*), some of the funds of which helped to finance certain of the above-mentioned enterprises.

All these developments occurred in the years of inflation when the mere survival of the wholesale was remarkable. Even GöC itself did not claim that this survival would have been possible without

the support of the trade-unions, the friendship of the Social-Democratic Party, and the orders received from the municipality of Vienna.

Of the various enterprises in which the wholesale participated, two of the most interesting were the Labor Bank and the Austro-Russian Trading Co.

Labor Bank (*Arbeiterbank*).—The Labor Bank opened January 1, 1923, as a joint stock company, since Austrian law did not permit its organization as a cooperative. It was organized to act as a "financial intermediary" among the trade-unions, cooperative associations, and the Social-Democratic Party.

In its first 10 years of operation its resources and business showed a continuous expansion until the onset of the depression, as the accompanying tabulation indicates.

	Share capital (schillings)	*Total deposits (schillings)*	*Reserves (schillings)*
1923	200, 000	4, 455, 373	68, 715
1924	500, 000	13, 894, 186	198, 688
1925	1, 000, 000	22, 276, 353	432, 358
1929	2, 500, 000	53, 276, 444	2, 089, 000
1930	4, 000, 000	59, 118, 808	3, 528, 000
1931	4, 000, 000	56, 203, 541	3, 810, 000
1932	4, 000, 000	54, 313, 678	4, 140, 000

The bank received deposits not only from various workers' organizations but also from individuals. Its loans were made to workers' child welfare groups, industrial workers' housing associations, municipalities, and public utilities. It financed much of the wholesale's expansion mentioned above, and it was also active in the development of the Austro-Russian Trading Co.

Austro-Russian Trading Co. (*Ratao*).—The Austro-Russian Trading Co. was a result of the Austrian desire to replace some of the losses suffered from the Peace Treaty by finding markets and supplies in the East. In 1923 certain Austrian economic institutions led by representatives from the former "Arsenal" arms factory (then manufacturing agricultural machinery) sent a delegation to Russia empowered to make a trade agreement on the spot. The result was a complicated organization—Ratao—in which the Austrian financing agents were the Cooperative Wholesale Society (GöC) and the Industrial Bank, and the Russian financing agents were the Russian State and the cooperative societies. When the financial crisis of 1924–25 endangered the Industrial Bank, the Labor Bank took over the Industrial Bank's responsibilities; the Austrian Arbeiterbank and the Cooperative Wholesale then became the only Austrian members of Ratao, with GöC taking over its management. During its first 9 months, Ratao's exports to Russia were valued at 3,235,000 rubles, its imports from Russia at 2,990,000 rubles. Austrian industrial articles worth 7,600,000 schillings were sent to Russia in 1927–28 and foodstuffs worth 1,400,000 schillings were received from Russia. In the calendar year 1928, the Austro-Russian Trading Co.'s turnover reached 63,965,884 schillings.

PERIOD OF RECOVERY, 1926–30

In the late 1920's, Austrian cooperative returns showed the results of the various enterprises begun by the wholesale. Both productive output and sales increased markedly. Under direct-delivery arrangements to save handling of goods, 63 percent of its products went from factories to associations without entering its warehouses.

By 1929, the wholesale's annual turnover amounted to 95,239,273 schillings and the group of Central Union affiliates had become the most important commercial enterprise in Austria. The Central Union meanwhile began educational courses for members and took on specially trained auditors. In 1930 the associations affiliated with the Central Union were distributed, by type, as follows:

	Number
Consumers' associations	117
Productive associations	38
Building, housing, and settlement associations	34
Workers' homes	15
Credit associations	16
Cooperative department stores	10
Unions and other kinds of societies	11

Depression and the Corporative State, 1930–38

Austrian consumers' associations withstood better than private enterprise the world-wide depression which broke in 1929. By 1931, when 108 private businesses in Vienna alone had gone into either liquidation or bankruptcy, not a cooperative store had been closed.

Whereas purchasing power had dropped by 25 to 30 percent in 1931, the sales of the associations affiliated to GöC fell only 6¾ percent. Reserves, cash on hand, and share capital had increased.

When the economic crisis became more severe in 1932 and 1933, the cooperative associations had funds sufficient to meet all their depositors' calls for repayment. In 1932, however, the savings deposits represented over 40 percent of the aggregate liabilities of the Central Union's affiliated associations and the problem of ultimate liquidity had even then been raised.

The wholesale's returns ran parallel with those of the local associations. After reaching a peak business of 95,239,273 schillings in 1929, the volume fell in 1930 to 91,854,806 schillings and in 1931 to 89,582,534 schillings.

As the crisis reached its height in 1934, GöC's total turnover amounted to only 65,664,355 schillings—a decline of 13.6 percent since 1933. Much of this drop was accounted for by the wholesale's declining textile business. Austrians were making or remaking their clothes at home and the GöC clothing factory had to be closed.

Private traders who had not profited from the semisocialized enterprises of the Federal Republic began attacks upon the consumers' cooperative associations soon after such enterprises began. These attacks increased in intensity in the prosperous years of 1928 and 1929 and continued in 1931, 1932, and 1933. Consumers' associations which sold foodstuffs and household goods were entitled by law to deduct 1 percent from the surplus and pay a 12-percent tax on the remainder. Private traders and enemies of the cooperatives generally were pressing for legislation to exclude from tax exemption all consumers' cooperatives which sold textiles, since these were not household goods. They similarly insisted that the large cooperatives were actually joint stock companies and should be taxed as such. The consumer associations' defense that they were not organized for profit, as were the private companies, was not successful, although, for a time, the agricultural cooperatives, through the General Union of Agricultural Cooperative Societies, used their influence to hold off legislation against the consumers' groups.

In the crisis of 1933, Parliament ceased to function and the Government began to rule by emergency decree. Austrian commercial laws were amended. By a regulation of March 1933, every trader was obliged to join the retail dealers' association and to present to it his credentials and proof of having served an apprenticeship before opening any new branch of his business, before appointing business managers, or before being licensed to trade. Since this regulation did not apply to agricultural cooperatives, the consumer groups felt that they had been unjustly placed in the power of the private traders. As the depression grew worse, an Embargo Decree banned new enterprises in Austria, but the law was applied only to distributive cooperatives. In May, all consumers' cooperative surplus, whether in patronage refunds or in reserves, was made subject to the full profits tax—12 percent on earnings from sales to members (25 percent in case of nonmembers). In November 1933, consumers' associations were forbidden to supply State institutions.

The real crisis for the cooperatives came when the authoritarian regime was established under Dr. Dollfuss, and the Social-Democratic Party, to which most of the cooperative leaders belonged, was dissolved. Some cooperative leaders were imprisoned and some district associations—the Distributive Society of Vienna among them—were placed under Government-appointed administrators and, during the disorders of February 1934, many cooperative stores were seized. Small private traders were asking for the complete dissolution of the consumers' cooperatives. The influence of the agricultural cooperatives and the International Cooperative Alliance, as well as the friendliness of Dr. Dollfuss himself, limited the restriction by a bargain by which the cooperatives agreed not to increase their membership beyond that of January 1, 1934, to distribute cooperative propaganda material only to members, and to discontinue textile production.

The new authoritarian regime had grouped all enterprises, according to type, into seven organizations: Agriculture, industry, trade, crafts, finance, liberal professions, and public service. The consumers' cooperatives found themselves in the trade group where their old rivals, the private dealers, held control.

During the crisis of February 1934, police occupied the Labor Bank (*Arbeiterbank*) and arrested its principal officials. A law of February 16 provided that the bank be liquidated. Although shareholders' and creditors' rights were completely wiped out by the law, GöC and its affiliates ultimately won an arrangement whereby the creditors (cooperatives, trade-unions, and other organizations closely connected with them) each accepted a proportion of cash and specific assigned assets. Smaller banks somewhat dependent on the Arbeiterbank in Styria, Tyrol, Salzburg, Carinthia, and Upper Austria held the savings of more than 20,000 people. Two of these banks were in sound condition, three were liquidated without loss to depositors. Only in one bank did creditors suffer losses.

Critics writing in 1935 believed that the Arbeiterbank might have been safe if it had continued its original policy and merely received and invested the funds of the cooperative associations and the trade-unions, instead of making investments outside the movement. One such investment, in a motion-picture company (Kiba) proved to be a particularly unsound venture. The Arbeiterbank officials were endeavoring to remove this source of danger when the February crisis overtook them.

Before the end of 1935, the Government's temporary administration of some of the distributive cooperatives (undertaken in 1934) was withdrawn and the cooperative leaders believed they had been recognized as the spokesmen for the Austrian consumers. Autonomy was restored to the Vienna Distributive Society on January 5, 1935, and a year later, to the wholesale. The Government committee which had administered the GöC, acted under the friendly chairmanship of the leader of the agricultural cooperatives, and in this interval the wholesale's business with affiliated associations actually increased. The wholesale even began operation of a new chemical plant.

The Central Union, which had claimed to be free throughout the crisis, lost a few member societies in 1936. Individual membership in its affiliates dropped from 263,037 to 259,404. The business of the local associations, however, rose in that year from 118,197,000 schillings to 120,998,000 schillings, and since the drop in membership was due almost entirely to the removal of nonpurchasing members from the lists, it was believed that the financial situation of the Union and its members had improved.

TABLE 55.—*Membership and Business of Austrian Central Union and Wholesale (GöC)*

[For par values of currency, see Appendix table, p. 278]

Year	Central Union of Distributive Associations				
	Affiliated local distributive associations			Cooperative Wholesale (GöC)	
	Total	Their members	Their sales	Amount of business	Value of own production
			Schillings	*Kronen*	
1911	(1)	(1)	(1)	2,224,049	(1)
1912	(1)	(1)	(1)	3,121,832	(1)
1913	525	300,934	67,167,155	(1)	(1)
1914	(1)	(1)	(1)	(1)	(1)
1915	476	314,814	101,826,509	(1)	(1)
			Kronen		
1919	112	370,866	572,771,278	486,422,347	(1)
1922	108	(1)	272,921,985,469	194,496,224,034	(1)
			Schillings	*Schillings*	*Schillings*
1923	103	481,949	103,463,940	46,656,420	(1)
1925	130	321,014	133,845,977	70,770,269	(1)
1926	129	317,936	129,296,085	70,112,603	(1)
1929	117	259,932	162,185,551	95,239,273	(1)
1930	115	263,137	147,754,616	91,854,806	(1)
1931	222	(1)	147,250,258	89,582,534	(1)
1932	219	(1)	139,294,000	83,054,002	(1)
1933	208	(1)	129,322,000	76,276,000	(1)
1934	193	(1)	115,183,500	65,664,355	29,637,000
1935	101	263,037	118,197,000	69,498,430	29,718,000
1936	99	259,404	120,998,000	73,616,832	(1)

[1] No data.

During 1937, the Union expanded its educational work. Study circles, tried out in Vienna, were started among the Provincial societies. A central cooperative training school was established at which 1,790 students enrolled. Plans for 1938 included courses for board and supervisory council members, apprentices, inspectors, and salesmen.

On the other hand, attacks upon the cooperative organizations continued. Cooperative leaders maintained that the growing power of cartels hindered their efforts to control prices in favor of the consumer. The 1934 restrictions interfered with the extension of coop-

erative facilities. To protect themselves, the cooperative associations demanded the removal of the restrictions and the enactment of a law which would require the registration and supervision of cartels.

Cooperatives Under the Nazis

In March 1938, the Germans occupied Austria and brought the whole network of Austrian consumers' cooperative organizations (then including 220 associations and 300,000 households) under the control of a commissioner appointed by the Nazi leaders.

Though the German National Socialists appeared to respect the integrity of the cooperatives, probably because of the need for appealing to organized workers, the Consumers' Cooperative Congress held in November 1938 revealed the real revolution which had occurred. Beginning with July, Nazi-inspired notices issued by Zentralverband had required that all Jewish members and firms be excluded from the Union because "the German cooperative will and the Jewish trading spirit" were contradictory. More than one-third of all the delegates at the Congress were uniformed Nazis; many trusted cooperative leaders failed to attend because of racial exclusion, suicide, or, as the obituary notice in the Zentralverband report explained, because they "have departed from us since the last Congress." It was made clear that the National Socialists expected the cooperative societies to play their part in the new Four-Year Plan, and the secretary of the "adjusted" Austrian associations declared that they would be in the front line. The National Socialists established a new board to examine each cooperative society individually and submit proposals for fusion, separations, or possibly the liquidation of the movement.

On February 18, 1941, a German decree announced plans for the liquidation of the Austrian (and German) consumers' cooperatives. The Austrian affiliates of the Zentralverband and of GöC, with their property and assets, were to be handed over to the Labor Front (later absorbed by the German Labor Front) and managed or disposed of by it. The wholesale was to become a subsidiary branch of the Public Works Management. The transfer was to be administered by the Bank of the Labor Front; an attempt to retain the cooperators' good will was made by providing that the Labor Front must repay the members' share capital and deposits. That this transfer eventually involved disposal of cooperative assets to private business is indicated by a statement in Fascism, January 1943, that the German order for the "handing over of consumers' cooperatives to private enterprise * * * is now at hand." [1]

[1] *Sources.*—The report on Austria is based upon data from the following publications: Statistisches Handbuch für die Republik Österreich, Bundesamt für Statistik, Vienna, 1921, 1923, 1924, 1926, 1929, 1931, 1932, 1935, 1936, and Statistisches Jahrbuch für Osterreich (Vienna), 1938; International Cooperative Bulletin (International Cooperation Alliance, London), issues of June, July, and October 1911, July and August 1912, August 1914, January, April, and December 1915, June 1916, January 1917, July and August 1918, December 1919, January, February, and June 1920, January and March 1921, February and October 1922, July and August 1923, January and May 1924, May, September, and November 1925, July and August 1926, January, June, and July 1927; Review of International Cooperation (International Cooperative Alliance, London), issues of May, June, and July 1929, April, May, June, July, and August 1930, January, April, May, July, September, November 1931, June and October 1932, April and June 1933, March, May, and November 1934, January, February, April, and May 1935, October and November 1936, October and December 1937, March, April, and August 1938, January 1939, and June 1941; International Directory of Cooperative Organizations (International Labor Office) 1929, 1933, 1936; Cooperative Information (International Labor Office) No. 7, 1929, No. 6, 1930; People's Yearbook (English Cooperative Wholesale Society, Manchester, England), 1925, 1928, 1929, 1930, 1931, 1933, 1934, 1935, 1937, 1938; and Annals of Collective Economy (Geneva), April–July 1927, January–June 1938.

Cooperative Movement in Czechoslovakia

All forms of cooperation had been developed in the Republic of Czechoslovakia, but when that State was evolved in 1919 from areas previously under the rule of Austria, Hungary, Poland, and Russia the patterns of cooperative development and federation had already been formed along nationality and, to some extent, political lines. Under the friendly encouragement of the new government the cooperative movement expanded and became unified to some degree. Certain well-marked divisions persisted, however, in the continuance of Czech, German, Socialist, and even "bourgeois" groups, though friendly relations were maintained among them and the various branches joined forces on many occasions, for the protection of the cooperative movement or the inauguration of some new service.

By 1937, nearly 6 percent of the population were members of the three main consumers' cooperative federations. Counting their families, and allowing for the membership of nonfederated associations, the retail cooperatives must have been serving at least 30 percent of all the people in Czechoslovakia. The membership of the entire cooperative movement included about 6,000,000 of the 15,000,000 population. The cooperatives had recovered from the depression and a considerable degree of progress had been made in the manufacture of commodities by cooperators for their own use.

This progress was abruptly terminated by the Munich Agreement, and the German branch of the cooperative movement was wiped out, practically at one stroke. The Czechoslovak cooperators (like their cooperative comrades in Belgium) saw their country overrun by the Germans for the second time in a period of 25 years. That they have bravely resisted and kept courage is indicated by reports of unrest and rebellion that have leaked out of the country. However, a condition of servitude and oppression is not a new thing to these people. As one writer, himself a Czech, commented after the end of the first World War: "For a thousand years the Czechs have waged a grim struggle with the Germans," against suppression of political, religious, and linguistic rights, and systematic attempts at Germanization and even extermination.

Types of Cooperatives

Practically all of the main types of cooperatives were found in Czechoslovakia—consumers' associations, workers' productive and labor associations, home-building cooperatives, credit associations, and agricultural processing, marketing, and purchasing associations of all kinds, as well as rural associations for the supply of electricity. One type of local association not represented was the insurance association; apparently there were no local associations of this type, although the Czech and German consumers' cooperative movements each had a general insurance association writing policies for fire, life, accident, and casualty risks. Most of the various kinds of associations had their own federations, but there was a good deal of overlapping, as some of the agricultural and consumers' cooperative federations also admitted other types of associations, such as credit, workers' productive, housing associations, etc.

The number of cooperatives of the different types in various years is shown in table 56. As is evident, a very great development of all kinds of associations took place in the early years of the Republic.

TABLE 56.—*Number of Cooperatives in Czechoslovakia, by Type, 1920–36*

Year	All types	All types except credit	Consumers'	Housing construction	Workers' productive and small artisans	Electricity	Agricultural marketing, supply, and production	Other	Credit			
									Total	Raiffeisen	Schulze-Delitzsch	Other[1]
1920	11,247	5,997	1,639	992	1,551	[2]	1,796	19	[3] 5,250	[3] 3,872	[3] 1,378	-------
1923	14,942	9,090	[4] 2,261	1,326	1,825	[2]	3,479	199	5,852	4,385	1,467	[5]
1927	15,576	9,072	1,217	1,537	1,594	[2]	4,609	115	6,504	4,807	1,697	[5]
1929	15,973	8,914	1,066	1,533	1,342	2,159	2,730	84	7,059	4,190	1,800	1,069
1932	17,232	9,530	1,029	1,633	1,420	2,550	2,792	106	7,702	4,384	2,065	1,253
1934	17,021	9,395	903	1,489	1,492	2,531	2,845	135	7,626	4,390	2,016	1,220
1935	16,832	9,261	835	1,418	1,497	2,500	2,869	142	7,571	4,376	1,988	1,207
1936	16,744	9,165	816	1,341	1,504	2,475	2,889	140	7,579	4,374	2,005	[6] 1,200

[1] Associations in Slovakia and Russian Subcarpathia (Ruthenia).
[2] No data; probably included with agricultural.
[3] Data are for 1921.
[4] Includes workers' productive.
[5] No data.
[6] Approximate.

HOUSING ASSOCIATIONS

Cooperative associations for the building of houses were among the early forms of cooperation in Czechoslovakia, and even as early as 1908 the Bohemian associations had formed their own federation. After the formation of the Republic, the housing associations were encouraged by State aid in the form of a direct subsidy and a guaranty of mortgage indebtedness up to 90 percent. By 1920 there were 992 of these associations, of which over 200 were members of the Central Union of Cooperative Housing Societies.

Data published by the Government, covering the year 1924, showed that 787 reporting associations had constructed 11,926 buildings providing accommodations for 91,236 persons in 24,365 dwellings; they had also built 26 nonresidential buildings. The cost of construction amounted to 1,624,363,000 koruny,[3] of which 124,502,000 koruny was advanced by the Government, and 1,159,024,000 koruny represented mortgages guaranteed by it. Public employees constituted 44 percent of the membership, industrial and building-trades workers nearly 24 percent, and artisans over 13 percent; farmers, miners, agricultural laborers, and others made up the remainder.

Several of the consumers' cooperative federations also accepted housing associations into membership. In 1937, of about 1,300 cooperative housing associations, 324 were members of the Central Union of Housing Cooperatives, 155 were affiliated with the "Unie" (Socialist) federation, 138 with the Central Union of Czechoslovak Cooperatives, and over 70 with the German Union—a total of 687 associations. The Commission of Inquiry on Cooperatives, sent to Europe by President Roosevelt in 1937, reported that up to 1931 the associations affiliated with the Czech Union had provided dwellings for 10,787 families. It stated that their activities "were not confined to urban centers but also resulted in the establishment of several new model communities."

[3] For par values of currency, see Appendix table, p. 278.

WORKERS' PRODUCTIVE ASSOCIATIONS

The number of productive associations of workers, craftsmen, and small industries reached a peak of 1,825 in 1923. After that (through 1936) the number remained remarkably stable, ranging only between 1,342 (1929) and 1,594 (1927).

These associations had their own federation which, in 1937, had 254 member associations. There were also nearly 60 associations affiliated to the "Unie" federation, and 172 (with 25,685 members) belonged to the Central Union of Czechoslovak Cooperatives. The 965 workers' productive associations for which the Government Statistical Office obtained data in 1930 had 104,043 members and did a business that year amounting to 1,346,926,000 koruny.

The President's Inquiry Commission found that few of these associations had attained "marked success," being hampered by the usual problems of this type of cooperative—insufficient capital and difficulty of marketing the product. The Commission reported that the associations affiliated with the Czech Union were in a more advantageous position than most of the others, "since at least part of their market is provided for by consumers' cooperatives from which in many instances they receive financial support and management advice."

In 1925 the 217 active associations in membership with the Czech Union were engaged in the manufacture of foodstuffs (bakery products, meat products, flour, etc.), clothing, footwear, stone and glass products, toys, baskets, wooden articles, printing and paper, as well as in the operation of transport facilities, theaters, movies, etc. The operations of the member associations from 1911 to 1935 are shown in table 57.

TABLE 57.—*Membership and Operations of Workers' Productive Associations Affiliated to Central Union of Czechoslovak Cooperatives, 1911–35*

[For par values of currency, see Appendix table, p. 278]

Year	Number of associations	Members	Amount of business
			Kroner
1911	33	2,184	5,500,000
			Koruny
1919	85	3,903	30,685,301
1922	253	13,082	173,562,729
1925	245	11,642	223,382,352
1928	202	15,307	307,086,594
1930	190	19,462	(1)
1935	172	25,685	[2] 235,843,488

[1] No data.
[2] Data are for 1936.

CREDIT ASSOCIATIONS

The credit associations formed an important part of the cooperative movement in Czechoslovakia. In 1936, of 16,744 associations of all types, 7,579 were credit cooperatives. Over half of these (4,374) were rural associations of the Raiffeisen type, which purchased supplies as well as made loans,[4] and 2,005 were associations of the Schulze-Delitzsch type, furnishing credit to artisans and industrial enterprises; there were also about 1,200 associations in Slovakia and Russian Subcarpathia (Ruthenia) whose type was not reported.

[4] In Czechoslovakia these associations were called "Kampelikies," after F. C. Kampelik, through whose initiative the associations were introduced into the country.

The credit associations were federated into several central organizations. Thus the Schulze-Delitzsch associations had their own national federation, as did also the Raiffeisen associations. In addition there were in Slovakia a federation of rural credit associations and one of the urban associations.

Each of the consumers' cooperative federations also had a few credit cooperatives in affiliation, and the consumers' associations themselves accepted savings deposits.

The membership of the 7,579 cooperative credit associations in existence at the end of 1936 was not reported, but the 4,988 associations affiliated to the various federations had a total of 1,643,919 members or 11 percent of the total population.

AGRICULTURAL COOPERATIVES

The agricultural cooperatives included the usual purchase and sales associations as well as dairies, alcohol distilleries, flour mills, bakeries, fruit and vegetable canneries, chicory works, starch works, land cultivation and leasing associations, electricity associations, and associations for joint use of machinery.

Their number increased continuously after 1920, the first year for which data are available, though the membership and sales showed some fluctuation. In 1936 there were 5,364 agricultural cooperatives other than credit. Of these, 2,475 were electricity associations, over 700 were consumers' cooperatives purchasing farm and household supplies for their members, and the rest were productive, processing, and marketing organizations. The Czechoslovak Office of Statistics reported that in 1930 the business of the agricultural consumers' cooperatives amounted to 174,838,000 koruny and that that of the processing and marketing associations aggregated 2,147,436,000 koruny; no data were given for the electricity associations.

The agricultural cooperatives were federated into a number of Provincial and National bodies. Among the latter were organizations for the cooperative purchasing of supplies, for the marketing of dairy products, seeds, sugar beets, and livestock, respectively, and for the purchase of electrical equipment and of plumbing materials. Most of the federations also carried on banking operations. Many of these federations accepted all types of associations into membership and most of them were in turn federated into a national organization, Centro-Kooperativ. This body was formed in 1921 and its duties included the auditing of the accounts of the federations and wholesale associations, arbitration of differences among them, giving legal advice, and representing the agricultural cooperative movement before the Government and the public. It also took an active part in the import and export of agricultural commodities.

Electricity associations.—The first electricity cooperative was started in 1911. The development of these associations was hastened by the passage of an act granting financial assistance to organizations for the electrification of rural areas. By 1926 there were 736 of them, having a total of 6,300 kilometers of line and serving 1,720 village areas. These associations took two forms, one type of cooperative acting merely as distributors of electric current, the other generating current as well as distributing it. The tendency has been toward concentration in the former field, as generation and high-tension

distribution were taken over very largely by 24 public-utility districts covering the whole country. Of nearly 2,500 associations in 1936, only 30 were generating their own current (one of these distributed power to 224 communes and was among the largest in Central Europe), 500 had distributive installations only, and the rest were associations formed to finance extension of lines and residential installations to receive power from the utility district. The electricity associations generally also supplied their members with electrical appliances as well, buying through "Ves," the national cooperative purchasing association in the electrical field.

The electricity cooperatives in operation at the end of 1925 had 59,146 members, of whom about 60 percent were farmers. In 1937 there were 2,122 of these associations; 1,512 reporting cooperatives had a combined membership of 91,561.

CONSUMERS' COOPERATIVES

The data available do not indicate the various forms taken by the consumers' cooperatives. It is believed that they were mainly of the store type, handling groceries and household and family supplies. Some of them also carried on welfare activities. One large association with 59,000 members operated a home where invalid children received care, free, for from 2 to 3 months.

There were also numerous "people's houses." In 1935 there were 148 such associations (with 14,671 members) in affiliation with the Czech union; no details are available regarding their activities.

One important cooperative was "Cooperative Work," an association founded in 1922 for the printing of books at as near cost as possible. By 1928 it had 5,200 members, each of whom purchased at least 4 books a year. It then employed 20 workers and had published 80 books.

CENTRAL COOPERATIVE ORGANIZATIONS

Up to the time Czechoslovakia was invaded, in 1938, there were at least three central federations in the consumers' cooperative movement, separated by nationality and political differences.

(1) The Czech associations had their Central Union of Czechoslovak Cooperative Associations, formed in 1908. Its member associations consisted mainly of local consumers' cooperatives formed among the industrial workers, but it also admitted workers' productive associations, housing cooperatives, credit associations, and even some agricultural supply associations. In 1937 (the latest year for which figures are available) the union had 743 affiliated associations with nearly half a million members. About 200 of these organizations, with 385,000 members, were consumers' cooperatives.

Affiliates of the Czech union were required to confine their dealings to members only, do business on a strictly cash basis, distribute their earnings on the basis of patronage, and put at least 10 percent of earnings into the reserves. The trading area of a local association was limited to a single locality and could not be extended without the consent of the association in the locality to which extension was proposed. Only one association was admitted from any locality, regardless of the size of the area covered.

Connected with this union, but incorporated separately, were the Cooperative Wholesale Society (known, by the initials of its name, as "V. D. P.") formed in 1909 and serving about 300 associations, and the General Cooperative Bank formed in 1921 by the union and wholesale.[5] There was also a central insurance association, "Czechoslavia," started in 1919, which wrote fire, life, accident, and other insurance for the members of cooperatives.

(2) The German section of the movement had its G. E. C. Union of German Distributive Societies with about 140 associations. The original union (Union of German Provident Associations) was formed in 1919, but took the above name in 1924 when the German wholesale "G. E. C.," formed in 1905, became a department of the union. This organization also had in affiliation the Union of Polish Distributive Societies in East Silesia—a small organization with 8 member associations.

(3) There was also a Socialist group with a series of central cooperative organizations. These consisted of the Union of Czechoslovak Cooperative Societies (popularly called "Unie"), formed in 1923; subordinate unions of the workers' productive and housing associations that were affiliated to Unie; and a wholesale called "Union." The Unie group consisted of about 130 associations.

All of the above organizations were classified in the Czechoslovak official statistics as of the "worker group." The "bourgeois group" included, in addition to several auditing unions, the following: (*a*) Central Union of Cooperative Housing Associations, formed in 1908 and having 324 member associations in 1937; and (*b*) Union of Cooperative Credit Associations, formed in 1884. The latter was the central union of the Schulze-Delitzsch associations providing credit for businessmen and small traders. It had its own central bank. In the group classified as "little industries" was the Union of Craftsmens' Cooperatives, formed in 1910 and having 254 affiliated associations in 1937.

There was also an informal committee, the Working Alliance of the Cooperative Agricultural and Distributive Societies of the Czechoslovak Republic, formed in 1928, to which all branches of the cooperative movement in Czechoslovakia belonged. Its duties were to consider changes in the laws, and to protect the movement on questions of taxation, tariff, and other matters.

Development of Consumers' Cooperatives Under Austrian Rule

The consumers' cooperative movement in Czechoslovakia dates from about 1869, when a beginning was made that grew rapidly for a few years and then died out as a result of unfavorable laws and lack of practicality in the cooperative leaders. About 1890 a second start was made, largely trade-union in origin and closely connected with Marxian Socialism; it never attained much success. The first association on the Rochdale basis was a retail association formed in Prague in 1905.

During all this time the local associations had been part of the Austrian cooperative movement and members of the Austrian Cooperative Union at Vienna. In 1907, however, the Bohemian coopera-

[5] In 1925 the German union also acquired part of the bank's share capital and became a member of it.

tive associations decided to form their own educational federation and in 1908 established the Central Union of Czechoslovak Cooperatives, with headquarters at Prague. In the following year the V. D. P. cooperative wholesale was started; in that year, also, the Czech union became a member of the International Cooperative Alliance. All this gave new impetus to the movement and by 1912 the union had 265 member associations.

The Balkan Wars retarded the development of cooperative activity but it had begun to expand again when the first World War broke out. Operations became extremely difficult, especially in view of the periodic suspensions of transportation of civilian goods. However, the wholesale was able to hold its prices below the general level and was thus of real advantage to the workers, who were the largest group of cooperative members. It paid its mobilized employees two-thirds of their wages all during their war service and took out insurance for them against death in action.

From the very beginning of the Rochdale cooperative movement in Czechoslovakia, emphasis had been laid on financial stability. One of the first duties undertaken by the Central Union was that of auditing the books of its member associations and installing a uniform system of bookkeeping among them. Instead of paying high rates of patronage refund, the associations held the rate to 3 percent and put the rest into reserves and welfare funds (for funeral benefits, etc.). Even the patronage refunds that were declared were not paid in cash but were credited to the members' savings accounts with the association. Nonmembers received refunds at half the members' rate. So strongly organized were the associations that, although during the war period 1914–18 a special fund was created for assisting local associations, the money never had to be touched.

Consumers' Cooperation Under the Republic

The Republic of Czechoslovakia was established by revolution of the people against the Austro-Hungarian Empire in October 1918, and later received confirmation by the peace treaty after the end of the war. The new Republic consisted of the former Austrian Provinces of Bohemia, Moravia, and Silesia, Russian Subcarpathia (Ruthenia), and the former Hungarian Province of Slovakia, the people of which voted to be included.

The new Government faced an enormous task. The former Austrian territories contained the richest natural resources in all Central Europe; Bohemia and Moravia were also highly industrialized even at that time and had produced about 80 percent of the entire industrial output of the former Austro-Hungarian Empire. Slovakia was largely agricultural. During the war, however, the machinery had been worn out or requisitioned for German factories, the cattle had been carried off or slaughtered, and even the railroad rolling stock had been expropriated.

The country had been so stripped, in fact, that even the provision of food sufficient for the bare subsistence of the populace was difficult. The president of the Central Union of Czechoslovak Cooperatives reported to the Inter-Allied Cooperative Conference in Paris in February 1919 that the entire food supplies of the country would be exhausted within 4 weeks and the people would be dependent on what could be

imported on credit from abroad. The workers' efficiency was low because of the long period of undernourishment that they had endured. The currency was badly inflated also, and in addition, the Republic had assumed the old internal debt of the former Empire for the territory of Czechoslovakia.

However, difficult as conditions were, it was pointed out that Czechoslovakia was the only State in either Central or Eastern Europe in which there was "absolute social peace and order." During this period (known as the "hunger crisis") the Government used the services of the Czech cooperative wholesale to supply food to about 1,200,000 industrial workers not members of cooperatives.

The Republic entered upon its existence with very enlightened policies and democratic practices. With universal suffrage and an announced policy of "social reforms without bloodshed," it was far in advance of most of the other countries of Europe. President Masaryk pledged that "our national policy will loyally recognize the national and linguistic rights of the racial minorities [Germans, Magyars, and Ruthenians] of our Republic."

PERIOD OF COOPERATIVE EXPANSION

One of the early legislative acts of the Republic was the passage of the agrarian law of April 16, 1919, which authorized the acquisition and breaking up of the great estates (almost one-third of the land of Czechoslovakia was in the hands of German proprietors) for distribution to the people. Under this law the Government acquired an area totaling some 17,000 square miles, for which compensation was paid to the owners, except in case of those who had been "guilty of offenses against the Czechoslavak Nation." Thousands of peasant holdings were thus created, the farmers buying them from the Government on a long-term basis. The law gave tremendous impetus to all kinds of agricultural cooperatives among these new landholders, and between 1920 and 1923 the number of agricultural associations rose from 1,796 to 3,479.

When the Republic was formed there were already, in Czechoslovak territory, a number of separate cooperative movements each federated not only territorially but by language as well. Thus the Czechs, Slovaks, Germans, Ruthenians, and Poles each had one or more federations, and for the most part these continued on the former basis.

All during the war, the Czech union at Prague and the Austrian union at Vienna had collaborated to meet the problems of the cooperative movement. After the fall of the Empire, however, by mutual agreement between the two unions, the Czech cooperative associations that had continued in affiliation with the Austrian Cooperative Union (84 in number) withdrew from it and joined the Central Union of Czechoslovak Cooperative Associations, bringing the total membership of the latter to 440 associations.

In 1919 the V. D. P. wholesale decided to cease the payment of patronage refunds to member associations and, instead, to lower its prices. In the same year the Czech consumers' cooperatives, the trade-unions, the Social-Democratic Party, and the health-insurance funds joined in the formation of "Czechoslavia," a cooperative insurance association.

In that year, also, some 55 German cooperative associations formed the Union of German Provident Associations in Czechoslovakia.

Representatives of the Czech union were present and expressed their good will, as did also representatives of the Austrian union to which the German cooperatives had formerly belonged. These original friendly relations continued throughout the next 20 years and on many occasions the two unions and wholesales joined forces.

In 1919 the Prague branch of the Austrian cooperative wholesale became an independent organization, known by the initials of its name as the G. E. C. wholesale. As early as 1920 it was reported that G. E. C. was supplying one-third of the 3,500,000 Germans living in Czechoslovakia.

POST-WAR DEPRESSION AND RECOVERY

Under the encouragement of the Government, cooperatives of all types expanded rapidly—so rapidly, in fact, that they suffered from diffusion of energies among too many activities. However, they were so soundly organized that at least the consumers' cooperatives were able successfully to resist for some years the post-war depression, with its unstable currency, fluctuating prices, and unemployment. Throughout 1921 their business continued to increase.

The consumers' cooperative unions had already begun to urge the consolidation of the resources of the movement through the merger of small associations. The announced aim of the Czech movement was eventually to have not more than 3 associations in the whole of Moravia, 7 in Bohemia, and 4 or 5 in Slovakia. In the German movement also the merger idea received impetus through the merger, in 1924, of the German union and wholesale into a single organization, the G. E. C. Union. In 1925 the German and Czech wholesales agreed upon a plan whereby neither would enter into production of goods already manufactured by the other but would obtain its supplies of the commodity in question from the other wholesale. No new fields of production would be entered except by mutual consent. Further, it was agreed that in the interests of efficiency, local associations situated nearer to the other wholesale than to their own would obtain their supplies from the former.

In 1928 a further joint step was taken by the Czech and German unions in their decision to participate in the International Cooperative Congress as one body (both were members). They also formed a joint committee which was given authority to decide all questions of principle, propaganda, legislation, business matters, etc., arising in the consumers' cooperative movement.

After the cooperative congress of 1928, V. D. P. and Kooperativa (the joint purchasing agency for the agricultural cooperatives) created a committee to facilitate collaboration between the two bodies. Each agreed to obtain from the other the commodities handled by it and to exchange information on costs of production. Each association became a member of the other.

With the general stabilization of the economic life of the country, during 1928, nearly every branch of industry benefited, unemployment went down to unusually low levels, and purchasing power increased. This in turn was reflected in both the German and Czech branches of the consumers' cooperative movement, where sales reached a 10-year peak.

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However, even then the secretary of the German union warned that the building industry was slackening, there were signs that business generally was falling off, and "world economic conditions also give cause for anxiety." This statement was amply justified by the events of the next few years, when business was practically at a standstill.

COOPERATIVES IN THE THIRTIES

The worst of the depression in Czechoslovakia occurred in 1930, but even as late as the end of 1933 the situation was still extremely bad, especially in the Sudeten areas where the German consumers' cooperatives were most developed. The German union reported that in some of these localities 10 percent of the population were out of work and were on relief or "literally face to face with destitution." During the early thirties the devaluation of the currency resulted in some improvement in foreign trade, but it was reported that the resulting decrease in unemployment was "offset by lower wages and more short-time work."

Cooperative sales decreased each year through 1935, but the decrease was not proportionately so great as the decline in prices and in purchasing power, and the membership continued to rise steadily. In 1935 the G. E. C. union reported that its associations returned some 14,000,000 koruny in patronage refunds on the year's business.

In that same year the union, in collaboration with the German trade-unions, formed its own insurance association, "Vorsorge." This organization started business, writing fire and life insurance, on April 1, 1936.

It was pointed out at that time that most of the troubles of Czechoslovakia came not from within, but from the general international situation and political troubles in the surrounding countries. The trend toward the corporative state and dictatorship in Austria, Bulgaria, and Italy, and the rise of the Nazis in Germany did, however, have one favorable result in Czechoslovakia: it brought the German and Czech branches of the cooperative movement closer together than they had ever been before. Together they undertook a campaign of publicity which brought in many new members.

The situation during the early thirties had been complicated for the cooperatives by what were characterized as "guerrilla attacks of the mixed forces of capitalist commerce and political extremists." However, these attacks, with the attendant publicity, really benefited the movement by attracting new members and strengthening the loyalty of the others. The Czech Union reported an influx of some 2,000 artisans and over 5,000 farmers into the store associations during 1934. Altogether the store associations in the Czech group were, it was estimated, serving about 1,500,000 persons. The occupational make-up of the store associations' membership was reported as follows: Wage earners in industry, 233,533; clerical workers, 64,725; artisans (independent workers in trades), 23,202; farmers, 29,703; and others, 33,857.

In 1936 the Czech cooperative movement adopted a 10-year plan of expansion, setting definite quotas to be reached as regards number of associations, membership, business, capital, production, etc. The German branch followed suit shortly thereafter with a 3-year plan, and reported in the very next year (1937) that some of the 3-year goals had already been reached.

TABLE 58.—*Operations of Members of Czechoslovak Cooperative Union and of Cooperative Wholesale, V. D. P., 1908–40*

[For par values of currency, see Appendix table, p. 278]

Year	Central Union of Czechoslovak Cooperatives				Czechoslovak Cooperative Wholesale, V. D. P.			
	Number of member associations	Their members	Amount of business	Net earnings	Number of member associations	Amount of business	Net earnings	Value of own production
			Austrian kroncn	*Austrian kronen*		*Austrian kronen*	*Austrian kronen*	*Austrian kronen*
1908	86	14, 267	7, 180, 309	172, 568	(1)	(1)	(1)	(1)
1910	198	37, 202	12, 459, 972	516, 218	58	1, 024, 296	11, 120	(1)
1914	285	71, 504	26, 664, 770	614, 195	262	3, 238, 427	45, 539	(1)
			Koruny	*Koruny*		*Koruny*	*Koruny*	*Koruny*
1919	698	291, 309	307, 397, 747	5, 340, 316	431	294, 423, 210	2, 145, 333	(1)
1920	1, 117	574, 020	984, 570, 005	13, 510, 581	533	875, 186, 632	2, 385, 620	(1)
1922	1, 373	556, 749	1, 326, 315, 043	5, 051, 692	518	588, 685, 870	2, 590, 065	47, 539, 213
1925	1, 238	470, 660	1, 180, 153, 725	4, 876, 511	367	544, 852, 947	140, 682	90, 142, 650
1929	1, 043	443, 242	1, 342, 849, 828	9, 016, 223	347	604, 723, 506	363, 107	174, 009, 431
1930	1, 035	461, 541	1, 319, 076, 103	8, 032, 845	344	490, 196, 739	271, 105	112, 674, 146
1931	939	488, 275	1, 281, 156, 158	6, 892, 030	340	477, 945, 815	318, 114	118, 114, 394
1932	868	459, 733	1, 111, 022, 610	(1)	341	494, 054, 326	758, 163	123, 678, 681
1933	(1)	(1)	(1)	(1)	331	460, 227, 275	(1)	136, 974, 659
1934	775	472, 538	1, 029, 770, 385	(1)	322	455, 458, 000	(1)	138, 815, 898
1935	(1)	469, 320	(1)	(1)	316	471, 299, 553	(1)	154, 663, 190
1936	(1)	(1)	(1)	(1)	304	528, 682, 913	4, 621, 227	198, 723, 550
1937	743	490, 909	1, 314, 319, 000	(1)	301	550, 566, 000	(1)	172, 421, 000
1940	(1)	(1)	(1)	(1)	(1)	638, 500, 000	(1)	(1)

[1] No data.

TABLE 59.—*Operations of German Cooperative Wholesale and of Members of Union of German Cooperatives in Czechoslovakia, 1918–36*

[For par values of currency, see Appendix table, p. 278]

Year	Members of German union			German cooperative wholesale, G. E. C.		
	Associations	Their members	Amount of business	Number of member associations	Wholesale's operations	
					Amount of business	Value of own production
			Koruny		*Koruny*	*Koruny*
1918–19	285	182, 236	166, 341, 829	300	133, 122, 175	5, 687, 000
1919–20	288	264, 386	366, 394, 081	(1)	403, 453, 635	7, 573, 000
1920–21	285	303, 054	712, 625, 447	(1)	459, 422, 672	8, 775, 000
1921–22	271	301, 253	749, 788, 001	(1)	301, 739, 340	10, 480, 000
1922–23	239	286, 004	490, 027, 409	(1)	282, 231, 527	12, 395, 000
1924–25	206	269, 591	461, 690, 395	(1)	[2] 382, 999, 702	21, 090, 000
1925–26	181	248, 640	495, 536, 917	(1)	255, 864, 949	22, 911, 000
1926–27	173	238, 058	529, 409, 902	183	278, 302, 142	30, 729, 506
1927–28	168	233, 722	558, 655, 329	(1)	288, 681, 734	46, 211, 000
1928–29	168	231, 875	587, 170, 299	(1)	302, 092, 627	51, 156, 219
1929–30	159	236, 568	590, 753, 950	(1)	323, 698, 873	56, 052, 453
1930–31	153	243, 781	578, 061, 696	(1)	318, 416, 856	56, 255, 428
1931–32	148	256, 482	573, 812, 433	158	310, 525, 092	57, 494, 722
1932–33	146	262, 300	532, 564, 261	166	292, 165, 370	53, 005, 470
1933–34	(1)	(1)	459, 982, 263	(1)	281, 426, 481	54, 216, 168
1934–35	140	247, 474	447, 531, 509	160	273, 728, 000	52, 700, 000
1935–36	(1)	238, 525	465, 944, 542	(1)	295, 938, 000	57, 268, 000

[1] No data.
[2] 18 months, ending June 30.

The decreases in membership during the period 1922–28, shown in tables 58 and 59, were caused almost entirely by the dropping of nonpurchasing members from the rolls.

Legal Status and Relations With the Government

The first law under which cooperative associations could be formed in Bohemia was an Austrian "patent" law of July 1840. This was superseded by a patent law of November 1852. In 1873 a law relating to "cooperative and economic societies" was passed, in the belief that by giving workers the opportunity to form their own enterprises and improve their economic position—

> All danger of communism will be avoided, as its false doctrine, which flatters the worker, will not find suitable soil, for the introduction of the principle of self-help into real life, protected and carefully safeguarded by legislation and the Government, will morally raise and strengthen the worker. Further, experience has taught that thereby the best opportunity is given to the worker to improve his material position and to help him to be independent without injuring other tradespeople or endangering the possessions of the well-to-do classes.

This law was carried over into the Republic and was still in force at the time of partition of Czechoslovakia in 1938. It provided for four types of associations: Consumers' retail and wholesale cooperatives, industrial associations of independent artisans and farmers, building and housing associations providing houses for purchase or lease, and credit associations of the Raiffeisen and Schulze-Delitszch types. Later amendments made compulsory an independent audit of the books of cooperative associations every 2 years, exempted dealings of cooperatives with their members from the stamp tax, provided for payment of taxes on share capital, and imposed special trade taxes. This last tax measure divided cooperatives into two classes—those dealing only with members and those serving nonmembers also; a higher rate of taxation was provided for the second class and an additional profits tax, ranging from 2 to 4 percent according to the rate of earnings of the association.

The new Government, in its first decade, passed several measures to aid cooperatives. Thus, in January 1922, three branches of the cooperative movement—the agricultural, artisan, and labor cooperatives—were each given outright grants of 50 million koruny to assist their development; the consumers' cooperatives did not share in this largesse. However, cooperatives of all types shared with private businesses the benefits of a law of October 9, 1924, that provided compensation for property destroyed during the war of 1914–18.

In 1922 a Department of Cooperation was established in the Ministry of Social Welfare and in 1934 an advisory board composed of representatives of all the consumers' cooperative federations was created in the same Ministry, by decision of the Government Council of Ministers.

Like all representative Governments, that of Czechoslovakia was subject to and sometimes responsive to pressure from special groups. For many years the private merchants had been agitating against the competition of the cooperatives. Part of their displeasure may have stemmed from the fact that most of the consumers' cooperative

associations of industrial workers, which formed the larger part of the membership of the Czech and German unions, did not follow the Rochdale method of sale at current prices (which avoids the appearance of price cutting) but sold their goods as cheaply as possible consistent with safety. This practice, of course, gave immediate emphasis to the savings possible through membership in the cooperative, as compared with those in private stores. A study made by the Government Office of Statistics in 1933, revealed that the prices in the large urban associations were as much as 9.6 percent below those in the private stores and for the whole country about 5.1 percent lower.

As already noted, the opposition of the merchants was intensified during the depression of the early thirties. As the distributive machinery in Czechoslovakia was very much overdeveloped (in 1930 it was found that there was 1 retail store for every 58 inhabitants) thousands of small businesses failed when the purchasing power of the people fell off sharply. In 1928, the merchants had been successful in obtaining passage of a law to regulate "unfair competition." This law contained (among other things) heavy penalties for cooperative associations having bylaws providing for dealings with members only, which made sales to nonmembers; their charters could even be revoked. The cooperatives charged that, in order to harass the associations, agents provocateurs were used by the merchants to make purchases from new clerks not acquainted with the members.

The merchants also attempted to obtain legislative measures to prevent the expansion of cooperative associations, to require them to join chambers of commerce, to have associations of mixed types declared illegal, and to subject cooperatives to special legislation. Thanks to assistance by the various liberal political parties, all of these measures were defeated.

During the economic crisis extraordinary powers were delegated by Parliament to the Executive branch of the Government, to issue orders which, if signed by the President, had the force of law. A decree of May 18, 1935, issued under this authority, relaxed the provisions of the 1928 law, in order that the Government might utilize the cooperative machinery for the improvement of conditions. This order authorized cooperative associations to undertake, in addition to the regular business for which they were chartered, social, educational, and health (but not curative) activities for nonmembers as well as members, provided these activities had no political object. The order gave specific authorization to mixed types of associations (such as a consumers' association carrying on a productive department) and relaxed the nonmember-trading ban as regards such subsidiary activities. It declared that sales to nonmembers were not in contravention of the fair-trade-practice law and that thereafter they could be punished only by fine. Nonmember sales were specifically permitted (1) in order to help local authorities, (2) to prevent spoilage of goods, and (3) when the sale was made inadvertently.

A Government decree of July 16, 1935, providing for temporary restrictions on new enterprises in certain lines of business, specifically recognized the special status of cooperative associations and required merely that opening of new shops must have the formal permission of the Central Union.

Another decree, prohibiting the making of gifts in connection with the sale of goods or services, was supported by the private merchants

in the belief that this would abolish the patronage refund, which is the distinguishing feature of consumers' cooperatives. As a result of representations by the cooperatives, a provision was written into the decree specifically recognizing and exempting refunds bearing a fixed proportion to purchases.

Status of Cooperatives Just Prior to Munich Agreement

By 1937 the cooperative movement had, as noted, attained a position of some importance in Czechoslovakia, with a considerable development in practically all branches of cooperation.

The movement had reached its greatest development in the "historic" Provinces of Bohemia, Moravia, and Silesia, where (according to official figures for 1936) over 80 percent of cooperatives of all types were found. Nearly half of all associations were credit cooperatives. In Slovakia nearly 83 percent of the associations were either agricultural or credit associations. The geographical distribution of cooperatives in Czechoslovakia in that year is shown in table 60.

TABLE 60.—*Geographical Distribution of Cooperatives in Czechoslovakia in 1936, by Type*

Type of association	All types	Consumers' cooperatives	Housing associations	Credit associations	Electricity associations	Agricultural associations	Workers' productives and associations of artisans and small tradesmen	Other
Entire country	16,744	816	1,341	7,579	2,475	2,889	1,504	140
Bohemia	13,670	398	895	6,379	2,121	809	882	90
Moravia and Silesia		321	274		319	744	411	27
Slovakia	3,074	78	158	1,200	33	1,165	158	20
Russian Subcarpathia (Ruthenia)		19	14		2	171	53	3

Figures published by the Statistical Office of the Government indicate that the 9,165 cooperatives other than credit were distributed, as to language, as follows:

	Number of associations
Czech	6,825
German	1,695
Ruthenian	135
Polish	32
Other and mixed nationalities	478

No complete data as to the business done are available later than 1930. The Government figures for that year indicated a total cooperative business (not including, however, the loans granted by the credit cooperatives) of almost 6 billion koruny.

The agricultural cooperatives were extensively federated, with over 50 central organizations giving various kinds of service, such as auditing, banking, technical advisory service, and purchasing of supplies, besides large national associations specializing in a given line. The marketing cooperatives handled 87 percent of all the cereals in the country. The local agricultural cooperatives (not including the electricity associations) had an aggregate membership of nearly 500,000 in associations doing processing, marketing, and buying farm and household supplies.

An even larger number—about 800,000—were members of consumers' cooperatives of various types. The housing associations had a membership of over 100,000, but many of these were also members of the store associations. The retail associations accounted for about 3.8 percent of the total retail trade of the country; the percentage would have been much higher if the comparison were made on foodstuffs alone.

The greater part of the consumers' cooperatives were federated into the Czech union, the German union, and the "Unie" federation. In 1930 of the total of 861 consumers' cooperatives, 62 percent were affiliated to these three federations. That these were the larger associations is indicated by the fact that their combined membership constituted 93 percent of all the consumers' cooperative membership in the country and their business 91 percent of the total.

Both the German and Czech branches of the movement had by 1936 overcome the effects of the depression and were well on the upgrade. This was true of the wholesales as well as of the local associations. The former had made especial progress in their productive departments. Proceeding on the principle that the greater the cooperative production the greater the degree of cooperative self-sufficiency, both wholesales early in their existence had begun to make some of the goods they handled. Even through the depression the output of their productive departments increased from year to year, almost without a break. (For list of goods, see table 8, p. 28.)

As early as 1920 the Czech V. D. P. wholesale had become one of the most important producers of flour in Czechoslovakia and by 1937 it had become the largest flour-mill operator in that country. By 1936 its factories were producing about 130 articles; it also operated a laundry. In that year it produced nearly 38 percent (in value) of the goods it sold to member associations.

The productive activities of the German wholesale began while it was still only a branch of the Austrian wholesale, with the opening of a factory for canning fruit in 1918. Four years later it was operating a chicory and spice plant, a coffee-roasting department, and a chemical laboratory for analyzing food. It also manufactured elastic goods of various kinds, underwear and other articles of clothing, shoe polish, and flour. This association consistently emphasized the importance of manufacture of its own products and nearly every year increased the scope of its manufactures. By 1935 its productive enterprises were producing many other commodities. Its own manufactures accounted for about 20 percent of the goods it sold to its member associations in 1935–36.

Cooperative Movement and the Nazis

During the year 1936 the German cooperative associations (that were situated mainly in the Sudeten regions) were beginning to feel the effects of the campaign by the Nazi sympathizers in the Sudeten-German (or Henlein) Party that had been formed in 1935. The avowed intention of that party was to unite all the Germans in Czechoslovakia under the Nazi banner. On the other hand, the cooperators, though German, had through their associations taken the stand of uncompromising defense of free, democratic action and were collaborating with their Czech comrades to that end. They, there-

fore, became objects of attack by the Nazi sympathizers, as "traitors" to the Pan-German philosophy.

Under the pressure of the intimidation, ridicule, and social boycott resorted to by the Henlein followers, some of the middle-class members began to leave the cooperatives.

The attacks were only sporadic at first, but had become continuous by 1937. The German invasion of Austria in March 1938 led to a new campaign against the cooperators, culminating in threats against the jobs of members if they failed to withdraw, and even in physical violence. Only the most hardy and independent members remained; these were mainly of the wage-earner group.

The attacks reached a climax in September in assaults upon cooperative members, individually and in their meetings. Cooperative premises were looted and wrecked in many cases. So great was the terrorism that many officers and leaders of cooperatives were forced to flee for their lives. All this, commented one of them (later a refugee to England) occurred "at a time when Sudeten territories still formed part of the Republic of Czechoslovakia. The damage amounted to millions of Czech crowns."

In an attempt to cope with the disorders deliberately provoked by the Henlein Party, the Czechoslovak Government issued a general mobilization order. However, English Prime Minister Chamberlain had made the historic trip to Munich and shortly after the mobilization order was issued, the Czechoslovak Government representatives were forced to sign the Munich Agreement. That agreement handed over to Germany the entire Sudeten region, constituting about a fourth of the land area and containing a fourth of the population.

Early in November the Teschen district in eastern Silesia was ceded to Poland and parts of Slovakia and Ruthenia to Hungary. In the same month the Government of Czechoslovakia was changed by the Parliament from a unitary to a Federal State and autonomy was granted to Bohemia-Moravia, to Slovakia, and to Ruthenia. Almost immediately an authoritarian regime was inaugurated in Slovakia, and in March 1939 the independence of that State was proclaimed. Within a few days the Germans invaded Bohemia, and on March 16 Bohemia and Moravia were proclaimed a protectorate belonging to the territory of the Greater Reich, the Germans there being made nationals of Germany and the others becoming "subjects of the protectorate." By this move, Germany obtained possession of a region that was the richest—both industrially and in natural resources—in all Czechoslovakia. Meanwhile Hungary had seized the rest of Ruthenia and additional Slovak territory, and had denationalized both the Ruthenians and the Slovaks there.

When the terms of the Munich Agreement were announced, the German cooperators in Sudetenland and their leaders became marked men. Many were seized and sent to concentration camps or were killed. Others were fortunate enough to escape from the country.

The cession of Sudetenland practically wiped out the German cooperative movement, which, according to data published by the International Cooperative Alliance, had assets of 259,000,000 koruny, and was operating about 1,550 stores. The goods therein were sold to private traders at prices far below their value.

The Czech branch of the movement was relatively untouched, at that time, as most of the associations were within the boundaries of

the new Czechoslovakia. However, in the areas taken by Germany and Poland it lost associations with nearly 500 stores and assets of over 70 million koruny. Later estimates indicated that altogether there were some 415,000 members in these German and Czech associations. No data were available regarding the losses involved in the territorial seizures by Hungary.

The G. E. C. wholesale (with headquarters at Prague) had had its entire business wiped out at one stroke, with the loss of the Sudetenland. After the Germans invaded Bohemia and Moravia, one of their first acts was to take control of this German wholesale. A long-time enemy of cooperation was appointed as commissar and he in turn appointed other Nazis to take inventory and dispose of the assets which totaled some 110 million koruny. Final dissolution of the wholesale took place in July 1939. The productive plants, built up over so many years, were also disposed of.

All democratic practices were stamped out by the Germans in Bohemia. They even demanded reparation for the German-owned estates that had been purchased and distributed under the agrarian laws of the early 1920's. One of the greatest losses to the country was sustained in the cutting down and carrying off of the great pine forests.

Although the Czech branch of the movement was allowed to continue, apparently unmolested, at first, a violent campaign was started against the cooperatives by the private merchants who cited as an excuse the duplication of cooperative facilities and their competition with the private retailers. In order to meet this criticism and prevent further attacks, the various central cooperative organizations undertook consolidation of the movement in Moravia and Bohemia. The Czech Central Union, the "Unie" federation, and two smaller organizations were merged under the name "Sdruzeni." The wholesales connected with them were also merged, the name V. D. P. being used for the new body. In the city of Prague, where there was one large retail association (belonging to the Czech Central Union) and several smaller associations, one consolidated association was formed and the excess stores were closed, reducing the total number from about 700 to about 550. Similar consolidations in other districts resulted in the closing of about 150 more stores. These, it was reported, were to be turned over by the Minister of Trade to the private dealers. (In this process two outstanding officials of the cooperative movement were compelled to resign, one of them "for reasons of health.")

Thus, unity and increased efficiency in the cooperative movement in Moravia and Silesia (aimed at since 1924) were obtained under pressure from hostile sources. A report in the Review of International Cooperation pointed out, however, that the success or failure of the reorganized movement depended not on the cooperators but on political factors.

No data on the status of the Czech consumers' cooperative movement have become available since that time. A report late in 1943 indicated, however, that the agricultural cooperatives, at least, were still a considerable factor, even though no longer free. In the so-called protectorate, nearly 6,400 associations were still functioning, of which almost half were credit cooperatives. These latter had a combined membership of about 750,000 in a population of about 9 million.

Little is known of cooperative events in Slovakia after the partition of Czechoslovakia. The International Cooperative Alliance, reporting on cooperative developments in 1941, stated that there were three cooperative wholesales in operation, of which two—the German and the V. D. P. (probably a branch of the V. D. P. in Prague)—were quite small. The third was the wholesale of a farmers' organization which had 772 cooperative associations supplying about 144,000 families in the small towns and villages of Slovakia. A fifth of the population was reported to be registered with the cooperative associations, for sugar, and the associations were characterized as "trustworthy factors in the official distribution and allocation of necessities."

Among the credit cooperatives in Czechoslovakia were a small number of associations identifying themselves as Jewish. In 1937, these numbered 24 (there were also 2 cooperatives of other types), all in Slovakia and Russian Subcarpathia (Ruthenia); there were numerous others composed of Jews but not wishing to be regarded as Jewish. The Jewish associations had 17,772 members in 1937, and had made loans to the amount of 15,802,028 koruny during the year. After the partition of Czechoslovakia, only 7 still remained in Slovak territory; the others were in territory seized by Hungary. It was reported that they were all still functioning at the end of 1939, but "with some restrictions." How they fared after the German anti-Semitic laws began to be enforced is not reported but can be guessed.

As is well known, the unrest and rebellious spirit of the Czechs, under the occupation, manifested itself in disorders, sabotage, slowdowns, and even the killing of prominent Nazi officials. In the ensuing reprisals by the Germans, many citizens were seized by the Germans, including numbers of cooperative leaders. Among them were officials of the Postal Workers Cooperative in Prague. Another victim was the president of the cooperative bank, who was hanged by Heydrich on the charge of "economic sabotage."[6]

[6] *Sources.*—The report on Czechoslovakia is based upon data from the following publications: Annuaire Statistique de la République Tchécoslovaque (Office de Statistique, Prague), 1934, 1936, 1937, and 1938; Office de Statistique de la République Tchécoslovaque Rapports No. 18, 1921, No. 30, 1922, Nos. 4 and 15, 1924, Nos. 17 and 23, 1925, and No. 5, 1927; Bohemia Under Hapsburg Misrule, by Thomas Capek (editor), London, Fleming H. Revell Co., 1915; The First Year of the Czecho-Slovak Republic, by Alexander Broz, London, Twentieth Century Press, 1920; International Cooperative Bulletin (International Cooperative Alliance, London), issues of April 1911, August 1912, January and July 1913, July 1914, September 1915, July 1916, April 1918, April, July–August, and December 1919, January, August, September, and October-November 1920, July-August 1921, April, September, and October 1922, September, November, and December 1923, January, June, August, and September 1924, January, May, July, September, and December 1925, March, April, and August 1927, May 1928, and March 1929; Review of International Cooperation (International Cooperative Alliance, London), issues of January, May, and August 1928, June and August 1929, October 1931, January 1932, October 1933, January 1934, January, April, May, July, October, and November 1935, February, June, and October 1936, April and July 1937, February and December 1938, April, August and September 1939, and December 1942; International Directory of Cooperative Organizations (International Labor Office), 1933, 1936, and 1939; Cooperative Information (International Labor Office), No. 31, 1926, No. 41, 1927, Nos. 5, 14, and 19, 1928, and No. 2, 1935; Cooperative Societies Throughout the World: Numerical Data (International Labor Office, 1939); People's Yearbooks (English Cooperative Wholesale Society, Manchester, England), 1929, 1930, 1933, 1934, 1935, 1936, 1937, 1939, and 1941; Monthly Labor Review, November 1920; unpublished report to the U. S. Bureau of Labor Statistics, 1919, from H. B. Brougham; Report of the Inquiry on Cooperative Enterprise in Europe, 1937 (Washington, 1937); Cooperative League News Letter (New York), April 22, 1943; Cooperative Builder (Superior, Wis.), April 2 and December 24, 1942; News Flashes from Czechoslovakia Under Nazi Domination (Chicago), No. 193, July 12, 1943; New International Yearbooks, 1939 and 1941; Jewish Social Service Quarterly (New York), December 1939; and Rochdale Cooperator (New York) October 1, 1943.

Cooperative Movement in Germany

The consumers' cooperative movement in Germany had become such an integral part of the lives of the workers that, in spite of Nazi antagonism, it was not until 1942—about 9 years after the advent of the Hitler regime—that the latter was able entirely to destroy it.

The cooperative movement in Germany started in 1849 when Hermann Schulze, a local judge in the town of Delitzsch, started an association to purchase raw materials for a group of joiners. It was not until 1867, however, that legal status was achieved by the cooperatives in Prussia, with the passage of a cooperative law for that State. In the succeeding years similar laws were passed in other parts of Germany, and finally, in 1873, a national statute was enacted. With that encouragement all forms of cooperative associations developed, until by the time of the first World War the German cooperative movement was one of the most successful in Europe. Although a working-class movement whose members had little margin of economic safety, its inherent soundness enabled it to withstand not only the hardships of World War I but also the series of crises that occurred in the next 15 years—depression, inflation, deflation, and then partial recovery toward the end of the twenties. The great depression beginning in 1929, the bank shut-down, and the prevailing unemployment (with drastically decreased purchasing power of its members) presented almost insuperable difficulties. Nevertheless, the movement had not only survived but was showing unmistakable signs of recovery when the Nazis came to power.

The consumers' cooperatives immediately felt the weight of the oppressor. As champions of the small private retailers, the Nazis quickly took steps for the control and eventually the extinction of the cooperative distributive movement. However, its very great hold upon the masses of the people who looked upon it not only as a source of supply but as a creation of their own, built upon their hard-won savings, forced the National Socialists to slow their rate of advance upon it. Therefore, over 8 years went by before they were able to achieve their goal of final suppression, under the decree of February 28, 1941. Even then more than a year was required before the movement was finally absorbed into the Labor Front.

Types of Cooperatives

The German cooperative movement appears to have appealed particularly to three sections of the population: (1) The farmers, who organized credit associations as well as marketing and processing associations; (2) workmen, who started not only store associations to supply their household needs but various kinds of productive associations; and (3) businessmen, who saw in joint undertakings of a cooperative character an opportunity to pool their buying power and therefore organized associations for the purchase of their stock in trade as well as those to manufacture articles needed in their business. Enterprises of private business are not usually regarded as part of the cooperative movement of a country, but in Germany the official statistics have always included them. These numbered about 1,300.

Among the genuinely cooperative types were some 20,000 savings and loan associations (table 61), many of which carried on purchasing of supplies for members, between 3,500 and 4,000 cooperative building associations, about 1,600 retail store associations, less than 200 workers' productive and labor associations, and about 1,600 supply associations buying raw materials and doing warehousing and marketing for associations of workers (journeymen). Among the crafts in which such cooperatives existed at the beginning of 1932 were bakers, confectioners, millers, tailors, weavers, furriers, locksmiths, plumbers, pipefitters, gunsmiths, ropemakers, saddlers, shoemakers, upholsterers, bookbinders, butchers, workers in hides and skins, painters, cabinetmakers, wood turners and other woodworkers, building-trades workers, hairdressers, basketmakers, potters, glaziers, stove fitters, roof tilers, and gardeners.

The "miscellaneous" group of associations contained probably as varied a lot of associations as could be found in the cooperative movement of any country. In one year alone new societies were formed to carry on the following functions: Water supply, breeding of fur-bearing animals, radio supply and operation, assistance to the blind, cultivation of medicinal herbs, house repair, road construction, sale of German books and writings, giving of apprentice training for the metal industry, operation of sanitariums, convalescent homes and old people's homes, motor transportation of goods, publishing, silkworm culture, hiring out of beach chairs, theatrical production, and provision of information on matters related to "transportation, amusement, and intellectual life."

The number of associations of each type, as shown by official statistics, for specified years prior to the National-Socialist regime, is given in table 61.

TABLE 61.—*Number of Cooperatives* [1] *in Germany in Specified Years, by Type*

Type of association	Number of associations, January 1—			
	1922	1923	1932	1933
All types	46,615	49,052	52,328	51,795
Credit (savings and loan), urban and rural	20,566	20,931	21,880	21,607
Consumers' retail associations	2,411	2,475	1,695	1,674
Housing (building) associations	3,064	3,265	3,939	3,813
Supply, etc., cooperatives of craft groups	3,503	3,493	1,726	1,670
Labor cooperatives	317	296	164	158
Farmers' marketing, processing, etc., associations	14,818	16,580	18,800	18,821
Private dealers' purchasing associations [2]	1,333	1,424	1,296	1,295
Joint productive enterprises of private business [2]	603	588	558	559
Miscellaneous	(3)	(3)	2,270	2,198

[1] Includes types not usually regarded as cooperative.
[2] Not usually regarded as part of the cooperative movement.
[3] No data.

Cooperative Housing (Building) Associations

There appear to be very little data regarding the housing associations. In 1914 these associations had a combined membership of 292,389. By 1928, the 2,706 associations affiliated to the Union of Housing Federations had 633,629 members. Eight years later 3,490 associations were members of the Union and had 673,285 members.

That these associations formed an important source of housing in Germany is indicated by the fact that in 1927, of 281,090 dwellings constructed, 78,426 (27.9 percent) were erected by the cooperatives, 60.3 percent by private builders, and 11.8 percent by the public authorities. Tabulation of the proportions built by cooperatives in that year, by size of community, indicated that these organizations were relatively most important in the cities, having built over half of the total housing in large cities. In Berlin, 68.3 percent of the dwellings erected in 1927 were built by cooperatives.

Population of—	*Cooperative construction as percent of total dwellings*
Less than 2,000	5.1
2,000 and under 5,000	12.7
5,000 and under 10,000	18.0
10,000 and under 20,000	26.4
20,000 and under 50,000	33.8
50,000 and under 100,000	34.4
100,000 and over	51.1
All groups	27.9

In 1929 cooperative housing associations constructed 109,121 dwellings—18,300 more than in 1928.

Credit and Agricultural Associations

Germany has the distinction of being the initiator of cooperative credit. Hermann Schulze, who had been the first person to organize a purchasing association, was also the first to start a credit cooperative in 1853. The subsequent spread of this type of association in Germany was largely the result of his unremitting advocacy through brochures, speeches, and organizing ability.

The Schulze-Delitzsch credit cooperatives were intended mainly for artisans and small tradesmen in the urban districts, but larger businesses also found them useful. An adaptation of the Schulze-Delitzsch idea was worked out a few years later for the benefit of rural and farm classes of the population, by Friederich Wilhelm Raiffeisen, burgomaster of a small town in a poor farming region. The associations promoted by Raiffeisen were combinations of lending of money and purchasing of farm supplies. The Raiffeisen associations spread much more quickly than the Schulze associations and by the end of the century outnumbered the latter by 3 or 4 to 1. By 1932, of 21,880 credit cooperatives, 19,910 (about 91 percent) were farmers' organizations of the Raiffeisen type.

Most of the urban credit associations were members of the German Cooperative Union (*Deutscher Genossenschaftsverband*). The Raiffeisen associations were affiliated to the National Union of Agricultural-Raiffeisen Cooperatives.

Agricultural producing, processing, and marketing associations have always formed one of the largest groups of cooperatives in Germany. The credit associations have long led in numbers but, as noted, most of these were farmers' organizations. In 1932, counting the rural credit associations, the agricultural cooperatives formed about 75 percent of all the cooperative associations in Germany.

The farmers' cooperatives have taken varied forms. In 1932 the largest group of agricultural cooperatives (aside from the savings and

loan associations) consisted of 6,677 organizations specializing in the sale of one or more farm commodities. Electricity associations, numbering 5,863, comprised the next largest group.

Nearly 90 percent of these agricultural cooperatives were members of the National Union of Agricultural-Raiffeisen Cooperatives. At the end of 1931 the associations belonging to the National Union had a combined membership of 3,800,000. They had 27 regional wholesales which marketed their members' products and purchased their farm and household needs for them. In 1931 their purchases of supplies amounted to 448,389,996 reichsmarks and their sales of farm products to 327,088,460 reichsmarks.

Distributive Cooperatives

By the beginning of 1923 there were 2,475 retail cooperative associations. Reports from United States consuls in Germany commented that the consumers' cooperative movement had "thoroughly established itself as a permanent and substantial element in the national economy" and that the associations had successfully survived the "business crises" of the post-war years. They had, however, lost the controlling influence on prices which they had possessed before the war.

In the next few years the economic situation rapidly went from bad to worse. Money had less and less value. Before ordered goods could be delivered, the amount of money required for its purchase would be multiplied many times. Cooperatives, like other businesses, suffered greatly from these conditions. A report by the International Labor Office pointed out that by the beginning of 1924, "after 10 years of war and inflation, the distributive societies were practically in ruins," although externally the movement was still "imposing."

The currency was stabilized in November 1923. The effect was that—in one month—the amount of money outstanding was reduced from 1,955,001,736,412,000 (paper) marks in October 1923 to 589,841 (gold) reichsmarks [7] in November.

The cooperative associations were among the first to revalue their accounts. Savings deposits of members were revalued at a rate very favorable to the members, but of course this increased the difficulties of the associations, for it made their burden of liabilities heavier. As a result of the inflation and the subsequent revalorization their working capital was practically destroyed and reserves were wiped out almost completely. "Indeed," the International Labor Office commented, "when stabilization was introduced the distributive movement had to be built up again from the beginning."

Since 1903 the German consumers' cooperatives had had savings departments and had relied upon them to a large extent for the financing of the business enterprises. Savings deposited with the associations affiliated to the Zentralverband amounted to 80,200,000 marks in 1913 and rose to 146,694,000 marks at the end of 1918. The loss incident to the inflation and subsequent revaluation is indicated by the fact that the savings deposits (in terms of the new gold currency) amounted to only 49,500,000 reichsmarks in 1924. So successful were the associations in attracting new loan capital, however, that by 1926 the amount had increased to 138,000,000 reichsmarks and by 1928 to 292,500,000 reichsmarks.

[7] For par values of currency, see Appendix table, p. 278.

During this whole difficult period the consumers' cooperatives pursued a policy designed to strengthen and stabilize the movement. Nonpurchasing members were removed from the roster, small associations were merged into larger and sounder organizations, and a policy of "scientific management," or "rationalization," was introduced which resulted in improved efficiency and reduction of operating expenses. These measures were largely responsible for the survival of the movement, although a great many local associations (as also an even greater number of private businesses) went into bankruptcy or voluntary dissolution.

The remarkable recuperative powers of the consumers' cooperatives and the loyalty of their members were demonstrated by the fact that by 1928 this branch of the cooperative movement had reached and exceeded its pre-war level.

However, forces were at work that were beyond the control of the cooperators and their leaders. Shortly after the stabilization of the currency in 1923, a downward trend in business activity and employment set in which continued, with increasing velocity, through 1931 and came to a head in a number of economic disturbances not the least of which was the shut-down of all the banks in Germany from July 13 to August 4, 1931. The number of unemployed during the winter of 1931–32 exceeded 6,000,000 in a population of about 65,300,000.

Various attempts were made by the Government to deal with the situation. With a view to raising funds for relief, and at the same time favoring the small retailer, on January 1, 1932, it levied a turnover tax of 2–2½ percent on all retail trade; in addition many States and municipalities levied special trade taxes on the cooperatives. This naturally reduced the cooperative earnings (and consequently their patronage refunds), and this in turn reduced the purchasing power of the members.

In September emergency decrees were issued which provided Government credit for business organizations, in an attempt to bolster the economic structure of the country. Only a very small part of this was earmarked for cooperatives and that on such onerous terms that only a part of the credit was ever applied for by the associations.

In an attempt to assist its local associations and enable them to tide over, the Zentralverband in 1931 established an "aid society," capitalized at 14,000,000 reichsmarks, and with supplementary capital guaranteed by the Union. In spite of this the number of affiliated associations fell from 988 to 985 during the year. The number of individual members of the local associations fell by about 60,000, but to some extent this was caused by striking from the roster the names of nonpurchasing members. (In the 8 years ending with 1931 more than 1,600,000 names had been removed for this reason.)

Condition of Consumers' Cooperatives Immediately Preceding National-Socialist Regime

About 65 percent of the consumers' distributive cooperatives were federated into two central organizations—the Zentralverband and the Reichsverband. The Zentralverband was overwhelmingly a working-class organization, over 70 percent of its membership being workers either on farms or in industry, and it was strongly supported by the trade-unions. In the Reichsverband (the more conservative of the

two federations), professional people and Government officials and employees formed 31 percent of the membership. The farm and industrial workers (slightly less than 50 percent of the total) were largely connected with the Christian trade-unions.

The following statement shows the occupational distribution of the membership of the associations affiliated to the two federations in 1931:

	Zentral-verband (percent)	*Reichs-verband (percent)*
Workers and employees in industry	69. 2	49. 7
Farm workers	2. 4	. 7
Professional men and Government employees and officials	9. 3	31. 0
Independent businessmen	4. 8	5. 0
Independent farmers	2. 5	3. 2
Retired and other persons without occupation	12. 0	10. 4

Each of the federations had its own wholesale association, to supply goods to the local associations. These were known, from the initials of their names as "GEG" (Zentralverband) and "GEPAG" (Reichsverband).

Table 62 shows the development of the Zentralverband from 1903 (the year of its formation) through 1932. The table also shows such data as are available for the Reichsverband. It will be noted that even during the depression, which reached its lowest point in 1932, both GEG and the local associations affiliated to the Zentralverband made substantial earnings, although a continuous decrease in both earnings and the money volume of sales occurred from 1930 to 1932.

TABLE 62.—*Membership and Business of Two Main German Consumers' Cooperative Federations and Their Members in Specified Years*

ZENTRALVERBAND

[For par values of currency, see Appendix table, p. 278]

Year	Number of member associations	Their members	Their sales	GEG (wholesale)		
				Amount of business	Net earnings	Value of own production
			Rm	*Rm*	*Rm*	*Rm*
1903	666	573, 000	131, 786, 107	26, 445, 889	115, 816	
1914	1, 109	1, 718, 000	486, 419, 059	157, 524, 041	2, 174, 358	10, 493, 615
1920	1, 291	2, 714, 000	(1)	91, 549, 934	253, 761	11, 720, 857
1922	1, 350	3, 161, 000	(1)	99, 118, 624	136, 841	9, 635, 572
1925	1, 110	3, 382, 011	616, 188, 362	228, 169, 471	2, 460, 583	35, 339, 389
1928	1, 024	2, 803, 232	1, 045, 962, 404	444, 371, 664	4, 361, 350	104, 720, 506
1929	988	2, 859, 516	1, 176, 294, 809	501, 378, 122	4, 946, 369	123, 879, 470
1930	974	2, 940, 308	1, 240, 327, 868	495, 257, 404	4, 360, 812	137, 619, 670
1931	968	2, 979, 210	1, 160, 156, 341	428, 419, 904	2, 232, 468	145, 326, 693
1932	949	2, 895, 985	944, 198, 074	339, 831, 261	1, 095, 448	129, 428, 293

REICHSVERBAND

Year	Number of member associations	Their members	Their sales	GEPAG (wholesale)		
				Amount of business	Net earnings	Value of own production
			Rm	*Rm*	*Rm*	*Rm*
1928	276	786, 758	(1)	(1)	(1)	(1)
1929	(1)	764, 960	195, 500, 000	(1)	(1)	(1)
1930	277	792, 551	204, 600, 000	74, 000, 000	(1)	11, 000, 000
1931	263	786, 709	180, 384, 179	70, 323, 220	(1)	10, 000, 000

[1] No data.

In 1931 (as shown by table 62) the two national federations of consumers' cooperatives had in affiliation 1,231 local associations with a combined membership of 3,765,919 persons, or about 6 percent of the total population Counting their families, the movement was therefore serving about 24 percent of the German people. However, because their business was largely restricted to groceries, meat, and certain household supplies, the cooperative associations accounted for only about 5 percent of the retail trade of Germany. They employed 65,310 persons in 13,575 retail stores.

GEG was a large importer of foreign goods, mostly purchased from cooperative sources. Its imports in 1931 amounted to 11,200,000 reichsmarks, and represented commodities from 22 European countries and Asia.

In 1932, GEG was producing about 40 percent of the goods it sold to the retail associations. Its productive departments included 2 fish canneries, 8 meat-products plants, 4 flour mills, 2 macaroni factories, 2 mills making malt coffee, 7 tobacco factories, 2 soap factories, 2 match factories, 2 clothing factories (and was part owner of a third), and one plant each making vegetable and fruit preserves, cocoa and chocolate, chemicals, cheese, textiles, and lumber. In addition it operated a large farm, a weaving and dyeing shed for cloth, and a stationery and printing plant. It started construction of a margarine factory in 1931 but the depression and subsequent events prevented its completion.

In the same year GEPAG, the wholesale of the Reichsverband, was operating a printing plant, a coffee-roasting plant, and one establishment each making sausages, macaroni, soap, and cigars.

The local associations were also substantial producers, mainly of perishable commodities. In 1931 the retail associations of the Zentralverband group produced goods valued at 317,559,105 reichsmarks. The greater part of these goods consisted of meat products (such as sausage) and bakery goods. In 1930, Reichsverband associations manufactured goods valued at 28,000,000 reichsmarks. Here again, bakery and meat products were the most important items, but the output also included such commodities as macaroni, coffee, sauerkraut, chocolate, distilled liquors, carbonated water, flour, and clothing.

In 1930 and 1931 the Zentralverband associations had net earnings on their business amounting to 120,900,000 reichsmarks. Of this sum 12,340,604 reichsmarks were returned to members in patronage refunds on their purchases, 56,014 reichsmarks were paid to members in interest on their shares, and 99,035,915 were paid in rebates payable in merchandise. Thus, even in that 2-year depression period the members of these associations directly benefited by the operations of their cooperatives to the amount of 111,432,533 reichsmarks.

Social welfare.—The associations affiliated to the Zentralverband had a pension fund to which association and employees contributed equally and most of the consumers' cooperatives devoted part of their surplus to welfare purposes (burial funds, convalescent and holiday homes, unemployment relief, etc.). As early as 1918 the Cooperative Association of Hamburg had purchased a mansion on the shores of the Baltic Sea, in which 100 children could be accommodated at a time. The home was maintained from a special fund of the co-

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operative association and each child enjoyed a 4-week stay, free of charge. In 1929 the wholesale GEG paid 1,000,000 reichsmarks for a large holiday home in the Thüringer Wald, with accommodations for 110 vacationers at a time. At Jena there was a special cooperative association, whose duty was the operation of vacation resorts. It had 5,043 members in 1929 and was running 12 holiday homes. This association received support not only from the cooperatives and trade-unions, but also from several of the States and municipalities and sickness-insurance funds. At its 1929 meeting the association voted to organize a central body (in collaboration with all of the supporting organizations) for operating holiday homes.

Cooperatives Under the Nazis

The National Socialists, under Adolf Hitler, came to power in 1933. Table 63 shows the number of associations of each type in each of the 5 years thereafter. For comparative purposes the number at the beginning of 1933 is also shown.

TABLE 63.—*Number of Cooperatives* [1] *in Germany, 1933 to 1938, by Type*

Type of association	Number of associations, January 1—					
	1933	1934	1935	1936	1937	1938
All types	51,795	51,820	53,631	53,499	52,878	51,988
Credit (savings and loan), urban and rural	21,607	21,323	20,866	20,552	20,283	20,005
Consumers' retail associations	1,674	1,606	1,634	1,582	1,512	1,488
Housing (building) associations	3,813	3,698	3,616	3,507	3,452	3,372
Supply, etc., cooperatives of craft groups	1,670	1,667	1,751	1,890	1,948	1,917
Labor cooperatives	158	153	147	144		
Farmers' marketing, processing, etc., associations	18,821	19,518	22,001	22,429	22,403	22,239
Private dealers' purchasing associations [2]	1,295	1,293	1,315	1,284	1,241	1,201
Joint productive enterprises of private business [2]	559	557	554	550	542	533
Miscellaneous	2,198	2,005	1,747	1,561	1,497	1,233

[1] Includes types not usually considered as cooperative.
[2] Not usually regarded as part of the cooperative movement.

It is apparent that craft and agricultural cooperatives increased in number during the period covered in table 63. The increase in the latter case appears to have been caused by the formation of a large number of dairy cooperatives. In the case of all other types of associations, there was a diminution in number during the 6-year period, and the associations of workers contracting their labor disappeared altogether. In most cases the decrease represented not a contraction of cooperative activity but an actual strengthening of the movement by amalgamations of small associations. Such was not the case, however, in respect to the consumers' cooperatives. The decline of these associations from 1,582 in 1936 to 1,488 in 1938 represented the loss of the largest cooperatives in this branch of the movement. The consumers' cooperatives appear to have been singled out, among all the types of cooperatives, for the adverse attention of the Nazis because of the determination of the latter to destroy all forms of business competing with the small private retailers. Accordingly, the large privately owned department stores and chain systems also came under their displeasure, but most especially the consumers' cooperatives which had large organizations in all the cities and a network of smaller ones throughout Germany.

The German agricultural associations had confined their activities strictly to the economic sphere. They regarded themselves as part of the capitalist system and, although they had business competitors, "they had no real opponents." The agricultural associations showed no opposition to the "adjustments" made by the Nazis and the latter apparently had no fundamental objections to the associations. The farmers' cooperatives were incorporated into the Nazi Agricultural Estate and the important administrative posts in the associations were filled by members of the National-Socialist Party.

The marketing and purchasing associations, although they had only "very limited freedom of action," as the delivery of grain, milk, etc., by farmers was very strictly regulated, nevertheless increased their business and sales. About 45 percent of the cereal crops and about 70 percent of the milk was handled by cooperative marketing associations.

In 1935 the cooperative electricity associations formed about one-third of all organizations supplying electric power. A law of 1935 placed all electric-power organizations under the Ministry of Economy and provided for the merger of all enterprises in a given region into one. It also provided that an enterprise might be dissolved if it was unable to supply the needs of the region. As the electricity cooperatives were generally small, a number of them "which for many years had done pioneer work in the villages" were dissolved under this provision.

CONSUMERS' COOPERATIVES

Among the first acts of the National Socialists was the merger (in August 1933) of five central consumers' cooperative organizations—the Zentralverband, the Reichsverband, their two wholesales (GEG at Hamburg and GEPAG at Cologne), and the Printing Association of the Zentralverband. All of the five organizations were dissolved and a new organization, Reichsbund der deutschen Verbrauchergenossenschaften, was formed. Although the authorities stated that they had not seized these central organizations, but had merely taken them into "protective custody," they abolished the right of membership voting, placed the management in the hands of Government appointees, and gave orders to incorporate the whole consumers' cooperative system into the Labor Front. Cooperatives were even forbidden to receive the Review of International Cooperation, published by the International Cooperative Alliance, of which the German cooperative movement was a member.

At the same time, the whole consumers' cooperative movement was divided into 11 regional unions, each headed by a commissioner who was given the authority to sit with the board of directors of the cooperative associations and to "direct decisions." Cooperative sources stated that many of these commissioners were drawn from the ranks of the private traders, and that some of them later obtained full-time jobs as directors of cooperative enterprises which they then proceeded to run like private businesses.

Less than a year after the merger that formed the Reichsbund, the organization was again divided, the Reichsbund retaining only propaganda functions and a new German Wholesale Society (without even the name "cooperative") being formed for purely trading purposes. The latter immediately issued a statement that it would oper-

ate as a "private economic enterprise," and that its services would not be restricted to cooperatives but that it would sell to anybody.

During the next few years the attitude of the State public authorities toward the consumers' cooperative movement varied from the almost cordial (as in Württemburg) to extreme suppression (as in Gau). The measures taken by the central Government showed the same vacillation.

The fact that the cooperative movement represented such a large section of the population and was so intimately bound up with German economic life made it only prudent for the Government to move upon it slowly. Realizing that the consumers' cooperatives were "made up of the most substantial elements among the working classes" whom the Nazis desired to bring into their fold, the Government resisted the demands of the retailers for the immediate extinction of the cooperative movement. The Nazi director of consumers' cooperatives (Karl Mueller) stated in November 1933 that he was endeavoring to "solve the consumer cooperative problem in the interests of the entire people."

For nearly 2 years, during which the wavering Party policy resulted in a do-nothing attitude, the cooperatives were able to continue, although under strict supervision. However, both membership and business dwindled steadily, largely as a result of the panic induced by the early Nazi acts.

Then, ostensibly to protect the movement, a law regulating cooperatives was passed on May 21, 1935. The purpose of this law (which was signed by Hitler, Dr. Schacht, and Graf von Krosigk) was to bring about the extinction of the consumers' cooperative movement—painlessly if possible. Under the law no new cooperatives could be formed without express permission of the Federal Minister of Economy—a provision which effectively prevented any expansion. As an inducement to voluntary liquidation by the associations, the law made an appropriation of 60,000,000 reichsmarks to be used as a guaranty to the savings depositors of the associations, if dissolution was undertaken within a specified time. The usual provision of cooperative bylaws, requiring a three-fourths vote by a special meeting of the membership before an association could be dissolved, was changed to allow an association to be terminated by unanimous vote of the directors or a simple majority vote at a membership meeting, convened at the request of one-tenth of the members "or their representatives." No cooperative association was allowed, after the passage of the law, to accept any additional deposits and all savings departments were to be closed by December 31, 1940. (This, of course, prevented the workers from investing in their own enterprises and wiped out what had always been one of the main sources of capital for the movement, besides placing a very great burden upon the associations, which had the greater part of the funds tied up in plant, stocks, equipment, etc. To refund all these savings meant the liquidation of a large part of cooperative holdings.) Finally, the law placed all the remaining cooperatives under the "strict regulation" of the Federal Minister of Economy.

The law was expressly limited to the member associations of the Reichsbund, but this organization contained practically all the consumers' cooperatives in Germany.

The International Cooperative Alliance pointed out that "nothing is more typical of the lack of freedom of the German cooperative movement than the fact that the German consumers' cooperative press does not dare to offer one word of serious criticism of this bill!" (The Alliance had, early in 1934, deprived the German cooperative movement of its membership in the Alliance on the ground that it was no longer free.) It noted that "propaganda for the ideals" of consumers' cooperation had been forbidden for some time and vision as to the "final goal of cooperation has long since disappeared from the German consumers' movement."

In view of the express purpose of this 1935 law to induce the liquidation of the consumers' cooperatives, it is significant that the 82 cooperatives (of about 1,200 affiliated to the Reichsbund) that were singled out as being "unsound" financially [8] included all the largest associations in Germany, which together accounted for 60 percent of the total capital of the movement and about half of the business. The two Berlin associations alone had 284,000 members.

Some of the larger associations were closed, others were turned over to former managers as private enterprises. The latter was the situation with regard to the larger of the two Berlin associations. In October 1935, Ministerialrat Dr. Zee-Heraeus, reporting on the process of liquidation of the cooperative associations, remarked that "in trying to broaden the scope of the independent retailer the Government is trying to transfer cooperative premises to independent traders." He noted that of the 72 associations all or partially liquidated, 10 percent of their 3,000 stores had been closed, 35 percent had been turned over to independent dealers, and 55 percent had been or would shortly be transferred to private companies. The so-called "privatization" method resulted in a hybrid that was neither private nor cooperative. Some of the organizations were under individual management and some were managed as subsidiaries by the wholesale society.

Altogether the consumers' cooperative movement lost about 1½ million members as a direct result of the law of May 1935.

In addition to the contraction incident to the dissolution of the individual associations, with the consequent loss to the movement of their membership and facilities, the central organizations had had losses of productive plant. Under a law passed on January 10, 1936, the two match factories belonging to the former GEG were turned over to the Match Monopoly (a private cartel), with the proviso that their earnings were to be handed over to the Government. Some of the other productive departments were either closed or liquidated.

Data showing the effects of all the foregoing events upon the membership and business of the local and central organizations are shown in table 64. It gives the combined data for the Zentralverband and Reichsverband for 1932 and 1933 and for the Reichsbund (formed in 1933) for 1934–37, the latest year for which data are available.

[8] The International Cooperative Review of August 1935 remarked: "The alleged financial instability of the German consumers' societies is a charge which carries no conviction to anyone who has known the German cooperative movement during the last quarter of a century."

TABLE 64.—*Membership and Business of Reichsbund,*[1] *in Specified Years*

[For par values of currency, see Appendix table, p. 278]

Year	Number of member associations	Their members	Their sales	Wholesale	
				Amount of business	Value of own production
			Rm	*Rm*	*Rm*
1932[2]	1,208	3,654,402	1,095,095,769	339,831,261	137,000,000
1933[2]	1,154	3,334,400	818,488,609	279,940,844	108,000,000
1934	(3)	3,210,000	660,100,000	295,266,000	(3)
1935	1,113	2,130,000	502,000,000	289,419,000	(3)
1936	(3)	2,094,500	510,000,000	309,999,304	(3)
1937	1,162	2,010,900	532,069,098	330,009,321	120,608,663

[1] Formed in 1933 by merger of Zentralverband and Reichsverband and their wholesales.
[2] Data represent combined figures for Zentralverband and Reichsverband.
[3] No data.

The war broke out in 1939, after which time no statistical data regarding the German consumers' cooperative movement were obtainable. Evidently, however, the cooperatives continued to operate in some fashion until early in 1941. Then on February 28, Dr. Walter Funk, Federal Minister of Economy, issued a decree putting an end to the consumers' cooperative movement not only in Germany proper but also in the former Austria and the Sudetenland. This decree provided for the transfer to the Labor Front of all property and funds of both wholesale and retail associations in all these territories, with the proviso that all the retail associations were to be "converted into model retail shops and turned over to private ownership." However, this latter transformation will, apparently, have to be postponed until after the war, for it is intended that the shops shall be given to veterans who fought at the front, as a reward for their services. It remains to be seen how this can be done and at the same time fulfill the Nazis' promise to refund to the cooperative members their equity in deposits, shares, and social capital, so that they "will not suffer any material loss."

In announcing the new decree, Dr. Ley, head of the Labor Front, made the following comments:

> Consumers' cooperative societies have always been one of our strongest opponents. * * * It may be readily understood that the problem of the cooperatives was difficult for National Socialism to solve when it came into power. The worker saw in the cooperative movement something he had created and in which he had invested many millions of capital, as well as millions of savings. For this reason, we could not have liquidated the cooperatives without causing great disquiet among the broad masses. Besides, we saw that important industrial centers, and even entire regions, were dependent on the cooperative distributive system. The industrial regions of the Rhineland, and particularly of Ostmark [Austria], could not be provided with food and other household goods without the distributive machinery of consumers' cooperatives. Moreover, there were a great number of productive units which could not be suppressed without causing serious economic disturbance. On the other hand, to let them continue meant undeniable political danger, for their ten million members were all enemies of National Socialism and elements of the Centre Party [Catholic] and Marxism.

At the same time he stated that the taking over of the cooperative associations would enable the Government to use cooperative personnel to man the machinery for retail distribution in the newly acquired territories in the East and to operate the businesses seized from the Polish and Jewish communities there.

Under the reorganization the separate branches of the movement—wholesaling, productive, and retailing—were to be made subsidiary enterprises of the Public Works Management (the operating machinery of the Labor Front). The announcement of the decree was accompanied by an appeal to the cooperative employees to do their utmost to "explain away and eliminate any cause for unrest among the members."

By the middle of 1942, the "reorganization" had been to a large extent completed. Although the size of the individual cooperatives had been one of the main points of criticism by the Nazis, under the reorganization a large-scale regional concentration was effected, far beyond that ever achieved by the cooperatives. At the same time the capital of the organizations was much enlarged—a circumstance that led the International Cooperative Alliance to wonder whether this might not represent another manifestation of the expansionist tendencies of the Labor Front, whose Labor Bank became one of the largest in Germany and which practically took control of the banking machinery in the conquered territories.

The cooperative press (which had long ago lost its freedom of expression) ceased publication on January 1, 1942. In view of the other developments, this was a logical step, since (in the words of the International Cooperative Alliance) "it had no longer a cause to defend nor a public to serve."

Thus, after 9 years under Nazi rule, the German consumers' cooperative movement came to an end. However, there still remain thousands of workers—cooperators—and their families to whom the cooperative is a tradition and a necessary way of life and it is upon them that the task of rebuilding the movement after the close of the war will depend.[9]

Cooperative Movement in Hungary

In Hungary the cooperative movement had, prior to the outbreak of the present war, attained an outstanding place in the economy of the country. It was estimated, in 1937, that cooperatives were serving about 45 percent of the population. Their central organizations had attained leading positions in both the distributive and export trade of the country. As far back as 1935 the International Labor Office pointed out that almost every commune in Hungary had a consumers' cooperative society, and commented that: "It is probable that the Hungarian consumers' and credit cooperative movement has now reached the point where it meets the country's

[9] *Sources.*—The report on Germany is based on data from the following publications: Report from United States Commissioner at Berlin, August 11, 1920; United States consular reports, July 1922, February 21, May 25, and June 14, 1923 (No. 335), November 20, 1924 (No. 34), September 28, 1925 (No. 424), May 24 (No. 724) and December 20, 1926, January 4, 1927, June 30 (No. 516) and October 11, 1932 (No. 605), June 13 (No. 897) and November 13, 1933 (No. 1033), August 1, 1935 (No. 274), and August 4, 1941 (No. 2882); Cooperative Information (International Labor Office), 114/A, No. 62, 1927, Nos. 4 and 19, 1928, Nos. 2, 4, 7, and 10, 1929, Nos. 3, 4, and 13, 1930, Nos. 11 and 14, 1931, No. 5, 1932, No. 2, 1933, No. 2, 1934, No. 5, 1935, No. 3, 1936, No. 3, 1937, Nos. 3 and 11, 1938, and No. 4, 1941; Review of International Cooperation (International Cooperative Alliance, London), issues of February, May, September, and December 1932, February 1933, February 1934, July and August 1935, February, September, and December 1936, July 1937, August 1938, June and July 1941, and June 1942; People's Yearbooks (English Cooperative Wholesale, Manchester, England), for 1933, 1934, and 1935; International Directory of Cooperative Organizations (International Labor Office), 1929, 1933, and 1939; Cooperative News Service (Cooperative League, New York), March 25, 1927; Consumers' Cooperation (Cooperative League, New York) July 1933; Cooperative Builder (Central Cooperative Wholesale, Superior, Wis.), August 15, 1936; Fascism (International Federation of Trade Unions, Amsterdam), June 29, 1933, and August 22, 1936; Konsumgenossenschaftliche Rundschau (Hamburg), April 21, 1923; Wirtschaftdienst (Hamburg), October 2, 1925; and Jahrbuch des Zentralverbandes deutscher Konsumvereine (Hamburg), 1933.

needs, and that any further increase in its strength will be in the form of the economic stabilization of existing societies rather than the creation of new ones."

The Hungarian cooperative movement differed from that of most other countries in that most of the central organizations were formed either with the help of the Government or as a result of the social initiative of individuals. The central bodies then took the lead in forming local associations. This reversed the usual (and recommended) procedure, under which central organizations are formed only after a network of local associations reaches the point of needing wholesale or educational service which they then federate to provide.

In Hungary by far the greatest part of the cooperative movement was among the farmers. They, however, were released from serfdom only in 1848, after which the country was plunged into a serious depression. These peasants, previously unaccustomed to any kind of independent action, were totally unable to meet the situation by any action of their own. Their plight was of serious concern to some of the more socially enlightened members of the upper classes, among them Count Alexander Károlyi. Through his initiative both a central union and wholesale, "Hangya" (the "Ant"), and a central credit organization were founded in 1898.

Thereafter, for many years, the development and spread of the cooperative movement was carried on mainly through the efforts of the educated people—teachers, priests, notaries, doctors, and even members of the nobility. Being naturally intelligent and receptive, the peasants quickly became accustomed to cooperative activity and by the end of the first decade had begun to participate in the management and direction of their cooperatives.

As Hungary is primarily an agricultural country, the farmers have remained the largest component of the cooperative movement there. However, the industrial workers to some extent, as well as the middle-class people (including employees of the Government and the State railroads), also formed cooperative associations.

There were also several other branches of the cooperative movement that grew in the more usual way—from the ground upward. These included the cooperative dairies; the land-leasing associations; the associations of workers contracting their labor for such tasks as flood control, irrigation, and road construction; and cooperative associations for credit and production in small-scale industry.

Although, as noted, the cooperative movement developed separately among the various social classes, there was always "harmonious collaboration" among the different branches of the movement. Cooperative leaders recognized, however, that the lack of a closely integrated organization including all types of cooperatives was "a serious drawback." A central organization (the Union of Hungarian Cooperatives) was formed in 1909 to act as representative for the whole movement and was extremely successful at first. It was, however, reported to have been "paralyzed" by the war of 1914–18 and existed largely in name after that time.

Official recognition has been accorded the cooperative movement for many years. In 1927, when the upper House of Parliament was revived, five representatives of the cooperative movement were seated in that body. One of these was elected by the nobility, one by the agricultural interests, and the other three were appointed.

Up to 1928, cooperatives were accorded certain tax privileges as well as low-interest loans from the Government. These privileges were withdrawn in that year.

In recent years the Government has more and more made use of the services of the cooperative movement in Hungary, particularly that part represented by Hangya. This has, of course, entailed an increasing measure of control. It is not known to what extent the totalitarian regime has vitiated the independence and freedom of action necessary for the sound development of the cooperative movement.

Types of Cooperatives and Their Activities

The latest data showing the number of associations of various types in Hungary were collected by the Statistical Office of Budapest and relate to the year 1935, as follows:

	Number
All types	4, 502
Distributive cooperative associations	1, 800
Cooperative credit associations	1, 402
Cooperative insurance associations	11
Agricultural marketing, productive, and purchasing associations	806
Workers' productive associations:	
Labor associations	29
Craftsmen's associations	163
Workshops	24
Housing associations	105
Other types:	
Associations operating clubhouses	73
Mining associations	1
Transport cooperative associations	10
Miscellaneous	78

More than three-fourths of all these associations were federated into central associations in their particular field.

With the exception of certain specialized marketing associations (such as those of beekeepers, fruit growers, and distilleries), most of the distributive and agricultural cooperatives were affiliated with Hangya. Notable exceptions were the consumers' cooperatives among the industrial workers and the large retail organizations of the State railway employees and of the Hungarian civil service employees. Hangya, although composed mainly of farmers' cooperatives, also had associations in some of the large towns and cities.

The figures shown in the foregoing tabular statement included some associations not genuinely cooperative. The 50-year old law under which cooperatives were formed permitted the organization, under it, of pseudo-cooperatives that were really profit-making enterprises. Not until 1937 was a really cooperative code drafted.

Credit cooperatives.—The credit associations are one of the oldest forms of cooperative activity in Hungary, and have always operated in close collaboration with the Government. Their central organization, the Central Institute of Cooperative Credit Associations, was started in 1898 with funds subscribed partly by private persons and partly by the State. Under a law (Act No. XXX) of 1920, every new credit cooperative was required to affiliate with the Institute. Of about 1,400 credit associations in 1935, slightly over 1,000 were members of the Institute.

Workingmen's consumers' cooperatives.—The spread of consumers' cooperation among the industrial workers, not being fostered by any organization, had spread more slowly than was the case with the Hangya associations. The foremost workmen's cooperative in Hungary was the General Distributive Association at Budapest, founded in 1904 with funds advanced by well-to-do citizens. This method of financing was opposed by the trade-unions, but after 3 years' operation by the association they were won over to its support.

In the great depression the association was able at first to hold its own surprisingly well, and continued its practice, begun in 1926, of presenting every member whose annual purchases had amounted to over 400 pengös [10] a free life-insurance policy.

The long-continued depression period and the failure of the workers' savings bank proved to be too much for the General Distributive Association, which was forced to liquidate in 1939. In order to prevent the loss of the workers' savings, invested in this association, Hangya (at the request of the Government) took over part of its assets and shops and continued its service.

Workers' productive associations.—The small group of workers' cooperatives in Hungary had its own central organization (Central Union of Handicraftsmen's Cooperatives), formed in 1920. A considerable variety of industries was represented among these associations—woodworking, building construction, shoemaking, tailoring, and various home industries. In 1928 there were 71 of these associations with a combined membership of 17,712. By 1934, however, the number had fallen to 52 and the membership to 7,414.

Public employees' associations.—One of the largest retail associations in Hungary was the Hungarian Civil Servants Cooperative Association, established in 1893. In 1934 its members numbered over 55,000 and its business exceeded 19,000,000 pengös, nearly a third of which (6,385,000 pengös) represented goods produced in its own factories.

The employees of the State railroads also had a large retail association, with many branches throughout Hungary. It had a business in 1932 amounting to 3,600,000 pengös.

Hangya Associations, 1898–1935

To a considerable degree, the history of cooperative marketing and distribution in Hungary is the history of the farmers' wholesale cooperative, Hangya. As already noted, this association—the Society for Consumption, Sale, and Production, of the Hungarian Farmers' League—was formed in 1898, on the initiative of Count Alexander Károlyi, using privately subscribed funds. There were no local associations at the time, but immediately after the establishment of Hangya, the latter proceeded to organize local distributive cooperatives among the farmers. Later it extended its activities to the towns and cities. Each association was pledged to make all of its wholesale purchase through Hangya, provided the goods were procurable through it and provided the prices were at least as low as offered by private wholesalers. In spite of the difficulties of manpower, supply, and communication, Hangya showed a continuous development during

[10] For par values of currency, see Appendix table, p. 278.

the first World War, achieved in spite of the political upheaval and turmoil in Hungary. The dual monarchy of Austria-Hungary was overthrown and a republic was established in 1918 by the revolution of October of that year. It, in turn, gave way to a short-lived Communist government under Bela Kun in 1919. In 1920 the various parties of the Right Wing (aided by Rumania) succeeded in overthrowing the Bela Kun regime and establishing a Regency, with Admiral Horthy at the head.

In the dismemberment of Hungary under the Treaty of Trianon, Hungary was reduced to a third of its former size. Slovakia became part of the new country of Czechoslovakia, Transylvania was taken by Rumania, and Croatia and Slovenia became part of the new kingdom of Yugoslavia. In this transfer, over 1,300 Hangya associations thus became foreign associations. At the end of 1920 there were only 1,752 Hangya associations left in Hungary.

By 1922 Hangya had enlarged its scope by admitting to membership workmen's as well as farmers' cooperatives. One of its members was the Háztartás Cooperative Association in Budapest, which by 1922 had 36,772 members and supplied about 20 percent of the people of the city in its 77 stores. The aim of this association was to organize the middle class in the towns. Another association, the "Pannonia," was started to supply the associations of the Christian-Socialist railway men, postal workers, and tobacco workers.

The economic condition of the country went from bad to worse in the next few years. As Hungary is an agricultural country dependent upon its exports, the loss of foreign markets had a disastrous effect upon its internal economy. In 1924 the League of Nations appointed a commissioner to take charge of its finances, and floated a $50,000,000 international loan to be used for rehabilitation.

Hangya's affiliated associations experienced great difficulty in renewing their capital after the deflation, particularly as Hungarian cooperative associations (except credit cooperatives) were not allowed to accept savings deposits from members. Regarding the credit cooperatives, it was reported that the value of their shares and deposits was practically wiped out. By 1926, however, Hangya itself had completely recovered.

In the depression that began in 1929, Hungary felt severely the slump in prices and the restrictions on trade imposed in the various countries in the attempt to alleviate conditions. As the members of the Hangya associations were mostly farmers whose products were among Hungary's largest exports, they also encountered extremely hard times and a considerable number of associations had to be liquidated. By 1933, however, signs of improvement appeared. An unusually rich harvest in the fall of 1932 improved the members' purchasing power somewhat. This, combined with improved conditions resulting from Government controls on foreign trade and on the national currency and the lightening of farmers' debts, was reflected in the increased business of the cooperative associations.

The trend of membership and sales of Hangya through 1935 is shown in table 65.

TABLE 65.—*Membership and Operations of Hungarian Cooperative Wholesale, Hangya, 1910–35*

[For par values of currency, see Appendix table, p. 278]

Year	Number of member associations	Amount of business	Net earnings
		Kronen	*Kronen*
1910	992	19,016,419	139,732
1912	1,195	28,000,000	185,931
1914	1,276	30,218,913	(1)
1915	1,307	46,064,332	439,655
1916	1,386	57,531,133	758,197
1918	1,940	126,775,127	(1)
1921	1,945	1,890,000,000	450,000,000
		Pengös	*Pengös*
1926	(1)	68,529,255	433,428
1928	1,698	73,745,181	646,258
1930	(1)	63,576,587	(1)
1932	1,573	46,635,460	(1)
1934	[2] 1,541	50,627,421	(1)
1935	1,488	57,238,272	210,406

[1] No data.
[2] Data are for 1933.

Table 66 gives data on the membership and operations of the associations affiliated to Hangya. The result of the currency inflation is shown strikingly in 1921.

TABLE 66.—*Membership and Business of Hangya Cooperatives in Hungary, in Specified Years, 1910–37*

[For par values of currency, see Appendix table, p. 278]

Year	Number of associations	Their membership	Their sales
			Kronen
1910	992	156,563	38,216,954
1918	1,940	658,267	124,926,975
1921	1,945	795,137	3,000,000,000
			Pengös
1928	1,698	714,918	122,441,033
1932	1,573	[2] 664,024	66,539,432
1935	1,488	627,693	81,148,481
1937	1,481	630,000	91,306,000

[1] No data.
[2] Data are for 1930.

PRODUCTIVE ACTIVITIES

In 1916 the Hangya Industrial Company (Ltd.) was organized, for purposes of production. By 1922 it was operating 12 factories producing such commodities as soap, tooth paste, shoe polish, blacking, starch, matches, brooms, brushes, rope, cord, knives and forks, mustard, candy, and various liquors. By 1926 it had added chemicals and costume jewelry to its list and early in the thirties started the manufacture of lubricating oil and dyes.

Until 1929 Hangya owned one of the largest match factories in Hungary. In that year the Government granted a monopoly on matches to the Swedish American Match Trust, and Hangya was compelled to sell its factory to the trust.

Hangya has never reached the importance as a manufacturer attained by the wholesales of certain other European countries. Its manufactures never exceeded 12 percent of the amount of the distributive business.

Place of Cooperation in the Economy of Hungary

Ever since the first World War, the cooperative movement, especially as exemplified by Hangya, has played an important part in the life of Hungary. With the exception of a few urban cooperatives connected with the Social-Democratic Party, the cooperatives in Hungary have never taken any part in politics. Probably partly for this reason and partly because of the wide economic vision of the cooperative leaders, Hangya especially received much official recognition. In all of the recurrent crises, economic and financial, Hangya proposed or assisted in constructive measures to meet the situation. At the celebration of Hangya's fortieth birthday in 1938, the Prime Minister paid tribute to its constructive accomplishments in improving the living standards of the agricultural population, and promised a continuance of Government support.

WELFARE WORK

Hangya was the first employer in Hungary to pay family allowances to its employees,[11] and as early as 1910 it had established a system of old-age pensions for its superannuated workers. The system apparently had to be abandoned during the war of 1914–18 and the early post-war period, but by 1928 the organization was again making regular appropriations for pensions.

In 1922 Hangya and the Central Institute of Cooperative Credit together established a modern cooperative hospital in Budapest. This hospital was enlarged and provided with additional surgical equipment in 1938.

Hangya also entered the field of housing when it acquired land near Budapest and constructed modern low-rent dwellings for its workers; this project was enlarged in 1938. In allotting dwellings, preference was given to the larger families. In the same year a block of flats was built, using money from the pension fund.

EXPORT BUSINESS

"Futura," Hangya's trading and export company, was established in 1919 by joint action of the State, the Cooperative Credit Institute, and Hangya, as a result of the conditions that followed in the wake of successive changes in government and the occupation of Hungarian territory by the Rumanians.

The Horthy Government came into power in 1920. At first hostile to cooperatives, it gradually realized the importance of the cooperative movement. Under the "planned economy" inaugurated under the Horthy Regency, the possibilities of the cooperative network were recognized and more and more use was made of the associations as machinery for collection and export of agricultural products.

In 1923, when the Government undertook the export of wheat to Switzerland and Bavaria in order to bolster the currency on foreign exchange, Futura was given the task; later, it also handled in the same way other State-controlled goods—wool, onions, newsprint paper, agricultural machinery, etc. When the State came to the rescue of farmers who had lost their machinery and tools during the

[11] The general family-allowance system was introduced in Hungary in 1939.

revolutions and Rumanian occupation, Futura distributed 37,500 machines and 397,000 tools for the State.

After the abolition of State control of commodities, Futura embarked upon a program of improvement of quality of agricultural products. Through its operations on the market it was able to obtain better prices for the farmers, also. It had export relations with cooperative organizations in German Austria, Czechoslovakia, Switzerland, Italy, and Poland.

By the end of 1933 Futura was characterized as the leading produce organization in Hungary. Its marketing business rose steadily each year, from 5,463,302 pengös in 1934 to 30,592,400 pengös in 1937, and it had a Government monopoly in the export of camomile and paprika. Mills were being built in various sections of the country, to handle the paprika business.

DISTRIBUTIVE AND MARKET OPERATIONS

The year 1934 was the most critical period of the depression in Hungary. In that year the Government forced a reorganization of the whole distributive cooperative movement, under Law No. XXI. Cooperatives were divided into two classifications—urban and rural. To the Hangya network were allotted associations in the rural districts. Associations in towns and cities were allocated to the Hungarian Civil Servants' Cooperative Society. This forced the liquidation of Hangya's Budapest association, Háztartás, and of the large State railway employees' association, Konzum. The General Distributive Association—the workingmen's cooperative at Budapest—was left untouched at that time but was taken over by Hangya several years later.

The reorganization resulted in eliminating duplication of cooperative facilities and consequently in a general reduction of overhead expenses. Also, Hangya subjected its affiliated associations to a searching examination as to financial soundness, and as a result 42 associations were liquidated or consolidated with other associations during 1935. The 1,488 affiliates at the end of the year were operating 2,785 stores. Hangya territory was divided into 140 sections, for purposes of auditing and technical improvement, and a Hangya representative was placed in charge of each.

This period of gradual recovery was reflected in increased cooperative business and earnings. Net earnings of 212,406 pengös enabled Hangya to pay a 2-percent patronage refund, after a barren interval of 7 years, and to start a new reserve fund to replace the reserves wiped out by the previous losses. The wholesale had succeeded in obtaining a fair share in the Government export quotas and had been accorded representation on all of the State-controlled syndicates and commissions handling the various exports.

Another good harvest in 1936 speeded recovery and in that year the distributive business of Hangya amounted to 69,330,760 pengös—nearly the pre-depression volume.

At the end of the year the more than 600,000 members of Hangya's affiliates and their families represented about a fourth of the population. Hangya was doing about one-eighth of the total trade, was the largest distributor of wine in the country, and had become "the most important commercial institution in Hungary." It supplied the

farmers with all their household and farm needs and in addition marketed their products through eight central associations handling specific lines. One of these dealt in the products of home industry. It was reported that this organization was "providing the women in the villages with work and occupation during the idle winter months, and the ever-increasing demand from overseas proves the excellence of the quality."

In the spring of 1938, when the price of cattle had fallen to an unusually low level, the Government authorized Hangya to make large purchases on the market and to can the meat in its factory. Again, in the autumn of the same year, action by Hangya prevented a rise in the retail prices of lard, bacon, and other foodstuffs. In that year, for the first time in the history of Hangya, not one of the member associations had a loss on the year's operations.

In the same year, at the request of the Government, Hangya took over part of the assets and shops of the failing General Distributive Association of Budapest, and formed a new association, in order to assure a continuance of supply to the former members. By this step Hangya resumed operations among urban industrial workers—a function it had lost in 1934 under the reorganization law that restricted its activities to rural areas.

In 1939 in the interest of economy and efficiency, the subsidiary marketing companies were reduced to departments of Hangya. There was a considerable expansion in the goods produced in Hangya factories. Operating expenses of the whole Hangya enterprise for the year reached a low of 5 percent and net earnings totaled 1,126,989 pengös.

The development of the wholesale and marketing business and of the productive plants since 1934 is shown in table 67.

TABLE 67.—*Membership and Business of Hungarian Cooperative Wholesale, Hangya, 1935–41*

[For par values of currency, see Appendix table, p. 278]

Year	Number of member associations	Amount of business		Value of own production
		Wholesale distributive	Marketing	
		Pengös	*Pengös*	*Pengös*
1935	1,488	57,238,272	13,205,336	4,355,879
1936	1,480	69,330,760	23,037,000	3,596,208
1937	1,481	80,053,757	30,592,400	4,783,095
1938	1,489	98,413,829	41,871,000	7,398,559
1939	1,783	127,569,299	84,489,000	11,352,734
1940	(1)	162,400,000	91,900,000	15,600,000
1941	(1)	230,000,000	129,100,000	28,600,000

[1] No data.

Developments Since Outbreak of Present War

Hungary was drawn into the present war, on the side of Germany, almost from the beginning. Its troops were among those that invaded Czechoslovakia in March 1939. Hungary received as its reward parts of Czechoslovakia that it had lost 20 years before, under the Treaty of Trianon. In this reacquired territory several hundred former Hangya associations were brought back into membership; to

supply them Hangya opened 7 new wholesale warehouses. The reannexed territory also contained about 200 associations which had been formed in the interval after the Treaty of Trianon; they had established their own wholesale, "Hansa," which they continued to operate after the reannexation.

In 1939 when Carpatho-Ruthenia was returned to Hungary, Hangya established a new retail association there, with 50 stores.

From 1939 through 1941 Hangya's distributive and marketing business rose by nearly 70 percent.

The International Cooperative Alliance, reporting Hangya's sales for 1940 and 1941, commented in the Review of International Cooperation (November 1942) as follows:

* * * There can be no doubt that the stricter control and the planning of agricultural and industrial production, as well as the regulation of trade and distribution, must greatly affect cooperative development and freedom of action. The general policy of the Government so far as the cooperative organizations are concerned seems to be motivated by a recognition of the economic value of the cooperative apparatus and the desire to use it for their own ends, while the social aims of cooperation, the new view of society for which progressive cooperation stands, must of necessity be alien to their more or less totalitarian or autocratic view of society. Government interference, not without danger even when offered in the form of disinterested assistance, becomes doubly dangerous if the Government, consciously or unconsciously, dilutes and weakens not only the voluntary character but also the idealistic social basis of cooperation. How far this danger has already materialized and how far, in addition, State officials have penetrated into cooperative organizations and diluted their leadership, we do not know, but there is no doubt that the danger is real.

In Hungary, before the war, the cooperative wholesale society Hangya and its subsidiary organization Futura were entrusted by the Government with more or less monopolistic functions in the collection, marketing, and export of agricultural produce, the scope of which has been enlarged during the war in the field of agricultural marketing and the supply of the rural population, particularly in the territories annexed by Hungary. The growth of the Hangya and the public recognition it has received have aroused the suspicion and opposition of the private traders, and the friction between the two groups of interests recently prompted a public statement by the Minister of Trade, Josef Varga, to the effect that in a "State-directed economy," cooperative organization as well as private trade must find its proper place. "The new economic order cannot do without the cooperative organization, though, on the other hand, it cannot allow the cooperative societies with their greater capital resources to endanger the legitimate interests of private trade." This statement is a remarkable recognition of the exceedingly strong position which the Hungarian cooperative societies have attained in the trade of their country.[12]

Cooperative Movement in Poland

The Polish cooperative movement was characterized by a multiplicity of small associations, but reached a large proportion of the population. Even as early as 1920, it was estimated by the International Labor Office that the consumers' cooperatives were supplying 20 percent of the Polish people. Under a law passed in 1934 (largely as a result of the extreme depression in agriculture and the resultant effect upon the agricultural cooperatives) there was a considerable

[12] *Sources.*—The report on Hungary is based upon data from the following publications: International Cooperative Bulletin (International Cooperative Alliance, London), issues of May and November 1911, March 1913, April 1915, July 1916, January 1918, January 1919, July 1920, May-June and November 1922, and May 1923; Review of International Cooperation (International Cooperative Alliance, London), issues of March and April 1927, June, July, and October 1928, November and December 1929, February and June 1931, October and November 1932, January, March, and November, 1934, May, August and December 1935, May 1936, June and November 1937, February, June, and August, 1938, June 1939, June 1940, and November 1942; International Directory of Cooperative Organizations (International Labor Office), 1929, 1933, and 1939; Cooperative Information (International Labor Office), No. 12, 1935, and No. 13, 1937; People's Yearbooks, 1930, 1933, 1937, 1938, 1939, and 1941; and New International Yearbooks, 1924, 1925, 1941, and 1942.

amount of amalgamation both of local associations and of federations (notably the so-called "auditing unions") by which the movement was decidedly strengthened. The Polish Government was given power to interfere in the affairs of the cooperatives but was reported to have exercised this power wisely.

The movement itself was neutral and nonpolitical, except in the Ukraine. It was encouraged by both the Government and the Catholic Church,[13] and the public authorities had established a chair of cooperatives in the University of Warsaw, as well as a school for employees of agricultural cooperatives.

Under the 1934 law, the 26 auditing unions were reduced to 10, representing various social groups as well as the different national minorities. Thus there were two auditing unions for German associations, two for Jews (one Zionist and one Orthodox), and one each for the Ruthenians and Ukrainians, as well as four unions for Polish associations. The Polish associations included (1) "Spolem" ("Together"), the General Union (and wholesale) of Distributive Cooperatives of the Polish Republic, serving consumers', workers' productive, and labor associations; (2) the Auditing Union of Army Cooperative Societies (also served by Spolem); (3) the Union of Agricultural and Provident Cooperatives of the Polish Republic, combining credit, marketing, processing, and productive associations; and (4) the Union of Cooperative Societies and [Government Employees' Associations, combining credit, housing, and construction associations. All of the unions were on friendly terms, and most of the central organizations were members of the Scientific Institute for Cooperation.

The abundance of small associations is indicated by the fact that the average membership per association was only 250—a very small size for European cooperative associations—and that in the population of about 35 million there were some 14,000 cooperative associations, or an association for about every 2,150 persons. In 1939 these cooperatives were serving about 3½ million families, or about 40 percent of the population. In 1930 cooperative exports constituted 3.2 percent of all exports from Poland and ranged from 1 percent for eggs and pigs to 20 percent for corn and 64 percent for butter.

Types of Associations

The 13,004 associations in existence at the end of 1936 were grouped, by type, as follows:

	Number of associations
Consumers' cooperatives	1,552
Agricultural consumers' cooperatives	2,659
Agricultural marketing cooperatives	392
Cooperative dairies	1,323
Health cooperatives	8
Credit cooperatives	7,070
School-children's cooperatives	
Housing associations	
Other	

[13] In rural areas, the priests were often presidents of associations, and lectures on the organization of cooperatives were given in the Catholic seminaries.

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All but about 1,500 associations were affiliated to the auditing unions. The accompanying table shows the number and type of associations affiliated to each of the auditing unions in the latest year for which data are available (1937 in most cases).

TABLE 68.—*Membership and Business of Polish Auditing Unions* [1]

[For par values of currency, see Appendix table, p. 278]

Central organization and type of affiliate	Affiliated associations		Amount of business of—	
	Number	Members	Member associations	Federation
			Zlotys	*Zlotys*
Union of Distributive Cooperative Associations	[2] 1,535	332,555	150,918,000	90,607,000
Union of Agricultural and Provident Cooperatives	5,503	1,655,292	[3] 191,000,000	
Rural credit associations	2,756	711,711	(4)	
Urban credit associations	639	375,663	(4)	
Trading associations	2,108	567,918	(4)	
Auditing Union of Ukrainian Associations	3,326	645,595	139,431,000	33,092,000
Rural credit associations	543	80,052	(4)	
Urban credit associations	124	78,058	(4)	
Trading associations	2,659	477,150	(4)	
Auditing Union of Ruthenian Associations	218	30,553	2,655,000	
Rural and urban credit associations	67	21,293	(4)	
Trading associations	151	9,260	(4)	
Union of German Cooperatives in Poland	585	45,133	69,978,000	40,160,000
Rural credit associations	268	14,726	(4)	
Urban credit associations	78	15,443	(4)	
Trading associations	239	14,964	(4)	
Union of German Agricultural Cooperatives in Poland	97	7,466	1,099,000	202,000
Union of German Agricultural Cooperatives in Pomerania	176	12,566	(4)	
Rural credit associations	63	6,398	(4)	
Trading associations	113	6,168	34,151,000	
Auditing Union of Army Cooperatives	231	24,067	20,350,000	
Union of Cooperative Societies and Employees' Associations	525	121,245	(4)	
Union of Jewish Cooperative Societies	638	[5] 135,717	(4)	
Union of Jewish Tradesmen's Cooperatives	120	20,796	(4)	

[1] Except where otherwise noted, data are for 1937.
[2] Grouped into 6 federations.
[3] 1938.
[4] No data.
[5] 1936.

The membership of the unaffiliated associations is shown, by type of association, in the following statement:

	Associations	*Members*
All types	1,514	154,000
Consumers' cooperatives	238	20,000
Agricultural consumers' associations	315	24,000
Dairies	155	17,000
Credit associations	440	73,000
Housing associations	106	5,000
Other types	260	15,000

Consumers' Cooperatives

Consumers' cooperation in Poland dates from 1869, but it spread very slowly and by the beginning of the twentieth century only 50 associations had been formed. The revolution of 1905, which won from the Russian Government a substantial degree of freedom for the people, gave impetus to the cooperative movement and by 1908 there were 670 consumers' associations.

In 1911 a cooperative wholesale association was formed, which by 1913 had in affiliation 297 member societies with 39,000 members.

In addition, and without connection with the union, there was a group of Catholic associations with their own central organization; a number of independent associations; and in Austrian and German Poland (Galicia, Silesia, and Upper Silesia) some associations either independent or having their own unions. Altogether, before the first World War, there were on Polish territory about 1,300 consumers' cooperative associations with 122,000 members and annual sales of 20,000,000 rubles.

During the war the impossibility of maintaining continuous contact between the wholesale and its affiliates resulted in the formation of nine regional wholesales which in practice enjoyed complete autonomy. The advantages offered by the cooperative movement as a medium of provisioning the people in wartime resulted in considerable expansion of the movement, and the union at Warsaw emerged from the war period with 327 affiliates (with a total of 57,000 members). The union was operated on strictly Rochdale principles and observed political neutrality. A Socialist movement had, however, grown up, having its own central body, called the Workers' Union of Cooperative Societies; the Central Society of Christian Cooperatives (Catholic) resumed its activities; and there was also a powerful group of associations of Government employees, as well as one of soldiers' or military cooperatives. Altogether there were some 2,200 associations with 200,000 members.

One of the first acts of the new Polish Republic was the passage of a liberal cooperative law. Under it the movement grew rapidly, but to a large extent upon a political or professional basis. Much of this growth disappeared when the period of deflation of currency began, and only the stronger and more stable enterprises were able to survive. One after the other the groups of Government employees' organizations, the Socialist cooperatives, and the Catholic associations joined the original union at Warsaw, renamed "Spolem," Union of Distributive Cooperatives of the Polish Republic.

By the late twenties the cooperatives had recovered from the prostration of the deflation period and reached a peak of prosperity in 1928–29. This was short-lived, however, for the long depression set in shortly afterwards and the cooperatives suffered, along with private business.

Beginning with 1933 (which was the turning point in the depression in Poland) cooperation once more began to thrive and both the consumers' and agricultural branches of the movement made rapid progress. In 1933 it was estimated that the consumers' cooperatives were doing about 3 percent of the general retail trade of the country and about 10 percent of the trade in food. In other commodities the percentages were as follows: Sugar, 5.4 percent; tea, 5.7 percent; rice, 8.4 percent; and salt, 9.6 percent.

Until 1935, industrial wage earners formed the largest group in Spolem. In that year the peasant members exceeded them numerically and for several years thereafter increased their lead. In 1937 the membership was distributed occupationally as follows:

	Percent of total
Peasants	44
Industrial wage earners	31
Clerical workers	10
Others	15

By 1935 Spolem had become the largest commercial organization in Poland. In 1939 it had in membership 1,776 associations (grouped into 6 federations), with 412,762 members. The wholesale's business in that year reached the sum of 98,000,000 zlotys. Under a systematic policy Spolem expanded its productive departments, but never attained the development achieved by the wholesales in certain other European countries. In 1937 goods made in its own factories accounted for about 10 percent of its total turnover (see table 8, p. 29).

Health cooperatives.—Poland had a cooperative research organization, the Scientific Institute for Cooperation, established in 1919. Until 1930, this Institute devoted its attention to agricultural cooperation. In that year its field was broadened and it began to admit to membership all types of cooperatives.

In 1935 the Institute began to explore the possibilities of cooperation in the field of medical care, and started to carry on educational work with the idea of organizing associations in this field of activity. The first health association was established in September 1936 in the town of Markowa, with a group of 150 member families. Six months later its membership had increased to 260 families and it was providing medical service in 7 surrounding villages with about 12,000 inhabitants.

By 1938 there were 8 cooperative health associations in Poland, some of which had been started by the Auditing Union of Ukrainian Cooperatives and some by the Polish Union of Agricultural Cooperatives. Each of the associations operated throughout a territory of 6 to 10 villages.

Each of the associations had its own dispensary, a full-time physician, and sometimes a midwife. Some associations also arranged for the services of a dentist, once a week. Additional activities of the physicians included advice on infant welfare; investigation of housing conditions; advice on personal, family, and social hygiene; and organization of preventive health measures.

Under Polish law cooperative associations were not allowed to operate drugstores, but in some cases the associations had contract arrangements with local druggists by which members received discounts.

Housing.—In 1934, according to the Scientific Institute for Cooperation of Warsaw, there were in Poland about 1,080 housing associations. They had erected buildings containing some 75,000 rooms, at a cost of 360,000,000 zlotys. One of the important local associations was the Cooperative Housing Society in Warsaw, started in 1921. This was an association which operated on a genuinely Rochdale basis, retaining collective ownership of all the properties. Its members, exceeding 4,000 in number, were almost entirely of the wage-earner and low-salaried class. Up to 1936 the association had built 24 apartment houses, with accommodations for 1,713 families. Residents in the cooperative buildings had their own credit association, dispensary, library, motion-picture theater, laundry, a nursery school, a primary school and a secondary school, athletic field, and even a small zoological and botanical garden for the use of the schools. All of these were operated cooperatively.

Student cooperatives.—One feature of the consumers' cooperative movement in Poland was the cooperative associations of students in the elementary schools, the formation of which was encouraged by the Polish Ministry of Education.

Effects of the War

The outbreak of war occurred in a period of rapid cooperative development, when many new associations were being formed, cooperative trade was expanding, and new productive facilities were being acquired.

It is reported that after the invasion of the country in September 1939, "notwithstanding the cruelty of the war and the terrible destruction of the country, the majority of the directors of the cooperative organizations remained at their posts."

In the subsequent cession of territory to Germany, Lithuania, and the Soviet Union, the cooperatives which had headquarters in Warsaw, but had member associations throughout Poland, lost the greater part of their members and resumed their activities only with the greatest difficulty. In the Soviet-occupied territory the urban associations were dissolved (as they had also been elsewhere in the Soviet Union in 1935), but a certain amount of freedom was left to the agricultural cooperatives.

In Vilno, ceded to Lithuania, the Polish cooperatives were "forced to liquidate in favor of Lithuanian organizations." Cooperatives may be said to have ceased to exist in the western Provinces that were incorporated into the Reich; in the other German-occupied Provinces (including Cracow and Warsaw) a certain measure of autonomy was allowed and there the cooperatives continued to operate, under the close supervision of the occupation authorities. Reports received by the International Cooperative Alliance indicate that, nearly 2 years after the invasion of Poland, cooperatives and their federations were still operating in German-occupied Poland. In fact, they were accorded a favored position in respect to obtaining supplies, being allowed to make purchases in Germany and being given the necessary transport facilities. According to the International Cooperative Alliance, "this surprising appearance of friendliness" toward the cooperative movement, which had always been associated with the Polish struggle for independence, was explained by two factors—the determination of the occupation authorities to destroy the livelihood of the Jews (who were largely engaged in private trade) and the Germans' desire to use the cooperatives as machinery for collection and distribution of foodstuffs. The rich western agricultural regions had been incorporated into the Reich; the less-fertile remainder of the territory had not only to supply its own inhabitants (some 15 million) and also about 1½ million Poles who had been expelled from the western Provinces, but was compelled to hand over a considerable part of its crops to the occupation authorities. The agricultural cooperatives were forced to act as the collection agencies for these requisitioned supplies, and the cooperative stores were allowed to sell goods to the farmers only in exchange for specific amounts of farm produce at prices set by the Germans.

The urban associations were used as distributors of supplies to the city dwellers. Regarding this situation the International Cooperative Alliance commented as follows:

> The small supplies left in the country are distributed through the cooperatives, which are thus made the instrument through which the rations—which are very often below the subsistence level—reach the population of Warsaw and the larger towns, and through which much higher rations are supplied to the German settlers.

It must be a bitter experience for the Polish cooperators to see their organizations, which for almost two generations played such an important part in preserving Polish nationhood against the Prussian policy of assimilation and annihilation, used as a channel for robbing and starving their own people and feeding theNazi invader.

In some places where cooperative associations were few in number, the Germans even fostered the development of new cooperatives. Thus, in the town of Baranowicz, in eastern Poland near the Soviet border, a Ruthenian school teacher named Potapovycz was persuaded to organize a cooperative network for the whole city; by 1942 there were in operation 21 cooperative stores, 5 meat markets, 3 bakeries, and 2 restaurants, and additional associations were being started in the surrounding villages. Possibly as a result of such encouragement, about 300 new associations had been formed throughout Poland and some 140 had joined Spolem, so that that organization was stronger than before.

Evidently the workers' productive associations were also being used by the Germans. A Central Office for Handicraft Deliveries had been started, which distributed orders to the associations "in the interest of the German war effort" and received the finished goods. Of 154 housing associations in Warsaw, 36 had been liquidated by the end of 1942 and the rest had been merged into 6 new associations. Of course none of the cooperative organizations was really free after the invaders arrived.[14]

Cooperative Movement in the Soviet Union

In the period preceding and during the first World War, the Russian cooperative movement showed the most phenomenal growth in all Europe. Since the overthrow of the Czarist regime and the establishment of the Soviet Union, its fate has depended upon the policies of the Government, which have ranged all the way from grant of monopoly to suppression. In 1935 the urban associations were absorbed into the system of State stores, and since then consumers' cooperation has been found only in rural districts where they are the predominant factor in retail trade. Both the workers' productive associations ("artels") and the agricultural cooperatives have been encouraged by the Government, but the latter exist now mainly in connection with the Kolkhozes (collective farms).

Cooperatives Through World War I

Cooperatives in primitive form have existed in Russia as far back as the records go, the early forms being based largely on the "artels"—or group activities for the carrying out of a definite enterprise, such as the cutting of wood, processing of milk, fishing, etc. This natural bent of the people received impetus when the serfs were freed in 1863. As there was little or no private commercial enterprise, artels sprang up in a clear field, and other types of enterprises followed.

[14] *Sources.*—The report on Poland is based upon data from the following publications: Directory of Cooperative Organizations, (International Labor Office, 1939), Cooperative Information, issues No. 11, 1930, No. 12, 1937, Nos. 8 and 11, 1938, and International Labor Review, April 1921; Revue des Etudes Cooperatives (Paris), January–March 1929; Review of International Cooperation (International Cooperative Alliance, London), March and April 1932, October 1935, November 1936, January and July 1939, and February and May 1941; People's Yearbooks (English and Scottish Cooperative Wholesale Societies), 1936 to 1941; and the Task of Cooperatives in Post-War Relief and Reconstruction, by Halbert, Shoskes, and Tereshtenko (Washington, 1943).

Although the first consumers' cooperative association with written bylaws was organized only in 1865, by 1874 there were 353 such associations, and by 1914 over 11,000.

The local consumers' associations were federated into regional unions and the latter in turn into the all-Russian Central Union of Consumers' Cooperatives (known as "Centrosoyus"). In 1918 some 40,000 of the 50,000 local associations then in existence were, through their regional federations, members of Centrosoyus. Even at that early date Centrosoyus had entered into production and was operating flour mills, refrigeration plants, fisheries, and factories making candy, shoes, soap, syrup, tobacco, chemicals, and matches.

The workers' productive associations or artels included shoemakers, potters, toy makers, and other craftsmen, and were federated into a national body, called the Kustar Union. These organizations were assisted in their financing by the credit cooperatives.

Types of Associations

The Russian cooperatives have always been of two or three standard types. In 1920 a Russian cooperative leader classified them as consumers', credit, insurance, and productive (including both agricultural producers' and workers' productive) associations. Since 1920, when the "consumers' communes" by official decree absorbed the other types of associations, no mention has been made of credit or insurance cooperatives.

TABLE 69.—*Membership and Operations of Cooperatives in the Soviet Union in 1937, by Type of Association*

[For par values of currency, see Appendix table, p. 278]

Type of association	Number	Membership	Amount of business
Local associations			*Rubles*
Consumers' associations	24,113	39,200,000	28,141,100,000
Occupational associations	15,577	2,402,971	5,411,743,000
Affiliated with central federations:			
Artels	2,228	1,642,073	12,727,000
Disabled men's associations	2,327	240,277	3,460,300,000
Forestry associations	3,905	370,621	1,635,416,000
Fishermen's associations	1,022	150,000	303,300,000
Other	6,095	(1)	(1)
Agricultural	246,905	19,156,921	(1)
Kolkhozes (collective farm associations)	243,000	18,786,300	(1)
Other	3,905	370,621	(1)
Central federations	*Member associations*		
Centrosoyus (consumers')	24,113	39,200,000	2,330,200,000
Federation of disabled men's associations	2,327	240,277	1,728,000,000

[1] No data.

Agricultural cooperatives.—Most of the agricultural cooperative activities, as the table indicates, are carried on by the Kolkhozes. These communities have their processing and marketing associations, all operating within the Party framework. The Kolkhozes and their associations are stated to occupy "the foremost place in the agriculture of the U. S. S. R., as 93 percent of the peasant families belong to them or are employed by them."

Workers' productive associations.—"Kustar" or cottage industries have always been a characteristic of Russian life. Whole villages engaged in the production of commodities of one kind or another, sometimes specializing in a single type of work. Such factories as existed were small.

Sometimes the work was done on a cooperative basis, either in a workshop owned by the cooperative or with the association acting merely as marketing agent. Such cooperatives were known as "artels." The lack of large-scale manufacturing enterprises in the country enabled these associations to hold their own, and even as late as 1930 a survey by the Planning Commissariat indicated that 60 percent of the industrial workers in the Soviet Union were employed in small industries and that about 25 percent of them belonged to artels.

Their main field was that of unskilled labor, temporary and seasonal labor, production on a small scale, and handicrafts. Under the various 5-year plans, the artels have been encouraged to make the fullest possible use of local materials and, in total, have played a substantial part in industrial production. In the 5-year period from 1932 to 1937 the value of their output rose from 5,763,500,000 rubles to 13,178,000,000 rubles. The value of consumer goods produced by them amounted to 10,000,000,000 rubles in 1937 and in 1938 to nearly 12,000,000,000 rubles. In 1938, about 20 percent of Russia's consumption goods was produced by these industrial cooperatives. They produced about 35 percent of the furniture, 35 percent of the felt footwear, 42 percent of the metal goods, 65 percent of the metal beds, 33 percent of the piece goods, 15 percent of underwear, and 80 percent of the notions in the Soviet Union. Such goods as artistic rugs, embroideries, scissors, kerosene burners, utensils, toys, and musical instruments were produced entirely by the artels.

Cooperation Under the Soviet Government

Since the advent of Bolshevism, late in the first World War period, the consumers' cooperative movement of Russia has undergone many changes of status. The first attitude of the Communists, after the revolution, was to regard cooperatives as remnants of a bourgeois society, which had no place in a system in which all private ownership was abolished and everything belonged to the people through the commonwealth. The general economic collapse of Russia, however, prevented the new government from organizing a new system of distribution and it was compelled to utilize the existing forms. Among these the cooperatives were of considerable strength. During this period a change took place in the official attitude, and by a decree of March 20, 1919, the associations were deprived of their autonomy but were given the status of government organizations. Every consumer was required to become a member of a consumers' cooperative. A decree of January 27, 1920, amalgamated all other cooperative organizations with the "consumers' communes" and their central organizations were also incorporated into Centrosoyus, formed in 1917 from an older federation that had been in existence since 1898.

The comparative lack of success of this measure led to a relaxation of restrictions under the New Economic Policy and on May 20, 1924, an order was issued nominally restoring the voluntary membership,

membership capital, and formulation of policy—all, however, under the final control of the Communist Party.

Somewhat earlier (in 1922) the Government had started a number of retail and wholesale associations connected with State industries and this system was expanded during the next few years. As the process of industrialization of Russia was intensified, a greater degree of compulsion was exercised in all lines of activity—cooperative as as well as others. An official of the International Cooperative Alliance described this as follows:

> Nominally cooperative enterprise was developed on a large scale in retail distribution, wholesaling, and agricultural marketing. New organizations were set up and the turnover of the old ones greatly increased. But these cooperative organizations have actually developed on the same lines as State trading organizations. The share capital of their members, where it existed, lost any direct relation with the actual size of the transactions of the societies, whose working capital was being procured from State financial sources. The town consumers' societies slowly developed into stores managed from one center without consulting the members. The consumers' societies were, during that period, made practically the monopolistic distributors of rationed goods, and their members and customers consisted actually of the whole local population which were entitled to rationed supplies. In their internal organization and management the consumers' societies became indistinguishable from State stores, but the actual distinction between them was that the former had a monopoly for rationed supplies and the latter a monopoly for nonrationed supplies.

This process continued under the second 5-year plan, but with the introduction of uniform prices the cooperatives lost their monopoly. In 1932 and 1933, the so-called "closed cooperatives" attached to factories were turned over, by Government decree, to operation by the factories. Later the Communist Party and Government decided to abolish the urban associations, which at that time were handling about 30 percent of the urban retail trade. The question was not referred to the membership for decision. These societies were wiped out at one stroke when, on September 29, 1935, a decree was issued stating the decision of the Council of People's Commissars and the Central Committee of the Communist Party that the organizations of consumers' cooperatives in towns be liquidated and all their property transferred to the People's Commissariat of Internal Trade. This action was explained as being necessary because the cooperatives, it was said, were not capable of supplying the market and because the unnecessary expenditure and extra staff involved in having two types of distribution (State stores and cooperatives) could not be justified.

This measure reduced the number of consumers' cooperatives in the Soviet Union from over 100,000 to about 25,000 and the membership from over 70,000,000 to fewer than 40,000,000 persons. The village cooperatives continued to operate, and in 1938, according to the chairman of Centrosoyus (who was also vice chairman of the Presidium of the Supreme Soviet of the U. S. S. R.), were running not only grocery stores (an average of 7 each) but also some 53,000 wholesale warehouses, nearly 20,000 bakeries, and over 6,800 eating places (lunch counters, restaurants, etc.). They also carried on a wide range of welfare and cultural activities.

Although the cooperative associations in the Soviet Union, like all other enterprises that are allowed to operate there, are under the final control of the State, a Soviet official stated that they elect their own officials and in all ordinary matters the members operate the business. A report to the International Cooperative Alliance stated that as

far as the primary (local) associations are concerned, there are generally only one or two Communist Party members in each association. Their function, it was said, was to act as "guardian of cooperative democracy in the consumers' movement" as well as "responsible agents of the Party and the Government entrusted with the task of satisfying the essential needs of the people."

The International Cooperative Alliance appears to have been convinced of the essential democracy and freedom within the cooperatives themselves, for Centrosoyus is still a member of the I. C. A.

The development of the consumers' cooperatives in the Soviet Union from 1914 to 1939 is shown in table 70.

TABLE 70.—*Membership and Business of Consumers' Cooperatives in the Soviet Union, 1914–39*

[For par values of currency, see Appendix table, p. 278]

Year	Number	Local associations		Centrosoyus: Business
		Members	Business	
			Gold rubles	*Gold rubles*
1914	11,400	1,650,000	290,000,000	10,263,544
1917	35,000	11,550,000	1,243,617,021	46,791,000
1919	53,000	18,500,000	(2)	44,179,000
1923	[3] 26,006	(1)	215,649,000	(1)
1924	25,974	8,722,000	1,040,748,000	127,500,000
1927	(1)	15,075,000	10,070,531,000	662,500,000
1930	(1)	37,806,000	[4] 9,909,400,000	(1)
1932	45,764	71,953,000	16,418,000,000	7,604,000,000
1933	(1)	69,000,000	19,605,600,000	14,154,400,000
1934	103,000	70,700,000	20,796,200,000	14,910,000,000
1935 [5]	25,252	39,400,000	(1)	(1)
1939	26,500	40,000,000	42,000,000,000	(1)

[1] No data.
[2] No data; this was the year of civil war.
[3] Reduction in number from 1919 was the result of the reorganization and consolidation that took place under thed ecree of March 20, 1919.
[4] Data do not include restaurant business.
[5] From this year onward, data relate only to rural cooperatives, as the urban associations had been absorbed into the system of State stores.

Cooperatives in World War II

Only scattered data are available regarding cooperatives in the Soviet Union since the beginning of the present war, but it appears that the services of the workers' productive associations, as well as of the village consumers' cooperatives, have been utilized to an increasing extent.

Early in 1943 it was announced that the labor unions had been made responsible for supervision of the "trading network" (presumably including the village cooperatives), to insure correct weights, good quality, cleanliness, etc.

What, if any, effect the announcement of autonomy for the various republics that compose the Soviet Union has had or will have upon the status of the cooperative movement is not known.

Situation in western Ukraine.—When the western Ukraine was incorporated into the Soviet Union, after the partition of Poland in September and October 1939, the 5,000 cooperative organizations there were transformed along the same lines as the Russian associations. All associations (previously organized mainly along nationality lines—Ukrainian, Polish, Russian, Jewish, and German) were merged into a

single association for the whole of western Ukraine and this organization was made subordinate to the federation at Kiev. It was stated that "the Soviet influence was strengthened by the appointment of men bred and trained in the Soviet cooperative movement to leading positions in western Ukraine, including those of directors and managers of societies, chief accountants, managers of financial and planning departments, and experts of all kinds."[15]

The greater part of the industry in this region consisted of small family enterprises, sometimes with one or two outside helpers. A considerable number of these were organized into about 250 new cooperatives (artels). Some 230 small factories taken from private owners and nationalized by the Soviet Government were handed over to these new cooperatives, together with a special loan of 20 million rubles for expansion and mechanized equipment. It was expected that these productive enterprises would produce various consumption goods (foodstuffs, metal articles, leather goods, footwear, textiles, etc.) in the next year. These goods were to be disposed of, partially at least, to the State retail and wholesale organizations (formerly private enterprises, taken over by the Soviet Government).[16]

Countries of Southern Europe

Of the countries of southern Europe—Italy, Portugal, and Spain—only Italy can be said to have attained any considerable degree of cooperative development. Even in that country, religious and political divisions and the too great individualism of the associations prevented the movement from attaining its potential power. Cooperative wholesaling was a failure, because of the lack of loyalty of the local associations, until a decree by the Fascists made membership and patronage of a central wholesaling organization compulsory. Similar divisions were characteristic of the movement in Spain. With the exception of Albania, Portugal was the least developed cooperatively of all the countries of Europe.

Spain and Italy each excelled in a special type of association: Spain, in the Pós tos Marítimos—fishermen's general-purpose associations combining thrift and loan activities with joint purchase of occupational and household supplies, educational work, and marketing of the catch; Italy, in the workers' productive and labor associations which undertook contracts for all kinds of projects (including bridge, road, railroad, and other construction, printing, farming, and many others).

As Italy was the first European country to adopt a totalitarian form of Government, many years have passed since its cooperatives have been free. In all three countries the movement has been absorbed into the corporative machinery, but still exists under Government control.

[15] Review of International Cooperation (London), February 1940 (p. 61).

[16] *Sources.*—The report on the Soviet Union is based on data from the following: Planovoe Khoziaistvo (Gosvzdat, Moscow), Nos. 2 and 12, 1938; U. S. S. R. Handbook (London, Camelot Press), 1936; Bulletin of All-Russian Central Union of Consumers' Societies, Centrosoyus (London), Nos. 1-14; Kooperativnaia Shizn', Vsia Kooperatsia U. S. S. R. (Moscow), 1920; Russian Cooperative Movement, by A. J. Zelenko (in Monthly Labor Review, June 1930); Review of International Cooperation (International Cooperative Alliance, London), March 1936, May and June 1939, February 1942, and March 1943; People's Yearbooks (Cooperative Wholesale Society, Manchester, England), 1926, 1929, 1935, 1936, 1937, 1941, and 1943; International Directory of Cooperative Organizations (International Labor Office), 1939; Cooperative Information (International Labor Office), Nos. 7 and 10, 1937, No. 2, 1940, and No. 1, 1943; Annals of Collective Economy (Geneva), May-December 1937; and Russian Economic Notes (U. S. Bureau of Foreign and Domestic Commerce), August 30, 1939.

Cooperative Movement in Italy

The cooperative movement in Italy dates back to about 1854 when the first cooperative store in that country was organized at Turin, to mitigate the effects of a famine. In the half century between the unification of Italy and the rise of Fascism, all of the branches of cooperation showed some degree of development. The outstanding characteristics of the Italian movement were the great variety of types, the multiplicity of small, rather weak associations, religious and political division, and consequent rivalry and lack of even friendly relations among the factions.

Though a National League of Cooperative Associations (*Lega Nazionale delle Cooperative*) was founded in 1886, it never held the allegiance of the whole movement. A cooperative wholesale, established in 1905 and reestablished in 1911, never was able to win support of rival groups. Religious, political, and economic differences intensified toward the end of the first World War. The Christian Socialists withdrew to form their own consumer federation in 1917. In 1920 the National League, apparently believing that its fate depended upon the Socialists in Parliament, abandoned the traditional cooperative political neutrality. By 1921, when Fascism was well under way and even had its own cooperatives with a national federation, the number of cooperative associations in Italy was reported as 19,510.

During the early period of Fascism, consumers' cooperatives suffered from vandalism, the terrorism employed by the Black Shirts, and the loss not only of goods but of plant. Many associations disappeared entirely during this time. From 1921 to 1922 the total number of Italian cooperatives fell from 19,510 to 8,000 (the distributive associations from 6,481 to 3,600).

The headquarters of the National League in Milan was taken over by the State in 1925 and late the following year an act consolidated the Government's power over the cooperatives. In 1931 the cooperatives were required to join the Fascist federation. They continued, however, not only to be tolerated—under strict Party control, of course, and provided that, as the People's Yearbook pointed out, "all political opinions (other than Fascist) have been banished"—but even enjoyed some degree of official favor, and continued to operate as Fascist organizations. In 1937, the latest year for which statistics are available, Italian cooperatives numbered 12,076, of which consumers' distributive associations accounted for 3,500.

Types of Associations and Their Activities

The cooperative movement of Italy was one of the most varied in type, with specialized associations confining their operations to a limited field. The development of the various branches of the movement, as shown by number of associations, is indicated in table 71.

TABLE 71.—*Number and Type of Cooperative Associations in Italy, in Specified Years, 1910–34*

Type of association	1910		Number of associations							
	Associations	Membership	1914	1915	1917	1921	1922	1927[1]	1932[1]	1934
All types	5,064	795,206	7,429	8,251	8,764	19,510	8,000	8,391	11,062	11,771
Consumers' cooperatives	1,764	223,192	2,255	2,312	2,499	6,481	3,600	3,334	3,240	3,860
Productive and labor associations:										
Transport									244	305
Workers' productive	564	70,719	831	918	1,000	7,643	[2] 2,700	[2] 1,283	1,630	1,817
Labor	1,017	94,738	1,758	2,175	2,257	------	------	------	------	399
Fishermen's associations	31	2,871	94	122	136	------	------	[3]	75	------
Bakeries, slaughteries, and other associations producing consumers' goods	87	16,058	125	139	167	------	------	------	------	------
Agricultural (wine, etc.) associations	926	161,115	1,242	1,371	1,386	------	700	314	810	3,598
Insurance associations	124	108,000	151	162	165	133	------	[3]	218	553
Housing associations	379	------	677	704	709	[4] 1,534	------	499	696	1,239
Ex-soldiers' associations	------	[5] 118,513	------	------	------	2,239	------	------	------	------
Other types	172		296	348	445	1,480	1,000	------	------	------

[1] Totals include some associations the type of which was not shown.
[2] Including some labor associations.
[3] No data.
[4] Including some credit associations.
[5] Includes an unspecified number of mutual-aid and transport associations.

PHARMACEUTICAL COOPERATIVES

Three main groups of pharmaceutical cooperatives had developed in Italy by 1930: Specialized cooperatives established to run drug stores such as those in Milan, Bergamo, Mantua, Brescia, Parma; enterprises which were branches of distributive cooperatives, such as the 7 cooperative drug stores of the Turin Cooperative Alliance; and cooperatives of druggists themselves.

The first pharmaceutical cooperative was founded in Milan in 1890 and within a few months had 694 members and capital amounting to about 80,000 lire.[1] By 1910 cooperative drug stores had the largest membership of any type of cooperative carrying on production in Italy—38 associations reporting 19,242 members. In 1930 the Milan Pharmaceutical Cooperative owned 13 of the largest drug stores in Milan; in addition it had a pharmaceutical laboratory which held several patents and produced much of the medicine the cooperative stores sold. The Milan association's drug business amounted to approximately 9,000,000 lire; patronage refunds to members averaged about 5 percent on purchases and the association's prices influenced pharmaceutical prices throughout the whole city. In addition to its retail and productive activities, the pharmaceutical cooperative published the "Medicamenta" (a guide for doctors), and periodicals for practical use.

COOPERATIVE CREDIT

In 1866, Luigi Luzzati, later Minister of Finance (later still, Prime Minister) of Italy, introduced in Milan the first people's bank—a cooperative credit association of the Schulze-Delitzsch type. A National Association of Italian People's Banks appeared in 1874. After the Raiffeisen type of association developed, the credit move-

[1] For par values of currency, see Appendix table, p. 278.

ment continued in these two main channels. By 1911 there were 1,872 credit cooperatives in Italy—1,117 in the North (where the people's banks predominated), 218 in Central Italy, 164 in the South, and 313 in Sicily, and 60 in Sardinia.

Preparations for a central credit institution were completed in 1913 and the National Institute for Cooperative Credit (*Instituto nazionale di credito per la cooperazione*) began operations in 1914. It was stated at the time that the Government planned to use the Institute for the collection of taxes and the payment of pensions. Policies such as the latter and also the granting of credit for purposes other than cooperative account partially for the fact that the credit organizations have not usually been considered a part of the true cooperative movement in Italy, and statistics are not available for them.

After 1920, when post-war reconstruction greatly enlarged the undertakings of the workers' cooperatives, the Institute opened two new independent sections, one dealing with the land and agricultural cooperatives and the other with the building cooperatives. Locally, cooperative credit was handled by cooperative banks such as those in Milan and Genoa, which did an annual business of 170,000,000 lire and 54,329,000 lire respectively.

Under the Fascists, the credit cooperatives were maintained on their former legal basis, with some additional regulation. Some of the former regional federations continued, but all credit organizations became members of two national associations, one (Casse Rurali) for the Raiffeisen type of cooperative with unlimited liability and the other (Banche Popolari) for the Schulze-Delitzsch type with limited liability. Though both systems were reported to be succeeding, examination of the official records of their business indicates that deposits declined throughout the decade until 1936.

WORKERS' PRODUCTIVE AND LABOR COOPERATIVES

Workers' productive cooperatives achieved remarkable success in Italy. Two different forms developed: The workers' productive association in which the group of workers owned and managed a plant such as a printing or small-scale engineering establishment; and the labor cooperative or labor-contracting cooperative (*cooperative dei braccianti*). The latter consisted of a group of workingmen organized to find their own employment by obtaining and fulfilling contracts for work, such as the construction of roads, buildings, ships, the draining of marshes, or the loading of boats. These organizations developed early in the Po River valley. Legislation of 1889 permitted contracts with the State up to the value of 20,000 lire. Later all limitations were removed, and contracts could be made by private agreement without open bidding or the customary guaranty deposit. By 1910 the workers' cooperatives consisted of 774 associations of which the main groups were those of builders, bricklayers, artisans, and longshoremen, with a total membershhip of 100,000. Regional federations were recognized by national law in 1911. A national federation which planned to give technical advice, make contracts, and assign them to the proper local federation was formed in 1919 and affiliated to the National League.

By 1914 the Ministry of Public Works was giving 15 percent of its contracts to labor cooperatives. In Ravenna and Ferrara 85 and 90

percent respectively of all public works were constructed by cooperatives. After World War I the Government continued its reliance on labor cooperatives, and their federation participated in the disposal of war materials. When the Government advanced 1,500,000,000 lire to ease post-war unemployment, the labor cooperatives received most of the money for works of reconstruction.

In the early 1920's all of Italy showed the effects of the work of workers' cooperatives—at Milan, the well-known printing works and many fine houses; at Venice, excellent mosaic work and wood carving; at Genoa, the Piazza Tommaseo, bridges, ships, etc.; at Ravenna and Ferrara, a large proportion of all public works; at Bologna, a large bridge; at Rome, a vast drainage system and a suburban development; in Emilia and Sicily, large farms cooperatively run; elsewhere, railroads (the Reggio Emilia, the Reggio Ciano built and managed by a labor cooperative), roads, harbors, and docks.

A great variety of occupational groups was represented in the membership of the Milan Federation of Productive and Labor Cooperative Associations—iron- and marble-workers, plasterers, paperhangers, gilders and varnishers, goldbeaters, shoemakers, glove dyers, tailors, printers, bookbinders, porters, the Milan builders (the largest group of all), and others. In the field of agriculture, Italian workers' cooperatives not only carried on draining, building, and the customary crop-producing activities but also leased and cultivated farm lands collectively. The acreage cultivated immediately before the Fascists came into power was reported to be 55,032 hectares.[2] Much the greatest acreage cultivated in any one Province was that of Emilia—25,603 hectares. The Ravenna Federation, which was reported to represent one-fifth of Italian cooperative agriculture, managed 15 farms and held 13,041 acres on collective lease.

Serious division among the workers' cooperatives appeared after World War I. In 1920, the Catholic, or Christian Socialist, cooperatives formed the National Union of Productive and Labor Associations, which by 1923 consisted of 984 cooperatives with 49,360 members. Drawn into the current struggle between Socialists and Fascists, this Federation was compelled to choose between liquidation or "reconstruction." In 1923, the Federation adopted new aims, admitted the new Fascist groups, and joined the Fascist National (*Sindacato Italiano delle Cooperative*).

Ravenna continued to be the leading Province as regards membership of productive and labor organizations, though it was exceeded in the value of contracts by Modena in the late 1920's. Large projects of land reclamation, the cost of which reached millions of dollars, received widespread publicity. The cooperative printing groups received large contracts for printing railroad timetables, telegram forms, and books for the Ministry of Education.

Agricultural labor cooperatives operated independently or accepted contracts. In the North under the Fascists, cooperatives in Lombardy, Emilia, and Tuscany usually held and worked land collectively. In the South, the cooperatives held the land but the members worked it individually. In Sicily, for example, 77 cooperatives divided 41,573 acres among 19,200 members. In 1932, Italian farm cooperatives held about 85,800 acres on lease and owned more than 16,000 acres.

[2] Hectare=2.471 acres.

Deflation of agricultural prices harmed this type of cooperative and in 1935 collective leaseholds were reported to be on the decline.

Under the Fascists the fishing cooperatives proceeded with the development of a marketing system, and were aided by a credit law of 1931. In Naples a federation of cooperatives created a new market, which was granted a monopoly of wholesaling fish in the region.

In the group of transport cooperatives, some expansion occurred after Fascist domination began. The railway cooperative founded in 1904 still owned and ran the Reggio Emilia railroad in the early 1930's. The Mantua navigation cooperative owned boats and barges valued at £10,000. The Genoa boat-building cooperative of 1883 remained active. Porter associations received monopolies of the work in railroad stations. Cooperatives provided taxi and transport service.

After Italy acquired possession of Tripoli in the war with Turkey, the Government requested the workers' cooperatives to undertake the building of roads from Tripoli to other towns inland and along the coast. The Fascist Government continued this policy, not only in many of the early reconstruction projects but also in Africa.

TABLE 72.—*Operations of Affiliates of Workers' Cooperative Federations at Milan and Genoa, 1906–35*

[For par values of currency, see Appendix table, p. 278]

Year	Total amount of Italian productive and labor cooperative contracts	Milan Federation affiliates			Genoa Federation affiliates			
		Capital	Value of work performed	Amount paid in wages	Associations	Capital	Value of work performed	Amount paid in wages
	Lire	*Lire*	*Lire*	*Lire*		*Lire*	*Lire*	*Lire*
1906	(1)	301,766	2,148,375	888,543	(1)	(1)	(1)	(1)
1910	(1)	357,699	3,343,292	1,393,486	(1)	(1)	(1)	(1)
1912	(1)	671,980	3,865,458	1,768,501	13	(1)	2,063,379	(1)
1914	5,220,450	711,169	3,468,575	1,583,780	(1)	587,521	2,438,954	7,955,374
1918	10,583,300	1,033,806	5,293,713	1,773,902	(1)	(1)	(1)	(1)
1919	18,351,000	(1)	(1)	(1)	18	2,125,425	3,217,501	23,488,973
1921	166,225,269	(1)	(1)	(1)	21	5,339,966	12,045,708	59,400,382
1922	123,548,478	(1)	(1)	(1)	16	(1)	8,269,498	(1)
1924	285,475,635	(1)	(1)	(1)	(1)	(1)	(1)	(1)
1933	561,254,477	(1)	(1)	(1)	(1)	(1)	(1)	(1)
1935	500,000,000	(1)	(1)	(1)	(1)	(1)	(1)	(1)

[1] No data.

Consumers' Cooperative Movement

EARLY PERIOD

The Italian consumers' cooperative movement developed in the decade following the unification of Italy and, with a few exceptions, succeeded best in the North where the spirit and economic preparation for independence had been strongest. When in 1911 the Government published comprehensive data describing the operations of cooperatives, 1,764 or almost 33 percent of all cooperatives in the nation were consumers' associations and the majority of these were in Lombardy, Emilia, and Tuscany; with a membership of almost 350,000 the consumers' cooperatives were serving about 5 percent of the Italian population of 34,814,000. The variation in the size of the cooperatives may be seen by comparing the membership of the largest association—the Cooperative Union of Milan (with 14,566

members)—with the average membership of 213. Whereas the annual trade of the Milan Union had reached 10,732,609 lire, the majority of the cooperatives were reported to have a turnover of less than 50,000 lire.

In spite of the age of the movement, the success of cooperatives in cities like Milan, Turin, and Verona, and the friendship of public officials, the consumers' cooperatives as a whole had failed to unify either their policies or their organization. The National League of Cooperative Associations (*Lega Nazionale delle Cooperative*) which was formed in 1886, with headquarters at Milan, had never controlled the policy nor had it been able to obtain the allegiance of the whole cooperative movement. Nevertheless its growth from 68 affiliates in 1886 to 2,189 in 1916 was impressive. Between 1910 and 1911 the circulation of the League's publication, Cooperazione Italiana, grew from 2,300 to 6,000. As World War I approached, this periodical complained that the Italian cooperative movement was "more split up" than any in Europe and that a distributive cooperative appeared to be a private affair, "almost a family center," the aim of which was merely the personal profit of its members.

The Italian consumer movement also lacked the services of a satisfactory wholesale association. Though such a wholesale appears to have been suggested in 1887, it was not until 1905 that a Milan cooperative, "Umanitaria," gave 17,000 lire to begin both a cooperative wholesale and the auditing of cooperative association accounts. It was hoped that the wholesale would curb the individualism of rival cooperatives. Efforts were made to confine the wholesale's trade to large cooperatives only, and the Cooperative Union of Milan even refused to purchase at all until "numerous distributive societies had become amalgamated." At first the new organization merely authorized the Milan Civil Servants' Distributive Association to undertake purchases; next it undertook warehousing, but it overstocked and almost went bankrupt, after which it served as a purchasing agency only.

In 1910 the National League's cooperative congress authorized the creation of a wholesale later known as Consorzio Italiano delle Cooperative di Consumo. The following year, 1,500 shares of 25 lire each were subscribed by various cooperatives in northern and central Italy and 200 shares each by the Cooperative Alliance at Turin and the Milan Cooperative Union. The wholesale handled coffee, sugar, candles, sardines, wine from its own cellars, cheese, and (on commission) flour, oil, butter, and rice. Although its sales grew rapidly and earnings were made, the Consorzio was not well supported; at the end of 1911 reserves amounted to only 1,998 lire, assets to 286,329 lire, and liabilities to 273,595 lire. In 1914 the Conzorzio had sales of 1,431,276 lire on which net earnings of 21,901 lire were made.

The Government looked upon the cooperative distributive movement during the war as an "ally of the State," and continued to befriend it in the post-war period. By 1921 the consumers' cooperatives numbered 6,481. Invigorating new life and even unity might have been given the movement by means of the import and foreign-trade associations and the national federations which now appeared, but dislocations based on post-war needs, and differences in labor groupings, political allegiance, and religion, created new divisions.

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In 1919 the Government created the National Soldiers' Aid Society (*Opera Nazionale dei Combattenti*) with a fund of capital and land. The soldiers seized the lands they desired, and formed cooperatives for trade and industry. In 1917 the National League had lost 600 cooperatives through the formation of a separate Catholic federation. In 1919, the Christian Socialists or Roman Catholic groups formed an entirely separate cooperative movement culminating in the Confederazione Cooperativa Italiana, commonly known as the "White League." In 1920 the Council of the National League of the original cooperative movement abandoned the traditional political neutrality and prepared "to come to an agreement with the General Federation of Labor and with the Italian Socialist Party in Parliament," thus acquiring the appellation of "Red League."

COOPERATION UNDER THE FASCISTS

In the meantime Mussolini had organized his Italian Soldiers Fascist Party in 1919 and at its congress in October of the same year had been hailed as Duce of Fascism. Some Fascist cooperatives had also been formed and by 1921 these had formed the Fascist Union of Italian Cooperative Federations (*Ente Nazionale fascista della Cooperazione*), which claimed a continuous existence from that year.

The total number of consumers' cooperatives at that time was 6,481; the ex-soldiers' organization claimed 464, the "White League" 2,940, and the Fascists' Ente 35. By this time both the wholesale of the National League and the Catholic federation had been reduced to dealing only in dairy produce.

Only 120 Fascist cooperatives had yet been formed in Italy, but the figures for the years 1921, 1922, and 1923 in tables 71 and 73 illustrate the speed with which the cooperative associations collapsed before the policy of coercion and terrorism adopted by the rising Fascist groups. Table 73 shows the status of certain forms of cooperatives in this period.

TABLE 73.—*Growth of Specified Cooperative Groups in Italy, 1921–24*

[For par values of currency, see Appendix table, p. 278]

Item	Fascist cooperatives			Ex-soldiers' cooperatives		Catholic cooperatives	
	1921	1923	1924	1921	1923	1921	1923
All types of associations:							
Amount of business or value of work done (lire)	50,000,000	650,000,000	840,000,000	(1)	62,283,841	888,000,000	(1)
Total amount of capital (lire)	3,435,000	36,430,000	60,450,000	(1)	6,783,056	(1)	(1)
Consumers' associations	35	380	740	464	92	2,940	3,200
Number of members	(1)	(1)	(1)	(1)	(1)	180,000	(1)
Amount of business (in lire)	(1)	(1)	(1)	(1)	14,645,882	750,000,000	(1)
Productive and labor associations	60	590	1,400	572	166	984	694
Number of members	(1)	(1)	(1)	(1)	(1)	49,360	(1)
Amount of business (in lire)	(1)	(1)	(1)	(1)	47,637,959	138,000,000	(1)
Agricultural associations	25	240	430	112	52	(1)	(1)

[1] No data.

In November 1925, a party of Fascists and police met the National League's president, as he was leaving the offices, and seized the keys. A local deputy was appointed to liquidate the organization. In 1926 the national center of cooperation was transferred from Milan to Rome.

Late that year, a new law consolidated the State's authority over cooperative associations. Controversy over the place of the cooperatives in the new corporative state was not fully settled in the Fascist Grand Council of 1926 and 1927, which formulated the Charter of Labor. In 1931, the cooperative associations were incorporated into the syndicalist order, as regards the "conclusion of labor agreements," and the cooperative federations were required to adhere to the Fascist Ente. Rules for the operation of the Ente were provided by the Ministry of Corporations. The position of the cooperatives under the Commercial Code was only slightly changed. Presidents of the Ente and the federations had to be chosen from persons approved by the Minister of Corporations and thus be members in good standing of the Fascist Party.

The consumers' cooperative movement continued, however. It might even be said to have enjoyed some favor, for it was exempted from the law of 1930 which prohibited the opening of new retail stores "except in newly settled centers or when it is a question of a cooperative consumers' shop."

In 1927, the preponderance of consumers' cooperative strength lay in the North, as before the Fascist revolution. Of a total of 3,334 cooperatives with 826,845 members and sales amounting to 1,644,687,670 lire, the share of Lombardy, Piedmont, and Tuscany was represented by the following figures:

	Number of associations	*Members*	*Amount of sales (lire)*
Lombardy	1, 305	314, 012	706, 378, 283
Piedmont	513	138, 263	260, 799, 708
Tuscany	515	117, 370	171, 216, 023

By the early 1930's, the consumers' movement was reported to include more than 3,000 associations with almost 1,000,000 members, the great majority of whom were still to be found in the North. Certain cooperatives developed services throughout the entire local community. At Pietrasanta in Lucca, the consumers' association was said to feed the whole district and to maintain a bakery, butchery, macaroni works, wine-cellars, and restaurants, as well as 70 branches. The largest annual sales made by consumers' cooperatives in 1931 were those of the Cooperative Alliance of Turin (83,000,000 lire), but sales of cooperatives in Trieste, Milan, Bologna, Pietrasanta, and Brescia ranged from 65,000,000 lire to 20,000,000 lire, and 20 other cooperatives sold goods worth about 8,000,000 lire annually.

By 1934 the consumers' cooperative movement represented 3,860 associations in a total of 11,771 Italian cooperatives. The value of consumers' cooperative sales amounted to 1,600,000,000 lire, being approached in value only by the agricultural purchase and sale cooperatives with a total of 1,300,000,000 lire. After the opening of the Abyssinian campaign, the value of consumer sales began to decline, whereas that of agricultural purchase and sale cooperatives increased. The operations of the various types of associations affiliated with the Fascist Ente in 1934 and 1937 are shown in table 74.

TABLE 74.—*Status of Members of Ente Nazionale Fascista della Cooperazione, 1934 and 1937 by Type*

[For par values of currency, see Appendix table, p. 278]

Type of association	1934			1937		
	Associations reporting	Members	Amount of business	Associations reporting	Members	Amount of business
			Lire			*Lire*
Consumers' cooperatives	3,860	775,000	1,600,000,000	3,500	800,000	1,500,000,000
Building associations	1,352	71,000	[2] 2,000,000,000	1,348	75,000	[2] 1,200,000,000
Workers' productive and labor associations [3]	1,194	69,000	500,000,000	1,394	70,000	500,000,000
Fishermen's	106	8,706	54,000,000	112	(1)	100,000,000
Transport associations	344	16,500	[4] 50,000,000	381	20,000	60,000,000
Agricultural labor associations	350	45,000	(1)	358	50,000	[5] 110,000
Electricity associations	(1)	(1)	(1)	197	107,000	[4] 200,000,000
Agricultural cooperatives:						
Purchase and sale	701	750,000	1,300,000,000	684	800,000	1,500,000,000
Processing	3,665	258,300	(1)			
Dairies	(1)	(1)	(1)	3,200	240,000	[6] 6,000,000
Wine growers	(1)	(1)	(1)	194	17,000	[6] 800,000
Oil mills	(1)	(1)	(1)	20	(1)	(1)
Agricultural insurance	753	35,000	(1)	1,000	35,000	[7] 80,000,000

[1] No data.
[2] Value of buildings constructed.
[3] Figures include other types than those indicated below.
[4] Invested capital.
[5] Hectares cultivated.
[6] Quintals handled.
[7] Insurance outstanding.

FASCIST COOPERATIVE WHOLESALE

In 1927, the Fascist Government tried to fill the lack of cooperative wholesaling by founding the Wholesale of the Consumers' Movement (*Ente Centrale Approvvigionamenti*, known as "E. C. A.") to buy at wholesale and sell only to cooperatives. With head offices at Milan, a purchasing office in Genoa, and a sales office at Como, this organization sold to cooperatives mainly in northern and central Italy. From the beginning, it had the support of the cooperatives in Milan, Turin, Trieste, Bologna, Imola, and Como. In 1930 and 1931, E. C. A. handled rice, flour, oil, fish, and cheese. Data in table 75 show a growth in sales which was almost fourfold between 1928 and 1932. After 1933, E. C. A. gave up its earlier policy of buying on commission and began to manufacture in its own factories.

TABLE 75.—*Membership and Operations of Fascist Wholesale, E. C. A., 1928–32*

[For par values of currency, see Appendix table, p. 278]

Year	Affiliated organizations	"Dependent" organizations	Wholesale's business	Net earnings	Subscribed capital	Required reserves	Special reserves
			Lire	*Lire*	*Lire*	*Lire*	*Lire*
1928	84	122	33,365,918	21,323	290,000		
1929	208	418	68,509,439	34,522	310,500	5,865	12,133
1930	150	635	73,483,378	25,337	310,500	12,769	21,264
1931	176	872	96,106,735	25,747	338,000	17,837	25,005
1932	251	1,233	115,526,994	27,004	343,600	22,986	36,203

STRUCTURAL ORGANIZATION OF FASCIST COOPERATION

Among the various branches of the Fascist cooperative movement each had its own federation and, with the exception of those of the credit cooperatives, these federations were in turn affiliated with the Ente Nazionale fascista della Cooperazione. Table 76 gives for each of the federations the membership and business done in the latest available year—usually 1937.

TABLE 76.—*Membership and Operations of Italian Fascist Cooperative Federations, 1937*

[For par values of currency, see Appendix table, p. 278]

Organization	Year to which figures apply	Number of member associations	Their members	Their business
				Lire
Fascist Union of Italian Cooperative Federations (*Ente Nazionale fascista della Cooperazione*)	1936	15,647	3,317,730	[1]
National Fascist Federation of Producers' Cooperatives for Collective Purchasing and Marketing	1937	830	800,000	1,300,000,000
Italian Federation of Agricultural Cooperative Associations [2]	1934			855,000,000
National Fascist Federation of Distributive Associations	1937	3,865	825,000	1,300,000,000
Cooperative Wholesale of Distributive Associations	1937	2,115	[1]	115,567,000
National Fascist Federation of Housing Cooperatives	1938	1,204	71,000	[1]
National Fascist Federation of Transport Cooperatives	1936	344	16,500	[1]
National Fascist Federation of Agricultural Labor Cooperatives	1935	350	45,000	[1]
National Fascist Federation of Workers' Productive and Labor Cooperatives	1936	1,224	70,000	[3] 500,000,000
Central Office of Fishermen's Cooperatives	1936	106	15,000	[4] 54,000,000
National Fascist Federation of Agricultural Producers' Associations	1937	3,358	260,000	[1]
Dairies	1937	3,130	240,000	[1]
Wine growers' associations	1937	194	16,000	[1]
Oil mills	1937	20	2,300	[1]
Flour mills	1937	14	[1]	[1]
National Fascist Federation of Mutual Aid Associations	1935	3,823	1,300,000	[1]
National Fascist Federation of Mutual Livestock Insurance Associations	1935	753	35,000	[5] 71,000,000
Mutual Insurance Society of Cooperative Organizations [6]	1937		[1]	[5] 755,338,000 [7] 1,669,000
National Federation of Rural Credit Associations (Raiffeisen)	1937	2,372	481,742	[8] 1,200,000,000
National Bank of Rural Credit Associations	1935	200	[1]	[5] 3,100,000
National Fascist Federation of Cooperative People's Banks	1935	440	[1]	[1]

[1] No data.
[2] Central trading organization of preceding federation.
[3] Approximate value of contracts carried out in 1935.
[4] Data relate to 1935.
[5] Amount of insurance outstanding.
[6] Fire, accident, livestock, hail, and other insurance.
[7] Premium income.
[8] Loans granted.

Italian Cooperatives in World War II

Since the beginning of the Abyssinian campaign in 1936, very little information has been issued regarding Italian cooperatives. Cooperative enthusiasm, however, was not permitted to flag either in Italy or in the lands held by Italians in Africa. As the new empire expanded in Ethiopia and Eritrea, efforts were made to develop oil, wine, and dairy cooperatives. Cooperative organization was encouraged in North Africa in Tripoli, Bengasi, Derna, and elsewhere. An exhibit prepared for the Fiera di Tripoli showed the three branches of Italian cooperatives—workers', consumers', and agricultural. In Libya late in 1940, the Government named cooperative officials and mobilized the most important cooperative groups.

In Italy, the Government passed legislation for the promotion of cooperatives among small farmers. New cooperative organizations appeared, for example the Consorzio Artisti in Rome, which planned to produce films. In 1941 the national federation was endeavoring to support the war effort by sending out manifestos to be displayed in stores. These urged upon consumers the evil of hoarding and the need for discipline and self-control. Cooperatives were warned to favor their habitual customers but to prevent them from buying in quantity. Everything was to be "subordinate to the highest aim: To conquer." [3]

Cooperative Movement in Portugal

Though the Portuguese cooperative movement was not strongly developed at the time of the organization of the corporative state in Portugal in 1933, the principles of the movement were known to the Portuguese as early as 1848 and had been recognized in law in 1867. By 1883 the movement consisted of about 60 credit, productive, and consumers' associations and some workers' cooperatives in the North. Cooperative organization and membership reached a peak of development at the end of World War I, though cooperative trade continued to increase until the onset of the depression after 1929.

The National Federation of Distributive Cooperative Associations (*Federaçao nacional das Cooperativas*) was founded in 1920 and, for a time, maintained an official journal. Though the success of the Federation was hampered by its lack of wholesaling and the consequent lack of its affiliates' loyalty, by 1927 the number of affiliated associations and their members was 180 and 85,572 respectively—a small showing, it is true, in a nation of some 6,000,000. The Federation then owned property worth 23,000,000 escudos,[4] and the value of its annual trade amounted to 12,200,000 escudos, whereas that of the affiliated associations had reached 105,000,000 escudos.

By 1929 there were only 270 cooperatives in Portugal, with a membership of some 76,000, as is shown in table 77. Of this number, 150 associations were said to be consumers' cooperatives with a membership of 33,964 and a turnover of 35,000,000 escudos. Another group included in the total consisted of 31,956 members organized in 52 cooperatives which performed both consumer and credit functions.

The Federation did not appear in the International Labor Office directory of cooperatives of 1933, or thereafter, and information regarding the Portuguese movement since the depression is slight. In the early 1930's, the Piedense Consumers' Association of Caramujo near Lisbon tried to combat unemployment by undertaking the manufacture of corks, and the Government established the National

[3] *Sources.*—The report on Italy is based upon data from the following publications: Annuario Statistico Italiano (Ufficio Centrale di Statistica, Rome), 1917 and 1918; Annuario Statistico Italiano (Istituto Centrale di Statistica del Regno d'Italia, Rome), 1938, 1939; Sindacato e Corporazione, Bollettino di Informazioni Corporative a Cura del Ministero delle Corporazioni, Rome, issues of March 1935, July-December 1939, and June 1941; Cooperative Societies Throughout the World, Numerical Data (International Labor Office, 1939); International Directory of Cooperative Organizations (International Labor Office), 1936, 1939; Cooperative Information (International Labor Office), No. 8, 1930; International Cooperative Bulletin (International Cooperative Alliance, London), issues of May, June, and September 1911, February, May, and July 1912, February and July 1913, April 1914, April, October, and December 1925; Review of International Cooperation (International Cooperative Alliance, London), issues of March and July 1931, and February 1935; People's Yearbook (English Cooperative Wholesale Society, Manchester, England), 1930, 1931, 1934, 1935; International Labor Review (International Labor Office, Geneva), issue of January 1922; The Cooperative Movement in Italy, by E. A. Lloyd (G. Allan & Unwin, Ltd., London), 1925; Cooperation in Changing Italy, by Karl Walter (P. S. King & Son, Ltd., London), 1934; and certain confidential sources.

[4] For par values of currency, see Appendix table, p. 278.

Federation of Portuguese Wheat Producers to "help the farmers to dispose of their crops at a reasonable price."

TABLE 77.—*Membership and Business of Portuguese Consumers' Cooperatives, 1891–1929*

[For par values of currency, see Appendix table, p. 278]

Year	Associations	Members	Amount of trade
			Escudos
1891	1	20	453
1901	18	5,581	749,229
1911	71	28,179	3,046,191
1921	492	96,883	21,501,452
1926	336	43,548	35,263,596
1929	271	76,214	63,925,614

Two Federations of Cooperative Agricultural Supply Associations, one "of Northern Portugal" and the other "of Central Portugal," were listed as true cooperative organizations in 1933. That year, however, a one-party corporative State was established and a Government decree provided for the organization of all Portuguese economic life on a corporative basis. Two years later, special legislation brought agriculture within a guild system divided into regional unions and provincial federations. The guilds were included within the corporative body and provision was made for them to promote cooperative associations for distributive, credit, and marketing purposes.

Cooperative activity in northern Portugal resulted in the formation of the Federation of Cooperative Associations of Northern Portugal in 1931. Membership reached 19,000 in 1935 and total trade 9,500,000 escudos, but detail describing the cooperatives' activities is lacking.[5]

Cooperative Movement in Spain

Although the Spanish cooperative movement began in 1860, the first organizations soon disintegrated, not to reappear until the 1880's when a remarkably liberal cooperative law laid the foundation for cooperative development. Progress began with the formation of a federation in the industrial region of Catalonia in 1897, the calling of a congress, and the publication of the Catalonian Cooperative Review. In 1908 when the population of Spain was about 19,000,000, the membership of the cooperative associations was as follows:

	Number of associations	*Membership*
All types	273	60,550
Distributive	182	29,000
Productive	17	4,900
Credit	42	6,500
Productive and credit	1	200
Credit and supply	22	19,150
Production, credit, and distributive	1	100
Building	3	700
Sick benefit	5	------

[5] *Sources.*—The report on Portugal is based upon data from the following publications: Review of International Cooperation (International Cooperative Alliance, London), issue of February 1928; People's Yearbook (English Cooperative Wholesale Society, Manchester, England), 1932, 1933, 1939; Les institutions de Prévoyance du Portugal, Jose C. da Costa Goodolphim (Sociétié de Géographie de Lisbonne, Lisbon, 1883).

By the early 1920's, considerable growth in membership and in the formation of cooperative federations had occurred, but the lack of unity and the political and religious division (into Socialist, Catholic, and "neutral" groups), characteristic of Spanish cooperation, had been intensified. From a population of some 20,000,000, the entire cooperative movement was then estimated to enroll only 262,000 members.

Beginning with the installation of a military dictatorship under the monarchy, in 1923, many political changes occurred during the next two decades, disrupting Spanish life. Under these changes the cooperative movement waxed and waned, being encouraged under the Republican Government, only to be absorbed into the corporative form of government inaugurated under General Franco.

Types of Cooperatives

The Spanish cooperative movement included not only consumers', workers' productive, and housing associations, but also some rather unusual forms. Among the latter were cooperative motor associations, electricity, radio, building and health, pharmaceutical, printing, taxi drivers', olive-oil, orange-growers', and shoe-repair cooperatives. In Catalonia, one cooperative manufactured sewing machines and another firearms.

The relative growth of the various types of cooperatives for which data are available, in 1937, are shown in table 78.

TABLE 78.—*Membership and Business of Various Types of Cooperatives in Spain, 1937*

Type of association	Associations	Members	Business
			Francs [1]
Consumers' distributive associations	1,803	1,178,817	13,638,000
Housing associations	13	63,566	(2)
Workers' productive associations (including fishermen)	847	79,617	2,220,000
Agricultural associations	3,056	400,688	(2)
Other associations	7	162,000	1,084,000

[1] Swiss gold francs; for value, see Appendix table, p. 278.
[2] No data.

The most unusual of the large Spanish cooperative federations consisted of the fishermen's associations (Pósitos Marítimos) of which the modern organization began about 1910. The purpose of these cooperatives was to enable the fishermen to own their equipment, to sell their catch themselves, and to help them educate themselves. By 1934 these cooperatives were organized into 9 regional federations which covered the entire coast of Spain, and the Balearic and Canary Islands. Some consumers', credit, and productive branches were also established within the fishermen's movement and the adherence of the Pósitos Marítimos to the National Federation and their collaboration in the Spanish Cooperative Wholesale gave the necessary strength for the wholesale's success.

Development of Cooperatives Under the Republic

The Spanish Republic was established in April 1931, and for 5 years clashes occurred among the various political groups. The Government of the Republic practised a policy of encouragement for co-

operatives which included exemption from the payment of income tax on cooperative net savings. A new general cooperative law was enacted incorporating Rochdale principles and recognizing the following classes of cooperatives: Consumers' associations (including also those which distributed water, gas, and drugs, or operated chemical laboratories, buildings, transport systems, or schools); employees' associations designed to improve working conditions; occupational associations (workers' productive, small traders', and agricultural associations); and credit and thrift associations.

By 1933, three regional federations were operating successfully: The Catalonian (229 affiliated associations) with headquarters at Barcelona, which began in 1899; that of northern Spain (43 affiliates), with headquarters at Bilbao, which was founded in 1914; and that of central Spain (23 affiliates), which began in 1932 and included a wide variety of associations, among them one for printing and another operating a colony for children.

The greatest cooperative success was achieved in the industrial region of Catalonia. The growth of the cooperatives affiliated to the Union of Catalonian Distributive Cooperative Associations is shown in table 79.

TABLE 79.—*Membership and Sales of Affiliates of Catalonian Cooperative Union, 1906–37*

[For par values of currency, see Appendix table, p. 278]

Year and type of associations	Number of member associations	Their membership	Their sales
1937			*Pesetas*
Distributive associations	559	346,017	49,718,000
Housing associations	5	148	78,000
Health associations	7	162,000	5,860,000
Electricity associations	6	10,688	320,000
All types [1]	[2] 577	518,853	55,976,000
1934	266	66,326	50,402,122
1929	149	[3]	35,000,000
1927	154	26,821	32,803,873
1926	148	24,127	26,884,092
1924	130	19,259	16,560,686
1923	123	[3]	12,856,716
1914	308	27,947	14,574,000
1906	150	8,000	10,000,000

[1] Not including workers' productive associations.
[2] Plus 17 federations.
[3] No data.

Cooperatives During and Since the Civil War

The Cooperative Federation of Spain (*Federación nacional de cooperativas de España*), founded in 1928, had at the end of 1934 a membership of 482 associations, with about 157,000 individual members. These included 343 consumers' distributive associations, 78 workers' productive organizations, 8 building associations, 18 agricultural marketing and processing associations, 8 mutual-aid organizations, and 27 associations and federations for special purposes. Their total paid-up capital amounted to 18,137,853 pesetas and their combined business to 124,054,319 pesetas.

When the Spanish Civil War began in July 1936, the Federation offered its services to the Government. The latter, taking advantage of this offer, used the network of cooperatives as public utilities for the distribution of supplies. Rapid expansion of the cooperative movement followed, and by 1938 the membership of the General Union of Catalonian Cooperative Associations included 518,853 families, or about 70 percent of the population in Catalonia. In at least one town, all economic life was organized on a cooperative basis. The Government gave the newly established Cooperative Wholesale Association (*Cooperativa Central de Abastecimiento*) the status of an official body and granted the Federation a seat on the National Committee of Food Supply. At the beginning of 1938 there were reported to be 1,200 consumers' cooperatives in Spain with a membership of 833,000 families.

After the defeat of the Loyalists and assumption of power by General Franco, the new government announced that the old cooperative system and law were "not in harmony with the orientation of the new State." A law of November 1938 required all cooperatives to re-register and draw up new rules. Many cooperators became refugees, among them the secretary of the National Federation who led the first group across the frontier on February 1, 1939.

On January 2, 1942, a new cooperative law was passed which integrated the whole cooperative organization into the totalitarian structure of the country. It established a central control and imposed a system of regional and national bodies in which membership was compulsory. Each branch of the movement had to be affiliated to the "syndicate" for that branch. These syndicates appeared to be partly or entirely Government bodies. They had no authority over the business operations, but had a voice in the "appointment" (not election) of the cooperative officials. The syndicates, in turn, were controlled and their officials selected by the higher bodies of the "political and economic hierarchy." [6]

Balkan Countries

The outstanding facts to be noted regarding cooperation in the larger Balkan countries—Greece, Bulgaria, Rumania, and Yugoslavia—are the striking development it managed to achieve in spite of a succession of devastating wars and political upheavals and the important part it played in improving the condition of the people. Before the outbreak of World War II the cooperatives in Greece were serving about 20 percent of the population, in Bulgaria and Rumania about 30 percent, and in Yugoslavia some 40 percent. The Bulgarian cooperatives accounted for nearly 25 percent of the total retail trade of the country.

[6] *Sources.*—The report on Spain is based upon data from the following publications: Anuario Estadistico de España; Instituto Geografico, Catastral y de Estadistica (Madrid), 1934, 1935; International Directory of Cooperative Organizations (International Labor Office) 1929, 1936, 1939; Cooperative Information (International Labor Office), No. 12, 1938; International Cooperative Bulletin (International Cooperative Alliance, London), issue of February 1924; Review of International Cooperation (International Cooperative Alliance, London), issues of October 1934, June and April 1935, January, February and September 1936, February and May 1937, May and September 1938, April 1939, and April 1943; Monthly Labor Review, issues of April 1924 and October 1927; People's Yearbook (English Cooperative Wholesale Society, Manchester, England), 1918, 1929, 1932, 1933, 1937; C. Gide, La Coopération dans le Pays Latins, Amérique Latine, Italie, Espagne, Roumanie (Paris, 1928); and certain confidential sources.

In Bulgaria the Government intervened in the affairs of the cooperatives from time to time to assist or curb the movement, and in Greece where cooperatives were, in the main, rural, the associations were encouraged in various ways by the Government. The Rumanian cooperative movement had always been under the close tutelage of the State, which was sometimes helpful, sometimes repressive. In Yugoslavia, on the other hand, although public officials were usually friendly and publicly acknowledged the achievements of the cooperatives, the progress of the movement had generally been attained by the efforts of the cooperatives themselves.

Yugoslavia may be said to be the birthplace of cooperatives devoted to raising the sanitary and health condition of the members, and all its cooperatives were interested in cultural and welfare activities.

Diversification and variety were features of the cooperative movement in all of these countries except Rumania. The Balkan cooperative movement, in fact, included some types rarely found in other countries. Among these were the collective-farming associations, those distilling attar of roses, and the "river associations" engaged in reclamation, irrigation, and flood control, in Bulgaria; the cooperative "settlement" associations for refugees in Greece; the forestry associations in Rumania, supplying not only the domestic market but also engaging in foreign trade; and the health and medical-care associations of Yugoslavia, already mentioned.

In all of these countries, except Greece, the cooperatives were federated into strongly knit central organizations; and the two movements in Bulgaria and Yugoslavia also had an international organization to further cooperative relationships between the two countries.

With the outbreak of the second World War, Bulgaria and Rumania became satellites of Germany, whereas Greece and Yugoslavia resisted Nazi aggression. Reports indicate that in Bulgaria the cooperative movement continued to expand. In Rumania, which lost substantial amounts of territory which it was forced to yield to Bulgaria and Hungary, a corresponding loss to the cooperative movement was entailed through these territorial shifts; it appeared also that the cooperatives in the remaining territory were being largely ignored in wartime measures adopted by the Government and were "completely overshadowed" by the mass of State machinery created to put these measures into effect. In Greece, devastated by war and dismemberment, it appears from such scanty reports as are available that the invaders have not only allowed the cooperatives to operate but have made use of their facilities. The same has been true in Yugoslavia.

Cooperative Movement in Bulgaria

Among the outstanding characteristics of the cooperatives in Bulgaria was their great diversity. All of the various branches of cooperation—consumers', credit, insurance, agricultural, and workers' productive—were found in Bulgaria. In addition, these various branches included not only the usual types found where the cooperative movement is well developed but also some rather novel forms of cooperation. Thus, the consumers' group was composed not only of the usual supply associations providing food, household supplies, etc., but also of school (students') cooperatives and medical-care associations. The credit cooperatives included both people's banks (urban)

and agricultural credit associations of the Raiffeisen type many of which also operated retail stores handling both consumer goods and farm supplies. Among the agricultural cooperatives were not only the usual joint buying, processing, and marketing associations but also associations of cocoon growers, forestry associations, collective-farming associations, and associations distilling attar of roses. The workers' productive associations included forestry, water-supply, and electricity cooperatives, as well as handicraftsmen's associations buying raw materials and marketing the products.

The Bulgarian cooperative movement was also well integrated, each branch having one or more central unions which were in turn members of nation-wide federations.

By the end of 1941 the cooperative membership of all types of associations numbered 1,288,915, representing over 15 percent of the population. Although Bulgaria is primarily an agricultural country, about 62 percent of the cooperative membership in 1939 was in urban areas and only 38 percent in rural districts.

Development of Cooperatives, 1900–39

Bulgaria, formerly under Turkish rule, became an autonomous Province in 1878 and an independent nation in 1908.

The first cooperatives in Bulgaria were of the credit type and were promoted by a Turk, Mithat Pascha. After autonomy was granted in 1878, the credit cooperatives were reorganized and federated into a new central organization, the Agricultural Bank of Bulgaria. The first Raiffeisen association was formed in 1897, but this type of association at first spread slowly. Early in the 1900's a few distributive associations were formed, the first being a bakery that soon failed.

In 1907 a general cooperative law was passed and that same year the General Union of Agricultural Cooperatives was formed. At that time practically all of the 240 cooperatives in operation were agricultural cooperatives, mainly of the Raiffeisen type. At this point political parties began to take an interest in the cooperatives and to try to influence their administration. According to one commentator, "soon almost every political party, and each profession, had influence over cooperative societies."

By 1909 there were some 600 cooperatives. Cooperative development, however, was interrupted first by the Balkan wars and then by the first World War.

After the end of that war, the cooperative movement began to expand and to federate. In 1919 the workers' productive associations and those doing purchasing of supplies and marketing of products for small craftsmen formed a Union of Productive Cooperatives. In the same year the Social-Democratic Party established a central cooperative organization, called "Napred" ("Forward"), to act as a cooperative union and wholesale for the urban distributive associations. Starting with a membership of 7 associations, 4 years later it had 69 member associations with a combined membership of 43,000.

In 1919 the Communist Party, which was gathering strength, formed a distributive cooperative with branches in all the localities where there was a sufficient number of Communists to support a store.

By 1923 this association had 64,000 members. The Communist Party was declared illegal in 1923, and the various organizations of the Party (including the retail cooperative association) were abolished under a special law "for the defense of the State." By 1928 all cooperatives under political influence had disappeared or had become neutral in policy.

During the difficult period of the twenties all types of cooperatives in Bulgaria continued to grow in number and membership, except the consumers' cooperatives. The closing of the large Communist cooperative had reduced the total distributive membership very considerably. Another factor in the reduction of the retail distributive movement was the fact that the credit associations were more and more undertaking consumer functions and opening retail stores. Also, an earthquake occurred in 1928, in which 237 cooperative buildings were destroyed and 50,000 cooperators lost their homes.

The trend of development of the various branches of the Bulgarian cooperative movement from 1920 to 1939 is shown in table 80. As it indicates, notwithstanding the control imposed by the Government and the increasingly stringent restrictions upon trade and foreign exchange, all branches of the cooperative movement showed a growth between 1936 and 1939. Part of the apparent drastic reduction in insurance cooperatives is due to the fact that the 1939 figures do not include the 2,200 cattle-insurance associations which were dropped (without explanation) from the official statistics in 1935. In the same year considerable changes were made in classification, so that there is some question as to the comparability of the 1936 and 1939 figures for the productive associations with those of previous years.

TABLE 80.—*Number and Membership of Bulgarian Cooperatives in Specified Years, 1920–39, by Type*

Type of association	1920		1925		1929		1936		1939	
	Associations	Members	Associations	Members	Associations	Members	Associations	Members	Associations	Members
All types	1,705	348,892	2,202	516,588	3,200	709,009	4,964	882,984	3,438	950,571
Consumers' distributive	387	116,790	187	80,503	138	72,259	154	84,347	161	97,937
Credit	1,003	121,845	1,335	199,191	1,707	319,271	2,115	391,182	2,378	441,981
Hygiene, public works, housing, etc.:										
Housing	22	3,775	79	7,060	145	7,919	(1)	(1)	(1)	(1)
Building and loan	------	------	------	------	------	------	10	28,195	8	28,804
Health and public works	------	------	------	------	------	------	30	16,365	30	16,616
Purchase and sale:										
Agricultural	125	36,324	139	52,965	219	58,771	20	6,396	18	6,898
Industrial and commercial	24	1,674	40	2,609	49	3,633	94	6,758	99	8,727
Liberal professions	2	281	2	370	4	678	(2)	(2)	(2)	(2)
Insurance	32	64,149	221	137,146	700	187,618	1,969	206,142	[3] 9	[3] 151,634
Production:										
Production and mutual aid	49	2,839	90	34,381	129	55,078	567	143,542	723	197,639
Production and labor	59	1,199	113	2,206	105	3,747				
Labor	2	16	6	157	4	35	5	57	12	335

[1] These associations (mostly apartment buildings) were abolished under a 1935 law forbidding ownership of dwellings "by floors."

[2] This classification was dropped without explanation in 1935.

[3] The cattle-insurance associations previously carried in this group were dropped without explanation in 1935; they numbered 2,243 (with 224,644 members) in 1936, 685 in 1929, and 208 in 1925.

Relations With the Government

The Government of Bulgaria was always interested in the cooperative movement and from time to time intervened to assist or regulate it or to assume increased control; it also made regular statistical surveys of the extent of the cooperative movement.

In 1924 it opened a Higher School of Cooperation, for the purpose of training employees and managers for cooperative associations, with 2-year courses covering cooperation in all its branches, accountancy, foreign languages, agriculture, etc.

The military revolution that took place in May 1934 resulted in the overthrow of the constitutional monarchy. All political parties were abolished and the formation of new ones was prohibited. King Boris, who had remained on the throne, overthrew the military dictatorship early in 1935 and continued to rule under an increasingly totalitarian form of government.

At the same time the Government increased its control over the cooperative movement. By a legislative order (No. 163, October 18, 1934) it merged the Agricultural Bank (a State organization) with the Central Cooperative Bank which made loans largely to urban associations. This measure, it was felt, would tend toward greater cohesion among the various branches of the cooperative movement and make for a more even distribution of funds. Although designed to promote the development of various kinds of cooperatives, this order also permitted the Government to exercise supervision over the work of all the cooperatives and gave the Government authorities the right to remove any officers or administrators in the cooperative movement not acceptable to them and to replace them by their own appointees.

Cooperative apartment associations were abolished under a decree of 1935 forbidding ownership of housing accommodations "by floors." Government representatives were given seats on the board of directors of the General Union of Agricultural Cooperatives (which had always been strictly neutral in political matters). The cooperative union and wholesale, "Napred," which had been established by the Social-Democratic Party but had become independent of party control and had adopted a policy of political neutrality, was left untouched and was assured of the friendliness of the Government.

Later, not only were the Government restrictions relaxed, but the cooperative movement was given representation on the Economic Council, and two active cooperators were given portfolios as Government Ministers.

Status of Various Branches of the Movement, 1939

At the end of 1939, the cooperative movement had a combined total of 950,570 members out of a population of 6,077,939. The distribution of this membership, classified to show the relationship of the various branches of the movement, is shown in table 81.

TABLE 81.—*Number and Membership of Cooperatives in Bulgaria, 1939, by Type of Association*

Type of association	Associations	Members
All types	3,438	950,570
Consumers' distributive associations	161	97,937
Public works, health, etc., cooperatives	30	16,616
Credit cooperatives:		
Agricultural credit (mainly Raiffeisen)	1,978	161,484
People's banks	276	220,308
Building and loan associations	8	28,804
Other types	124	60,189
Productive associations:		
Cooperative workshops	107	1,053
Labor associations	12	335
Productive associations, industrial and other	423	122,328
Purchase and sale associations and associations of small craftsmen and tradesmen	99	8,726
Insurance associations	9	151,634
Agricultural cooperatives:		
Productive and labor [1]	193	74,258
Marketing and supply	18	6,898

[1] Includes forestry, landholding, etc., associations.

Cooperative credit associations.—Even as early as 1931 the cooperative credit associations were regarded as "the best-organized and soundest cooperative societies" in Bulgaria. By 1939 there were nearly 2,400 of these associations, of which about 2,000 were agricultural-credit associations of the Raiffeisen type and some 275 were people's banks serving mainly urban and village (nonagricultural) populations. As already noted, a great many of the Raiffeisen associations also carried on a retail distributive business. Nearly half of the total cooperative membership of Bulgaria in 1939 was in the cooperative credit associations.

The people's banks were much larger in size than the agricultural-credit associations, with an average membership of nearly 800 as compared to less than 100. These banks not only granted loans to their members but had advanced considerable sums in long-term credit to local public authorities for various kinds of public works such as construction of electric-power plants, waterworks, etc.

Insurance associations.—Of the insurance associations, the Cooperative Insurance and Savings Society of Bulgarian Civil Servants was the most important. It wrote life, fire, and accident insurance, and combined policies to cover building construction. It also carried on extensive welfare activities, including holiday homes for its members, medical service, and a modern laboratory for chemical research.

Agricultural cooperatives.—In Bulgaria the cooperatives among the farmers were of great importance and represented a wide variety of activities. As the Bulgarian law prohibited more than one agricultural cooperative in a village, the associations therefore performed all kinds of services for their members, besides marketing their crops.

The forestry cooperatives were of two types—those composed of owners of small plots of forest land, who formed associations in order to work their holdings jointly, and (far more numerous) labor associations composed of forestry workers. These last undertook contracts for the State, the local authorities, schools, etc., for planting, felling, transporting, and even working up the lumber. They also purchased groceries, tools, and other supplies for the members. In 1937 there

were 131 of these forestry associations that were affiliated to the Union of Cooperative Forestry Societies (*Gorski kooperativen soyus*).

Collective-farming associations were among the more recent types of agricultural cooperatives, this kind of cooperative having made its first appearance only in the last decade. The members of these associations were mainly persons owning or leasing land. They worked the land collectively and through the associations also supplied themselves with agricultural machinery, implements, and other farm supplies, carried on soil-improvement work, constructed roads on the holdings, furnished legal and other advice, and had a broad social, cultural, and educational program. The members supplied the share capital, paying also an annual fee of 60 leva [1] which was applied on the purchase of additional 100-leva shares. The members were paid according to number of hours of work performed, plus ground rent for their land. At the end of 1940 there were 21 such associations with 1,601 land-holding members. They had in cultivation, that year, 29,500 decares (7,290 acres) of land. Since 1939 these associations have been under the supervision of the Agricultural and Cooperative Bank.

An unusual type of agricultural association was the association distilling attar of roses. The first organization of this type was started in the 1920's. By 1933, it is reported, these cooperatives had won a dominant position in the market (with 96 percent of the total product) and had "made an important contribution to the rose-growing industry," which had suffered greatly from the competition of synthetic perfumes.

Before the war the annual marketing business of all types of agricultural cooperatives amounted to between 2 and 2½ billion leva, in addition to about 1 billion leva in distributive business (farm supplies, services, etc.).

Most of the agricultural cooperatives belonged to the General Union of Agricultural Cooperative Societies. In 1936 (the latest data) it had in membership 393 local associations grouped into 38 federations; these had some 200,000 members.

Workers' productive associations.—At the end of 1932 the Bulgarian Central Cooperative Bank created in its organization a handicraftsmen's section. Its principal duties were to encourage the formation of cooperative associations among handicraftsmen, to organize the sale of their products, to buy supplies and raw materials for them, and to give them vocational training. The International Labor Office characterized the results of this program as "remarkable." During 1933 about 200 new associations were formed, so that at the end of the year there were 302 cooperatives among handicraft workers; most of these were buying supplies for the members.

By the end of 1939 there were over 500 workers' productive associations of all kinds, with about 124,000 members. These figures would be increased considerably if the forestry labor associations were included; the Bulgarian official statistics classify this latter type of association with "agricultural cooperatives" but do not show separate data for them.

Among the varied types of cooperatives were the so-called "river" associations (*sociétés des rivières*), the first of which was formed in

[1] For par values of currency, see Appendix table, p. 278.

1919. These operated mainly in rural districts and were classified in the official statistics among the associations "in the field of production." Among the activities carried on by these associations were irrigation, draining of marshes, flood control, construct on of dams, generation of electricity, and extraction of salt from the sea. Certain privileges were allowed to these associations, such as the right to use crown lands, exemption from specified taxes, special railroad shipping rates, etc. In certain cases membership in the loca river association was compulsory for both municipalities and landowners. Their activities were regulated not by the cooperative law but by a special statute enacted on September 20, 1920, and new associations could be formed only when the necess ty for them was proved to the Ministry of Agriculture and Crown Lands. At the end of 1926 there were 43 such associations, with 36,523 members. No later data are available for these associations separately.

DEVELOPMENT OF CONSUMERS' COOPERATIVES

The retail distributive associations constituted the greater part of the consumers' cooperative movement of Bulgaria. There were, however, some associations of other types, notably student cooperatives and those for provision of medical care. Also, in 1929, a women's cooperative guild was formed in Sofia.

The first cooperative health association was formed in 1931 in Burgas, a port on the Black Sea, with the purpose of founding a hospital. The initiative in this move was taken by a group of doctors, local cooperators, and other citizens. The hospital was opened in July 1934. At that time it had in membership 316 individuals and 29 corporate members (people's banks, cooperative credit associat ons, cooperative federations, the town of Burgas, and even the central Government of Bulgaria). The success of this cooperative led to the formation of so many similar schemes, not all of which were genu ne, that the Bulgarian Government in 1935 drew up a law specifically to regulate them and to set standards to which they must conform.

In 1938 the retail distributive cooperatives were doing almost 25 percent of all the retail business in Bulgaria. The greater part of this was accounted for by the distributive associations federated in the cooperat ve union and wholesale soc ety, "Napred," formed in 1919. In 1940 this body had in membersh p 69 local associations, with 87,938 members. Although its affiliates constituted only 42 percent of all the consumers' cooperatives in the country, their membership comprised nearly 89 percent of the tota membership of the consumers' cooperatives in Bulgaria.

Napred was, before the war, the largest organization in wholesale trade in Bulgaria. It carried on an extensive export and import business, was the sales outlet for the salt produced by an agricultural cooperative syndicate, and led all the businesses in Bulgaria in the sale of sugar, rice, salt, oil, and cereals. In 1939 its capital amounted to about 550,000,000 leva. It had substantial productive enterprises from which were drawn some of the supplies for its retail affiliates. Among these were plants for canning vegetables, fish, and milk products; a cheese factory, rice farm, and flour mill, and an electric-power plant that, besides generating power for the cooperative mill, supplied electricity for the nearby town. In 1938 Napred joined with a co-

operative association of beet growers, an insurance association, and the People's Bank in forming a new organization called Cooperative Sugar Factories, which produced 70 percent of the country's sugar supply. Later, with the assistance of the Swedish Wholesale Society, Kooperativa Förbundet, Napred began the construction of a rubber factory.

Its sales rose from 556,900,000 leva in 1937 to 1,140,000,000 leva in 1942 (the latest year for which data are available).

TABLE 82.—*Membership and Business of Bulgarian Cooperative Wholesale, Napred, and Its Affiliates, 1923–42*

[For par values of currency, see Appendix table, p. 278]

Year	Member associations			Wholesale distributive business of Napred
	Number	Their members	Their business	
			Leva	*Leva*
1923	69	42,968	(1)	(1)
1925	60	45,249	1,254,700,000	1,186,862,000
1927	54	46,588	1,436,229,548	1,801,075,292
1930	57	60,277	410,019,431	436,819,728
1931	58	62,780	351,684,239	423,802,872
1934	58	64,000	175,254,644	439,035,480
1935	61	69,000	(1)	609,838,359
1938	66	80,478	620,600,000	687,000,000
1940	69	87,938	656,400,000	698,167,000
1942	78	100,000	(1)	1,140,000,000

[1] No data.
[2] Data are for 1939.

Intercooperative Relations

The whole cooperative movement of Bulgaria culminated in the National Committee of Bulgarian Cooperation, to which 10 of the 12 federations in the various branches of cooperation belonged. Its functions included defense of the interests of the cooperative movement, coordination of their activities, and organization of publicity and educational work regarding the movement.

In April 1937 the Yugoslav-Bulgarian Cooperative Institute was formed in order to establish "a system of permanent collaboration for the promotion of the cooperative movement and of mutual economic assistance in the two countries." The bylaws emphasized, however, that the Institute "has no political aims, and its attitude toward political organizations and movements is one of strict neutrality." The membership consisted of the General Federation of Cooperative Unions in Yugoslavia and the National Committee of Bulgarian Cooperation and the Bulgarian General Union of Agricultural Cooperative Societies. The headquarters of the organization were to be in whichever country the person currently serving as president lived.

Cooperatives and the War

In September 1940, Bulgaria, "yielding to mingled threats of invasion, promises of territorial compensation and economic pressure,"[2] signed a compact with Germany, making it a satellite country. As Bulgaria was used as a base from which Germany attacked Yugoslavia

[2] New International Yearbook, 1941, p. 86.

and Greece, the fate of the Yugoslav-Bulgarian Cooperative Institute, above noted, can be imagined.

Only meager information is available as to the effect of the war on the cooperatives in Bulgaria. It is known that the agricultural cooperatives and the credit associations have been acting as agents of the Government in the collection of agricultural produce. Even as early as 1940 it was reported that over two-thirds of the associations' marketing business consisted of the handling of Government-controlled produce. In 1942 over a third of all the agricultural products marketed in Bulgaria were handled by the cooperatives.

One outcome of war conditions has been the entrance of cooperatives into the canning and preserving industry. Bulgaria had been, since the beginning of the war, exporting considerable quantities of fruit and vegetables. Because of the necessity of utilizing to the utmost the available transportation facilities, it seemed desirable to ship these commodities in the least bulky form. Hence the drying, cann ng, and preserving of these goods became an important industry, in which by the end of 1941 from 22 to 37 percent of the product was the output of cooperatives. Eight of the 23 tomato canneries, 99 of the 300 strawberry-collection centers, 13 of the 18 vegetable and fruit dehydrating plants, and 5 of the 12 cold-storage plants belonged to cooperative assoc ations.

Data for 1941 for the various branches of cooperation in Bulgaria indicate that all of them had increases in membership. In comparison with the pre-war year, 1939, the total cooperative membership in Bulgaria rose nearly 36 percent (from 950,570 to 1,288,915). In 1941 the members accounted for a little over 15 percent of the population. Both share capital and reserves showed increases The wholesale association, "Napred," made progress in both 1941 and 1942, its business in the latter year showing a 60-percent increase over 1940. It appears, therefore, that at the end of 2½ years of warfare the cooperative movement was not only holding its own but was making gains; it is not known to what extent the cooperatives are free to act or how far their facilities are being utilized in the interest of the totalitarian State policies.[3]

Cooperative Movement in Greece

The cooperative movement in Greece—largely agricultural—dates only from 1914 when the first legal authorization for cooperative associations was passed. Once started, however, it grew rapidly. To a considerable degree this growth was due to the encouragement of the Government, which turned to the cooperatives as an aid in the various problems with which it had to deal. It even sent organizers to help start cooperatives. Cooperative settlement associations were favored as a means of distributing land to the people during the agrarian reforms. General-purpose cooperative associations helped

Sources.—The report on Bulgaria is based upon data from the following publications: Bulgaria, Direction Générale de la Statistique, Statistique des Coopératives dans le Royaume de Bulgarie, 1927, 1932, 1933, 1937, and 1940; International Cooperative Bulletin (International Cooperative Alliance, London), issues of April 1923 and April 1924; Review of International Cooperation (London), issues of March 1925 and November 1942; Cooperative Information (International Labor Office), Nos. 13 and 20, 1928, Nos. 6 and 11, 1929, Nos. 4 and 16, 1931, Nos. 5 and 16, 1934, No. 11, 1935, No. 14, 1937, No. 6, 1939, No. 7, 1941, and No. 8, 1942; International Directory of Cooperative Organizations (International Labor Office), 1939; Industrial and Labor Information (Geneva), March 17, 1924; and People's Yearbooks for 1929, 1933, and 1935, through 1941.

to solve the problem of caring for and rehabilitating, economically, the persons who fled into Greece from Turkey and southern Russia after the first World War, as well as those involved in population exchanges with Bulgaria and Turkey—altogether 2,000,000 persons.

Despite the decade of war, the change of government from constitutional monarchy to republic, and the stresses entailed by the absorption of masses of people, the cooperative movement grew steadily. Because of the turbulent times and the speed and manner of growth, it was said that "neither the cooperators themselves nor the authorities had time to organize the idealistic side of the movement." By 1930, however, it was reported that even persons who had joined accidentally, as it were, had come to realize that the cooperative association was "an institution which with mutual help will improve conditions of life."

The agricultural cooperatives had always been favored by the authorities. The 1914 law granted them certain postal facilities and various exemptions from taxation, and provided penalties for persons hindering their operation or endeavoring to dissuade others from joining such associations. A later law, that of January 22, 1919, forbade the seizing, by personal creditors or members, of agricultural produce consigned for sale by members, or of the proceeds of such sales. An added stimulus was given to the formation of agricultural associations by the agrarian laws of 1917 and 1920, which provided that grants of land expropriated by the State from the large landowners might be made to cooperative settlement associations, formed for the purpose.

The cooperative movement has, therefore, been predominantly rural, with the rural credit associations forming by far the largest single group.

Types of Associations

The steady development of the movement is indicated by the accompanying statement showing the number of urban and rural associations in existence at the end of specified years.

	Total	*Rural*	*Urban*
1921	1, 710	(1)	(1)
1924	3, 655	2, 801	854
1927	5, 714	4, 481	1, 233
1930	7, 387	5, 754	1, 633
1934	9, 197	(1)	(1)
1936	9, 611	6, 270	3, 341

[1] No data.

In 1936 these associations were distributed, by types, as follows:

	Total	*Rural*	*Urban*
All types	9, 611	6, 270	3, 341
Consumers' cooperatives	625	156	469
Credit associations	4, 476	4, 401	75
Workers' productive and labor associations	1, 684	-----	1, 684
Marketing associations	493	490	3
Processing and productive associations	514	514	-----
Insurance associations	7	-----	7
Fishery associations	37	-----	37
Housing and construction	946	-----	946
Cooperative federations	33	1	32
Other types	796	708	88

In 1918 the 917 associations of all types had a combined membership of 45,070. By the end of 1938, the membership of the cooperative associations in Greece numbered about 300,000. Taking into consideration the families of the members, the cooperative movement at that time was, therefore, serving about a fifth of the population. About 65 percent of the agricultural population were members of or served by the cooperatives. The movement was strongest in the Peloponnesos and Macedonia; next in importance were Thessaly and the Aegean Islands.

Urban cooperatives.—As the foregoing tabulation indicates, the urban associations were of more varied type than the rural organizations, including as they did the workers' productives, and the housing, insurance, and fishery associations for which there were no counterparts in rural areas.

As noted, the productive associations formed about half of the total. These were composed of craftsmen in various trades—tailoring, shoemaking, hairdressing, shipbuilding, etc.—and workers taking contracts for labor. Among the last group were the porters' and the stevedoring associations in the harbor cities. In 1928 the porters' associations had 2,357 members.

The number of building associations increased rapidly after the end of the first World War, when the waves of refugees flooded the country with families for which there was no housing. Several laws were passed to encourage the construction of new dwellings. Cooperative housing associations were given special privileges, including exemption from building taxes and from import duties on building materials.

The distributive associations also grew quickly during the war of 1914–18, when provisions were difficult to obtain. Possibly because of the lack of cooperative education previously mentioned, when the food shortage was over, many of the associations disappeared.

The urban associations, scattered over the country, had little or no relations with each other and no central federation. They were under the jurisdiction of the Minister of National Economy, and were given none of the advantages accorded to the agricultural cooperatives. Greece is one of the few countries in which the consumers' cooperatives have never federated into a central body.

Agricultural cooperatives.—The credit associations have constituted more than two-thirds of the farmers' cooperatives. About one-third of these associations, it is reported, carried on side-line activities such as the purchase of farm and household supplies, processing and sale of farm products, and warehousing. Among the agricultural processing and productive associations were those raising silk cocoons, and those producing olive oil, wine, currants, etc. Included in the miscellaneous group, "other types," were the many associations formed under the agrarian laws, for the purchase, improvement, and leasing of land.

The Greek law gave specific authorization for the formation of associations not only for resettlement of expropriated lands, but also for drainage and irrigation of land. It also provided, regarding the latter, that if the approval of such an association by three-fourths of the residents of a village could be obtained, membership was obligatory for the other fourth. By the end of 1928 there were 1,585 resettlement associations with a membership of 93,000 families. They had distributed to their members over 1½ million acres.

In 1930 the agricultural cooperative law was amended to provide for the dissolution of any cooperatives which "become members of political parties, or pass political resolutions in their meetings, or use their property or funds to assist any political party, or take part in meetings which are concerned with political questions." Any person who was a candidate for either House of Parliament or for the position of mayor was barred, for a period of 3 years thereafter, from membership on a cooperative committee or board of directors.

Further amendments to the law, enacted in June 1931, prohibited such cooperatives as were doing purchasing for their members from buying any goods in excess of the amount represented by their actual orders in hand; in other words, this amendment prevented any warehousing or stocking of goods by these associations. Membership in an association was limited to residents or property owners in the association's area of operation. Associations were required to deposit all reserve funds in the Agricultural Bank, having for their own use only the interest thereon. The same law gave the auditors of the Agricultural Bank the right to attend any meetings of a cooperative's members, committees, or board; and gave them powers as "public agents of inquisition, under the criminal law, and for certain cases, as public prosecutors."

In 1939 a law was passed which placed all cooperatives under the supervision of a new office, the Under-Secretariat of Cooperative Societies, responsible to the Prime Minister.

Cooperatives and the War

Italy, which had previously taken possession of Albania, invaded Greece through that country in October 1940 and was reinforced in April 1941 by German troops when the Greeks not only had driven out the Italians, but had occupied about a third of Albania. After that time the condition of Greece and its people grew progressivly worse.

No direct reports are available as to the situation of the cooperative movement since the invasion and dismemberment of the country. Word through indirect channels indicates, however, that the authorities have not only allowed the cooperatives to continue operation but have made use of them in collecting and distributing supplies. It appears, therefore, that the cooperative machinery is still in existence, though subverted to the conquerors' purposes.[4]

Cooperative Movement in Rumania

Unlike the situation in certain other countries, the Rumanian cooperative movement did not suffer particularly in the war of 1914–18, notwithstanding that the country was invaded by Austrians, Germans, and Bulgarians. Individual associations were looted, destroyed, or taken over and operated for the invaders, but as a whole the associations continued to operate about as usual.

[4] *Sources.*—The report on Greece is based upon data from the following publications: Annuaire statistique de la Grèce, 1937 (Athens, 1938); International Cooperative Bulletin (International Cooperative Alliance, London), November 1919; Review of International Cooperation (published by International Cooperative Alliance, London), issues of June 1930, September 1932, and April 1938; People's Yearbooks for 1933, 1938, 1940, 1941, and 1942 (published by English and Scottish Cooperative Wholesale Societies); Cooperative Information (published by International Labor Office), No. 13, 1928, No. 11, 1929, No. 3, 1930, and No. 3,1932; International Review of Agricultural Economics (Rome), October-December 1923; Economic Review (London), May 15, 1925; New International Yearbook, 1939; and Task of the Cooperatives in Post-War Relief and Reconstruction, by Halbert, Shoskes, and Tereshtenko (Washington, 1943).

At the close of the war, the old Kingdom of Rumania was enlarged by the addition of considerable territory taken ("liberated") from other countries—Bessarabia from Russia, and Bukovina, Transylvania, and the Banat of Temesvar from Hungary. The acquisition of these territories resulted in a considerable accession of cooperative associations also. Authorities estimated that, with these new accessions added to the 630,738 members of people's banks and the 63,699 members of agricultural cooperatives in old Rumania, there were altogether about 1,300,000 cooperative members even at that early date.

Development of Cooperation Under State Supervision and Control

In Rumania, more than in any other country in Europe, the history of the cooperative movement has been one of close relationship with the Government, a relationship that has sometimes been helpful, sometimes dominating and repressive.

Even before the war of 1914–18, relations between the Rumanian Government and the cooperative movement had been very close. The relationship has continued throughout the 25-year period since that time, with the State exercising a great deal of supervision and control, generally favoring but sometimes discriminating against the movement, and always expending large sums for the maintenance of the supervisory machinery and even for cooperative subsidies of one kind or another. At no time could the cooperative movement in Rumania have been said to be really independent or entirely self-supporting. This fact was commented upon in 1927 by Charles Gide, eminent French cooperator and educator[5] who noted that the cooperative movement in Rumania occupied a peculiar status, with the State "exercising over the cooperatives a tutelage well-meaning but not despotic, conferring upon them official attributes" and thereby making them a branch of the public administration.

He said that he did not blame the Rumanian Government for its policy toward the cooperative movement, in view of the fact that the Rumanian people, having been for centuries in a state of near-serfdom, were not yet ready for the spontaneous, self-directed action necessary for real cooperation.[6] He commented, however, that control by the political state was likely to go on indefinitely and that the time never came when the pupil was deemed able to go on alone.

This indeed was the case in Rumania. Lacking the sound sturdiness and self-reliance of the movements that have been built up by the unaided efforts of the cooperators themselves, the cooperative associations there remained very small, their own capital very limited, and their reliance upon public funds very great.

Some of the Government measures taken in regard to the cooperative movement were remarkably enlightened. Among these may be cited the educational work done under the 1929 law, and the relations maintained with the International Cooperative Alliance and with the cooperative movements of other countries. The only objections were that they represented steps taken for but not by the movement itself, and that the fortunes of the movement were, thus, inevitably tied up with those of the political state.

[5] Gide, Charles: La Coopération dans les Pays Latins. Paris, Association pour L'Enseignement de la Coopération, 1928(?), p. 207.

[6] The same was true of a large part of the Yugoslav territory prior to 1920, but there, in spite of the terrible poverty and the ignorance of the peasants, the movement developed independently of Government assistance.

LEGISLATION ON COOPERATIVES, 1903–35

Gide noted in 1927 that, being under the continuous attention of the public authorities, the cooperatives suffered from a "superabundance of laws." In a period of 13 years at least 10 laws were passed, each modifying or superseding its predecessors. In the next 15 years almost the same number of acts and decrees established, abolished, and revised all or parts of the cooperative machinery and procedures.

Even as early as 1903 the Government had passed a consumers' cooperative act. It had also formed the Central for People's Banks to supply the local credit cooperatives with funds, as well as to control their activities.

Law of 1929.—In 1929 under a law of March 28, applying to all the territory of Rumania, the whole previous organizational arrangement of the cooperative movement was abolished.

Under the law the associations were authorized to form federations on either a regional or a type basis. Such federations were to be autonomous. However, the usual cooperative practice was reversed, in that these federations, instead of being under the control of their member associations, were given power not only to control these affiliates, but also to organize their educational activities. "Chief authority" in the movement was to be given to a central organization to which the regional unions would be affiliated.

Pending the organization of this central body, a National Office of Rumanian Cooperation was to carry on its functions, under the direction of the General Cooperative Council, half of whose members were to be elected by the cooperatives and half "nominated by the various authorities concerned."

Educational activities under 1929 law.—One distinctly favorable phase of the situation was that the National Office of Rumanian Cooperation immediately set about organizing educational work for and in the cooperative movement, expanding and developing that which the associations themselves had started previously. Four training schools for cooperative employees were started in various places, which provided 2 years of theoretical teaching and 10 months of practical work in selected cooperative enterprises. These schools, in the scholastic year 1930–31, gave instruction to 385 students.

As early as 1919 the Government had established in Bucharest the School for Advanced Cooperative Study, for the giving of both specialized and general training. This school was reorganized in 1929, its curriculum being widened and the course extended to 2 years. Special courses designed for the training of managers and officials were also organized in different parts of the country.

Beginning in 1930 radio talks and motion-picture films were used as a means of acquainting the public with the cooperative movement—a rather remarkable occurrence in a country as little developed as Rumania.

Courses in cooperation were also required in the curriculum of all schools and colleges giving instruction in agriculture; lectures on cooperation were given at the Universities of Bucharest and Jassy and at 65 theological schools and seminaries, and in 1928 a chair of cooperation was created in the Academy for Higher Commercial Studies.

Debt-conversion law of 1933.—In 1933, in the attempt to improve the condition of agriculture, a law was passed providing a 5-year

moratorium on agriculturists' debts. The cooperative credit associations were singled out in one provision which wrote off 25 percent of their outstanding loans, besides reducing the rate of interest allowed to be charged on loans. As the assets of the credit cooperatives amounted to 6,800,000,000 lei [7] at the beginning of the year, the 25-percent write-off alone meant a loss of 1,700,000,000 lei. It took the cooperative credit movement several years to overcome the effects of this blow.

Law of 1935.—Although the 1929 law involved a good deal of Government supervision (largely of a benevolent nature), it was on the whole favorable to the development of the movement through the latter's own efforts. The central union provided for under the law never actually materalized, and the National Office for Rumanian Cooperation (part official, part cooperative) continued to function until 1935. In that year, under a change of government, a law was passed on March 27 which abolished the organizational arrangement of the 1929 law and established an elaborate structure consisting of a Central Office of Cooperation and subsidiary bodies for banking, purchase, marketing, and control. The central and its subsidiaries were given control not only over the associations that chose to affiliate, but also over the nonaffiliated associations. The autonomous regional federations that had previously been formed by the local cooperatives were also abolished. The new central organizations were given power to audit the accounts of the local associations, to cancel decisions of their general meetings, to dismiss elected officials and cooperative employees, and even to liquidate associations. It was openly charged that the purpose of the law was to guarantee control by the party in power. This law was in operation until June 1938, but the Central Office was able to obtain the affiliation of only a very small proportion of the total number of associations.

Types of Cooperative Associations and Their Activities

The cooperative associations of Greater Rumania tend to fall into a few classes: Credit; consumers' cooperatives (with which the official statistics usually include the rural farm-supply associations); agricultural associations, including the land-lease and land-purchase associations; the forestry associations, and a group of service associations; and productive associations, including agricultural processing associations (such as dairies), as well as both urban and rural associations carrying on productive activities in various industrial fields.

COOPERATIVE CREDIT ASSOCIATIONS

The first type of association to be started in Rumania was the "people's bank," a form of cooperative credit association, the first of which was founded in 1891. These associations were fostered by a group of village school teachers whose purpose was to assist the peasants in escaping from their burden of debt to the local usurious money lenders. The idea took hold very rapidly and by 1903 there were 1,027 of these banks. By 1913 their number had grown to 2,901 with 584,632 members (in a population of 7,508,000). Their outstanding importance in the cooperative movement was indicated by

[7] For par values of currency, see Appendix table, p. 278.

the fact that all other types of cooperative associations combined (about 869) had only 25,538 members. The banks not only acted as a source of credit but also did some purchasing of farm supplies as well as marketing of members' products.

In 1903 the Government had formed a department—the Central for People's Banks—to which control over the people's banks was given.

In the annexed Provinces, the credit cooperatives were largely of the Raiffeisen and Schulze types and were those of the German and Hungarian people. Very few credit cooperatives were found before the war among the Rumanian population of the "liberated" Provinces; they had supplied their credit needs largely through the joint stock banks, having adopted that form of organization mainly because of the close ties of the Hungarian credit cooperatives with the Government, and "the Rumanian population disliked being assisted by the Hungarian State, fearing an interference also with their national life." After the first world War, the credit associations created by the Rumanians in the annexed territories tended to be of the people's bank type and to become a part of the Rumanian Central for People's Banks; the minority populations continued with both Raiffeisen and Schulze associations and maintained also the central federations which had previously been formed.

At the end of 1936 about a fourth of the credit associations and membership was in the annexed Provinces. Of 5,235 local associations at the end of the year, 4,709 were affiliated with the 53 regional federations, and all but 531 of these were of the people's bank type.

TABLE 83.—*Development of Credit Cooperative Associations in Rumania in Specified Years, 1913–38*

[For par values of currency, see Appendix table, p. 278]

Year	All associations		Minority associations		Rumanian associations		
	Number	Members	Number	Members	Number	Members	Loans granted
							Lei
1913 [1]	2,901	583,632	(2)	(2)	2,901	583,632	152,000,000
1918 [1]	2,965	641,359	(2)	(2)	2,965	641,359	156,000,000
1926	4,413	915,388	(2)	(2)	4,413	915,388	2,892,000,000
1929	5,286	1,134,018	554	131,092	4,732	1,002,926	6,300,000,000
1933	5,291	1,131,827	(2)	(2)	(2)	(2)	(2)
1935	5,267	1,096,259	593	138,508	4,674	957,751	3,119,000,000
1936	[3] 5,235	1,102,841	[3] 602	139,204	4,633	963,637	2,985,000,000
1938	5,140	1,120,130	[4] 615	[4] 145,000	4,525	975,130	1,141,000,000

[1] Data relate only to cooperatives in old Kingdom of Rumania.
[2] No data.
[3] Not including 92 Jewish cooperatives in Bessarabia under the Commercial Code.
[4] Estimated.

CONSUMERS' COOPERATIVES

In the old Kingdom of Rumania, consumers' cooperatives had existed in the urban areas as far back as 1900. The cooperative act of 1903 resulted in the formation of a few others which were short-lived. The first rural consumers' cooperative was started in 1902, and by 1908 there were 150 of this type; the chief commodity sold by most of them, however, consisted of alcoholic drinks. There were, to offset these, some 62 temperance associations formed under a law of 1908, with 2,145 members.

By July 1920, there were 424 urban cooperatives in the old Rumanian territory with about 50,000 members. The associations were very small and were found only in the city of Bucharest (which had 142 associations) and the few other big towns. The larger part of the consumers' cooperative movement at that time consisted of the rural supply associations, some of which also did marketing of agricultural products.

Table 84 shows, for the combined supply and consumers' cooperatives, the trend of development of both the associations of minority groups and of those of Rumanian stock in certain years. Separate data are also shown for the consumers' cooperatives among the Rumanians.

TABLE 84.—*Development of Supply and Consumers' Cooperatives in Greater Rumania, in Specified Years, 1912–38*

Year	Supply and consumers' cooperatives						Rumanian consumers' cooperatives	
	Total		Minority associations		Rumanian associations			
	Number	Members	Number	Members	Number	Members	Number	Members
1912[1]	294	13,105	(2)	(2)	294	13,105	294	13,105
1924[1]	2,516	288,722	(2)	(2)	2,516	288,722	(2)	(2)
1929	2,132	289,961	467	104,839	1,665	185,122	(2)	(2)
1935	1,536	208,302	444	82,386	1,092	125,916	766	85,831
1936	1,632	214,321	453	82,028	1,179	132,293	824	89,500
1938	2,791	[3] 154,735	370	(2)	2,421	[3] 154,735	1,810	[3] 117,360

[1] Data relate only to associations in old Kingdom of Rumania.
[2] No data.
[3] May include some membership of the racial minorities.

PRODUCTIVE ASSOCIATIONS

The productive associations include miscellaneous types of cooperatives, the oldest form being that of the land-leasing associations. In the annexed territories, no productive associations of any kind existed before the first World War.

Land associations.—Before the first World War, the land in Rumania was held largely by the great landowners, so that the only way for the average farmer to obtain land for cultivation was to rent it from these owners. As individuals, none could handle enough land to be considered worth while; as members of a cooperative, however, they could rent considerable tracts of land jointly. It was customary, then, for the cooperative to lease a tract, parceling it out to the members, each of whom worked his plot or plots individually, but utilized the threshers and other machinery of the cooperative. After the end of the war, the great estates were broken up and the land was given free (in lots up to 500 hectares[8]) to the peasants, the owners being paid in paper money. The early type of land association, being no longer so necessary, became greatly reduced in number and by 1920 had fallen from 605 to about 160. Pending final allotment of land to individual farmers, the Government adopted the expedient of turning over tracts to groups of farmers, forming them into a cooperative association for the purpose. By 1920 there were over 2,000 of these associations.

[8] Hectare=2.471 acres.

As the division of the expropriated lands was carried to completion, and the need for the leasing associations became less urgent, these associations also tended to decline. On the other hand, a later type of association, that for the purchase of land, expanded in importance.

Forestry associations.—The first forestry associations were started early in the twentieth century but their development was slow until, in 1910, the Government adopted a policy of letting contracts to cooperatives to exploit the timber in State-owned forest land. This policy was extended in 1918 to cover the great mountain regions that were thickly forested. The development of these associations was hastened, after the end of the first World War, ironically enough, as a result of the wartime-supply activities of the German authorities when they occupied the country. In order to get supplies of wood and lumber, they built light railroads into the forests and in some cases built sawmills as well. In one territory, after the war, the Rumanians found 120,000 cubic meters of wood already cut. The Central for Agricultural Cooperatives, established in 1919, organized an association for the exploitation of these forested areas, with membership open to women. A decree of 1918 had authorized the sale of State forest land to cooperative associations, with provision for certain advantages to residents of the mountain districts where many of the forests were found.

As 22 percent of the area of Greater Rumania was forest land, and as the lumber industry occupied third place in productive output of the country, naturally these associations became important. The associations were of three types—those to supply the lumber requirements of the members, those to manufacture rough timber for the market, and those working up lumber for building purposes. The third group developed some very large and powerful associations, owning not only lumber mills but also warehouses and short railroad lines, as well as rolling stock for these lines. Some of these associations also engaged in export as well as domestic trade.

To some extent, the development of these associations fluctuated with the varying State policies. Thus, in the twenties and the early thirties, the Government favored exploitation of the forest resources through State monopolies rather than through cooperative associations, and this fact, along with the unfavorable economic conditions, caused a decrease in the number and activity of these associations. In 1936, thanks to the influence of a Government Cabinet Minister friendly to cooperatives, the former policy was resumed and the condition of the associations improved accordingly.

By 1938 there were 448 forestry associations registered, but nearly 100 were in liquidation. The 247 which supplied information had about 28,000 members.

These forestry associations were given certain preferential treatment, being exempted from stamp taxes and from all charges connected with legal proceedings; certain other taxes were reduced by from 25 to 75 percent. The associations were also given preference as regards purchases of lumber by public welfare and charitable institutions.

The International Labor Office noted, regarding these associations, that they had "done much * * * to improve the material and moral conditions of the population among whom they work. There is hardly a village in the mountain districts where they have not erected

or repaired a school, a church, or a building for some charitable purpose."

All of the forestry associations (except one whose members were Hungarians) were those of the Rumanian people.

Other productive associations.—The other types of productive cooperatives were those for the production and sale of various commodities. In the rural areas these were generally associations for production and marketing of fish, dairy produce, quarrystone, coal, etc., whereas in towns they included bakeries, printing plants, tanneries, and weaving establishments. This group also contained the one cooperative insurance association in all Rumania, writing fire, life, and hail insurance. The minority groups were well represented among the productive associations, as table 85 indicates.

All types of productive associations.—During the 13-year period ending in 1936, the whole group of productive associations declined both in number and in membership (table 85), but this was due to the trend of the forestry and land associations; the "other productive" cooperatives nearly tripled their number and almost quadrupled their membership. By 1938 both number of associations and membership were about at the 1923 level.

TABLE 85.—*Trend of Development of Productive Cooperatives in Greater Rumania, in Specified Years, 1912–38*

Year	Total		Land lease and purchase associations: Rumanian		Forestry associations: Rumanian		Other productive associations					
							Total		Minority associations		Rumanian associations	
	Number of associations	Members	Number	Members	Number	Members	Number	Members	Number	Members	Number	Members
1912	544	63,915	389	55,707	143	8,208	[1] 12	[2]	[2]	[2]	12	[2]
1923	1,085	149,406	[3] 496	[3] 82,295	[4] 476	[4] 57,935	113	9,176	[2]	[2]	113	9,176
1929	1,135	128,690	484	46,116	[5] 492	62,401	159	20,173	51	5,733	108	14,440
1935	673	76,126	207	20,770	191	23,565	275	31,791	93	8,879	182	22,912
1936	[6] 741	[6] 83,459	231	24,629	[6] 207	[6] 25,062	303	33,768	111	10,432	192	23,336
1938	1,571	127,686	468	25,686	448	[7] 28,000	[8] 655	[8] 74,000	216	[7] 30,000	39	4,000

[1] Associations operating under the Commercial Code in 1914; no membership data given
[2] No data
[3] Data are for 1918.
[4] Data are for 1924.
[5] Data are for 1928.
[6] Includes 1 Hungarian forestry association with 841 members.
[7] Approximate.
[8] Includes 400 associations with about 40,000 members, nationality not reported.

Cooperatives of National Minorities

The new territories assigned to Rumania after the end of the first World War contained not only the Rumanians formerly under Hungarian and Russian rule, but also sizable groups of other nationalities, each of which had developed its own cooperative associations (some of these also had been favored and even organized by the Russian and Hungarian Governments). These latter continued to retain their national identity even after they became a part of Greater Rumania. The various Rumanian laws and decrees governing cooperatives applied to the "Liberated Provinces" as well as to the old Kingdom. The Slavs throughout greater Rumania tended to become members of "Rumanian" cooperatives, but apparently no steps were taken to-

ward fusion of other nationalities, even when cooperatives were being consolidated for greater stability of operation. The minority cooperatives, indeed, grew in number under Rumanian rule. Thus, in Transylvania there was a German as well as a Hungarian cooperative movement, the latter of which retained its former affiliation with a branch of the Hungarian Cooperative Union and Wholesale ("Hangya"), which became an independent organization after the partition of Hungary following the World War. Each of the other racial minorities—the Saxons of Ardeal, the Swabians of the Banat, the Jews in Bessarabia, and the Germans, Poles, and Ruthenians in Bukovina—had its own group of associations.

The part played by the minority associations in the cooperative movement of Greater Rumania in 1936 is shown in table 86.

TABLE 86.—*Cooperative Associations in Greater Rumania in 1936, by Nationality, Location, and Type*

Type of association	Number of federations	All nationalities			Minority associations			Rumanian associations		
		Total associations	Rural associations	Urban associations	Total	Rural	Urban	Total	Rural	Urban
	Number of associations									
All types	60	7,608	6,716	892	1,167	1,095	72	6,441	5,621	820
Credit	[1] 56	5,235	4,638	597	602	554	48	4,633	4,084	549
Consumers'	[2] 4	1,193	1,087	106	369	359	10	824	728	96
Supply	------	439	381	58	84	82	2	355	299	56
Productive (including agricultural)	------	741	610	131	112	100	12	629	510	119
	Membership									
All types	------	1,400,621	1,146,560	254,061	232,505	200,855	31,650	1,168,116	945,705	222,411
Credit	------	1,102,841	905,420	197,421	139,204	115,877	23,327	963,637	789,543	174,094
Consumers'	------	157,979	128,916	29,063	68,479	62,349	6,130	89,500	66,567	22,933
Supply	------	56,342	45,285	11,057	13,549	13,328	221	42,793	31,957	10,836
Productive (including agricultural)	------	83,459	66,939	16,520	11,273	9,301	1,972	72,186	57,638	14,548

[1] 3 of these belonged to minority groups.
[2] 2 of these belonged to minority groups

Rumanian Cooperatives Just Before the War

Up to the onset of the depression in 1929 the total number of cooperatives and their members had increased. From that year through 1935 both number and membership declined.

In 1936 the cooperative movement was described in an official publication as being in a "serious depression." Altogether, a loss of 945 associations and 152,048 members was shown as compared with 1929. The largest relative losses were those of the forestry, land, and consumers' cooperatives; the productive associations had, on the other hand, increased.

"Hangya," the union and wholesale of the Hungarian cooperatives in Rumania, had in affiliation at the end of 1937 some 325 local associations with 65,000 members and an annual business of 237,000,000 lei. The wholesale itself in 1937 had sales amounting to 121,000,000

lei. The German consumers' cooperatives, although they had suffered from the depression, had survived and shown a considerable improvement in 1938. They had their own wholesale association, which not only marketed supplies but did a distributive business as well. In 1937 the German Union of Raiffeisen Cooperatives had in affiliation 190 associations with 18,411 members; its wholesale society was serving 54 local distributive associations with 4,352 members and had an annual business of 38,042,000 lei. The wholesale itself had sales in that year of 13,300,000 lei.

"COOPERATIVE REFORM" LAW OF 1938 AND ITS EFFECTS

In February 1938, an authoritarian constitution was adopted and King Carol proclaimed the Rumanian Front of National Regeneration which replaced all political parties.

Shortly afterwards another cooperative law was passed, effective June 22, 1938, which in its turn abolished the Central Cooperative Office and its subsidiaries, and substituted a whole new set of cooperative machinery headed by a National Institute of Cooperation under the Rumanian Minister of National Economy.

By the end of 1938 there were in existence 10,080 cooperative associations, distributed by type as follows:

	Associations	*Members*
Total	[1] 10,080	[1] 1,453,127
Credit associations	5,140	1,120,000
Supply and consumers' associations	2,791	154,735
Agricultural associations:		
Forestry	448	28,000
Land lease and purchase	468	25,686
Other (service, etc.)	39	4,000
Productive associations, urban and rural	657	70,000

[1] Includes 537 associations with 50,706 members, not reported as to type, the greater number of which were in liquidation.

After the passage of the 1938 law, the National Institute subjected the local associations and their administration to a searching examination with a view to "the sorting out of viable units," the liquidation of "artificial establishments," and the "amalgamation of the less-important societies." At the end of the year, nearly 2,000 associations, of the 10,080 on the register, were reported to be in process of liquidation. Thus, many of the consumers' cooperatives, about a fourth of the supply and marketing associations, about 100 of the forestry associations, and 19 land-purchase associations were being dissolved.

It appeared, however, that the majority of the associations were making progress and an official report expressed the opinion that the "new constitutional era" which "had the effect of abolishing the political struggles of the country, offered the cooperative movement the possibility of escaping from foreign influences, thus permitting it to recover the real autonomy enjoyed before the [first World] War."

At the end of 1938, altogether 1,453,127 persons out of a population of 18,850,000 (or about 7.3 percent) were members of cooperatives of one kind or another. Counting the family members, about a third of the population was, therefore, served by the cooperative movement in that year.

Rumanian Cooperatives in Wartime

In 1940 Rumania again lost a considerable part of its territory, as a result of the war. Southern Dobroqea, which had been part of the old Rumanian Kingdom, was taken by Bulgaria, Transylvania was shifted to Hungary again, and Bessarabia went back to the Soviet Union along with northern Bukovina. The remaining territory became a German protectorate. The territorial shifts reduced the population by nearly 6,000,000 (about 30 percent) and the territory by 39,000 square miles (about 34 percent). Rumanians constituted about 85 percent of the Kingdom's population in 1941, as compared with about 72 percent prior to the 1940 partition.

By these transfers considerable numbers of cooperative associations were also lost to the Rumanian cooperative movement. The greatest cooperative losses were in Transylvania, but the cooperative movement was also well developed in Bessarabia and northern Bukovina, whose cession reduced the total number of cooperative associations in Rumania by over 13 percent and the membership by 12 percent. The recovery of Bessarabia as a result of the German-Russian War restored a large part of these losses.

The use of the cooperative movement for the distribution of food to the people is indicated by a decree-law published October 1, 1940, which required the National Institute of Cooperation to carry out the instructions of the newly created Ministry of Coordination "with regard to general food supplies."

In 1941 the cooperative law was again completely revised, and a new law was written incorporating the law of 1935 together with the enactments of June 23, 1938, January 20, 1939, October 18, 1940, and February 22, 1941. The law contained the usual standards for cooperatives, besides regulating in detail the powers and procedures of cooperative associations and defining the powers and duties of the National Institute which, as previously, is under the supervision and control of the Ministry of National Economy.

In 1942, by a series of decrees, control over the cooperative movement was increased, and the National Institute became one of the main agencies carrying out the Government's agricultural policy. Under it, productive and warehousing facilities were greatly increased but, the International Cooperative Alliance pointed out, the cooperative associations had been "completely overshadowed" by the mass Government agencies. "Farmers' communities" were also provided for, which were to take over most of the functions of the former agricultural cooperative associations. A new type of "village bank" was created by the Government, to the capital of which the credit cooperatives were to be "allowed to contribute"; these banks were directed to work with the rural cooperative associations for the purpose of accelerating agricultural production. The cooperative associations of the German minority were federated into three central organizations, a central bank, and a national association of Raiffeisen cooperatives.

By-passing the consumers' cooperatives also, the Government resorted to a plan (designed to protect the consumers from black-market operations) of compulsory consumer groups for the joint purchase of food and other essentials. These groups were to be organized

in factories, offices, and other business enterprises, as well as in public institutions.[9]

Cooperative Movement in Yugoslavia

Yugoslavia, the Kingdom of the Serbs, Croats, and Slovenes, was assembled after the first World War, from Serbia, Montenegro, and bits of territory formerly governed by Austria-Hungary, and Austria and Hungary jointly. The cooperative movement there had, therefore naturally developed under diverse conditions. Nevertheless, except in Montenegro, each region had a thriving cooperative movement.

A Yugoslav cooperator, writing in the Review of International Cooperation for December 1941 pointed out that the Yugoslav is a "born cooperator." "The primeval family community of the southern Slavs, the so-called zadruga, still exists in many places to this day * * *. The conception of a State organized as a single huge zadruga, that is, as a peasant cooperative union, is very widespread among these people. Indeed, the old tradition of the family cooperative is so much alive that the word zadruga has been adopted as the accepted name for cooperative societies, while other nations had to invent modern appellations for these organizations."

In the new Kingdom, Serbia (which had won its independence from Turkey in 1878) represented cooperative development of the longest standing, its first cooperative association dating from 1894. By 1914 there were about 1,200 associations—including 800 credit, 200 distributive (consumers'), 154 machinery, 40 livestock-insurance, and 8 wine associations—as well as a central bank formed by these organizations. The movement in Serbia was, even at that time, a united one, most of the associations being affiliated to a central federation formed in 1897.

In the other territories the cooperatives had developed largely along religious and political lines. In Croatia, which had been ruled by Hungary, the cooperative movement consisted of associations of Croats, associations of Serbs, and associations encouraged and partly financed by the Hungarian Government in an attempt to assimilate and Magyarize the minority groups. The Serb and Croat associations were largely led and controlled by priests of the Greek Catholic and Roman Catholic Churches, respectively. As one of the main objectives of the nationality cooperatives was to maintain their national individuality against the assimilating policies of the ruling government and serve as patriotic rallying points, naturally they were generally looked upon with some distrust by their rulers. (Nevertheless, the Government had used their facilities during the first World War as distributing agencies for Government-controlled goods such as flour, potatoes, paraffin oil, and coal.) Bosnia and Herzegovina also had nationality cooperatives of Serbs and Croats. In Slovenia the associations were divided into clerical and anticlerical organizations.

[9] *Sources.*—The report on Rumania is based upon data from the following publications: Correspondance Economique Roumaine (Rumania, Ministerul industriei si comentutui, Bucharest), January-March 1939, January-March 1940, and July-September 1941; Review of International Cooperation (International Cooperative Alliance, London), February 1932, September 1938, April 1939, July 1940, May 1941, November 1942, and July 1943; People's Yearbooks (English Cooperative Wholesale Society, Manchester), 1929, 1930 1934, 1935, 1938, and 1941; Cooperative Information (International Labor Office), No. 8, 1938; International Directory of Cooperative Organizations (International Labor Office), 1939; The Cooperative Movement in Jugoslavia, Rumania, and North Italy during and After the World War, by Diarmid Coffey (New York, Carnegie Endowment for International Peace), 1922; La Coopération dans les Pays Latins, by Charles Gide (Paris, Association pour L'Enseignment de la Coopération), 1923?; and New International Year Books, 1942 and 1943.

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During 1914–18 the whole of Serbia was occupied by enemy forces and as a consequence the cooperative movement came to a complete standstill during that time and had to be built up again when peace came. Largely as a result of the work of one leader, M. Avramovitch, the movement was started again and by 1920 there were about 800 associations of which 600 were old associations revived and 200 were new.

In Croatia by the end of the war all of the associations promoted by the Hungarian Government had disappeared. In that region the cooperative credit associations were the predominating type remaining, although most of these associations also purchased supplies for the members and sometimes marketed their produce as well.

In Slovenia where (being under Austrian rule) the cooperatives had more opportunities for development, the associations were of more varied type and more likely to carry on a single line of activity instead of combining many functions in one organization. The Slovenian movement also differed from that in the other regions in that it was largely of the urban consumer rather than the agricultural type.

Montenegro had no cooperative movement, but in Bosnia and Herzegovina (first under Turkish and then under Austro-Hungarian rule) there were active cooperatives among the Christian inhabitants.

In each of the regions there was a central federation for each branch of the cooperative movement, to which some or all of the local cooperatives were affiliated. Although generally these federations maintained friendly relations, each went its own separate way.

No data are available showing the number and membership of various types of associations or even of the total number in the new Kingdom of Yugoslavia in 1920. It is known, however, that the individual associations were very small. This was a deliberate policy among the nationality cooperatives, the idea being that with a small membership (among the Serbs 100 was regarded as the maximum desirable number and the average was about 35) each member knew all the others and could act to "keep in line" any member who showed signs of accepting Hungarian (Magyar) ideas or customs.

With the formation of Yugoslavia (Kingdom of the South Slavs) at the termination of World War I, the aim of the cooperators changed from that of the attainment of Slav independence to that of raising the economic and cultural level of the people. The first step in the task of welding the separate parts of the cooperative movement into one organic whole began in 1919 when the regional federations formed a super-union—the General Federation of Cooperative Unions in the Kingdom of Yugoslavia. Three years later at the end of 1922, the General Federation had in affiliation 27 of the 32 regional unions and these included in their membership 96.8 percent of the total number of cooperatives and 94.5 percent of all the cooperators in the Kingdom.

Types of Cooperatives and Their Activities

By the end of 1927 there were 4,265 cooperatives in Yugoslavia. Credit associations formed over half of the total, and the cooperative distributive associations were the next largest group. The cooperative movement had become much more varied than in the immediate post-war period and included handicraft associations of various occupational groups, house-building associations, associations for rural

health and sanitation, electricity associations, fishermen's associations, and organizations for the production, processing, and marketing of agricultural products, as well as cooperative communities. That the Government recognized the importance of the cooperative movement was indicated by cooperatives' participation, through the General Federations of Cooperative Unions, in the formulation of legislation.

In 1930 the Federation took part in the preparation of a legislative measure for the whole of Yugoslavia, to take the place of the 18 different laws under which cooperatives in the various regions operated. Other measures in the preparation of which it assisted were those dealing with chambers of agriculture, public and cooperative warehouses, and bills relating to various branches of trade. Finally it collaborated with the Government and the exporters' association in the formation (in June 1930) of the Chartered Company for the Export of Agricultural Produce; 6 of the 18 members of this company's board of directors were representatives of agricultural cooperatives.

Notwithstanding the depression beginning in 1929, the Yugoslav cooperatives made steady progress from year to year. At the end of 1933 the total number of cooperatives in the country was about 8,400, of which 6,647 were members of regional unions affiliated to the General Federation of Cooperative Unions; they accounted for 890,150 individual cooperators (or 88.3 percent) of the total for the country, 1,007,790. As each cooperative member represented an average household of 5 persons, the cooperatives at that time were serving about 34 percent of the total population of 14,500,000.

The credit cooperatives (about half of the total) which were very evenly distributed throughout the country were, according to a United States consular report, "shaken more or less by the prevailing crisis" but were endeavoring to strengthen and stabilize their organizations. The retail associations were also affected by the fact that the unfavorable agricultural situation had cut the purchasing power of the farmers, who still formed the larger part of the membership. The cooperative communities had grown to 536 in 1931 but had declined to 470 by 1933. The agricultural production, processing, and marketing associations on the other hand had grown by nearly 35 percent, and were playing an increasingly important part in the export trade of Yugoslavia.

The following statement shows the number of the various types of cooperatives in 1927, 1931 and 1933:

	Number of associations		
	1927	*1931*	*1933*
All types	4, 265	7, 483	[1] 8, 227
Credit associations	2, 459	4, 407	4, 624
Distributive associations	1, 105	1, 217	1, 566
Electricity associations	43	51	([2])
House-building associations	48	89	88
Rural health and sanitation associations	30	84	88
Handicraft associations	38	93	116
Fishermen's associations	37	43	58
Cooperative agricultural communities	123	536	470
Agricultural production, processing, and marketing associations	216	697	936
Agricultural service associations	37	60	([2])
Other [3]	129	206	281

[1] Not including about 200 independent associations not affiliated with any regional union.
[2] Included with "other."
[3] Includes regional unions and auditing unions.

RURAL HEALTH AND SANITATION ASSOCIATIONS

The cooperative associations for rural health and sanitation may be considered as Yugoslavia's outstanding contribution to the cooperative movement. These associations, though not numerous, in the 20 years following their introduction made a significant contribution toward improving rural conditions of living in Yugoslavia. However, in order to evaluate their importance it is necessary to study them in relation to general conditions in the rural areas.

Yugoslavia is primarily agricultural and even the industrial workers are of peasant origin, never losing contact with their native villages and always planning to return. Industrial workers formed, as late as 1936, only 10.7 percent of the gainfully employed population, whereas agricultural workers accounted for 77 percent.

The agriculturists were in the main very small farmers, working plots that were in many cases too small to support their owners even at a bare subsistence level. The rural classes led a miserable existence, as their living conditions were of the most stark and primitive type. The death rate was appallingly high.

The Yugoslav Government eventually established a public health service. At the time the Kingdom was established, however, there were no public health facilities. Accident, sickness, and maternity insurance were provided by an act of 1922, but the clinical and other facilities were in urban areas and were not accessible to the peasants. Of the 5,000 doctors in Yugoslavia, only 20 percent were in rural areas—about 1 doctor for every 12,000 rural residents.

It was to assist in relieving these conditions and to raise the general level of health and of living that some of the cooperative leaders [10] started the health and sanitation cooperative movement in 1921. As the problem was largely one involving the education of the rural families, it was believed that the approach should be through the family rather than the school. Cooperatives were believed to be the best form of organization, as they involved personal effort by the members and it was desired to emphasize the idea of self-help.

The problems required an attack from three directions, i. e., curative medicine, preventive and social medicine (including hygiene as well as campaigns against social and infectious diseases), and rural sanitation work.

Curative medicine was the first branch of the work undertaken. In the health cooperative the funds were provided by small regular contributions from the member families, in order to insure a flow of funds for the work. These contributions were usually paid by the month but sometimes at the end of a crop season. Quarters were rented and a doctor hired. The simplest type of health cooperative had a doctor and sometimes a nurse or midwife, who were employees of the association, and there were generally a consulting room, dispensary, one or two rooms for meetings and lectures, and sometimes a room with bathtubs or showers. Beds for persons seriously ill were also provided, in separate quarters.

As the associations grew they expanded their services and generally built their own headquarters buildings which were known by the name of "health houses"—the symbol of the work the associations were try-

[10] The idea had come to them through their participation in American relief work in the country after the end of the war.

ing to do. The first such houses were built in 1928, and by 1934 there were 14 of them.

Where there was more than one cooperative in the same village it was the practice to have the headquarters of all in a single building and this then was known as "The Cooperative House." Generally in villages having health cooperatives the "health house" was the headquarters of all.

> The size [of the "health house"] naturally depends on the services they are to accommodate and the sum it has been possible to provide for building them. They contain quarters for the doctor and his family, a fully equipped consulting room, a waiting room, a dispensary and sometimes a laboratory, several sick rooms, in some cases rooms for nurses and attendants, rooms for out-patients, always a shower bath and usually baths. Some of them have a polyclinic for school children, a maternity ward, a day nursery, etc. All, of course, have one or more rooms for meetings and lectures, equipped with teaching material, and often a small library. Almost all of them have vegetable gardens, pigsties, etc., which can be used for vocational education. At least one—at Beljina—has an open-air swimming bath. The "health houses" usually provide accommodation also for the other cooperative societies of the village (for credit, stock improvement, the sale of corn, etc.).
>
> The "health house" at Lazarevats, one of the biggest whose simple and dignified architecture is quite impressive, cost a million dinars to build. The total value of the "health houses" is now 3,240,863 dinars.[11]

Irrespective of their size, all of the health cooperatives took part in the promotion of health, hygiene, and education.

The development of these associations was not spectacular but was steady, as is indicated by the data in table 87. In 1922 the existing associations federated into the Union of Rural Health and Sanitation Cooperatives and this gave new impetus and stability to the movement.

TABLE 87.—*Development of Rural Health and Sanitation Cooperatives in Yugoslavia in Specified Years, 1922–39*

Year	Number of associations		Number of members		Number of persons treated	Amount of business done (medicine sold, treatments, etc.)
	Total	Active	Families	Members in family		
						Dinars[1]
1922	12	(2)	5,286	(2)	18,518	(2)
1923	13	12	5,049	30,249	14,568	119,949,000
1925	21	16	8,386	50,316	14,179	370,553,000
1930	59	41	16,647	99,882	34,445	1,241,984,000
1933	90	85	43,847	(2)	58,577	1,200,000,000
1938–39	134	125	65,586	(2)	136,187	2,695,000,000

[1] For par values of currency, see Appendix table, p. 278.
[2] No data.

In the 11 years ending in 1933 the health cooperatives gave curative treatment to 301,386 persons. This represented only one phase of their work, however. In addition they carried on a great deal of preventive work, such as vaccinations (given free to any person applying), advice and supervision for mothers, lectures and preventive work in connection with such diseases as malaria, tuberculosis, trachoma, and the venereal diseases. Mothers of young children and expectant mothers in the region were visited by the cooperative doctor

[11] International Labor Review (Geneva), July 1935.

once a week, without charge, and the doctor also carried on medical inspection in the village school. Five associations had established day nurseries under the supervision of experienced persons.

Sanitation work of the most varied kind was carried on. In most cases the actual work was done by the villagers, under the direction of the cooperative. Among the activities so carried on were the laying of water pipes and drains; construction of wells, manure pits, latrines, and refuse pits; repair of poultry sheds, cattle barns, and dwellings; and even paving a street or the village square.

As noted in a report to the International Labor Office [12] "all these various activities obviously reinforce each other and all of them are also linked up with a many-sided, methodical, and steadily pursued educational program. * * * They try to keep their educational work in close touch with everyday life, and their system is first and foremost concrete and active." These two considerations led to the formation of juvenile sections and women's sections, with the view to enlisting the active support and collaboration of the young people and the women. By 1933 there were 33 juvenile sections, with 743 members from 12 to 18 years of age who were doing village-improvement work, making simple furniture, growing new kinds of food to supplement the peasant diet, etc. "From the moral and social points of view they [these sections] give young people the habit of rendering services to the community according to their ability." The women's sections provided instruction on general health questions, rearing of children, gardening, poultry keeping, practical household questions, etc.; and were "responsible for organizing fetes and concerts and for creating a real social life—a genuine feminist triumph, this, in the Yugoslav village."

In 1934 the associations organized veterinary sections with the duties of care for sick animals, prevention of animal disease, improvement of breeds, provision of serums, etc. The activities of one large veterinary association covered 37 villages.

In 1938 the Union of Rural Health and Sanitation Cooperatives organized a traveling dental clinic which visited all the health centers.

DISTRIBUTIVE COOPERATIVES

As so very large a proportion of the population (not excepting the industrial workers) consisted of peasants, even the consumers' distributive cooperatives of Yugoslavia were very largely rural. However, most of the central federations in all branches of cooperation had their headquarters in the larger towns and cities and there was thus a certain consumers' cooperative development in the urban centers. Also important in the consumers' cooperative branch of the movement were the associations of the railway workers and persons employed by the Government.

As used in Yugoslavia, the term "civil servants" included not only employees in Government administrative offices, but also soldiers, teachers, railway workers, miners, employees in Government-owned salt and sugar factories, and persons on Government pensions. At the end of 1938 there were 322 societies of "civil servants" of which consumers' cooperatives accounted for 130, and credit associations for 167; the remainder consisted of 15 building associations, 9 productive organizations, and 1 insurance association. The total membership,

[12] International Labor Review, July 1935, p. 31.

163,056, included 88,173 Government employees, 42,436 workers in other public employment, 7,519 soldiers, and 23,855 pensioners. The associations were members of the Union of Civil Servants Cooperatives, an all-embracing federation with wholesale, propaganda, productive, credit, and insurance departments. Its productive departments operated flour mills and a bakery, which in 1937 produced goods valued at 20,091,000 dinars. The Union used its surplus to purchase and run hotels and vacation homes for the use of its members.

One of the largest local associations in the country, and probably the largest retail consumers' cooperative, was the Railwaymen's Distributive Cooperative Association. This association, whose membership exceeded 7,900, had its headquarters at Ljubljana (in Slovenia). As its membership was restricted to railway workers and practically all of them were members by 1935, its efforts were directed mainly toward expansion of its services. It operated grocery stores, 2 meat markets (the pork products for which were made in its own plants), a milk-distributing system, a refreshment bar, and a restaurant. In addition to food, the association also handled household equipment, shoes, and dry goods, carried on ready-made and custom tailoring business, and manufactured underwear. Its business in 1933 amounted to 46,300,000 dinars. As its members were scattered to all points of the railway system, it had built up a mail-order business on a large scale, its bills being settled automatically by deductions from the members' wages. As many of the railway workers were also small producers of farm products, honey, etc., the association bought their surplus products. It also did considerable cultural and welfare work.

The railwaymen also had their own cooperative credit association, most of the loans of which were made for the construction of dwellings.

Recreational and Cultural Aspects of Cooperatives

The cooperatives in Yugoslavia did not stop with purely economic measures. One report to the International Labor Office noted that generally Yugoslav cooperative associations "however small," strove to meet the cultural requirements of their members.

As already noted, the "health houses" all were social and educational centers for the areas in which they were found. One of the workers' productive cooperatives had a library and reading room in the "Cooperative House" which it and the local consumers' cooperative had established together; this house also contained a lecture and recreation hall.

The Railwaymen's Cooperative Association, already described, in 1934 purchased a tract of 50,000 square meters of mountain land with a view to starting a cooperative vacation resort.

One of the large credit cooperatives made a practice of using half of its annual earnings for various educational and social purposes. In this way the association became the owner of several nurseries for which it paid 400,000 dinars and which could accommodate 150 children at a time; these nurseries were run, not by the association itself but by the Central Organization for Workers' Education.

Cooperatives in the Decade Prior to the Nazi Invasion

The year 1932 was the worst year of the depression in Yugoslavia and led to a number of measures by the Yugoslav Government de-

signed to improve the agricultural and currency situation. In November 1933 a moratorium was declared on agricultural debts, which, although it relieved borrowers, virtually crippled the agricultural credit cooperatives. As a result of their protests, the Government in August 1934 exempted those associations which accepted savings deposits, but this arbitrary division into protected and unprotected associations created certain other difficulties. In the same year the cooperative representation on the export association was cut by two-thirds. The International Cooperative Alliance noted that "in the legal and fiscal sphere the movement's position also changed for the worse during 1934," causing the movement to petition for a change in the law, to remove the cooperatives from control by associations of private dealers. Private traders were allowed to borrow from the National Bank, at 5 percent interest; this privilege however, was denied to the cooperative wholesale. During 1934 the agricultural cooperatives also suffered a reduction in their export business, largely as a result of the unfavorable prices on the European markets and the devaluation of the currency in Czechoslovakia (one of their chief markets).

PASSAGE OF THE COOPERATIVE LAW

In 1937 the cooperative measure, introduced in 1930, finally became a law. It replaced 18 acts and orders which had been in force in various parts of the country and introduced the first uniform legal definition of a cooperative association and the first uniform regulations for the movement. However, the act stipulated that cooperative associations could do business only with members, thus eliminating one very fruitful source of members—persons who through their patronage of the associations became acquainted with cooperative policies and eventually joined. The act also provided that every local association must be affiliated to one of the auditing unions. Supervision of agricultural cooperatives and their federations was delegated to the Minister of Agriculture, and supervision of consumers' cooperatives, craft cooperatives, and associations of private traders to the Minister of Trade and Industry. Cooperatives of public employees were to be under the supervision of the Minister of Finance. These three officials were empowered to send representatives to meetings of the federations in that branch of the movement which they supervised. On the other hand, auditors of the cooperative auditing unions had the privilege of free travel on Government railroads; and a fund for promotion of cooperation was provided for, financed by 2 percent of the net surplus of two Government banks and 10 percent of the net surplus of the State lottery (these were estimated to aggregate 4,000,000 dinars per year).

DEVELOPMENT OF COOPERATIVES, BY TYPE

By the end of 1938 the cooperative membership in Yugoslavia stood at 1,414,876; thus (counting their families, but allowing for some duplication of members) about 40 percent of the total population was served in one way or another by cooperatives. The 10,832 cooperatives to which the cooperators belonged were all affiliated (as required by the 1937 law) to the General Federation of Cooperative Unions at

Belgrade, through their regional unions. Table 88 shows the developments of the Federation up to the end of 1938.

TABLE 88.—*Total Number of Cooperatives in Yugoslavia and Number and Membership of Affiliates of General Federation of Cooperative Unions, 1927–38*

[For par values of currency, see Appendix table, p. 278]

Year	Total number of cooperatives	Associations affiliated to General Federation of Cooperative Unions		
		Number	Their membership	Their business
				Dinars
1927	4,265	3,049	458,162	717,033,000
1930	7,077	5,796	784,011	1,234,368,000
1933	[1] 8,227	6,647	890,150	(2)
1934	[1] 8,526	6,952	876,342	(2)
1935	(2)	7,254	918,114	(2)
1936	(2)	7,610	[3] 1,000,000	(2)
1937	10,144	10,144	1,329,015	(2)
1938	10,832	10,832	1,414,876	(2)

[1] Not including about 200 independent associations not affiliated with any union; total members all types in 1933, 1,007,790.
[2] No data.
[3] Approximate.

Most of the regional unions carried on commercial activities, as well as the auditing activities required by the law. In 1938 the commercial departments of these central unions had a total business aggregating 458,400,000 dinars, of which 115,200,000 dinars represented the purchase of supplies and 343,200,000 dinars represented the marketing of the members' products. The size of 16 of the central unions for which data are available is indicated in table 89.

TABLE 89.—*Membership and Business of Specified Central Federations in Yugoslavia, 1937*

[For par values of currency, see Appendix table, p. 278]

Central federation	Number of affiliated associations	Their membership	Business done by federations
Serbia:			*Dinars*
General Federation of Serbian Rural Cooperatives	3,316	225,000	[1] 6,229,000
General Union of Craftsmen's Cooperatives	159	8,334	----------
Union of Public Officials' Consumers' Cooperatives	304	153,427	83,647,000
Slovenia:			
Cooperative Union of Ljubljana	703	140,617	[2] 21,107,000
Union of Slovenia Cooperatives in Ljubljana [3]	381	91,197	141,400,000
Union of Cooperatives in Yugoslavia [3]	102	18,102	548,000
Bosnia-Herzegovina:			
Union of Croatian Agricultural Cooperatives	69	5,894	2,089,000
Union of Serbian Agricultural Cooperatives	172	12,615	----------
Dalmatia:			
Union of Cooperatives in Split	200	18,188	----------
Cooperative Union of Split	267	23,880	----------
Union of Fishermen's Cooperatives	60	2,126	[4] 13,000
Croatia:			
Croatian Central Agricultural Cooperative	182	13,280	2,382,000
Central Union of Croatian Agricultural Cooperatives	422	60,294	6,602,000
The Cooperative Union	230	58,468	----------
Central Union of Rural Credit Cooperatives [3]	1,484	105,283	----------
Slavonia:			
Union of Agricultural Communities	78	6,600	4,086,000

[1] Data are for 1935; in addition the wholesale belonging to the union had a business amounting to 57,846,000 dinars in 1937.
[2] Business of union's supply and marketing associations, 1936.
[3] Data are for 1936.
[4] Data are for 1935.

The credit cooperatives still formed the largest single group of cooperative associations. In 1937 their own funds and the savings deposited with them accounted for about a third of the total banking resources of the country. The agricultural cooperatives were still strong, also. In the 1938–39 season 28 percent of all the wheat exported from Yugoslavia was supplied by the cooperatives, as well as 40 percent of the cattle and poultry exports.

Consumers' cooperatives.—The consumers' cooperatives represented perhaps the fastest-growing type of association in the 1933–38 period, having increased from 1,566 at the end of 1933 to 2,259 in 1938.

Most of the rural consumers' cooperatives were affiliated to the General Union of Serbian Rural Cooperatives at Belgrade. This association had its own wholesale association formed in 1929, with an initial membership of 130 associations, but the difficulties of transport confined the wholesale's services largely to the associations in the areas where the union had branch wholesale warehouses. Up to 1935 the union and wholesale both accepted agricultural cooperatives as members; by agreement, in that year, the wholesale association thereafter accepted as new members only consumers' cooperatives, the central organizations of agricultural cooperatives, and cooperative unions.

The wholesale made a modest start in the field of production and by the end of 1935 had a factory making candy and confectionery, a cheese factory, a plant making lubricating oil, and a factory producing salt, shoe polish, etc.

The development of the General Union of Serbian Rural Cooperatives from 1928 to 1938 is shown in table 90.

TABLE 90.—*Development of Members of General Union of Rural Cooperatives in Yugoslavia and its Wholesale for Specified Years, 1928–38*

[For par values of currency, see Appendix table, p. 278]

Year	General Union			Wholesale association	
	Number of affiliated associations	Their members	Their purchasing and sale business[1]	Number of affiliated associations	Wholesale's business
			Dinars		*Dinars*
1928	[2]	78,350	[2]		
1931	2,286	118,290	[2]	[3] 130	[2]
1932	2,509	220,200	[2]	[2]	[2]
1934	[2]	[2]	230,479,282	[2]	31,731,177
1935	2,979	[2]	257,155,804	991	37,166,955
1936	3,172	225,000	220,426,000	[2]	[2]
1937	3,316	225,000	[2]	1,236	57,846,000
1938	[2]	243,670	[2]	[2]	[2]

[1] Not including loans of credit associations.
[2] No data.
[3] 1929.

Rural health and sanitation cooperatives.—During 1933–38 the number of active health associations had risen only from 85 to 125. Their growth depended on the slow, laborious process of education and they therefore had not by any means achieved their ambition of stamping out tuberculosis, malaria, etc. However, limited as their development had been, in relation to the size of the task confronting

them, they had made a noteworthy contribution in raising the level of health and sanitation in rural areas. A report to the International Cooperative Alliance noted that they had played "a remarkable part in the unwavering toil for economic and cultural progress and for raising the standard of national health, and their cultural importance would no doubt have finally equaled their economic power had not the Nazi attack on Yugoslavia interrupted their evolution."

Cooperation Under the Nazis

On April 6, 1941, Germany attacked Yugoslavia and Greece without warning or declaration of war. Twelve days later the Yugoslav Government capitulated to the Germans.

By the end of the year the Yugoslav cooperative movement was in ruins, partly as a result of the partition of the country and partly as the result of specific acts of the Germans against the movement.

The cooperative movement and the central federation had grown up largely on a Provincial basis. In the partition of Yugoslavia that followed the German invasion the Provinces were not preserved as units. Slovenia was divided among Germany, Italy, and Hungary; Serbia was divided among these countries and Bulgaria; and parts of Croatia were annexed by Italy and Hungary, and the remainder was made a puppet State, parts of which were occupied by Italy. Thus the retail associations were cut off not only from the General Federation at Belgrade but also in many cases from their own regional unions.

In Slovenia the Germans completely destroyed the cooperatives in that territory which they annexed, confiscating their property and the members' savings deposits (about a billion dinars), and arresting or deporting the officials. In the part of Slovenia taken by Italy most of the cooperative property and warehouses were looted, "but the storehouse of the Railwaymen's Cooperative Association escaped by an inconceivable chance." In Serbia, the cooperatives of the German minority ("which had been strongly assisted by Nazi Germany prior to the occupation") were favored in many ways. Thus they were given a monopoly of the very important hemp trade throughout Serbia. The rest o the Serbian cooperatives were turned over to a former cooperator (Lyotitch, by name) who had gone over to the Nazis even before the invasion, and he began to take measures to "Nazify" them. In Croatia, Nazi "commissioners" were installed in all the cooperatives. Regarding Croatia, which was formerly a rich agricultural region, one account (some time after the invasion) noted significantly that "Croatia which formerly produced an agricultural surplus, is now obliged to import grain and fats."

Apparently, however, the conquerors had to recognize the value of the cooperatives and even worked to use their services and extend their operations. Thus, at the beginning of 1944, more than 2½ years after the invasion, high Government officials in Croatia were aiding in the formation of a central agricultural cooperative in Baranja which would collect all the produce of the members and "supply all their agricultural and domestic needs." A site for the building of the new association was to be given by the city prefect of Osijek. In Dalmatia it was announced at the beginning of 1944 that "special importance"

was expected to be bestowed upon the cooperatives, of which there were at that time 144 credit, 172 consumers', and 137 productive associations.

In Serbia, in May 1943 the officers of all the central cooperative organizations were removed at one stroke by the puppet Government of General Nedić, on the ground that they had proved to be "unreliable elements" in the adjustment of the cooperatives to the "new peasant cooperative State." Avramovitch, aged pioneer of Serbian cooperation, was recalled from retirement to head the General Federation of Cooperative Unions. Some time later, the Minister of Agriculture and Supply announced that a questionnaire had been sent to all the cooperatives for their vote on a proposed "reorganization of the entire Serb cooperative system." The result of the circularization, he said, was an overwhelming vote in favor of the organization of a "customers' purchasing association" for farmers and of a cooperative for popular education, in every commune, both of which all farmers would be required to join; formation of a single federation (Serb Cooperative Alliance for all of Serbia); establishment of a cooperative providing old-age pensions and sickness and accident insurance for farmers; transfer of the State hail and flood insurance to cooperative management; and formation of livestock-insurance and farm-machinery cooperatives. The vote also favored the organization of a health cooperative [13] for every 4,000 rural residents, "with compulsory membership." Shortly afterwards, an order to this effect was issued. Early in 1944 cooperatives were made the sole source of supply of rationed and controlled articles for rural residents.[14]

Cooperative Movement in Albania

Almost no data are available concerning Albania. The International Labor Office reported in 1933,[15] the formation of the "first cooperative society in Albania." Although not specifically identified as an agricultural association, evidently this was the case, for it led the Government to promulgate a law formulating standards and conditions governing the making of grants or advances to agricultural cooperatives. Search of cooperative and other literature reveals no further data regarding the above association or any others in Albania between that time and the invasion of the country by the Italians on April 7, 1939.

[13] In the second half of 1942 there were in Serbia 228 health associations with 32,426 members (about half of the pre-war membership total for the whole of Yugoslavia).

[14] *Sources.*—The report on Yugoslavia is based upon data from the following publications: Annuaire statistique du Royaume de Yugoslavie, 1933 (Belgrade, Statistique générale d'Etat, 1935); Review of International Cooperation (International Cooperative Alliance, London), issues of January 1935, March and April 1936 August 1939, and May and December 1941; People's Yearbooks (English Cooperative Wholesale, Manchester, England), 1933 through 1942; International Labor Review (International Labor Office), July 1935; International Directory of Cooperative Organizations (International Labor Office), 1939; Cooperative Information (International Labor Office), Nos. 12 and 50, 1929, No. 10, 1931, No. 13, 1932, No. 4, 1933, No. 4, 1934, Nos. 2, 3, and 6, 1935, No. 7, 1936, No. 1, 1938, and No. 1, 1940; Cooperative Movement in Jugoslavia, Rumania and North Italy During and After the World War, by Diarmid Coffey (New York, Carnegie Endowment for International Peace, 1922); Consular reports, August 14, 1925, and March 7, 1935; and News Digest (London), issues of February 8 and 9, 1944.

[15] Cooperative Information, No. 9, 1933.

Appendix—Par Values of National Currencies

The accompanying table gives, for each of the countries of Europe, the par value of its basic unit of currency and the dates on which new values became effective.

Par Values of Currency of European Countries, Through April 1940

[Data are from Federal Reserve Bulletin, September 1940, pp. 928-934]

Country	Unit	Date effective	Par value
Albania	Franc	1925	$0.1930
		2/1934	.3267
Austria	Krone		.2026
	Schilling	1925	.1407
		2/1934	.2382
		4/1934	.1875
		12/1935	.1887
		12/1936	.1883
Belgium	Franc		.1930
	Belga	1926	.1390
	Franc	2/1934	[1] .0471
		3/1935	[1] .0353
		4/1936	[1] .0339
Bulgaria	Lev		.1930
		1927	.0072
		2/1934	.0122
Czechoslovakia	Koruna	1931	.0296
		2/1934	.0418
		10/1936	.0351
Denmark	Krone		.2680
		2/1934	.4537
Estonia	E. mark	1921	.0024
		1924	.0027
	Kroon	1928	.2680
		2/1934	.4537
		3/1939	.3153
Finland	Markka	1913	.1930
		12/1925	.0252
		2/1934	.0426
		12/1938	.0234
France	Franc		.1930
		6/1928	.0392
		2/1934	.0663
		10/1936	.0496
		7/1937	.0435
		11/1938	.0279
		3/1940	.0236
Germany	Mark		.2382
	Reichsmark.	1924	.2382
		2/1934	.4033
Greece	Drachma		.1930
		5/1928	.0130
		2/1934	[2]
Hungary	Krone		.2026
	Korona	1924	.2026
	Pengö	1925	.1749
		2/1934	.2961
		1/1939	.1974
Iceland	Krone	1944	.2680
Italy	Lira		$0.1930
		1927	.0526
		2/1934	.0891
		10/1936	.0526
Latvia	Lat	1913	.1930
		2/1934	.3267
		10/1936	.1974
		1/1937	.1960
		1938	.1990
		1/1940	.1951
Lithuania	Lit	1922	.1000
		2/1934	.1693
Netherlands	Florin		.4034
		2/1934	.6830
		4/1940	.5601
Norway	Krone		.2680
		2/1934	.4537
Poland	Mark		.2382
	Zloty	1924	.1930
		1927	.1122
		2/1934	.1899
Portugal	Escudo		1.0805
		7/1931	.0422
		2/1934	.0748
Rumania	Leu		.1930
		2/1929	.0060
		2/1934	.0101
		11/1936	.0073
Soviet Union	Ruble	1913	.5146
		1917	[2]
	Chervonetz.	1922	5.1460
		2/1934	8.7123
		9/1935	[2]
Spain	Peseta		.1930
		2/1934	.3267
Sweden	Krona		.2680
		2/1934	.4537
Switzerland	Franc		.1938
		2/1934	.3281
		9/1936	.2426
United Kingdom	Pound		4.8665
		2/1934	8.2397
		3/1939	4.7138
		5/1939	4.7165
		6/1939	4.7138
		8/1939	4.4164
		9/1939	4.1667
Yugoslavia	Dinar		.1930
		6/1931	.0176
		2/1934	.0298

[1] One-fifth of belga; belga (5 francs) used only in foreign exchange.
[2] Not available.

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