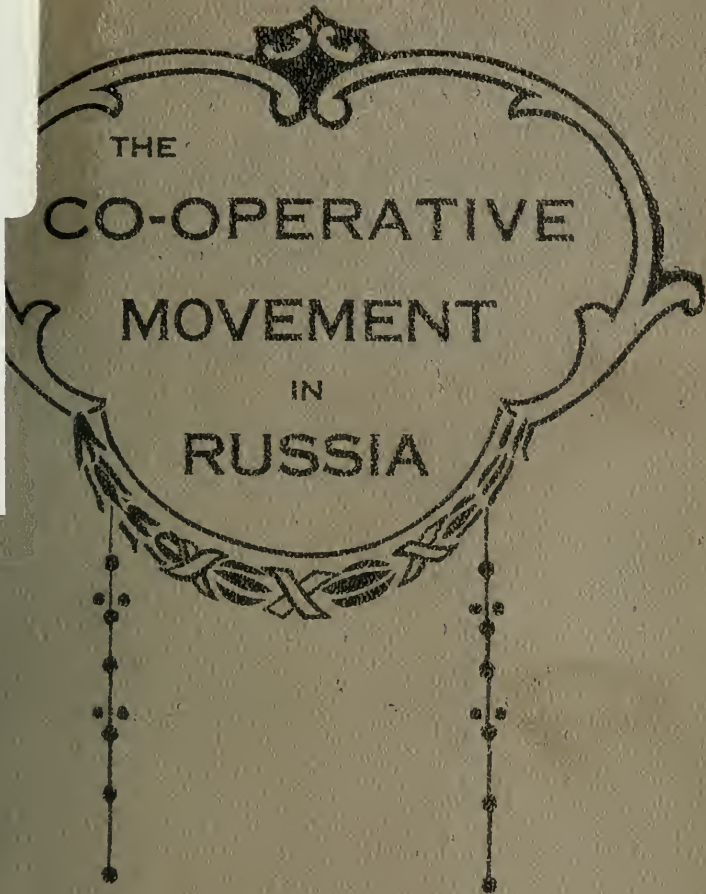


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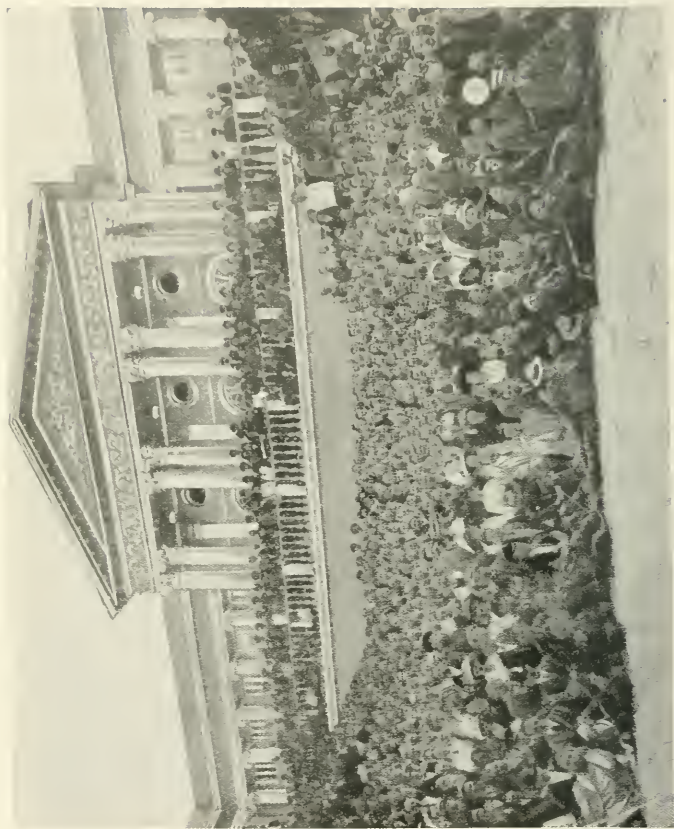
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THE ALL-RUSSIAN CO-OPERATIVE CONGRESS IN KIEV.

The Co-operative
Movement in ❁
Russia : ❁ ❁ ❁

Its History, Significance, and Character.

BY J. V. BUBNOFF.

ie, Bubner



MANCHESTER:
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1917.

CONTENTS.

ERRATA.

Page 8.—Table at foot of page (lines 5, 6, and 8) should read :

Central Asia ..	7,746,748	934,370	8,751,860	1,096,200
Total	125,610,056	16,855,141	143,980,160	18,366,800
Grand total.	128,195,518	17,136,357	146,837,198	18,750,637

Page 22 (line 1).—After the word “ Cereals ” add “ in millions of poods.”

Page 25 (line 4).—“ In the Lifland Province ” should read “ In the Livonia Province.”

Page 36 (line 4).—“ Auxiliary and Savings Funds ” should read “ Auxiliary and Savings Banks.”

Page 51.—Line 23 should read :

Totals. ..	10,676	12,751	14,135	15,450
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Page 64 (line 20).—After the word “ affiliated ” add “ as on 1st January, 1913.”

Page 113.—Line 24 should read :

Total	110 605,700
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FOREWORD.

THE present momentous days are inscribing new pages and new chapters in the history of the world and particularly in the history of my country which will have a great effect upon the future of the Co-operative Movement.

The great Russian Revolution has liquidated the old order and a new epoch is making its entry in Russia.

Even under the old *régime* the young shoots of the Co-operative Movement have made a brave show. In spite of the absence in the law of enactments legalising and regulating the Co-operative Movement in Russia, in spite of administrative interference and oppression, Co-operation has become a power in Russia to be reckoned with. During the war the Russian Co-operative Movement was recognised as one of the main economic factors in the life of the country.

The book which is now submitted to the public is the first attempt in the English tongue to give a connected systematic survey of the Co-operative Movement in Russia.

The material collected in this volume brings the Co-operative Movement almost right up to the revolution.

In order to throw the Co-operative Movement in proper relief I have given at the beginning of the book some information of a general nature upon the position of Agriculture in Russia.

In the chapter on "War and Co-operation" I have made an attempt to describe some of the changes in the

village caused by the war, and finally in the chapter on the "International Tendencies of Russian Co-operation" I have sketched out a scheme of an International Co-operative Exchange. These tendencies have a solid foundation in Russia, and I am convinced that the time is not far off when Russian co-operators will sell their agricultural products to and buy manufactures from their English friends.

Although I had at my disposal an abundance of material, reinforced by notes and recollections from my personal experience in the Russian Co-operative Movement, nevertheless the fact that this book was written by me here in England, away from the warm influence and atmosphere of the movement in Russia has weakened perhaps some parts of it for which I ask the indulgence of the reader.

The Co-operative Movement in Russia:

Its History, Significance, and Character.

CHAPTER I.

Agriculture in Russia.

GENERAL REVIEW.



AN attempt to present a correct picture of the growth and state of the Co-operative Movement in Russia must inevitably begin with an account of the position occupied by agriculture and the agricultural classes in that country. Russia is still primarily an agricultural country and work on the land still provides the chief means of existence for the overwhelming majority of her people. In some 114 districts this is the case with regard to 90 per cent and more of the population, while the average figure for the whole country amounts to somewhat over 70 per cent. Forming thus the bulk of the population, the agricultural classes supply also the main backbone of the Co-operative Movement in Russia.

A brief description of the conditions of life of the tens of millions of peasants is therefore an absolute necessity in a book on Russian Co-operation.

POPULATION AND THE LAND QUESTION.

There are no reliable and exact figures as to the population of Russia up to 1897. A census, with the object of investigating fully the number, position, and occupation of the Russian people, was taken in 1858 and, without going here into details, it is sufficient to record that the total population on that date, excepting Finland, numbered 74 millions. The next census, the first to be conducted on up-to-date scientific lines, was taken in 1897, when the population of Russia had risen to 125·6 millions. Since then, no further census was taken, but, according to the estimates of the Statistical Department of the Russian Home Office, the population of Russia approximated 143 millions in 1905, while for 1916 it was estimated at 182 millions.

Subjoined is a comparative table showing separately the total number of the population and the number living in towns in various parts of Russia in 1897 and 1905 :—

	1897.		1905.	
	Total Population.	Town Population.	Total Population.	Town Population.
European Russia	93,442,869	12,064,812	107,625,800	13,215,100
Poland	9,402,253	2,158,662	10,774,900	2,377,100
Caucasus	9,289,364	1,200,662	10,259,600	1,151,800
Siberia	5,758,822	496,635	6,568,000	526,600
Central Asia . . .	7,746,748	934,370	6,751,860	1,006,200
Total	125,640,021	16,854,735	143,980,100	18,366,820
Finland	2,555,462	281,216	2,857,033	333,837
Grand total . . .	128,195,483	17,135,951	146,837,133	18,750,637

Thus, it will be seen, that while in 1897 the town population amounted to 13·3 per cent, in 1905 it decreased to 12·7 per cent. The remaining 86·7 per cent lived in the villages and were engaged in one form or another in agriculture. Let us see how they were provided with land, chief means of their existence.

On the 19th February, 1861, serfdom was abolished in Russia and the peasants, together with their freedom, were given certain plots of land, or "allotments."

In 1870, in 50 governments of European Russia, the total area of these allotments was 131·4 millions of dessiatines, but of this number about 13·7 million dessiatines were no good for agricultural purposes. Another 93·4 millions of dessiatines, out of which some 1·8 millions belonged to private companies, were in the hands of landowners mostly of the nobility.

In respect of ownership the total area of agricultural land was as follows:—38·5 per cent belonged to the State, 1·9 per cent to the Crown, 33·6 per cent to the peasants, 23·8 per cent to private landowners, and 2·2 per cent to the church, monasteries, municipalities, &c.

In 1887, the allotments in the above 50 governments represented an area of 142·7 million dessiatines, while another 105·7 millions of dessiatines were in the hands of private owners.

In 1905, the allotments covered an area of not more than 123·6 million dessiatines, or 138·7 millions, including Cossack lands, marking an increase in comparison with 1870, and a decrease in comparison with 1887.

The size of the allotments worked out at 5·1 dessiatines per head in 1860, at 3·8 dessiatines in 1880, and at 2·7 dessiatines in 1900. In other words, with the increase

of population the holdings of the peasants declined with every decade.

Upon the abolition of serfdom the peasants were given land under two distinct schemes of individual holdings and communal holdings.

Under the first scheme the peasants received in perpetual tenure specified plots out of the lands allocated to the villages in which they lived, and apart from this also a fixed share in the communal lands, forests, &c., belonging to the village.

Under the second scheme the peasants were given in perpetual tenure a small piece of ground for cottage and garden only, whilst the arable land, pastures, and forest belonging to the village were communal property and the piece of land cultivated by each peasant or household were in their possession until such time when the land was redistributed.

Under both schemes the peasant had to pay the purchase price for the land in annual instalments fixed by the law; the village, however, was held responsible for the completion of the purchase price in respect of all the lands held by the members of the commune and not until the commune as a whole was free from this obligation, *i.e.*, when all the members had paid up their purchase price, could any member, even if he was under the individual holdings scheme, claim ownership to his plot.

The individual holding scheme prevailed in Western Russia, principally in the provinces of Vilna, Kovno, Grodno, Minsk, Podolia, Volhynia, and also in those of Kiev, Poltava, and Bessarabia; in all other parts of Russia, but principally in the northern and central provinces, the communal form of ownership is predominant. Altogether, out of 19 millions of peasant

households and some 124 millions of allotted lands, there were in 1905 some 23 per cent of the households and 17·3 per cent of the allotted land under the individual holding scheme; while 76·9 per cent of the households and 82·7 per cent of the allotted land were under the communal holding scheme.

In order to facilitate the purchase of land by individual peasants, the Government established in 1882 the "Peasant's Land Bank," through the medium and with the assistance of which, up to the 1st January, 1916, some land was acquired working out at no more than 1·4 dessiatine per household. This could hardly solve the agrarian problem, and many measures undertaken by the Zemstvos with the object of raising and intensifying the land culture in the villages equally proved of little avail.

With every year the position of the peasants grew worse, bad harvests followed each other, arrears in dues and taxes were piling up, and as a result of all this serious riots broke out in some of the southern provinces towards the end of last century. Public opinion unanimously pointed to the granting of more land to the peasants as the only way of solving the land question and saving the peasants from ruin. Some suggested compulsory expropriation of the land belonging to the big land-owners; others advanced a scheme of voluntary purchase by the peasants.

The Government adopted the second scheme. On the 3rd November, 1905—at the height of the Revolution of that year—two measures tending to that effect were promulgated: the first abolished the payments towards the redemption fund, and according to the official view "presented the peasants with a free gift of over a milliard

of roubles"; the second widened the scope of the "Peasants' Bank" in purchasing land and reselling it on favourable terms to the peasants. A further step in the latter direction was taken on 12th August, 1906, when the Crown-Domains were transferred to the bank, for sale to the peasants, and again on the 27th of the same month, when by an Imperial Ukase the unoccupied State lands in European Russia were earmarked for the needs of the peasant population.

As a result of all these measures, some 6,873,136 dessiatines of land were acquired by the peasants from the State and through the bank in the course of the next six years (up to November, 1912). During the same period, about a million of dessiatines of the allotted land was further set free by the emigration of their previous occupiers to Siberia.

The subsequent land reforms of the Government aimed at the breaking up of the village commune; they encouraged and assisted the peasants to acquire the land of which they were up till then only occupiers, and at the same time to "pass out of the village commune." This was in particular the object of the Ukase of the 9th November, 1906. Before that date, the peasants could acquire the land occupied by them and leave the commune only after they had paid the purchase price of their plot and obtained the consent of the village commune. The commune, as a whole, could also pass from communal to individual ownership after it had completed the purchase price in respect of all the land in its possession. Over 1,500,000 dessiatines were dealt with in this way before the 9th November, 1906.

The Ukase of the 9th November, 1906, was further supplemented by the Act of the 14th June, 1910, and,

according to their main clauses, each member of the commune could claim individual ownership to all the land previously occupied and worked by him and also to his share in the other communal lands in use of the village as a whole. Apart from this, communes, where there was no redistribution of land since it was first allotted to them, were declared to have automatically passed to the individual form of ownership.

By the 1st September, 1912, 1,701,759 households availed themselves of the new Acts and acquired in individual ownership 12,210,962 dessiatines of allotted land. Apart from this 3,609 village communes, with a total area of 643,962 dessiatines and 147,817 households, in uninterrupted occupation, *i.e.*, without redistribution, of 857,566 dessiatines, became individual freeholders. On the 1st May, 1914, the total rose to 1,912,757 households and 13,462,284 dessiatines.

Various administrative measures, accompanying the above enactments, were all directed towards the strengthening of private land tenure among the peasants and the splitting up of the former communal lands.

The results attained by all these enactments and reforms were rather poor. The mere change of the form of land tenure has not helped the peasant to become more prosperous. He lacked the capital necessary to acquire improved agricultural implements and cattle, to make use of hired labour, to purchase seeds, and, last but not least, he lacked also the indispensable knowledge required to conduct his farm on up-to-date and improved lines. In consequence many peasants, tempted by the sum of money, considerable in their eyes, which they were able to realise, sold their holdings in the hope of starting in some business or trade. These

hopes in most cases miscarried, and a considerable percentage of such peasants became agricultural labourers; in some provinces this is the fate of 25 per cent, and even more, of the peasants.

The abnormal state of the land question in Russia, outlined above, gave rise to the emigration of peasants from European Russia to Siberia and Turkestan. The volume of the emigration can best be gauged from the following table; and it must be borne in mind that, apart from the land-hunger, emigration is also stimulated by various local causes, such as bad harvest, the attraction of new works opened in some districts of Asiatic Russia, &c.

The following table shows the number of emigrants who went to Siberia and those who have returned back:—

Years,		Emigrated to Asiatic Russia.		Returned back.
1896	.....	178,400	.....	22,906
1897	.....	69,806	.....	21,555
1898	.....	148,317	.....	18,317
1899	.....	170,131	.....	21,311
1900	.....	176,249	.....	45,582
1901	.....	88,964	.....	33,255
1902	.....	81,921	.....	25,716
1903	.....	94,289	.....	21,027
1904	.....	40,000	.....	9,301
1905	.....	38,760	.....	8,066
1906	.....	130,064	.....	13,659
1907	.....	427,339	.....	217,195
1908	.....	664,777	.....	45,102
1909	.....	619,320	.....	82,287
1911	.....	226,062	.....	—
1912	.....	257,585	.....	57,319
1913	.....	327,430	.....	42,956
1914	.....	323,000	.....	14,500

Seventy-seven per cent of those who went to Siberia up to 1909 were from the Black Belt (tchernosiem) districts, their total number amounting to 2,246,638 men.

The emigrants receive subsidies from the Government, the amount of which in 1914 reached 30 million roubles.

STATE AID FOR AGRICULTURE.

Since 1896, the Government grants loans, on favourable terms, for agricultural improvements, such as reclamation and land development, the acquisition of agricultural machinery and implements, the purchase of fertilisers, seeds, &c. These grants also fail to benefit the peasants to the full, as they are accompanied by a number of restrictions and are hampered by the smallness of the sums issued for that purpose. Thus—

In 1903,	390	loans	were	granted	for	a	total	amount	of	900,000	roubles.
In 1905,	171	„	„	„	„	„	„	200,000	„	„	„
In 1909,	418	„	„	„	„	„	„	1,000,000	„	„	„

It is necessary to note that up to 1906 the majority of the people who benefited from the meliorative State credit belonged to the class of the big landowners, and only after that year, when the question of land for the peasants became urgent and attracted universal attention, village communes receive assistance from the funds of the meliorative State credit.

The Zemstvos have also taken a hand in the work of raising the position of Agriculture in Russia and many of them assisted by means of small credit operations, the introduction of improved stock of cattle, of agricultural machinery, manures, and in some cases also by the

building of fireproof structures and by the organisations of various forms of co-operative societies and trades. But, on the whole, their endeavours, too, were not crowned with success.

THE PROGRESS OF THE PEASANT SMALL HOLDINGS IN RUSSIA.

The introduction of improved agricultural machinery is the first step in the development of small holdings. In the middle of the 'nineties of the last century, the special statistical census taken by the Ministry of Agriculture divided European Russia in two regions according to the agricultural implements employed by the peasants. One covering the Black Belt represented the region where the plough, if not the exclusive, was at least the predominant implement. In the other region covering almost the whole area outside the Black Belt, the "sokha" (very primitive plough) was predominant. However, in a good many places of the second region the simple "sokha" was being gradually supplanted by a "sokha" of a largely improved pattern. The nature of the soil in this region does not allow of deep ploughing as the lower and less fertile layers of the subsoil might then be mixed up with the rich upper soil, and also because in general the soil in this region is marked by low fertility and requires improved methods of fertilisation. For these reasons some use is found for the "sokha" in households where the plough has long ago been adopted.

The Zemstvo Agricultural Depots.—The rapid progress made in social agronomy since the second half of the nineties of the last century—the agronomical activity of the Zemstvos and various agricultural societies—was

followed by progress in the improvement of the peasants' agricultural inventory. The said organisations built depôts with an ever-increasing network of branches; sold agricultural implements on credit; appointed agricultural experts and instructors; taught the peasants the value of improved implements; organised agricultural shows and demonstrations, &c. In 1908 the number of Zemstvo agricultural depôts was 340. The number of branches is now three or four times the number of depôts. Very often the depôts sell implements at cost, thus helping on the one hand to keep down quotations by private merchants, and on the other to keep them to a high standard as regards the quality of goods offered. At the depôts the peasants were able to inspect up-to-date machinery and could also obtain competent advice from the Zemstvo instructors.

Here are some figures showing the work of the depôts in various provinces. In the province of Vladimir the takings for implements in 1908 reached an amount of over 300,000 roubles, including 25,000 for ploughs. In the province of Tver, in 1896, 50,730 ploughs were registered as being in the use of peasants, and in 1900 the number increased to 104,766. Similar progress is to be marked in the northern provinces, in the west, north-east, and the east of European Russia, where, according to the reports of the Zemstvos, the plough is rapidly supplanting the "sokha."

The Zemstvo depôts have sold in 1908, goods to the value of 500,000 roubles; in the province of Samara ploughs alone were sold to the value of 112,000 roubles.

All this testifies to the fact that the agricultural methods of the peasants are improving and that the adoption of

the plough is general, even in localities where the "sokha" was hitherto predominant. Along with this, improved agricultural implements are introduced for furrowing, handling the seeds, the manure, &c. The wooden harrows have in many places been discarded and iron ones introduced instead: in many provinces the spring harrows are being rapidly adopted. Threshing machines take the place of the flail. The machines in use are in many places the product of local "home" industries, but a good many come from the factory; some of them are worked by hand or by horse. In the province of Viatka the Zemstvo depôt had sold in 1909 over 900 threshing machines. In the province of Perm, in the same year, there were in the possession of the peasants over 18,000 such machines. In the province of Ufa, during the period of five years from 1904 to 1908, the depôt had sold 556 threshing machines, and another 322 machines were taken by the district Zemstvos. Threshing machines are particularly numerous in the northern provinces, in Minor Russia, in the Baltic provinces, and in a few of the central provinces outside of the Black Belt, like Vladimir, Vitebsk, Tver, Novgorod, Riasan, &c. Reaping machines are used in great numbers in the outlying north-eastern, eastern, and southern provinces of Russia. During the years 1900-1907 some 2,500 such machines were sold in the province of Perm. Altogether, in 1909, there were over 5,000 threshing machines in use. In the province of Kherson 530 machines were sold in 1908 and 698 in 1907. In the province of Bessarabia 20 per cent of the small holders are in possession of threshing machines. These machines are finding their way into Asiatic Russia, such as the provinces of Tobolsk, Irkutsk, Transbaikal, Akmolinsk, &c. Plough drills are in use in the south and

east of European Russia, but being very expensive their use is more restricted. In provinces where cattle raising meets with certain difficulties, owing to an insufficiency of meadows and pastures, straw cutters are in use, chiefly in Minor Russia.

Everywhere attention is paid by the peasants to the question of improving the seeds, and they are readily availing themselves of the seed-cleaning stations organised by Zemstvos and agricultural societies. At these stations the seeds are cleaned for a small charge per pood, and in some cases gratis. There are also itinerant seed-cleaning caravans, which tour the country, cleaning seeds for a certain charge. The importance and usefulness of seed-cleaning may be gauged from the following figures :—In the province of Vladimir, impurities in the rye represented on an average 16 per cent, and in some districts even 37 per cent ; in the province of Tula it reaches often 40–60 per cent ; in the province of Viatka, 15 per cent and more. In the latter province, in 1908, about 134,000 poods of seeds, coming from more than 400 villages, were handled in the Zemstvo sorting stations. In the province of Vologda more than 50 Zemstvo seed-sorting stations were working ; in the Moscow province, 26 ; in the Tula province, 40. The peasants carry readily their grain to these stations, although sometimes they have to wait long for their turn. The peasants know that good grain yields a good crop, and in consequence a large number of peasants are beginning to acquire winnowing and winnowing-sorting machines. The machines are acquired either individually or on co-operative lines. This is particularly the case in the North-East of Russia, in a few of the industrial provinces, in the lake region, in Minor Russia, and in the Central region. In the

province of Perm there were in use among the peasants, in 1909, over 40,000 ordinary winnowing machines and close on 1,500 winnowing-sorting machines of a more improved type. The Zemstvo depôt of Ufa had sold, in 1907, 1,775 winnowing machines of "home" make and five of foreign make; in 1908, 2,118 of the former and 13 of the latter. Apart from this a considerable number were disposed of by the district depôts. In the province of Nijni-Novgorod many peasants who own winnowing machines make a tour of the villages and sort the seeds of those who do not possess winnowing machines. This is the case in many other provinces. The charges for such sorting is, for instance, 1½ kop. per stack in the province of Chernigov. The winnowing machines are chiefly of "home" make.

The peasants also understand the value of good quality seeds and buy them, chiefly at the Zemstvo depôts or from agricultural and co-operative societies, sometimes from the big landowners or from private firms. The sale of seeds from the depôts is growing with striking rapidity, and in some places reach enormous figures. Almost everywhere in Russia there is a tendency to introduce the culture of improved varieties most suitable for the local conditions of soil and climate. In this matter the experimental farms give the peasants valuable advice and assistance.

Fertilisation.—Stable manure is the chief fertiliser in use. During the period of 1890-1900, the area where this kind of manure was in use has considerably increased. The introduction of artificial fertilisers has made great progress in recent years in the provinces outside the Black Belt, such as the Baltic, Lithuania, White Russia, in the majority of the industrial regions, in the lake regions,

in the near Ural, and in a few of the central agricultural provinces.

The Yield in Fifty Central Provinces of European Russia.

On the whole the yield of the crops on peasant lands is improving; during the last 20 years it rose by 21 per cent.

Average per Dessiatine in Poods.

YEAR.	RYE.		WHEAT.		BARLEY.		OATS.	
	Peasants.	Land-owners.	Peasants.	Land-owners.	Peasants.	Land-owners.	Peasants.	Land-owners.
1901 1910...	50	61	45	51	51	57	50	58
1910.....	56	65	47	55	56	61	60	62
1911.....	48	57	45	50	51	56	50	60
1912.....	61	72	49	55	55	61	56	65
1913.....	58	70	53	62	65	71	63	72

Area under Cultivation.

1909.....	96,894,000	dessiatines.
1910.....	99,674,000	,
1911.....	101,408,000	„
1912.....	100,128,000	„
1913.....	104,828,000	„

The harvest of 1913 produced 1,707,000,000 poods of wheat, 1,568,000,000 poods of rye, 798,000,000 poods of barley, and 1,108,000,000 poods of oats.

The Yield and Export of some Cereals.

YEAR.	RYE.			WHEAT.		
	Crop.	Export.	Percent- age of Exports.	Crop	Export.	Percent- age of Exports.
1910.....	1,342	40	2.9	1,285	374	39
1911.....	1,180	53	4.0	844	240	28
1912.....	1,615	30	2.8	1,196	160	13
1913.....	1,532	39	2.5	1,582	203	13
1914.....	1,332	23	1.7	1,263	147	12

YEAR.	BARLEY.			OATS.		
	Crop.	Export.	Percent- age of Exports.	Crop.	Export.	Percent- age of Exports.
1910.....	616	244	39	926	83	8.9
1911.....	550	262	47	760	85	11.0
1912.....	622	168	27	946	51	5.0
1913.....	761	240	32	1,086	37	3.0
1914.....	526	121	23	784	17	2.0

NOTE.—Exports 1914 cover eleven months only.

Thus only the export of barley and partly of wheat is of serious importance.

Potatoes.—In the course of 1906-1910 there was, on an average under potatoes an area of 3,912,000 dessiatines. The crop yielded 1,866,000,000 poods. In 1913, the area under potatoes rose to 4,414,000 dessiatines and the crop to 2,172,000,000 poods.

Grass-growing is considered at present an almost absolute condition of rational agriculture combined with

cattle-breeding, particularly in the soil conditions prevailing outside the Black Belt and in a considerable part of the Black Belt itself in European Russia. Before the abolition of serfdom grass was hardly grown by peasants in Russia. Grass-growing by peasants began to make its appearance only after 1861, but not before the middle of the 'eighties of last century did it become a widespread feature. During the period of 1900-1910 it developed rapidly, thanks to the Zemstvos who have taught the peasants a more practical cycle of sowing. Moscow occupies the first place among the provinces in which grass-growing by peasants is predominant.

Cattle-breeding.—The normal development of cattle-breeding in Russia was hindered chiefly by the insufficiency of pastures and meadows in Russia, and by the poor quality of those that were available. Another adverse factor was the scanty supply of fodder during the winter months. Apart from this, the peasants were ignorant of the proper care to be taken of cattle, and in consequence, notwithstanding the progress made in other branches of agriculture, there was a continual decline in the number of cattle in Russia. The agricultural associations, too, paid little attention to cattle-breeding, concentrating their activities on raising the standard of corn growing, which they considered of the greatest and most immediate importance. In this respect, their views coincided with those of the peasants. Only quite recently a radical change had set in the views and activities of many Zemstvos who now encourage cattle-breeding; the population itself is now also more responsive to the new measures taken by the Zemstvos in this respect. Upon the advice of instructors and specialists, peasants and whole villages engage in reclaiming inundated

meadows, break them up with the harrow, sow grass on them, &c.

The growth of cattle-breeding by peasants on a large scale is particularly noticeable in the north-eastern, northern, and many industrial provinces where dairy farming and butter making is very extensive.

Stud farming is also making progress among the peasants, thanks to the assistance given by the Zemstvos or the Treasury, such as the supplying of thorough-bred stallions, &c.

The same refers to the raising of pigs, sheep, and poultry. In 1913 there were in Russia 35,000,000 horses, 51,000,000 heads of horned cattle, 78,000,000 sheep, and 16,000,000 pigs. The following is a comparative table of the number of cattle, horses, &c., in Russia and other countries :—

Per 100 People.

	Horses,		Horned Cattle,		Sheep.		Pigs.
European Russia..	17·8	....	24·9	....	31·8	..	10·1
Siberia	41·8	....	59·7	....	50·8	..	11·4
Central Asia	44·4	....	48·4	....	194·5	....	1·0
England	4·1	....	25·9	....	60·0	....	7·2
France	8·2	....	37·4	..	40·9	....	17·8
Germany	6·9	....	32·0	....	8·4	....	39·2
Austria	6·3	....	32·1	....	8·5	....	22·4
Hungary	11·3	....	35·0	....	40·9	....	36·3
United States	22·5	....	60·6	....	55·1	....	63·1

Every branch of agriculture bears the mark of progress. This is especially the case in flax-growing which is largely developed among the peasants in the northern and central provinces of Russia. The following table shows the per-

centage which the area under the flax bears to the total area under cultivation :—

	Per cent.
In the Pskov Province.....	15
„ Lifland „	12
„ Tver „	11½
„ Smolensk „	10
„ Yaroslav „	8·6
„ Vitebsk „	5·9
„ Kostroma „	5·1
„ Kovno „	4·3
„ Vladimir „	4·5
„ Viatka „	3·6
„ Volgoda „	4·4
„ Petrograd „	4·2
„ Kurland „	4·1

One must also note the tendency in many parts of the country, on the part of the peasants, to cultivate little orchards with some trees, from 5 to 20, not of course for marketing, but for personal use.

Bee-breeding is making notable progress in the region near Kama, in most of the industrial provinces, in the lake provinces, and quite recently also in the south of Russia, in the Taurida province (Crimea), in the Don Cossack territory, &c. The growth is not only of a quantitative but also of a qualitative nature; hives of a more advanced type are used, honey-producing grass is grown, &c.

Hop Culture.—More than half of the annual production of hops in Russia is obtained in the province of Volhynia. Another important hop centre is the Guslitzk region, which covers a few districts of the Moscow, Riazan, and Vladimir provinces.

Forests.—The area under forests in the whole of Russia, including Finland and the Caucasus, represents 37 per cent of the total area of the country. The percentage varies in different provinces :—

	Per cent.
In Vologda it is	80 to 90
„ Perin, Olonetzsk	60 „ 80
„ Viatka, Kostroma, Black Sea Coast, Kutais	50 „ 60
„ Archangel.....	45 „ 50
„ Ufa, Mohilev, Smolensk, Moscow, Taroslav, Nijni, Novgorod, Kasan.....	35 „ 40
„ Simbirsk, Tver, Vladimir, Kaluga, Pskov, Kurland, Vitebsk, Tiflis ..	30 „ 35
„ Volhynia, Lublin, Radom, Suvalki, Vilna, Grodna	25 „ 30
In other provinces it is below 25 per cent.	

Agricultural Education.—Our survey of agricultural life in Russia would be incomplete without a brief note on Agricultural Education. According to the census of 1897 about 79 per cent of the population were illiterate ; this figure approximately coincided with that of the number of illiterates in the villages, while in the towns the percentage was about 62 per cent. At the present time, these figures must be regarded as entirely out of date. Judging by the local censuses undertaken by some of the provincial authorities and also by the general progress of the country in all educational matters, it can be assumed with certainty that no more than 50 per cent of the people remain to-day in a state of illiteracy, their numbers having greatly decreased both in the towns and, what is more important, in the villages.

The interests of agriculture and of its allied industries were pressing themselves upon the attention of the Government, Zemstvos, and agricultural societies. There was an urgent need for agricultural education, with a

independence; these courses were assisted by the Board of Agriculture and by the Zemstvos. The number of students all over the country may be counted by tens of thousands. The greatest attention was given to the study of cattle-breeding, horticulture, gardening, corn-growing, and next to that to bee-breeding, natural science, agricultural economy, and social agronomy. Finally, in spite of the many restrictions on public gatherings, popular lectures and conferences were widely held.

The following table gives a picture of the progress made in the organisation of lectures during the five years, 1907-1911 :—

Year.	No. of Provinces where Lectures were held.	No. of Places where Lectures were held.	No. of Lectures.	Attendances.	Cost in Rbls.
1907..	21	312	—	36,000	10,000
1908..	35	415	—	48,000	19,221
1909..	52	1964	—	233,981	35,549
1910..	49	2491	4890	296,536	53,314
1911..	58	6429	13,033	717,568	143,360

With regard to organisation, the lectures of the last three years may be classified as follows :—

	Number of Places where Lectures were held.			No. of Lectures.
	1909.	1910.	1911.	1911.
Organised by Zemstvos	890	1,613	4,240	8,180
Organised by Public Bodies	387	366	774	2,303
Organised by the Government ..	687	512	1,415	2,550
Total	1,964	2,491	6,429	13,033

These lectures and conferences are run under the auspices of the Board of Agriculture by local institutions and agricultural societies. The Board of Agriculture assist by granting subsidies as well as by issuing instructions, sending expert lecturers, publishing pamphlets, &c.

The greater number of lectures were held on the two fundamental branches of agronomy, agriculture and cattle-breeding. Next came lectures on horticulture and gardening, economic subjects, pasture farming, insects injurious to agriculture, agricultural machinery, natural science, and finally, on forestry.

The lecturers were for the most part Zemstvo specialists, Government experts, agricultural school teachers, experimenting farm officials, veterinary surgeons, and, less frequently, landowners, natural science teachers, members of agricultural societies, peasants, &c.

The lectures and conferences are arranged mostly during the autumn and winter months, chiefly in the evening, and they include exhibitions of wall pictures, tables, seed collections, fertilisers, &c. After the lectures conversations are held, and occasionally pamphlets, leaflets, and books are distributed.

According to information obtained by the Board of Agriculture, not only were the lectures well received and well followed, but gave some tangible and valuable results in the way of introducing various agricultural improvements. There are indications in almost every province of such improvements introduced by the peasantry, of an increasing interest in agricultural papers, and of the development of co-operative organisations as a result of the influence of these lectures and conferences.

The Zemstvo agronomists also devote a great deal of attention to the organisation of popular lectures, discussions, and courses in agricultural subjects. The Zemstvos invite the peasants to correspond with them on current topics of agricultural life. Rewards are offered to the correspondents in the shape of popular books on agriculture, &c. They are also offered certain facilities, free advice, and the right of applying to the statistical bureau for information. The Zemstvo of Perm has about 3,000 correspondents among the peasants; the Zemstvo of Ufa, 2,700; the Zemstvo of Kharkov, 2,000; of Kazan, 1,500; of Novgorod, 1,200; of Nijni Novgorod and Kostroma, 1,000, &c.

The Board of Agriculture also counts some 8,000 correspondents, a considerable number of whom are peasants.

Shows.—The Board of Agriculture assigns fairly considerable sums for the organisation of agricultural exhibitions and shows.

Four hundred and forty-seven agricultural shows were arranged in the course of 1909 by various organisations, the Board of Agriculture assigning for this purpose 43,821 roubles. Of the shows 137 were of a general character, 89 were devoted to cattle and poultry, 123 to horned cattle, 56 to horses, 6 to poultry, 10 to horticulture, 12 to bee-breeding, 10 to seeds, 5 to fruit growing, 5 to market gardening, and 3 were prize shows.

In 1910 the number of shows increased to 633, in 1911 to 721, and in 1912 to 960.

Agriculture Literature.

In the last decade there was a considerable demand on literature dealing with agriculture, and advice was sought

by the peasants from the Zemstvos on agricultural matters. The increase in the demand on literature signifies the growth of elementary education among the peasant population.

The number of periodical organs devoted to questions of agriculture and social agronomy, and those giving to these subjects more or less considerable attention, had reached by May, 1915, a total of 310. At the beginning of 1915 there were 28 more organs which, however, were obliged to cease publication owing to conditions of war. The publication of agricultural periodicals is distributed very unevenly, the greater bulk of them is published in the two capitals (108 periodicals or 34·8 per cent), and also in provinces with large cultural and administrative centres.

The district most poorly served by periodicals is that of the Northern Provinces, while the greatest number is to be found in the Livonian, Warsaw, South-Western, and Novorossijsk provinces.

The publication of agricultural literature is distributed over the various provinces, as follows:—

	No Periodi- cals.	One Periodi- cal.	Two Periodi- cals.	Three Periodi- cals.	Four Periodi- cals.
Number of Provinces ..	29	21	14	8	7
Number of Organs Pub- lished .....	..	21	28	18	28
		Five Periodi- cals.	Six Periodi- cals.	Seven Periodi- cals.	Eight Periodi- cals.
Number of Provinces.....		6	1	2	7
Number of Organs Published ..		30	6	14	56

With regard to the bodies responsible for their publication, the agricultural periodicals may be grouped as follows :

Published by Government Institutions.....	37
„ Zemstvos	45
„ Agricultural and other Societies...	164
„ Private Persons	64

Thus, 52·9 per cent are published by agricultural and other societies and 7 per cent privately.

Seventy-four per cent of the total number of agricultural periodicals have a yearly subscription not exceeding three roubles, and of these 53 per cent have a yearly subscription not exceeding two roubles, and 2 per cent are gratis or have a yearly subscription of one rouble (gratis for members, &c.).

With regard to the languages in which they are published, they may be classified as follows :—

Russian.....	265
Russian and Ruthenian	3
Jewish.....	1
Latin, French, German, and English	2
Sart	1
Russian, German, and English.....	1
Tartar	1
Russian, German, and French.....	1
White Russian.....	1
Polish	12
Armenian	2
Georgian.....	5
Esthonian	5
Lithuanian	2
German	3
Ruthenian	2

The peasant population begins to appreciate more and more the usefulness of agronomy, takes a vivid interest in agricultural papers, but their consciousness of the importance and power of co-operation grows and consolidates even more quickly.

CHAPTER II.

The Co-operative Movement.

GENERAL REMARKS.

NOT more than 15 years back economists and writers generally painted the Russian peasant as a man of the soil *par excellence*. They gave us the familiar picture of the *moujick* with a shaggy beard, in a homespun coat, wearing bast shoes. In accordance with the locality in which he lived the type changed, but his mode of life was the same.

The *moujick* lived in his village commune. His outlook was limited by the "mir"; his welfare depended on the redistribution of land; his freedom of movement was in the hands of the village authorities. The *moujick* brawled at the communal assemblies, put a cross in lieu of a signature to documents drafted by the shrewd and wily village clerk, and his last piece of forest went for next to nothing to the local usurer, if only the latter had the sense of treating the "mir" to a bucketful or two of "vodka."

During the spring, summer, and the beginning of autumn the *moujick* worked hard, ploughed the ground with the "sokha," sowed straight from the basket hung across his shoulder, scattering the seeds in handfuls along the field, was doing the manuring and haymaking after St. Peter's Day. The womenfolk cut the corn with the sickle, the *moujicks* threshed the corn in the barn with a flail;

the grain was winnowed on a wide spade. No sooner was the corn put in the sacks than the moujick hurried to town to sell his crop, leaving for his own needs often barely sufficient to carry him through till Candlemas, *i.e.*, the 2nd of February. In the winter the moujick would go to town to find some work, either as a carrier or as a labourer, in some factory or works, so as to augment his scanty earnings. And then came the taxes, and again the hard struggle for existence. In such a cycle of toil, without hope or light, passed the life of the peasant.

The picture of the peasant in Russian literature leaves a heavy impression. The Russian peasant is illiterate, superstitious, addicted to drunkenness, lives in the same room with the calves; his wooden cottage is the usual victim of fires; he is constantly oppressed by the "dark forces," the priest, the village police, the village usurer, &c. Nevertheless in the background of the wretched, half-famished animal life of the peasantry, young shoots of a new, brighter, and more human life were springing up, of which the public was not aware and which was not reflected in literature. People knew that there was a Zemstvo which built schools, roads, improved the types of live stock, and was generally bestirring itself in raising the physical and moral level of the people. They also knew that the State Bank was helping in the organisation of small credit. However, the public in general never suspected the mighty popular movement which was soon to alter many aspects of the village life, *viz.*: the Russian Co-operation.

The Pugacheff rising, the revolution of 1905, with its agrarian riots, have demonstrated a popular will of a destructive order. The Russian Co-operative Movement, especially during the last decade, had proved to what height of peaceful constructive social work the spirit of the people

may be roused. This movement has given us examples of huge undertakings of a productive and financial nature which in strength and initiative yields in no way to private enterprise. The movement has its heroes, its theoretical exponents, and has before it the wide prospects of economic construction.

The Co-operative Movement in Russia has not sprung into life like Minerva from the head of Jupiter. It has behind it a long history of attempts and ill-starred experiments, of passionate enthusiasm and of government measures.

Attempts to organise small credit on a social basis were made as far back as the first decade of the last century, when the Russian Government, intent on colonising Novo-Russia, invited foreign settlers to go there. In 1803 a decree was issued by the Emperor ordering the raising of a fund out of the communal revenue derived from the settlers, from which advances were to be made for agricultural improvements. When the peasants in the Baltic provinces were liberated special funds were created in the volosts of these provinces partly out of communal revenue and partly out of moneys raised by voluntary contribution. These funds were mainly for charitable purposes, but nevertheless they made advances under certain security. These funds date from 1816—1818. About that time, too, communal funds were created in the military settlements of the Novgorod and Staraya Russa districts of the Novgorod province. In 1837 communal funds were created in the estates belonging to the Treasury, and which were formerly a part of the Belostok territory. These funds, however, existed there before this territory was annexed by Russia. In the same year banks were opened for the needs of the peasants on Crown appanages.

All these attempts to organise small credit were of a local nature, and in most cases ended in failure.

The "Regulations as to the creation in villages of Auxiliary and Savings Funds" promulgated in 1840 may be considered as the first serious measure in this direction. Other legal enactments followed after indefinite intervals and with a view of serving the needs of different sections of the population, such as the village banks, loan institutions, and communal funds.

Later, side by side with this kind of small credit, organisations serving a definite section of the population, the Co-operative Credit Associations come into being. The appearance of the latter takes place in the 'sixties of last century, when in 1866 the first loan and saving society was formed.

One year previously, viz., in 1865, the first consumers' society was approved by the Government. Since then the first shoots of the modern Co-operative Movement in Russia make their way through the soil prepared by the downfall of serfdom.

1865 marks the year from which the history of the Russian Co-operative Movement begins its date. The movement has thus behind it a history of over 50 years.

FORMS OF ORGANISATION.

The Co-operative Movement in Russia has evolved the same forms of co-operative organisation which we find in Western Europe and in the New World.

Following the nomenclature of the Russian law, the co-operative societies in Russia may be classified as follows:—

1. Artels—industrial and agricultural.
2. Agricultural societies and associations.

3. Consumers' societies.
4. Credit and loan saving societies.
5. Co-operative unions (agricultural, consumers' and credit).
6. Institutions assisting the Co-operative Movement.

The aims pursued by all the co-operative societies fall under three different heads:—

1. The purchase of goods direct, without the intervention of middlemen (consumers' societies).
2. Making provision for the sale of the product of one's labour, without recourse to middlemen (artels and agricultural associations).
3. The supply of small credit at cheap rates to the working population (credit co-operative societies).

The elimination of the middleman who pockets a large profit to which he has no right provides the ideal which inspires the Co-operative Movement, whose cry is: "Down with the middleman!"

The agricultural societies are perhaps an exception in this respect, but in all the other co-operative societies the desire to get rid of the middleman is the basis of the movement.

The actualities of Russian life do not, however, permit of each form of co-operative organisation keeping strictly within the limits of the scope it has set before itself. The societies often overstep these limits, entering upon operations which are quite outside of their particular sphere of activities, and properly speaking should have been carried out by other societies. For instance, credit associations as a rule buy agricultural machinery, seeds, and other things required by the peasants; in localities where there are no consumers' societies the credit associations do the duties

of same. They also sell all kinds of produce, such as corn, eggs, flax, &c.

It should be noted, however, that purely financial transactions, such as opening deposit accounts or giving credit, are done exclusively by credit societies.

We shall analyse each form of co-operative organisation separately.

ARTELS.

The "artel" is the oldest and most primitive form of co-operation.



N. V. LEVITZKY.

There was a time in Russia, some 25 years ago, when the very word *artel* savoured of something revolutionary. There were cases of persons sent to the remote Yakout district under police surveillance for five years and more merely for organising artels of bootmakers and cabinet-makers. These persecutions were the outcome of exaggerated apprehensions current among the Russian authorities, who feared the artels in view of the

exaggerated hopes they have roused among a portion of the intellectuals, an element of Russian society considered suspect in the eyes of the Russian Government. However, neither the exaggerated hopes nor unfounded apprehensions could check the growth of the *artels*; they had taken too deep a root in the masses of the people. Their strong vitality carried them through until the time when they began to be regarded in a sober light and without any exaggeration. The *artels* ceased to be looked upon both by the Government and the intellectuals as a lever with the help of which, at a given moment, the modern economic system could be overthrown; at the same time they began to see in the *artels* a sufficiently powerful means by which to raise the productive capacity of the people, a matter of vital importance for the State; the intellectuals saw in them also a strong medium for educating the people in the spirit of democracy.

According to the definition of the Russian law, an *artel* is "an association formed to carry out specified units of work, or carry on certain industries, or render personal services on the joint responsibility of the members of the *artel* and for their joint account." This definition thus includes the associations which sell co-operatively their labour for a specified unit or units of work, as, for instance, the *artels* of carpenters, bricklayers, stevedores, fishermen, hunters, waiters, gardeners, carriers, stock exchange commissionaires, &c., and also the productive co-operative society in the true sense of the word. To this latter type of co-operative societies belong the *artels* which abound in the home industries of Russia, and the *artels* in the manufacturing of agricultural produce.

Labour Artels.

Altogether four types of labour *artels* may be distinguished:—

1. An *artel* in which the earnings are divided among its members in proportion to the work done by each of them. All members contribute equally towards the means of production as well as towards the means of existence, quite apart from the amount of labour which everyone is doing.

2. In the *artel* of this type the means of production and the means of existence become capital. The *artel* borrows the capital it requires from one of its more wealthy members or from some outside source. This type of *artel*, however, differs from the first in that the capital, instead of being a part of, is outside the *artel*, entering into certain relations with it.

3. In the *artel* of this type there is a capitalist employer, who employs the whole *artel*. In *artels* of this description, the first place is taken by capital; capital hires labour, and not the reverse, as is the case in *artels* of the second type. Such *artels* are formed on the principles of the hire system.

4. Finally, those of the fourth type avail themselves exclusively of hired labour.

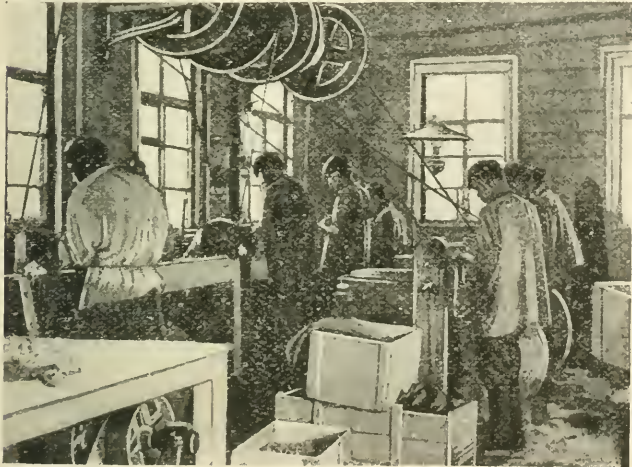
This short definition of the various types of *artels* shows that the fundamental characteristic of these co-operative organisations is labour.

With the growth of capitalism and under the influence of the changes it had wrought in the economic life of Russia the *artel* movement begins to subside. Nevertheless, the *artel* still forms an institution in Russian life.

In the absence of a widespread trade union movement, it defended the interest of the workers perhaps better than any other organisation during the pre-reform time and the two subsequent decades.

Artels in the "Kustar" Industries.

The *kustar* industries, *i.e.*, the Russian home industries, occupy an important place in the economy of the Russian



WORKSHOP OF AN ARTEL IN ARCHANGEL.

State. The *kustar* is a peasant, or working man, who pursues a certain trade either by himself or with the assistance of his wife, children, sometimes with a help or more from outside. The work is done mostly in the dwelling-house of the *kustar*, in one of the living rooms. To a considerable extent the *kustar* industries are seasonal, work being done in the winter months, when the peasants are

free from their agricultural occupations. The trades pursued are mostly of a kind which do not require much initial outlay; the *kustars* have established themselves in certain branches of the toy-making, tailoring, boot and shoe trades, and cutlery. A large number of the *kustars* work in artels.

There are no exact statistics on the *kustar* industry. However, not long ago authorities on the question have estimated the number of *kustars* in the whole of Russia at about 15,000,000, with an output of not less than Rs. 2,000,000,000. The bulk of this output is thrown on the market by *kustars* working singly or in artels. The *kustar* artels are in a fluid state. Here and there they drop out of existence, but crop up elsewhere; where the *kustar* industry is seasonal the artels very often hold together during the season and collapse immediately the season is over. In some localities the *kustars* compete successfully with the factory, although this is accomplished at the expense of the health of the *kustar* and his wife and family, who work long hours and feed badly.

Kustar artels are to be found in all the *kustar* industries all over Russia. Thus we have artels of toy-makers, tailors, boot, shoe, and cap makers, sawmill workers, &c.

Carpenters' artels are usually small—ten is the maximum number of members, but ordinarily they consist of not more than four or five members. There are, however, a few exceptions, where these artels have as many as 70–75 members. Artels among bricklayers are quite a feature, but their size is usually small. Apart from the building trade, a large number of artels are to be found among navvies, among workers engaged in floating timber, &c. There are also many artels of stevedores and dock labourers.

The Pavlovskaya, in the province of Nijni-Novgorod, is

considered the biggest artel in Russia. It is engaged in the cutlery line, and now during the war it is also turning out surgical instruments.

This artel was formed in 1890 by A. G. Stange, who was working on certain improvements in the manufacture of locks, which forms the chief occupation of the village Pavlovo, the well-known kустar centre. At the beginning the artel was composed of ordinary labourers; now, however, it is a big affair, and offers a solid and good means of gaining a livelihood to many kустars, the earnings repre-



A. G. STANGE.

senting an amount of about 90,000 roubles per annum, and the annual turnover some Rs. 200,000. The artel has its well-equipped factory, and also a warehouse at Petrograd. It employs 300 men, of whom 125 are members.

A good many Zemstvos are coming to the assistance of the artels, giving them the loan of masters, but the majority of the "kустars" work singly and eke out a miserable existence.

There are also artels in the flax line, chiefly in the flax

growing regions. As a rule they use mechanical power. There are also egg artels that collect the eggs, selling them without the help of the middlemen. Egg artels are, however, few in number; quite recently other co-operative societies, such as credit and agricultural associations began to pay attention to this line.

AGRICULTURAL SOCIETIES.

Agricultural societies are educational organisations for promoting the knowledge of scientific agriculture among the population. They cannot be considered as co-operative societies, nevertheless, they often perform functions of wholesale trade co-operative societies; they also act as co-operative societies' help committees, and, as such, are largely instrumental in welding together co-operative societies into strong unions.

The activities of agricultural societies may be divided as follows:—

1. Scientific research.
2. Educational.
3. Economic.

Under the first group comes meteorological research work, and inquiry into the position of its members and study of various branches of agriculture.

The educational activities include reports by specialists, lectures, conferences on various subjects, assistance in arranging courses in agricultural science, exhibitions and popular libraries, excursions, and experimenting farms.

The economic activities consist in setting up dépôts for hiring out agricultural machinery and implements, agricultural sheds, repairing shops, cement, tiles and brick-works, and seed farms; in the conversion and sale of agricultural produce (grain, flax, silk); in the collective

renting of land; in encouraging and stimulating horticulture, gardening, corn growing, silk-worm culture, rope-making; in the purchase of threshing machines, oil engines, mills for ordinary milling, &c.

The growth of agricultural societies may be illustrated by the following figures:—

Up till 1895 there were	175 Societies.
From 1896 to 1901 there were....	268 „
From 1902 to 1907 there were....	1,275 „
From 1908 to 1913 there were....	3,000 „
From 1913 to 1916 there were....	6,000 „

The agricultural societies are for the most part in their infancy. In some places they number 25 per district. They have especially developed in the province of Paltava, where there are as many as 300 small agricultural societies. In provinces where there are no Zemstvos the agricultural societies acquire particular importance, as they have to fill in the blank left by the absence of the Zemstvos. The Warsaw Central Agricultural Society, for instance, has evolved a wonderful organisation. It contains over 1,000 small agricultural circles, affiliated to 32 agricultural district societies, the latter forming a part of the Warsaw Agricultural Society.

The Riga Central Agricultural Society developed in a short time wide activities, with a view of effecting fundamental improvements in the soil, in the pasture lands, and in the utilisation of marsh lands.

The Vologda Society unites not only the co-operative societies of the Vologda province but even those of the adjacent provinces of Perm and Yaroslav. Its commercial department is a huge wholesale organisation known as the Union of Co-operative Societies of the Northern Districts.

CONSUMERS' SOCIETIES.

The present war has so deeply affected the economic life of Russia, it has so markedly changed the map of the Co-operative Movement, that much that was written on the Consumers' Co-operative Movement as recently as 1914 is now quite old and antiquated.

On the 1st January, 1914, there were 10,080 consumers' societies, and on the 1st January, 1917, their number was about 20,000, including some 700 shops opened by the Creamery Association. Thus, during the three years, of which $2\frac{1}{2}$ are years of war, consumers' societies were opened, roughly, at the rate of ten daily.

By the 1st January, 1914, the total number of members belonging to the consumers' societies was, approximately, 1,450,000. Considering the fabulous growth of co-operation in the last few years, it is hazardous to give an estimate of the present number of members, which must be stupendous.

Russia takes the first place among all other countries in respect of the number of co-operative societies, leaving far behind even Great Britain. The villages supply the largest number of the societies, although in the towns, too, there are large societies, such as the "Co-operation" Society in Moscow, which counts 65,000 members. There are consumers' societies all over Russia; some parts are thickly covered by them, others not. The thickest network is to be found in the province of Kieff. Next to Kieff in thickness follows the provinces of Podolia, Poltava, Vologda, and Perm.

Consumers' societies in Russia belong to different types and are more checkered than anywhere else. Thus Western Europe does not know the type of consumers'

societies attached to factories and works. There these societies have, practically speaking, disappeared, and the few that are still left are considered outside the co-operative family of societies. Russia, however, counts a great number of such societies.

Consumers' Societies in Villages....	8,020 (79.5 %)	} Peasant Mem- ship about 900,000 (59 %).
" " Small Towns	621 (6.32 %)	
" " Attached to Fac- tories & Works	522 (5.2 %)	} Working Class Membership 450,000 (30 %).
" " Attached to Rail- ways	59 (0.6 %)	
" " (Independent)..	100 (0.9 %)	
" " in Towns	677 (6.7 %)	} Membership of Townspeople 180,000 (11 %).
" " (Civil Servants and Officers).	81 (0.8 %)	

The first consumers' society was formed in Riga in 1865, and afterwards we find consumers' societies in Revel, Petrograd, Youryev, Pskov, Kharkov, Odessa, and some other towns. One of the pioneers of the Consumers' Co-operative Movement was M. Balin, who worked for the Kharkov Consumers' Co-operative Society.

In the first stages of their existence the consumers' societies in town were the creation of the well-to-do. Their leaders and organisers were the local marshals of the nobility, the representatives of the Zemstvo Administration, the mayors of the towns, &c., and their membership was also drawn mainly from the well-to-do. The indigent classes were only customers. Naturally, these societies could not exist long, and almost all of them perished.

In the 'sixties of the last century consumers' societies began to appear at some of the factories and works. The first society of this type was formed in 1870 at the Kynov Works in the Urals, and is still in existence.

In the course of the last quarter of the nineteenth century the consumers' co-operative movement spread to various factories and works. The same period marks also the progress of consumers' societies in town, where members of all classes join the societies. Among the causes which contributed to this growth the famine, which had stricken Russia in 1891, played a great part. Prime necessities went up in price, and the poorer classes in the towns were in search of a means of escape from the intolerable position, and their minds turned towards the idea of co-operation.

In general, the Co-operative Movement makes a leap forward after the famine of 1891. From 1875 up to and including 1891 Articles of 186 co-operative societies were approved by the Government, which works out at the rate of 11 per annum. From 1891 to 1900 Articles of 517 societies were approved, which is at the rate of 65 per annum.

In 1897 the Government introduced its "Normal Articles of Association for Consumers' Societies," in consequence of which the permission of the local Governor was sufficient for the opening of a consumers' society, whereas hitherto the sanction of the Minister had to be obtained.

The consumers' societies attached to factories and works which were formed in the 'seventies and 'eighties of last century entirely lacked the co-operative ideal. They were co-operative societies merely in name, but not in essence. They were strongly dependent on the directors and managers of the works or the railways, who even had seats on the committees and on the boards of the consumers' societies.

True, the workers derived some benefit from the co-operative shops, where the workers could obtain goods cheaper; but, on the other hand, the co-operative shop attached to the factory or works was a whip in the hands of the masters in the event of a conflict with the workers.

Needless to say the relations between the workers and their society were not of the best. The workers have shown no desire to take the affairs of the society in their own hands. One of the reasons of this indifference on the part of the workers was that at that time they were little educated and not conscious of their own interests.

In 1891 consumers' societies were formed in towns among the lower-grade officials, various classes of employés, teachers, members of liberal professions, and other sections of the population. These societies were of two types. One open only to members of a particular class of officials or to employés of a particular firm or institution; the other was open to all. These latter societies were already marked by the spirit of independence.

Throughout this period the number of consumers' societies was not large, and their output was small. Not counting bakeries, there were, in 1898, two "kvas" (a non-alcoholic beverage) works, one sausage factory, one slaughter-house, and one tailor's shop. In 1900 the position was the same. Beginning from 1900, the Co-operative Movement spread in the villages. Political conditions in the village, as well as the Government policy of tutelage, hampered the development of initiative and independence on the part of the peasants. This explains why the first consumers' societies in the villages were initiated by the intellectuals and by the authorities and were not the outcome of free enterprise on the part of the peasants themselves. At the end of the last century, and particularly

at the beginning of the present one, an agrarian movement spread among the peasantry and ended in the revolution of 1905. The tutelage system weakened, the peasants began to show initiative, and since then the independent consumers' societies in the villages began to grow. Parallel with this growth of independence in the villages, only a little later, began the growth of the independent labour consumers' societies. Hitherto the workers belonged to consumers' societies in which their masters played the chief part. Now they open their own societies on thoroughly independent lines.

In 1900-1905 the working classes were deep in the political struggle. Only in 1905 they began their constructive work in the economic domain: first they built up their trade unions, and then their co-operative societies.

The first workers' society of consumers was opened in Petrograd in 1906.

The first congress of consumers' societies was held in Nijni-Novgorod in August, 1906. The question of combining the societies into big unions was thoroughly discussed, and model articles of association were drawn up for the use of consumers' societies.

The village societies of consumers, called to life by the peasants themselves, are the backbone of the growing Co-operative Movement among consumers in the villages.

The rapid growth of consumers' societies among the peasantry is due, first of all, to the weak development of commerce in the village. The village shopkeeper in Russia holds the monopoly of trade in the village, and, taking advantage of his position, charges fancy prices for his wares. In consequence, even a weak co-operative society is in a position to compete successfully with the shopkeeper. And, indeed, the appearance of a co-operative society in a

village is usually followed by a considerable drop in the price of necessaries. The drop is in some provinces from 5 per cent to 40 per cent. There is nothing surprising, therefore, that in spite of the obstacles placed by the authorities and the low level of co-operative education, the consumers' societies have captured the Russian village, introducing the application of capital in an ennobled form.

CREDIT ASSOCIATIONS.

The Russian credit co-operation is almost entirely the foster child of the Russian Government.

The co-operative credit associations in Russia are of two types—the loan and savings societies and the credit associations. On the 16th November, 1916, there were 4,239 of the former and 11,768 of the latter; altogether 16,007 societies, with a membership of about 10,000,000 householders.

The growth of credit co-operation in recent years may be gathered from the following figures:—

	1st Jan., 1913.	1st Jan., 1914.	1st Jan., 1915.	1st Jan., 1916.
Credit Associations	7,700 ..	9,321 ..	10,563 ..	11,372
Loan and Savings Societies.	2,976 ..	3,430 ..	3,572 ..	4,078
Totals	<u>10,676</u>	<u>12,751</u>	<u>14,316</u>	<u>15,450</u>

Although the loan and savings societies are fewer in number than the credit associations, yet the origin of the former is of a much earlier date, and as far back as 1866 the first loan and savings society was established in the village of Dorovatov, in the province of Kostroma. Since then the movement grew among certain sections of the "intelligentsia" and the Zemstvos, who were endeavouring to build up such societies among the peasants. The fundamental mistake of their attempts was that the form

of the loan and savings organisations was not suited to the Russian village. Thus, for instance, every member had to subscribe a certain part of the capital, and, in consequence of the poverty of the Russian village, it was beyond the means of the average Russian peasant to become a member. And even now the loan and savings societies are prevalent, not among the peasant population of Central Russia, but mostly among other classes of the

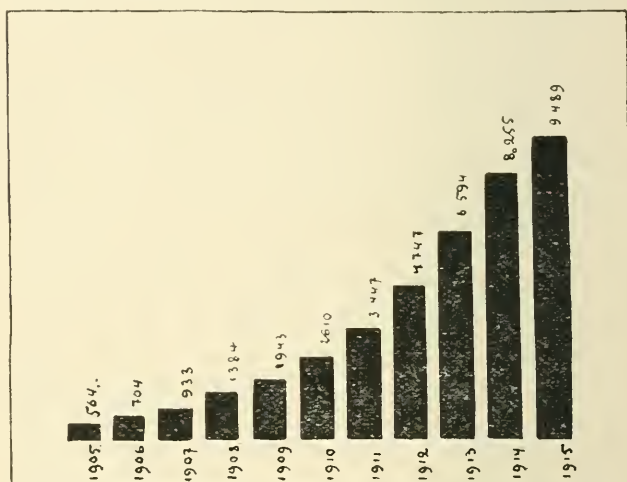


DIAGRAM SHOWING THE GROWTH OF MEMBERSHIP OF CREDIT AND LOAN AND SAVING ASSOCIATIONS DURING 1905-1915 (in thousands).

people, and in the more prosperous and outlying provinces of Russia. There are strong loan and savings societies in Poland, in the Baltic provinces, and among the Jewish population.

The credit association is the prevailing type of co-operative credit among the peasants.

The credit association in its present form was the creation of the law promulgated in 1895. The distinctive feature of the credit association, as compared with the loan and savings society, is that in the case of the former the members are not called upon to subscribe any capital, and the initial capital required for commencing operations is advanced by the State Bank.

The short term and other advances made by the State Bank to the credit associations amounted on the—

1st January, 1913, to	Rs.124,964,700
„ 1914, „	Rs.207,965,900
„ 1915, „	Rs.279,953,500
„ 1916, „	Rs.330,759,500
16th Nov., 1916, „	Rs.355,649,900

As a natural corollary of such assistance was the subjection of the credit associations to the control of the State. In 1904 a special "Small Credit Department" was formed and attached to the State Bank, and a large staff of inspectors appointed to supervise and guide the credit associations. The latter are restricted in their activities, the inspector acting as the superior authority or as a guardian controlling every step of the association. It stands to reason that the peasants do not take much interest in these associations, which are only regarded as a means of obtaining a loan.

However, the longer the association is in existence, the stronger its educative effect upon the members. Little by little the small circle of people who take to heart the welfare of the association grows and widens, until it embraces a large number of peasants of the same village. The association begins to support the other local co-operative undertakings, such as the consumers' society, agricultural association, &c. Little by little the associa-

tion accumulates its own capital and begins an independent co-operative existence, freeing itself from the tutelage of the State Bank.

The 16,000 co-operative credit associations in Russia represent associations in various stages of development, from the lowest, which have only very slight indications of co-operation, to the very highest, which are full-blooded



GRAIN STORE OF A CREDIT SOCIETY IN TAURIDA.

co-operative societies, to be ranked among the most advanced in Europe. The most important fact about these societies is that the number of those with the co-operative spirit in them is rapidly growing, whereas the number of those in the low stages of development is comparatively diminishing.

The operations of the credit associations fall chiefly under two heads, acceptance of deposits and advances to members for the purchase of agricultural inventory. Apart from this, almost every association engages in so-called "intermediary transactions." It purchases at the instructions of its members agricultural implements, machinery, seeds, mineral fertilisers, timber, &c. The usual procedure in such a case is for the member of the Co-operative Credit Society to place his order through the society and pay a certain amount as an instalment.



VIEW FROM THE YARD OF A HOUSE OF A CREDIT SOCIETY
IN TAURIDA.

The association also leases and builds works, mills, makes advances on the security of the crops, and also engages in the sale of corn, flax, hemp, eggs, cotton, hay, leather, live stock, vegetables, tar, turpentine, coal, &c.

The management of the credit and of the loan and savings societies is in the hands of a Council and Board elected by the general meeting. The Board consists of the chairman, treasurer, and ordinary members. The books of the society are kept by an accountant, who may

be an outsider; sometimes one of the members of the Board undertakes this office. The Council is the organ of control. The society is also controlled by a Government Inspector of the Small Credit Department, and in the case of the society being affiliated to some union of credit associations, it is sometimes also controlled by the union instructor.

The society usually covers the volost,* although very often it embraces a larger area.



THE HOUSE OF A CREDIT SOCIETY IN THE PROVINCE OF OREL.

Ordinarily a society serves some 1,000 or 2,000 households; some, however, cover much larger ground. This, however, presents great drawbacks, as in the case of a too large area it is impossible for the society to know its members and their financial position. Unfortunately, owing to lack of instructors, societies, instead of sticking to their area and forming new societies outside of it, keep

* Volost = provincial district.

on increasing their membership in districts lying outside their volost.

Most of the members of the credit associations are drawn from the peasant smallholders, owning from two to five dessiatines of land (5·4 to 13·5 acres), two or four horses, some cows, poultry, &c., on a similar scale. A good many societies count a large number of members who have only one horse, and sometimes not even that. Agricultural labourers, however, are not to be found in the credit societies, as they are precluded by their Articles from making advances to members who have no immovable property.

The leaders of these societies are mostly peasants, sometimes illiterates who have the assistance of a bookkeeper.

The number of the village "intelligentsia" (clergyman, teacher, surgeon, village clerk, &c.) taking part in the movement as leaders is not large.

Statistics as to the education received by the members of the Boards and Councils of the Co-operative Credit Societies show—

	University Education.	Intermediate.	Elementary.	Illiterate.
Board	2·7 %	11·2 %	85·4 %	0·7 %
Council	4·2 %	10·5 %	83·5 %	1·8 %

The beneficent effect of the co-operative credit societies upon the economic position of the village cannot be put in hard figures, but it must be enormous. One may assert with confidence that in a good many places the credit association has succeeded in obtaining a considerable victory over the usurer.

A good third of the peasant households are enjoying the blessings of small credit. The credit associations and the loan and savings societies command between them over

800,000,000 roubles, of which about 470,000,000 are raised by the societies themselves without State assistance.

The first steps of the co-operative credit societies in the village are not easy. They have strong enemies in the local usurers (nicknamed "benefactors"), and the other parasitical elements of the village who feel that with the advent of the co-operative credit society their number is up. They try their best to spread most absurd rumours about the society, and injure it in any other way they can. Together with the villagers, who are dependent upon them, they form a power not to be despised. Finally, when their little game proves of no avail they end by joining the society in order to get on the Board and Council, so as to manage things to their own advancement. As a rule, however, the villagers see through them, and the attempts of the usurers end in failure.

The credit societies are affiliated to unions of small credit associations. At the beginning of 1916 there were 92 such unions in existence, with about 3,000 credit and loan and savings societies.

A closer insight into the working of the co-operative credit societies and in the mentality and psychology of their peasant members may be gained from the following Ten Commandments issued by the Myshkin Co-operative Credit Association for the guidance of its members:—

1. Never ask money from a usurer. You can get it from your society.
2. Remember that credit is a good thing if it is turned to good use.
3. Never ask for an advance only because you can get it. Remember that the society makes advances that you may acquire something useful for your work or that your work may be improved.

4. Before asking for an advance think twice whether you really need it and whether you will be in a position to repay in time. It is easy to take money, but it is more difficult to pay the money back. Take no more than you need, and fix the date of repayment for a time when you know you will be in funds.

5. See that you are not put to shame, the society having to recover your debt in court. See that you pay your debt in time.

6. Commit no act which may harm your society. See that you are not considered the black sheep of the family.

7. Pay no attention to the evil-intentioned gossip of the usurers and other enemies of the society.

8. Keep your savings with the society and induce others to do the same; the greater the funds of your society the greater the benefit which it will afford you.

9. When applying to the society do not think only of yourself. Remember that your welfare in the society depends on the welfare of the other members.

10. Attend regularly the meetings of the society, then you will know the advantages it can offer you. Educate yourself and share your knowledge with your friends and acquaintances.



A MEMBER OF THE BOARD EXPLAINING TO APPLICANTS THE OBJECTS AND SIGNIFICANCE OF CO-OPERATION.

CHAPTER III.

Co-operative Unions.

THE BUILDING UP OF CO-OPERATIVE UNIONS.

A UNION is a combination of co-operative societies which unites the activities of the affiliated societies, introduces a uniform mode of conducting their businesses, establishes mutual control, obtains capital from outside, and organises joint purchases and sales.

A Union combining in itself all these activities, represents the highest rung of the ladder in a process of growth, and in this ideal form the Union did not exist.

Up to 1915 there were in Russia eleven Unions of credit societies and a few agricultural Unions. In the police-ridden Russia of the old régime it was very difficult to obtain the sanction of the Government for the opening of Unions. However, the advantages to be derived by co-operative societies from a policy aiming at the uniting of their forces for the purposes of purchase and sale, for the joint construction of elevators and sheds, for joint storage of grain, for arranging advances on the security of grain, &c., being great, they were obliged to find some other means of accomplishing unity of action without asking for Government permission. As a matter of fact such permission was not even necessary for the object the societies had in view. An ordinary notarial agreement was sufficient, the general laws of the State protecting all agreements entered into by persons or societies, provided their purposes are lawful.

The credit for the discovery of this mode of putting into proper legal form the Unions belongs to the legal adviser, Prince K. Kekuatov, a worker in the Co-operative Movement.

There are at the present time in Russia over 200 Unions working on the basis of private agreements. They are doing splendid business, get credit in the banks, and in general show a strong vitality.

It was chiefly these Unions, formed without the usual Government sanction, that compelled the Government to approve Articles of Association submitted to them by Unions.

In 1915 the Government sanctioned for the first time the formation of seventeen Unions. With the eleven other Unions there were thus altogether 28 Unions sanctioned by the Government. Afterwards, the right of sanction for Unions of small credit societies was placed with the Minister of Finance. Now there are about a hundred Co-operative Unions operating in Russia. Together with the 200 Unions working on the basis of private agreements, there are now in Russia 300 Unions. Amongst these, three types may be distinguished:—

- (1) Unions of Co-operative Credit Societies.
- (2) Unions of Co-operative Consumers' Societies.
- (3) Unions of the Co-operative Wholesale Societies for the supply of the needs of agriculture and industries, and for the sale of agricultural produce and of manufactures.

UNIONS OF CREDIT SOCIETIES.

The Unions of Credit Societies cover various areas. Some cover only one district, others cover several districts,

others, again, a whole province, and a few cover even several provinces, as for instance, the Kiev and Moscow Unions of Small Credit.

The chief object of these Unions being the supply of credit, it is natural that each Union should show a tendency of covering as large an area as is practicable. It is considered that, according to locality, one union, or two at the utmost, is normal for a province. The head-



CH. A. BARANOVSKY.

quarters of the Union are usually in the chief town of the province, or in its most important centre.

The Unions for co-operative purchase and sale are weak in Russia, and, therefore, the Unions of Credit Societies usually perform their functions, buying agricultural implements and machinery, and selling agricultural produce. For the purpose of co-ordinating and uniting their operations, all the Unions of Co-operative Credit have their one centre—the *Moscow Narodny Bank*.

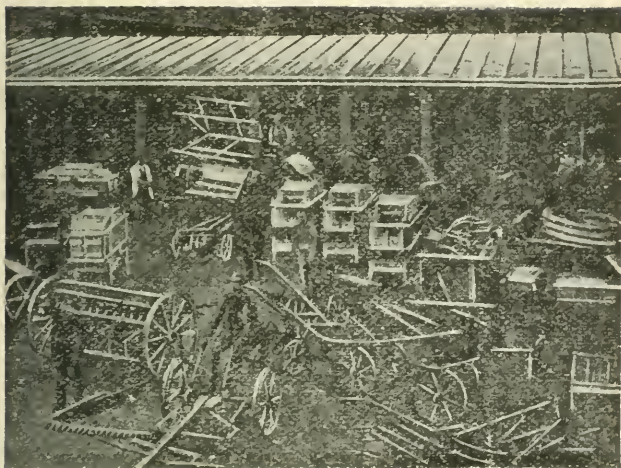
In July, 1915, Russia had 11 Unions of Co-operative Credit Societies at Berdyansk, Melitopol (both in the south of Russia); Kiev, Kuban, Stavropol, Tersk (the last three in the Caucasus); Nijni-Novgorod, Ekaterinoslav, Ekaterinburg, Slatoust (the last two in the Urals); Plotzk (Poland).

Up to 1911 the Unions of Credit Societies had no right to accept deposits: their operations were, therefore, very limited. Only in 1911 the Government gave them the permission to accept deposits, and since then the Unions began to grow very rapidly. During the four years from 1911 to 1915, the operations of the Kiev Union increased fourfold, those of the Melitopol Union 17 times, and those of Berdyansk 13 times.

The Berdyansk Union is the oldest of all, it was formed in 1901. The Melitopol Union was formed in 1903; the Ekaterinburg and Kiev Unions in 1907.

The following table shows the number of societies operating in the area covered by the Union, and the number of societies affiliated:—

Unions.	Total Number of Societies.	Societies Affiliated.	Per cent.	Membership of Affiliated Societies.
Berdyansk	30	23	76·6	23,148
Ekaterinburg	120	55	45·8	69,559
Kuban	250	50	20·0	38,142
Melitopol	31	26	83·8	33,930
Kiev	271	68	25·1	87,308
Ekaterinoslav	194	27	13·9	16,990
Tersk	88	33	37·1	20,514
Nijni-Novgorod	200	25	12·5	13,000



A STORE OF AGRICULTURAL MACHINERY OF THE
EKATERINBURG CREDIT UNION.



THE PREMISES OF THE EKATERINEBURG CREDIT UNION.

Turnover of some of the Unions during the year ending 1st January, 1913, in roubles—

Ekaterino- slav.	Tersk.	Berdyansk.	Ekaterin- burg.	Melitopol.	Kuban.	Kiev.
79,446	82,945	143,535	213,037	245,516	286,234	1,195,150

There are no complete data concerning the work of the Unions of Credit Societies, and out of the 100 Unions in existence, we have information about 52 only.

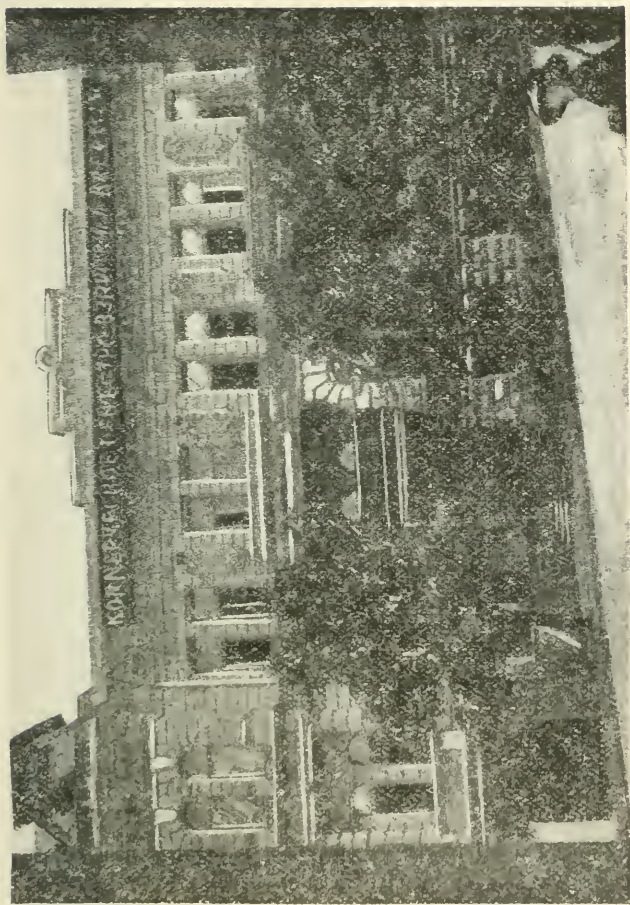
The summarised balances of these 52 Unions of Co-operative Credit Societies show the following picture:—

	Turnover.	Deposits.	Advances.	Current Account with Bankers.
	£	£	£	£
1st January, 1915	7,617,000	4,521,000	5,481,000	1,101,000
1st January, 1916	12,108,000	7,407,000	7,185,000	1,889,000
1st April, 1916 ..	15,339,000	9,267,000	4,971,000	3,303,000
1st July, 1916	21,070,000	13,574,000	5,852,000	7,023,000

The above table shows the powerful growth of the Unions.

It is important to draw the attention of the reader to the decline in the amount of advances made in 1916 as compared with 1915. This points to an abundance of ready money in the Russian village, and to a contraction of purchases caused by war conditions.

On the 1st July, 1916, some 50 Unions counted 2,813 affiliated societies, *i.e.*, an average of 56 societies in a Union.



THE HOUSE OF THE KIEV UNION OF CREDIT SOCIETIES.

UNIONS OF CONSUMERS' SOCIETIES.

The Unions of Consumers' Societies, according to strength and to the area covered by them, may be conveniently divided into five heads—

- (1) Small local Unions combining a small number of Co-operative Societies near district towns or railway junctions.
- (2) Divisional, with headquarters in the administrative centres of provinces. Usually they cover a province.
- (3) Territorial, operating in several provinces. (The Petrograd, Perm, Vologda, and other Unions.)
- (4) Regional, covering huge territories, such as the Union of Siberian Creamery Associations, and the Transcaucasian Union of Consumers' Societies. The latter was formed only recently and covers 11 provinces.
- (5) Central organisations, such as the Moscow Union of Consumers' Societies, which serve as centres for the whole of Russia.

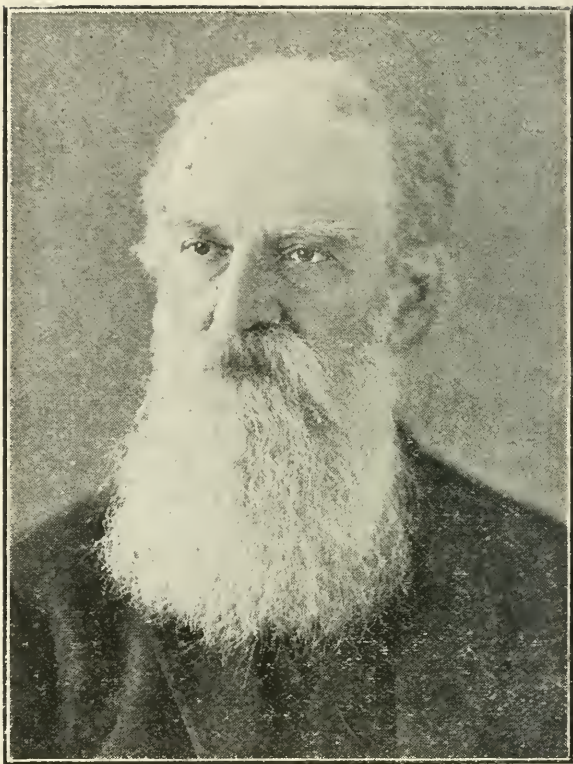
Unfortunately, we have no data as to the turnover of the Unions.

Apart from the big unions the consumers' societies of various districts of Russia are organising themselves locally in district or divisional unions. Such a divisional Union of Consumers' Societies was started in Kiev. At first it grew rapidly, but then a reaction set in owing to the absence of means and lack of proper experience. In 1910, the Union was faced with a deficit of 4,000 roubles, which had increased by the 1st January, 1911, to 15,000 roubles. The Union was thus forced to give up trading,

and it approached the Moscow Union with a view to the latter taking over this part of its operations. In May, 1911, an agreement was reached, and the Moscow Union opened an agency in Kiev, which took over the trading department of the Kiev Union. In 1913 the Kiev Union had to give up its other activities.

The failure of the Kiev Union has not stopped further attempts to form district unions. However, after the winding up of the Kiev Union the Government took up a negative attitude towards the formation of new district unions, and it became practically impossible to obtain the necessary permission. Only after many and prolonged trials was it possible to open in 1912 Unions of Consumers' Societies in Warsaw and Perm. Needless to say, the obstacles placed by the authorities could not stop the unification of the various societies, which was an imperative necessity of the movement, and means were soon found of circumventing the ruling of the authorities. Use was made by the societies of the Laws on Agreements, and instead of asking for permission to form a union the societies simply signed an agreement constituting themselves, practically speaking, a union. In this way "The Association of Consumers' Societies of South Russia" was formed in 1912, "The Trading Association of Co-operative Societies of the Province of Perm" in the same year, and "The Transbaikal Trading Association" in 1913. In 1913 the Articles of the "Petrograd Union of Consumers' Societies" were submitted for approval to the authorities.

Along with the district unions, unions covering smaller areas were organised. These were formed either on the basis of a mutual agreement or on the basis of one society taking upon itself the functions of the central depôt,



N. V. TCHAIKOVSKY.

having received the necessary permission to accept as members not only individuals, but also societies. In this way originated the Vinnitza, Jmerinka, and some other unions of consumers.

AGRICULTURAL UNIONS.

The Agricultural Societies play the same part in the work of agricultural co-operation which the Unions play in other branches of co-operative activity.

The most important of these societies whose work is known all over Russia are the Free Economic Society of Petrograd, the All-Russian Chamber of Agriculture, and the Moscow Agricultural Society. The Free Economic Society is one of the oldest institutions in Russia—over 150 years in existence. Its president is N. V. Tchaikovsky, one of the leaders of Russian Co-operation.

Of the other agricultural societies doing practical work, mention should be made of the societies at Riga, Petrograd, Esthonia, North Finland, the Commercial Department of the Vologda Agricultural Society, the Kostroma, Don-Kuban-Tersk, Kharkov, and Kiev Unions.

There are, however, very few agricultural *co-operative* societies in the strict sense of the word.

Apart from the Union of Siberian Creameries, note should be taken of the Central Society of Flaxgrowers. The latter is a young organisation, but it has succeeded in uniting already over a hundred co-operative societies (mainly credit), and Unions of such societies which operate in the flax growing area.

The Central Society of Flaxgrowers, apart from its task of organising the sale of flax, supplies the co-operative

societies with flax seeds, and assists in the formation of new co-operative societies among flaxgrowers.

In the woollen line we must point out the Borovichi-Valday Agricultural and Kustar Society, in the province of Novgorod, which plays the part of a Union.

A description of the Union of Tar Artels in the province of Archangel, will be found in a previous chapter.



CHAPTER IV.

Some Co-operative Associations.

THE UNION OF TAR ARTELS.

IN the north, and also in the forestal parts of the Kostroma province, we come across "kustars" engaged in the tar industry. These kustars number some 10,000 people.



TESTING THE TAR.

After many years of hard trials, after a number of failures in organising the sale of the tar, the kustars have finally succeeded in eluding the tenacious grip of the monopolists and their agents who buy up the stuff. The

tar people have now their Union of Tar Artels of the Vaga territory, in the province of Archangel.

Before the union was established the artels were formed for the duration of one year, at the end of which all the members of the artels were free to do as they liked, and usually stayed on for another five or six months working as free labourers; during this time extreme want and sometimes tempting promises on the part of the "agents" induced them to return to the unorganised competitive form of selling the tar.

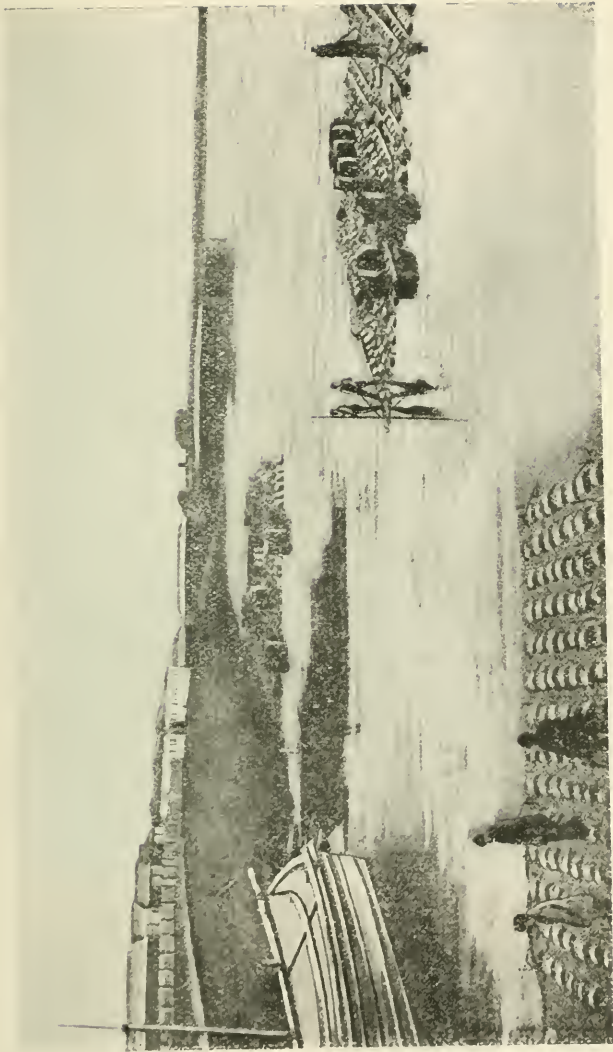
In a good many instances the agent, in order to keep the men out of the artel, paid them prices which meant a great loss to him, but which he knew he would ultimately recover with profit, if only he succeeded in breaking the artel.

An instance of the cunning ways employed by the monopolists and their agents is described by Mr. A. Malakhoff, the pioneer in the tar co-operation. In the Volost Tarniansk all the tar workers with the exception of five belonged to the local artel. The agent, in order to undermine the artel, paid these five men for their stuff exceptional prices, far in excess of those prevailing on the market, and although he was undoubtedly losing on this transaction, he nevertheless gained his object of splitting the artel and discrediting it in the eyes of the members.

The formation of the Union of Tar Artels has put a stop to the machinations of the agents and has placed the tar co-operation on a firm footing in the far north.

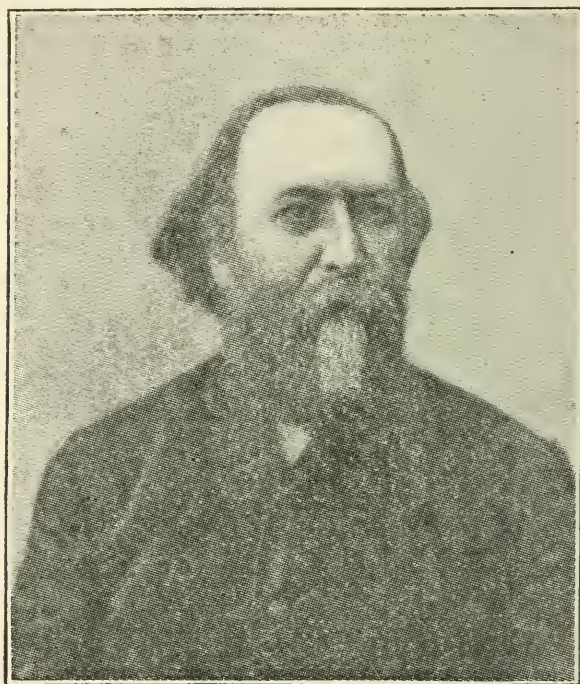
THE UNION OF THE SIBERIAN CREAMERY ASSOCIATIONS.

In the 'sixties of the last century we come across cheese-making artels, in the provinces of Tver and Yaroslav. A few intellectuals—MM. Vereshtzagin, Blandoff, Biryuleff, and others—had conceived a keen interest in the dairy



TAR DESPATCHED DOWN THE NORTHERN TWINA.

produce business, went abroad to study this industry, and returned to Russia with the idea of initiating the co-operative dairy business, making a start with the production of cheese. Thanks to the sympathetic attitude of the



N. V. VERESHTCHAGIN.

public and to the support received from the Zemstvo, they have succeeded very shortly in establishing a number of cheesemaking artels. These first attempts, however, ended in failure. The processes of cheesemaking had not

sufficiently been studied in Russia, which, in addition, had no specialists, and the cheese produced was of a very low quality.

At the end of the 'nineties of the last century dairy co-operation revived again; this time, however, attention was concentrated upon butter making and not on cheese.

Siberian Co-operation.

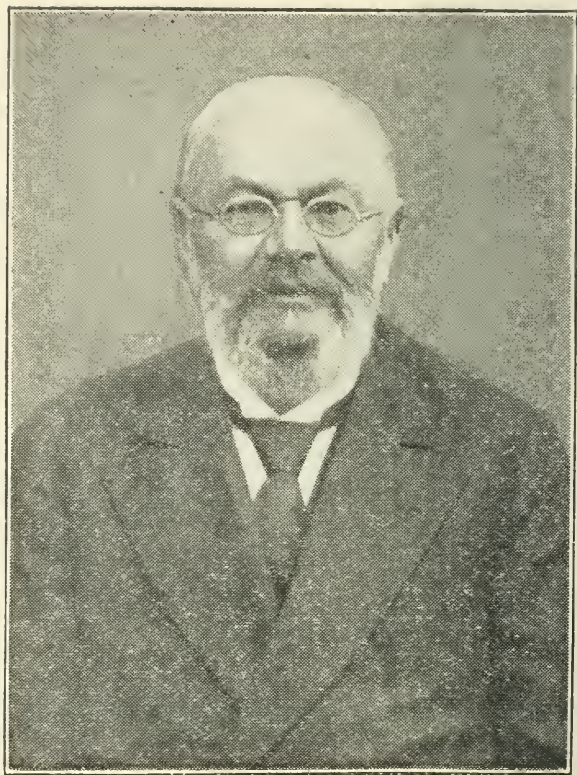
The emergence of the butter-producing artels in Siberia is not accidental. The Siberian peasantry is incomparably more wealthy and has more land at its disposal than the peasantry in European Russia. This aspect of the situation opened before the Siberian peasantry the possibility of paying serious attention to cattle breeding. There are, on an average, four cows to each peasant family in Siberia, a number to which the Russian peasant cannot even dream of aspiring.

The great Siberian trunk, built in the middle of the 'nineties of last century, gave an enormous impetus to the development of agriculture and industry in Siberia. Creameries and buttermaking developed rapidly and grew in importance. Foreign firms find it necessary to send agents to Siberia to arrange the export of butter. Foreign capital offers assistance and the buttermaking industry grows to an enormous extent.

The progress of the Siberian butter industry is marked by four stages—

1. 1895 to 1897. Attempts are made to introduce the industry on capitalist lines.

2. 1898 to 1902. Feverish speculation in the butter trade; cut-throat competition between private producers; the first few co-operative creameries are established.



A. N. BALAKSHIN.

3. 1902 to 1907. Rapid growth of artels in Western Siberia and first attempts to combine the artels into a union for the purpose of disposing of the butter.

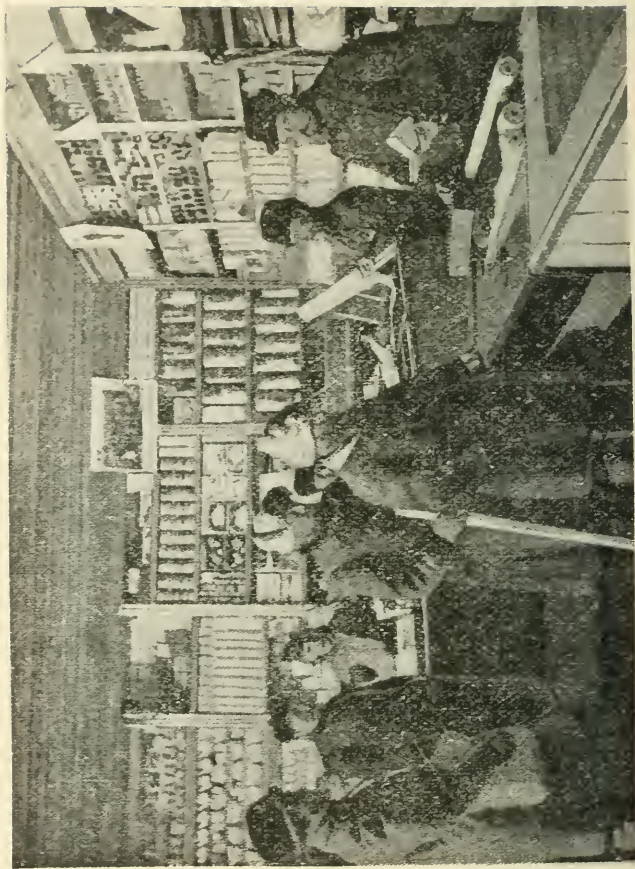
4. 1908. The Union of Siberian Creameries Association is formed, and also the Altai Union, combining between them an enormous number of butter artels. The Unions continue to grow and develop.

In the words of A. N. Balakshin, the father of Siberian Co-operation: Fifteen years ago nobody would have thought that the creameries belonging to private, and very often rich, people could pass into the hands of the peasants working in artels. At the present moment the position has radically changed and the artels are rapidly ousting private enterprise in the butter industry from Siberia.

The growth of the butter artels may be illustrated by the following table, giving the number of creameries in the Tomsk and Tobolsk provinces in Siberia:—

YEAR.	Total Number of Creameries.	Number of Artels.	Percentage of Artels.
1893.....	29 ..	5 ..	17
1900.....	1022 ..	32 ..	3
1902.....	1980 ..	60 ..	3
1905.....	1943 ..	347 ..	18
1910	3109 ..	1337 ..	43

In 1908 the Union of Siberian Creamery Associations was established with headquarters at Kurgan. At first only twelve artels were affiliated to the Union, and its working capital (all borrowed) amounted to not more than 21,000 roubles. The Union, however, had a wide experience, a thorough knowledge of the business, and



A CO-OPERATIVE STORE OF THE UNION OF THE SIBERIAN CREAMERY ASSOCIATION.

enjoyed the confidence of the population, which proved a great asset.

Upon affiliation with the Union all the members of the artel are requested to sign a document, which contains the following seven clauses:—

1. The adoption by the artel of the Articles of Association of the Union.



THE PREMISES OF THE UNION OF THE SIBERIAN CREAMERY ASSOCIATION.

2. An undertaking to hand over the butter produced by the artel exclusively to the Union and not to outsiders.

3. An undertaking to place all the orders of the artel for requisites, materials, &c., through the Union.

4. An undertaking to pay a fine of Rs. 500 for not complying with the provisions of the preceding three clauses.

5. An undertaking to comply with all the decisions of the general meetings of the Union passed prior to the entry of the artel into the Union.

6. An undertaking by the artel to consider itself responsible to the extent of 50kop. per pood of butter produced by the artel in the previous year, for all the obligations contracted by the Union.

7. The artel elects M. - - - as its representative.

The above document is the foundation upon which is based the power and strength of the Union of Siberian Creamery Associations.

According to the Articles each artel upon joining the Union pays an entrance fee of Rs. 10 and Rs. 100 for each share it takes up in the Union.

The business of the Union is directed by the general meeting of the Board, by the Control Committee, by the branch managers of the Union, and by the divisional meetings of artel representatives.

The butter artels usually have a co-operative shop (consumers' society), and as the members of the shop and of the artel are the same, these two forms of co-operation are represented by the same organisation.

Members of artels are obliged to deliver their milk exclusively to the artel; and equally members of consumers' societies are obliged to trade exclusively with the shop of their society. In extraordinary cases an exception is made from this rule.

The net profit from the co-operative shop is divided among the members in proportion to their trading, and the net profit derived from the working of the *artel* is divided in proportion to the milk supplied by members.

The co-operative shop allows members credit against the milk supplied by them to the *artel*.



INSIDE A CREAMERY IN SIBERIA.

At the present moment the capital of the Central Branch of the Union of Siberian Creamery Associations exceeds Rs. 500,000, and the capital of the Associations over Rs. 1,000,000. The number of affiliated *artels* is over 1,000; the number of co-operative shops attached to the *artels* is 800.

The following figures will give an idea of the yearly growth of the Siberian Union:—

Years.	No. of Creameries.	No. of Shops.	Turnover.	
			Roubles.	Pounds (about).
				£
1908.....	65	12	2,380,000	238,000
1909.....	168	20	2,934,000	293,400
1910.....	181	34	4,355,000	435,500
1911.....	218	54	4,500,000	450,000
1912.....	328	133	7,485,000	748,500
1913.....	563	502	14,066,000	1,406,600
1914.....	563	502	21,000,000	2,100,000
1915.....	902	682	35,000,000	3,500,000
1916.....	1000	about 800	73,000,000	7,300,000

During 1916 the turnover reached 10,000,000 roubles (approximately £1,000,000) in connection with the supply of the Army with agricultural products (butter, cheese, meat, &c.) and with the purchase of manufactured goods.

For the purpose of selling its butter abroad the Union has entered into business relations with England, where the Union of Siberian Co-operative Associations Limited was formed (New Hibernia Chambers, London Bridge, London, S.E.), and of which the Siberian Union is one of the shareholders.

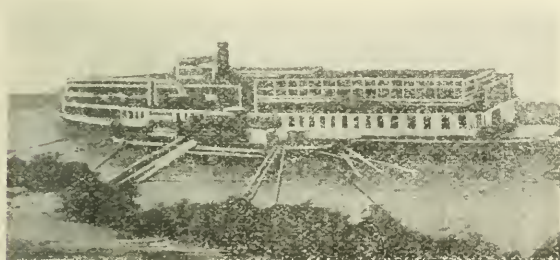
Having gained a firm footing in the butter trade the idea of co-operation soon spreads to other industries. One after another spring into existence—co-operative flour mills, oil mills, &c. Co-operative granaries make their appearance, and co-operative credit and co-operative consumers' societies develop into a powerful arm.

The butter artels have recently taken root in European Russia, and we find them now in the provinces of Yaroslav, Vologda, and a few others, but here they are on a much smaller scale than in Siberia.

THE MOSCOW UNION OF CONSUMERS' SOCIETIES.

The most important factor in the movement is the Moscow Union of Consumers' Societies, which is, practically speaking, the central nerve of the Consumers' Co-operative Movement in the whole of Russia.

At the moment when the Moscow Union of Co-operative Societies was formed in 1898, the forces and ideas of



STEAMER "CO-OPERATOR," OF THE UNION OF THE SIBERIAN CREAMERY ASSOCIATION.

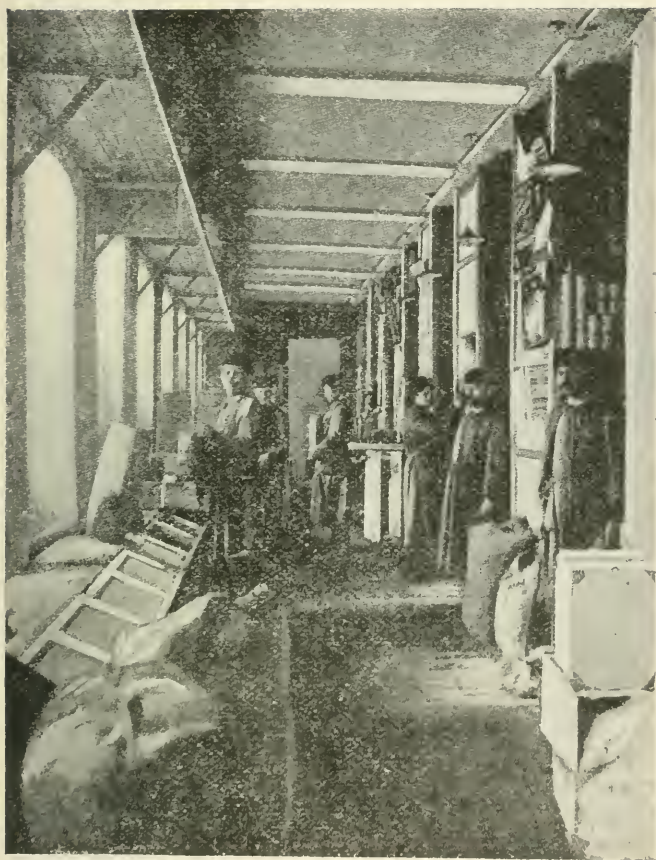
co-operation were very weak in Russia. At first it was even doubted whether the Union would be able to pay its way, and the 18 societies which were the founders of the Union were confronted with the question where to find premises for the new Union. However, in spite of the hard struggle it had to endure, the Union, after five years, was in such robust health that it could publish its own paper, *The Union of Consumers*. Little by little the

Union extended its operations, and, doing away with commissions, started buying on its own. At the beginning of 1911 the Union acquired its own premises and storehouse. A great impetus to this successful development of the Union was provided by the first All-Russian Co-operative Congress, organised and convened by the Union in 1908. The activity of the Union is on the up grade. In February, 1909, the Union had placed on the market its own tea, the demand on which, in 1911, amounted to 130,000 roubles. The Union is opening agencies at Rostoff-on-Don and at Belaya-Zerkov, Kiev Province.

The Union is continuing to make progress in enormous strides. The number of organisations joining the Union is growing rapidly, and the Union is widening its activity in all its branches. Here are a few figures which will show the rapid growth of the Union:—

		Societies.	Turnover in Rs.
In 1910	there were in the Union ..	393	2,257,026
1911	„ „	549	3,629,000
1912	„ „	776	6,000,000
1913	„ „	998 ..	7,935,000
1914	„ „	1,260	10,343,000
1915	„ „	1,713	22,000,000

Thus the number of societies in the Union since 1910 had increased more than four times, and the turnover more than eleven times.



PACKING DEPARTMENT OF THE MOSCOW UNION OF
CONSUMERS' SOCIETIES.

The capital and turnover of the Union is represented in the following table :—

	1900.	1903.	1906.	1909.
No. of Affiliated Societies	67	131	149	273
	Rs.	Rs.	Rs.	Rs.
Share-capital.....	2,500	11,750	10,132	47,822
Turnover	139,320	260,420	290,760	1,174,550
Commission	139,320	260,420	290,760	380,596
Trading Turnover.....	—	—	—	401,663
Turnover at Stores	—	—	—	393,296
Turnover of Agencies ..	—	—	—	—
Turnover on the Nijni- Novgorod Fair	—	—	—	—

	1910.	1911.	1912.
No. of Affiliated Societies	393	549	765
	Rs.	Rs.	Rs.
Share-capital	68,808	91,184	137,000
Turnover	2,257,026	3,629,000	6,000,000
Commission.....	727,503	1,149,000	1,750,000
Trading Turnover ...	769,706	943,240	1,370,000
Turnover of Stores ...	617,035	742,460	1,070,000
Turnover of Agencies .	—	542,319	1,225,000
Turnover on the Nijni- Novgorod Fair	119,000	252,000	555,000

The various societies affiliated to the Union may be classified as follows:—

Urban Societies	336
Rural Societies.....	1,019 (64 %)
Factory Societies.....	174
Zemstvo Societies	20
Workers' Societies (Independent).....	47
Railwaymen's Societies	26
Various other Co-operative and similar Societies	74
Unions of Societies.....	41
Total.....	1,737

In short, the Moscow Union has grown into an enormous organisation, and is on the way of becoming the All-Russian centre for the co-operative societies.

It must be noted here that the position attained by the Union and its policy of concentrating in its hands the whole of the purchasing power of the consumers' societies has brought it into conflict with certain tendencies to establish divisional unions, manifest among the Southern and Ural co-operative societies. It was felt by the latter that the Moscow Union could not satisfactorily serve the border provinces, as its operations covered chiefly the province of Moscow and those adjoining it. Its activities were regarded, besides, as menacing to the individuality of the co-operative societies working in the south and in the Urals. In consequence, very soon after the Congress, the Moscow Union had to embark on a campaign against the separatist tendencies of some of the divisional unions, and the latter in their turn took up the fight against the Moscow Union.

Nevertheless, the years of the war have still further advanced the development of the Moscow Union, have

increased its forces, and placed before it a number of wide problems.

It is sufficient to record that during 1915 over 500 new societies joined the Union. In 1916 the progress of the Union proceeded at a still quicker pace; during the first



SHIPPING DEPARTMENT OF THE MOSCOW UNION OF
CONSUMERS' SOCIETIES.

eight months of that year the turnover of the Union reached the sum of 46,469,695 roubles, surpassing the turnover of the preceding year. The turnover for the

month of August alone, representing 11,446,000 roubles, was far in excess of the whole business done during 1914.

The operations of the Union extend over the whole of Russia. Apart from the Central Offices in Moscow, it has agencies in Rostov on Don, Kiev, Bielaya Zerkov, and Odessa; it has also a temporary bureau at the Nijni-Novgorod Fair, purchasing depôts at Rybinsk and Archangel. The Union is in business relations with the Union of Siberian Creamery Associations, and even with co-operative organisations in remote corners of Siberia, as, for instance, the consumers' society of the employés of the Ussurian, Transbaikal, and Eastern-Chinese Railways. The Union is also a big shareholder in the Moscow Narodoy Bank.

The enormous volume of trade done by the Union, and the exigencies of the time, have impelled the Union to start its own factories and works. First, it organised a chemical weighing and sorting works for tea, coffee, olive oil of the Union's brands, &c. In 1915, the Union acquired a confectionery, and very soon afterwards it established its own tobacco and match factory in Bronnitsy. Some time ago the Union purchased a soap works, and another for vegetable and fruit drying in Bessarabia. In 1916, it took over another confectionery; it organised on a large scale flour milling and also a herring salting business in Archangel, and its projects for the near future include a macaroni works, the purchase of collieries, the establishment of a salt producing business, of bookbinders', joiners', and fitters' shops, &c.

All the undertakings of the Union have proved a success; their output increases, notwithstanding the unfavourable conditions of war time.

CHAPTER V.

Co-operative Banks.

THE MOSCOW NARODNY BANK.

SOME twenty years ago the co-operative and Zemstvo circles in Russia had an idea of organising a financial centre to serve the needs of small credit.

For various reasons into which it is not necessary for me to enter here, the realisation of this idea had been greatly delayed. There were also attempts to create a financial centre of an official governmental nature, which should "assist" co-operation.

In the critical years of 1907-1908, Russian co-operation had nearly been presented with a State Bank of the Prussian type.

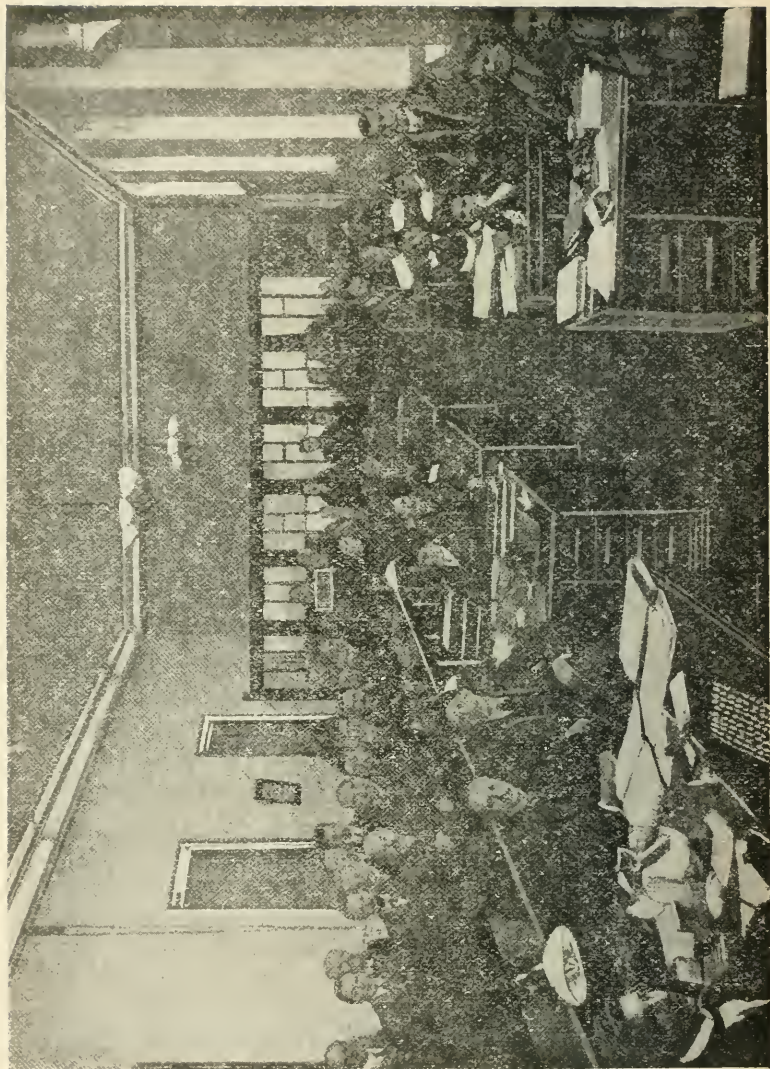
The question of a Central Co-operative Bank was raised at the first All-Russian Co-operative Congress. The Moscow Committee on Small Credit and Industries was also taking a keen interest in the matter, and elaborated a scheme of such a bank. It had invited the assistance of professors of political economy, financial experts, co-operative workers and experts on banking. The Articles of Association of the proposed bank were drawn up, and in January, 1909, the committee called a conference of representatives from co-operative societies to discuss details. As a result of the discussion some alterations were made, and the Articles as amended were submitted to the Government for sanction, which was finally granted in 1911.

The capital of the bank was fixed at Rs.1,000,000, divided into 4,000 shares of Rs.250 each, and according to the law half of the capital had to be paid up and deposited with the State Bank six months after date of sanction of the Articles.

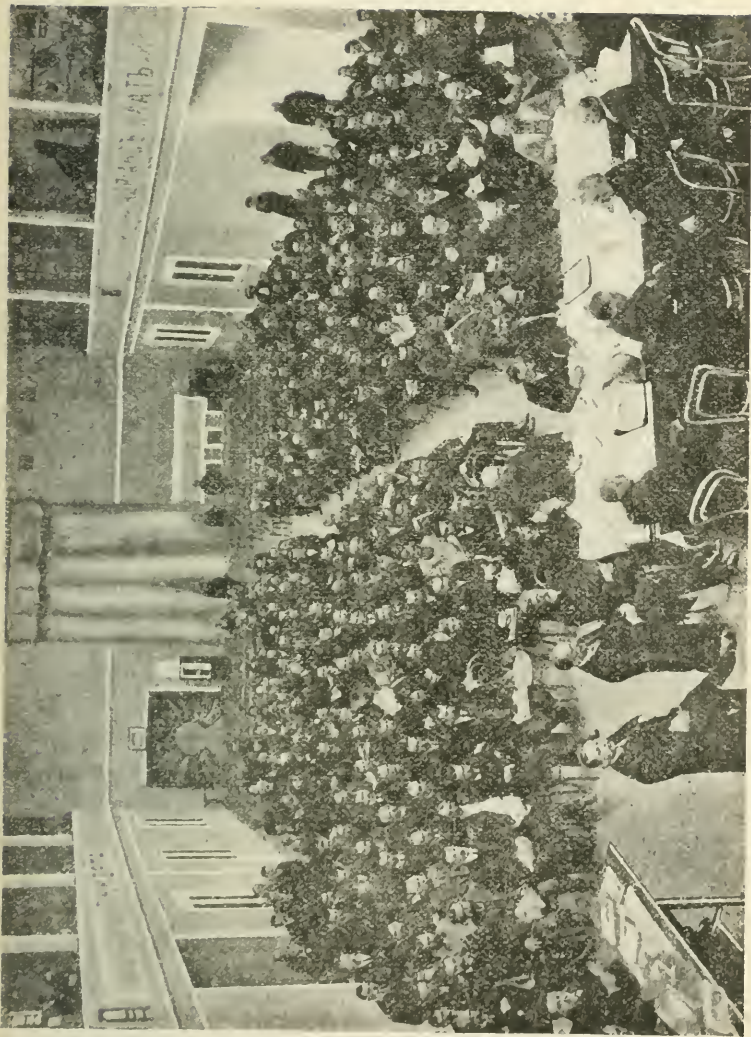
The organisers were afraid that they would not be able to raise among co-operators the required Rs.500,000 in time, and they were thinking of inviting private people to subscribe. There were also some doubts as to the legal right of co-operative credit societies to subscribe shares in the Moscow Narodny Bank. The organisers were therefore very pessimistic, and took measures to petition the Government for an extension of time. Fortunately, all their fears and anxieties had proved groundless. Russian co-operation came out of the test with honour. By the time the first meeting of shareholders was to be held the whole capital was subscribed, and more than half of the capital paid into the State Bank according to the law. By the 1st October, the whole capital of the bank was paid up, and by November money was coming in as subscription in advance for further issues.

Out of the 4,000 shares, 85 per cent were taken up by co-operative societies, and only 15 per cent by private people, the majority of whom, however, were in one way or another connected with the Co-operative Movement. The first Russian Co-operative Bank is thus entirely in the hands of the co-operative societies, who may guide and direct its policy.

The shares of the bank were taken up by the co-operative societies in every part of Russia in various proportions. The largest block of shares is held by the South, 34.5 per cent; next follow the central provinces, 27.5 per cent;



OFFICES OF THE MOSCOW NARODNY BANK.



GENERAL MEETING OF THE MOSCOW NARODNY BANK ON 19TH APRIL, 1913.

Siberia holds 15·6 per cent ; the South-West, 8·7 per cent ; the Volga regions, 7·4 per cent ; the North, 4 per cent ; the West, 2·3 per cent.

The main object of the bank is to supply the Russian co-operative societies with credit within the limits of their needs, in a convenient form and on easy terms.

The Moscow Narodny Bank started upon its career on the 9th May, 1912, in small apartments in the Miasnitzkaya Str., at Moscow. The public in general, and capitalists in particular, were very sceptical, and predicted the speedy collapse of the whole affair. The subsequent experience of the bank had, however, proved that co-operation is a real power, and can achieve wonders.

Already in the first year of the existence of the bank the demand for credit was enormous in spite of the high rate charged. The bank had gained valuable experience, and elaborated a certain scheme of advancing credit.

First of all the bank declined to have active business relations with private people and firms, and the question of advancing credit to them was excluded altogether. An exception was made in the case of those acting as intermediaries for co-operative societies. Certain limitations were also placed upon advancing credit to co-operative societies. Thus, for instance, although credit accounts were opened for co-operative societies, such credit was not to exceed a certain proportion to the holding of the given co-operative society in the capital of the bank. This was the only reasonable way of dealing with the problem, as otherwise the demand for credit would have exceeded many times the working capital of the bank. It was also fair because it gave the bank the possibility of serving the needs of all the co-operative societies which took part in the organisation of the bank.

The co-operative societies contributed a considerable portion of the deposits and current accounts opened with the bank. This money came chiefly from the societies nearest to Moscow. In the matter of credit the bank naturally served the need where it arose. This was not the same everywhere, and depended on various economic factors. During the first year of operations the bank had to pay special attention to the South, which was in great need of credit. In the second year of operations a second issue of the shares of the bank was made to the amount of Rs.1,000,000.

On the 1st January, 1914, the various holdings in both the first and second issues were as follows :—South of Russia, 40·2 per cent ; Central Russia, 25·1 per cent ; Siberia, 9 per cent ; Caucasus, 8·2 per cent ; the Volga regions, 6·4 per cent ; North and near Ural regions, 9·1 per cent.

The distribution of the credit operations of the bank among the various co-operative societies were more or less in the ratio of their holdings in the bank. Thus almost half of the credit advanced by the bank went to the South. The next largest creditor was Central Russia, then came the Caucasus, Siberia, &c.

The fears expressed by various co-operative societies that the bank would apply the money flowing from given localities to relieve others to the detriment of the former proved false. The bank tried to develop its activities evenly in all localities. During the first year the co-operative societies borrowed money in a proportion smaller than the one to which they were entitled, but during the next year almost all the different regions had borrowed more.

The position of the bank during the first year of its existence was a difficult one, owing to the state of the money market. The rate of discount stood very high in Russia and abroad, thus restricting the discount operations of the bank. Another adverse factor was the policy of the State Bank refusing to open a credit account for the Moscow Narodny Bank, even within the modest limits applied for. This was acting as a deterrent on the Moscow Narodny Bank in their discount business with private banks. The discount done was at a high rate, and the credits opened were small; neither had the bank succeeded in obtaining credit abroad.

On the other hand, the position as regards the flow of deposits and current accounts was very favourable. The bank accepted "Kopeck" deposits (the Kopeck is equivalent to the English farthing), and every depositor who had five roubles on the book was given a little money-saving box. This feature introduced by the bank proved a great success.

The mode of advancing the credit was dictated on the one hand by the position occupied by the Moscow Narodny Bank as a financial centre for the co-operative movement of the whole country, and on the other by the weakness of the young institution. In order to serve efficiently the needs of the co-operative societies scattered over such an enormous area as Russia, the Moscow Narodny Bank was in need of a certain machinery enabling it to control its clients—the co-operative societies. The means of the Narodny Bank at that time were so limited that the creation of such machinery was out of the question. The bank, therefore, in making its first steps, had based its activities on the unions of co-operative societies and other centralised bodies, such as the Zemstvo Small

Credit Banks, in so far as they were acting as co-operative centres.

In those places where there were no unions or other centralised bodies, the bank was endeavouring to create such centralised organisations by uniting and co-ordinating the activities of the co-operative societies in a given locality, and centring them round organisations appointed as local representatives of the bank.

These local representatives supplied the missing link between the bank and the co-operative societies, and to a very limited extent fulfilled the function of the machinery of control, which it lacked, and which is so necessary for the normal relations between the bank and its co-operative clients. These representatives informed the bank of the standing of the local societies, on the state of the co-operative movement in the locality, &c.

The main task of these societies acting as representatives was to unite the local co-operative societies, and to assist the bank in attracting all the available local capital and to regulate the distribution of same in the given locality.

Taking advantage of their central position these societies, acting as representatives of the bank, have directed their attention to the problem of raising capital locally and supplying it to the local societies which are in need of it, so that the money might remain in co-operative hands and not go to assist private enterprise. All the available funds of the various local co-operative societies are concentrated in the hands of the representative society, which distributes them fairly among the local societies. The balance, if any, after satisfying local needs, goes to the Moscow Narodny Bank, which passes it on to other localities in need of money. Thus capital is systematically diffused whenever necessary, the strain in one

place being relieved by the superfluity of the other. The demand on credit varies according to locality. In the autumn, for instance, the call for currency amongst the peasants is very small, whereas autumn is just the time when the Siberian creameries are mostly in need



A. E. KOULISHNY (Director of the Moscow Narodny Bank).

of money. The bank, through its representative societies, is in such cases enabled to regularise the flow of capital in the proper direction.

The third issue of shares to the amount of Rs.2,000,000 was made by the bank at the end of 1916. The whole issue was subscribed by co-operative societies, and, as may be seen from the following table, *only 8.4 per cent of the capital* is now held by private people.

Groups of Shareholders of the Bank.	No. of Shareholders.		No. of Shares.		Percentage.	
	1st Oct., 1913.	1st Oct., 1916.	1st Oct., 1913.	1st Oct., 1916.	1st Oct., 1913.	1st Oct., 1916.
Small Credit Societies and their Unions	1,067	2,058	2,362	5,484	59	68.4
Consumers' Societies and their Unions	230	449	763	1,026	19	12.8
Agricultural Societies and their Unions	61	131	179	430	4.5	5.4
Other Institutions	25	87	86	387	2.5	5
Private People	165	171	610	637	15	8.4
Total	—	—	4,000	8,000	100	100

The bank is preparing shortly to make its fourth issue of shares to the amount of Rs.6,000,000.

The Moscow Narodny Bank does all kinds of banking business, but does not deal in stocks and shares.

In order the better to serve the outlying regions of Russia, the bank had opened branches at Rostov-on-Don, Novo-Nikolaevsk, and a number of agencies in other towns of Russia, and commercial agencies in London and New York.

The following figures give a picture of the progress made by the bank :—On the 1st January, 1915, the monthly turnover of the bank was £850,000 ; on the 1st January, 1916, it reached £2,800,000 ; and on the 1st September, 1916, £5,000,000. In the course of one year and a half the monthly turnover had increased six times.

The amount of deposits with the bank stood on the 1st January, 1915, at about £400,000 ; on the 1st January, 1916, at £1,000,000 ; and on the 1st September, 1916, it reached £2,200,000. It had thus increased during one and a half years six times.

The annual turnover in 1915 was £24,300,000 ; in the course of the first eight months of 1916 it increased to £49,000,000.

The bank could not possibly restrict its activities to the expediency of supplying the co-operative societies with capital. It had very soon to widen the sphere of its activities, and organise together with the co-operative societies, the wholesale purchase of agricultural implements, machinery, &c. In this respect it had to tread the same path trodden by the co-operative credit societies, which were also obliged by the circumstances to go out of their restricted limit of supplying credit and engage in the purchase of machinery, live stock, &c.

It was a matter of urgent necessity for the bank to organise the wholesale purchase of goods required by the co-operative societies. Societies, unless they act unitedly and in an organised manner, must fall into the hands of the monopolists and their agents, just as the individual peasant is apt to fall into the clutches of the usurers.

With the object of organising co-operative wholesale purchase, the bank had applied for and obtained the permission of the Government to open a goods department, which had proved a great success.

Through its numerous co-operative connections, the goods department was able to study the position of the market and ascertain the exact requirements of the co-operative clientele, the exact brands and makes of agricultural implements and machinery used in various parts of the country, and which the peasants have found by long experience to be the most suitable for their purposes, and a hundred and one other useful details. On the strength of this information, the goods department was in a position to enter into agreements with the right manufacturers for the delivery of the right brands and makes.

In order to be self-supporting, the goods department made a small charge to the co-operative societies, ranging from 1 to 3 per cent, which covered expenses, and any balance that was left went to augment the profits of the bank, and was subsequently divided among the shareholders.

The first year's operations of the goods department were small, and the turnover was not more than Rs.527,392, but the volume of business done by the department was growing by leaps and bounds. The

goods department had bought for the 1917 season the following goods :—

Over	125,000	harvesting machines and ploughs,
„	18,000	tons of twine binders,
	11,000	tons of blue copperas,
	2,000	tons of flower of brimstone,
Over	60	tons of insecticides, &c.,
„	300	tons of various seeds,
„	3,000	tons of fertilisers,
and an enormous quantity of roof-iron and various other agricultural requisites.		

The bank has entered into an arrangement with the Orloff Society of Zemstvos, and with the Kiev Society of South-Western Zemstvos, for the purpose of joint purchases, whereby better results and greater efficiency are achieved. Soon after ten Unions of Credit Associations and two of the largest Agricultural Societies have come to a similar arrangement with the bank. Thus, the bank in its wholesale purchasing, is working in conjunction with strong organisations, the terms of price and purchase being the same for every party to the said arrangement. During 1915-1916, the Board of Agriculture becomes also a party to the same arrangement.

In 1916, representatives of unions of co-operative societies were invited to take part in the management of the goods department, which is thus beginning to play the rôle of an All-Russian Co-operative Purchasing Centre.

Apart from wholesale purchasing, the goods department of the Moscow Narodny Bank was also taking goods from co-operative producers' societies, on terms of sale on commission in Russia and abroad. This branch of its business was, however, cut short by the war. Still, the goods department had succeeded in getting through

to England about 100 wagon-cars of eggs from Pensa, and over 35,000 poods of flax from various co-operative societies in the flax regions. The attempt with the eggs was, from a commercial point of view, a success, although the co-operative society in Russia, which is waging a fight against the local egg exporter, suffered a slight loss. The flax transaction, however, in spite of the great difficulties owing to war conditions, proved a considerable success.

In Russia the goods department was selling maize, hay, pigs, cattle, and turpentine and resin, on behalf of the Tar Artels in Archangel.

However, immediately some independent organisation was springing up in an industry, as for instance, the Central Society of Flax Growers, the goods department passed on its experience and connections to that organisation, handing over to it the business it carried on in that particular branch. The department only retained the duty of helping it with finance.

The Moscow Narodny Bank is thus the cement which holds together the Co-operative Movement.

The general meetings of the bank are imposing: about 500 representatives from all parts of Russia assemble, with the object of strengthening and developing the idea of co-operative unity.

The bank commands great respect, and is famed far and wide.

In 1915 a piece of ground was acquired by the bank, on which the "Palace of Co-operation" is going to be erected.

The importance of the bank is now also recognised by the State Bank, which allows it large credit.

Like a mighty river taking its origin from the little brook in the mountains, the Moscow Narodny Bank, from small beginnings, grew into a powerful institution, with ramifications in Russia and abroad, and is a strong arm in the protection and furtherance of the interests of co-operation.

THE WARSAW CO-OPERATIVE BANK.

The Warsaw Co-operative Bank was formed in 1910. Shares in the bank may be held by private people and corporate bodies.

The bank had not succeeded in leaving a mark on the Co-operative Movement in Poland, to say nothing of Russia. The bank, however, was making good progress. Thus the turnover of the bank was—

In 1910	Rs. 87,000,000
„ 1911	167,000,000
„ 1912	232,000,000
„ 1913	270,000,000
„ 1914	194,851,000

On the 1st January, 1912, the capital of the bank was Rs.1,000,000; on the 1st January, 1913, Rs.1,750,000; and on the 1st January, 1914, Rs.2,000,000. However, the holdings of the co-operative societies in the bank were rather small.

According to the report for 1912, out of 7,000 shares (first and second issues together), of Rs.250 each—3,353 shares (48 per cent), were held by co-operative societies. In 1914, out of 8,000 shares, 3,798 shares were held by co-operative societies, *i.e.*, 47½ per cent. In 1914, the

co-operative societies held between them 3,400 shares, or 49.25 per cent.

The special conditions of the Co-operative Movement in Poland hampered the development and growth of the Warsaw Co-operative Bank. The consumers' societies in Poland went for credit to the Warsaw Union of Consumers' Societies, and only in exceptional cases applied to the bank.

In 1912, the rains during the harvest, and the early frost during the gathering of the beet and potato crops, had a ruinous effect upon agriculture, and this, together with adverse conditions on the labour market, have done a lot of harm to the bank.

In 1913 the winding up of several mutual credit societies had affected the bank, which suffered in consequence considerable losses. In 1914 and 1915, the bank had to work in the exceptionally difficult conditions when the largest part of Poland became the theatre of war. Already on the date of Austria's delivery of her ultimatum to Serbia, *i.e.*, before Russia's declaration of war, the public were withdrawing their savings from the bank. The 30th July, 1914, the date on which Russia declared war, was the most terrible for the Warsaw Co-operative Bank. The private banks stopped immediately the discounting of bills payable in Poland, in the Baltic provinces and other frontier districts, and as the portfolio of the Warsaw Co-operative Bank was full of such bills, its position was desperate. On that day the bank paid out 200,000 roubles in cash.

In spite, however, of these difficulties, the bank had nevertheless managed to live through the first months of the war, and even recovered somewhat in the subsequent months. This was due to the fact that the debtors

of the bank continued to pay their debts, although they could, if they only wished, avail themselves of the moratorium and suspend payment. During the first five months of the war, *i.e.*, up to the 31st December, 1914, the debtors of the bank have repaid the sum of Rs.1,423,000, whilst the bank paid its creditors over Rs.2,000,000.

The occupation of Warsaw by the Germans has cut short the work of the Warsaw Co-operative Bank.

CHAPTER VI.

Institutions for Promoting and Assisting Co-operation.

THE ROLE OF THE ZEMSTVOS.

IT was in the year 1864, in the midst of the "Epoch of Great Reforms" of the 'sixties of last century, that the Zemstvo Councils were called into existence. Among other functions, they were to serve the local needs and requirements and "assist with every means at their disposal the development of agriculture, trade and industries in their locality." Already, in 1866, some of the Zemstvos took steps to promote and help the co-operative movement. The first endeavours were directed towards the organisation of artels of "kustars," but with little success. The "kustars" combine into artels only to obtain grants from the Zemstvos; they also make use of the services of the Zemstvos in order to bring their goods to the market, but the organisations formed by them proved unstable, and, in many cases, not being able to fulfil their obligations towards the Zemstvos, the latter had to discontinue their assistance.

On the whole, the work of the Zemstvos in organising and financing various artels was of a more or less casual nature, depending on many local and private conditions. Of greater and more lasting importance were the activities of the Zemstvos in organising small credit. The first Zemstvos which approached this subject were those of

the province of Novgorod and the district of Pskov. Their example was soon followed by the Zemstvos of many other provinces and districts, and these operations reached a high level of development during the 'seventies of the last century. The number of loan and saving associations formed in different provinces, with the assistance of the Zemstvos, was—

In 1873.....	96	In 1875.....	60
In 1874.....	65	In 1876.....	38

The total number of such associations formed in the period between 1870 and 1887 was 442, and they received from the Zemstvos grants amounting to over 400,000 roubles. The number of credit associations of all kinds formed in Russia during this period was 1,266.

The loan and saving associations, which originated in the 'seventies, were not successful; the majority of them failed and the Zemstvos never recovered the sums they advanced to them.

The results achieved were thus greatly disappointing.

Was this the fault of the Zemstvos? In many cases, no doubt, grave mistakes were made by the latter; the main error, however, was that the Zemstvos had not taken into consideration realities. This was an error common to that epoch and was shared by all the best elements of Russian people at that time. They all wished to improve the conditions of life of the toiling masses; they idealised these masses and overlooked the fact that in order that the new organisation should take root and prosper it is necessary first that the soil should be suitable and made fertile. The low cultural standard of the masses of the village population of that time, the absence in the villages of people who should understand

the necessity and benefit of co-operation and should be willing to work in that direction, the whole patriarchal economic order of the village, all this militated against the success of the co-operative movement. It was necessary to create the co-operative organisations from "above"; the work had to be conducted by outsiders, while the very people whom it was intended to benefit looked on without understanding, without taking an interest, and, sometimes, even without sympathy. The organisations called into existence by the Zemstvos at that time were not co-operative organisations at all, as the latter require conscious work by the people, whose interest they are supposed to serve and protect.

The experience of the organisations, which came to such a sad end, teaches that it is impossible to create co-operative institutions from above in uncongenial surroundings. It is not sufficient to create formally an organisation. It is necessary, nay, indispensable, that its objects and aims should be properly understood and appreciated by the masses. It is impracticable to make people, who are indifferent to and even averse from the idea of forming a society, combine by holding out to them the bait of a loan. That practically was what the Zemstvos and some other leaders tried to do; and just of such elements artels were formed with the assistance of the Zemstvos and of the Government in the 'sixties and 'seventies of the last century.

After a number of failures, the Zemstvos lost faith in co-operative organisations and went to the other extreme of concluding that these organisations were totally unsuitable for the Russian people.

Instead of forming artels and loan and saving associations, the Zemstvos made a new departure and

began providing the population with seeds, implements, and live stock on credit. After the Act of 1895, which established a new type of credit association and which was promulgated in deference to the petitions of the Zemstvos, the latter recommenced their co-operative work, an important part of which was now undertaken by the newly-created agronomical organisations.

Up to 1904, this work of the Zemstvos is casual and meets with little success. In that year new enactments were made, putting the organisation of small credit on a new and more favourable basis; new statutes for such associations were issued, more suitable and more up to date than the old ones.

At the same time a new movement was noticeable among the population, growing in strength during 1904-5. The people were searching a way out from the straits of their economic condition; they began to change the methods of husbandry, and the need in credit for agricultural improvements began to be keenly felt. Credit associations in the villages grew rapidly in numbers and in importance and the attention of the Zemstvos was again attracted towards co-operation and its possibilities.

The regulations of 1904 facilitated the work of the Zemstvos, having empowered them to open various credit co-operative societies and banks, known under the name of "Zemstvos Small Credit Banks." From the past experience of these banks it is obvious that they will have to play an important part in the future of co-operation.

These new activities of the Zemstvos commence with the year 1909, when the Zemstvos have finally settled their line of action concerning co-operation. They have decided in the matter of co-operative activity to confine

themselves to the opening of Small Credit Banks. The first object of these banks is to assist the organisation of new credit and loan association ; the second is to provide funds and place them at the disposal of the co-operative societies, the banks striving to develop long term credit : their third object is to assist the combination of individual associations into unions, and finally they provide the necessary instructors, and assist the associations called by them into being to organise lectures, courses, &c. to educate their ordinary members as well as the members on the Board and Council making them efficient for their work.

The number of small credit banks on 1st January, 1917, was 269.

Their joint balance sheet showed—

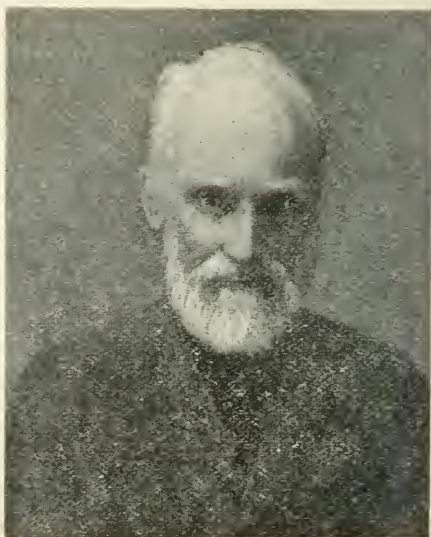
Capital.....	3,164,200	Roubles.
Loans from various Government Institutions.	5,575,900	„
Reserve Capital.....	809,200	„
Auxiliary Capital.....	11,137,100	„
Deposits	71,139,400	„
Outstanding Loans....	10,911,000	„
Other Items.. .	5,927,700	„
Profits	1,841,200	„
Total.. ..	110,406,700	„

CO-OPERATIVE COMMITTEES AND OTHER INSTITUTIONS.

The celebrated Russian writer and scholar, N. G. Tchernyshevsky, was a firm believer in and supporter of co-operation. As far back as 1850, he pointed out the importance of co-operation in his magazine *Sovremennik*.

His friend and follower, Dobrolyubov, popularised in Russia the ideas of Robert Owen. Both Tchernyshevsky

and Dobrolyubov recommended the establishment of Producers' Artels, and the idea of organising Consumers' Societies was broached first in 1869, by Professor Zieber. Much spade work was also done by Luginin and Ballin, who have greatly furthered the ideas of co-operation in Russia.



N. P. BALLIN.

Amongst the institutions of recent years formed for the promotion of co-operation in Russia, mention must be made of the Moscow Committee on Rural Loan-Saving and Industrial Societies, and the Petrograd branch of the same committee.

In 1869 a Circle was formed for the study of the question

of Small Credit, under the guidance of Prince Vassiltchikov. The latter proposed to a Congress of agriculturists, convened in 1870, a scheme for the organisation of Rural Saving and Trading Associations. In December of that year the Moscow Committee on Rural Loan-Saving and



PRINCE A. I. VASSILTCHIKOV.

Industrial Societies was established, and commenced operations in November, 1871. One month later, the Petrograd branch of the committee was opened. The organisers of the committee, besides Prince Vassiltchikov,

its chairman, were :—Yakovlev, Vereshtchagin, Khitrov, Luginin, and others. The chief object of the committee was to assist Loan and Savings Associations. At that time only 13 such societies were in existence, formed one year previously by Prince Vassiltchikov. Taking as a model the Schultze-Delitch Co-operative Societies existing, in Germany, and profiting by their own, though limited experience, the members of the committee drew up model rules for Loan and Savings Associations in Russia, and thereby rendered a great service to the Movement in the country. The members of the committee, who were all men of more or less considerable means, had helped financially the new societies. In 1873, the committee began to publish full reports of their activities.

The Petrograd branch of the committee succeeded in getting the Government to promulgate the Regulations concerning the organisation of Small Credit, after the type of the "Raiffeisen" Societies. Model rules for the latter were prepared by the branch and approved by the Government in 1896.

In 1912, the committee convoked the first All-Russian Congress of Small Credit Societies.

The committee also took, and is still taking a deep interest in the organisation of Industrial Co-operative Societies, and for this purpose a special committee was appointed by the Petrograd branch to deal with the question of agricultural associations and artels. When the consumers' societies began to make headway in Russia the Petrograd branch extended its support also to this branch of co-operation. This branch gives free advice on co-operation: it publishes books and pamphlets on the subject, and also a journal *Viestnik Ko-operatzi*, devoted

to the theory and practice of the Co-operative Movement.

The Moscow Committee also publishes books and its own journal *Ko-operativnaya Zhizn*, and sends out lecturers, but its chief and most important piece of work was the creation of the Moscow Narodny Bank.

In the 'seventies of last century a branch of the committee was opened at Odessa and Tiflis, but both of them gave no signs of activity, and very soon they closed down.

In 1908, the Kharkov Agricultural Society appointed a committee for the purpose of assisting agricultural co-operation. Prior to that date no other societies with similar objects were in existence, with the exception of the few societies described above.

The propaganda of co-operation forms also the object of special committees of various Co-operative Unions and Zemstvo Administrations, and finally certain co-operative and agricultural societies undertake educational work of great importance to whole districts. In this respect first place must be given to the Moscow Wholesale Co-operative Societies.

In the north the Vologda Agricultural Society was the centre of co-operative propaganda.

The trading department of this society is the body uniting the activities of the co-operative societies. This society has its agricultural expert adviser, instructors, publishes books, &c.

Since 1907 the Petrograd Agricultural Society also acquires the importance of a centre for the north of Russia, and in the south the Kherson Zemstvo Administration supplies the needs of co-operation in those localities.

In minor Russia the co-operative department of the Poltava Agricultural Society is largely assisting the Co-

operative Movement. Perm and Ekaterinburg are the centres for co-operation in the regions adjoining the Urals. The Chelyabinsk Consumers' Society has done a great deal of educational work in Siberia, but here everything is eclipsed by the work of the Siberian Union of Creameries, which, among others, publishes the *Narodnaya (People's) Gazette*. Recently a good many other Unions have been formed in Siberia, which are also engaged in educating the masses in co-operative ideas.

The Jewish Colonisation Association is promoting and assisting co-operation among the Jewish population, and pays special attention to the organisation of co-operative credit.

In this respect the central agricultural provinces of Russia were most unfortunate, there being no society to foster the co-operative idea. Recently, however, a number of Co-operative Unions have been formed here.

White Russia and Lithuania are also poor in co-operative activity. Here some work is being done by the Rovno Agricultural Society.

In Poland there were two organisations of considerable importance, the Central Agricultural Society and the Warsaw Union of Consumers' Societies, formed in 1911.

The Central Agricultural Society of Riga was very active in the Baltic provinces. Here the majority of the population is Lettish and Esthonian, and since the revolution of 1905, when the struggle between the land-owners, who in the Baltic are German, and the Letts and Esthonians became very acute, there was a split in the Riga Agricultural Society, and a new society was formed by the seceding Letts, and is known as the Economic Society of Lettish Agricultural Workers. This latter

society wields a great influence in the Baltic provinces, and has done a lot to promote co-operation there. Of equal importance is the Esthonian Agricultural Society in Youryev. Although formed in 1870 it had acquired importance only in the last few decades, when it began an active propaganda of co-operative ideas. It had formed a commercial department, which in 1909 had become an independent body called the Esthonian Economic Society, and is to all intents and purposes a Co-operative Union.

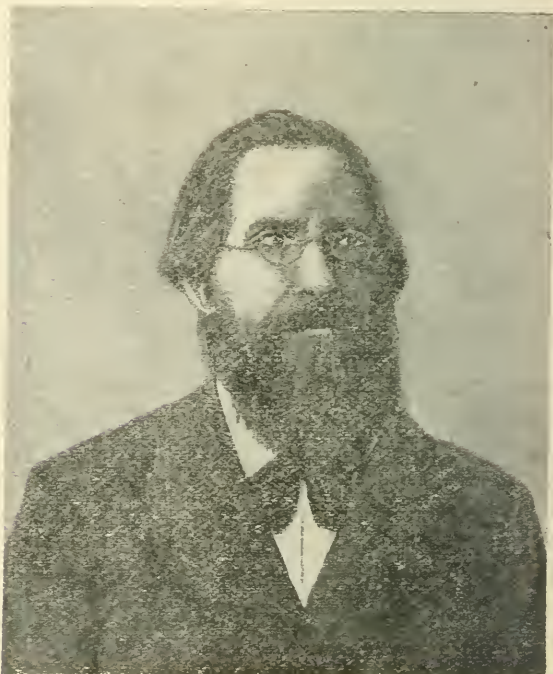
Good work was done in the Transcaucasus by the Armenian Educational Union of Baku.

During the last two years of the war an enormous volume of educational work was done by the Co-operative Unions, which arranged lectures on "Co-operation and its Importance in the Life of the People"; sent their instructors to help co-operative societies in the organisation of new undertakings; advised on the introduction of proper books of account, controlled and audited books, and generally helped to strengthen each co-operative unit.

Special mention must be made of Shanyavsky's University, at Moscow, which plays an enormous part in the propaganda of co-operative ideas.

The excellent courses on co-operation delivered by first-class men of science attract great numbers of co-operators, even from the remotest parts of Russia. And the plain member of the Board of some village co-operative society, or the clerk, bookkeeper, or other employé, after attending for some time at the University, returns home with a wealth of knowledge, fortified in his co-operative beliefs and ideas; he knows that his village society, however small, is very important as a link in the great chain of the Co-operative Movement of the world.

Among the leaders in co-operative thought, the foremost place must be given to Professor Tchuprov, who has helped greatly the cause of agricultural co-operation by his great classical works. Among others we may



THE LATE PROFESSOR A. I. TCHUPROV.

name the Professors Isaev, Tugan-Baranovsky, Prokopovitch, Antziferov, Zelesnov, Kablukov, Fortunatov, Totomvantz, Anisimov, and many others.

The Russian intellectuals have always shown a great love for the cause of co-operation. After the defeat of the revolution of 1905 by the reaction, the intellectuals



PROFESSOR M. I. TUGAN-BARANGOVSKY.



PROFESSOR A. A. ANTZYFEROV.



V. T. TOTOMIANTZ.

directed their energies to the work of co-operation, the only bright spot left in the social life of Russia, and the only open outlet for their energies. Tens of thousands

of these intellectuals lent their assistance to the Co-operative Movement, which undoubtedly owes a great deal of its success to them.

In the remote villages, however, the movement was of a different stamp. One must not forget that there is an enormous number of villages in Russia where there are no railways, no macadamised roads, not even a telegraph or post office, where for months and months the population is isolated from the whole world. Nevertheless, co-operation has grown even in these remote out of the way corners of Russia. There co-operation was indeed the creation of the people. Some pamphlet on co-operation finding its way by chance into such a village, and read by some of the peasants able to find their way, perhaps with difficulty, through printed matter, is capable of doing wonders. It is like a seed dropped in some wilderness, and growing up into a magnificent plant. The outcome of this reading of a pamphlet, half understood, may be a co-operative society, which transforms the life of the village.

True, there are a good many primitive elements in the Co-operative Movement in Russia, but the main point that matters is the noble civilising idea of co-operation finding an echo in the simple, kind-hearted Russian soul.

Co-operative societies are to be found among the various peoples inhabiting Russia : among the Armenians, Georgians, Tartars, Kirghese, &c.

Everywhere the seeds of the co-operative idea have borne good fruit.

Cases of embezzlement or fraudulent acts are very rare in the Co-operative Movement. In this connection the wholesome effect of supervision and control is not to be denied. Unfortunately, this work of supervision

is carried out not by the co-operative societies themselves, but by officials of the State Bank, by Inspectors of Small Credit, &c. This is a great defect, as it keeps back the growth of co-operative consciousness.

In 1915, a conference was held at Moscow to discuss ways and means of combating the rise in prices. The well-known co-operator, Mr. Zelheim, submitted a scheme which was adopted by the conference. According to this scheme joint co-operative committees were to be formed, beginning with the central bodies and ending with the territorial and district unions, and in which the consumers' organisations were to take part. The Central Committee was to have representatives from the Moscow Union of Wholesale Co-operative Societies, from the Moscow Narodny Bank, from the Moscow Committee on Loan-Saving and Industrial Societies, and from its Petrograd branch, and also from the divisional committees which could be elected at divisional conferences, and on which would also sit representatives from co-operative unions, from institutions for the promotion of co-operation, and from the provincial committees. The latter are to be elected at the provincial committees, and their number increased by representatives from provincial unions and unions covering a larger area. The district committees are to be organised on the same lines.

This scheme was put into practice, and by November, 1915, there were 4 divisional committees, 16 provincial, 62 district, 2 large regional, and 17 small regional, altogether 101 co-operative committees, all in working order, headed by the Central Committee.

The existence of the Central Committee was, however, of brief duration. In 1915 it was closed on the pretext

that it had no Articles of Association, although it had its rules elaborated by the founders.

THE ALL-RUSSIAN CO-OPERATIVE CONGRESSES.

The All-Russian Co-operative Congresses must be considered as the centre which organises and directs the whole of the Co-operative Movement. Up till now, two Congresses were held, one in 1908, and the second in 1913.

The first All-Russian Co-operative Congress took place in Moscow, in April, 1908. It was a most magnificent sight to watch the deliberations of the 800 co-operators assembled from all parts of Russia. The Congress lasted a whole week, during which time the four sections, into which the Congress was subdivided—credit, consumers, artel, and agriculture—worked under great pressure and strain. The Government was hostile, and on the last day the Congress was suppressed.

The Congress was a great festival for the Co-operative Movement in Russia. The Congress was composed of diverse elements, there was a sprinkling of military uniforms mingled with the cassocks of the priests, but peasants and working men predominated ; there were also employés and intellectuals, working in the various co-operative organisations. The Congress was democratic in the full meaning of the word. Even in the credit section, where the officials of the old régime had spread their nets for the simple members of the rural societies, the ideas of democracy obtained a sweeping victory. But this aspect of the Congress led to its premature end, and it was closed without having finished its deliberations and labour.

The second Congress, which assembled in Kiev, in August, 1913, was even more impressive. It was attended

by some 1,400 delegates, representing 900 co-operative organisations.

This time the chairman was appointed by the authorities, but in spite of friction the work of the Congress was completed.

The questions which most attracted the attention of the delegates were in some degree of a different category than on the first Congress. In Moscow the Congress tried to proclaim first principles. The Congress at Kiev had set itself the task of solving some internal problems, and therefore witnessed sharp conflicts of opinions. The hottest battles were fought round the question of the forms of co-operative organisation, in which the views of the co-operators of Moscow were opposed by those of Kiev and Ural. There were two distinct tendencies—one centralistic, and one federalistic. The latter, the most prominent supporters of which were the Little Russians, held that for such a vast country like Russia the best type of co-operative organisation was the society as a unit, the divisional or territorial union as a combination of the societies, and a central body composed of representatives of such unions.

The centralists, who numbered among their followers delegates from the northern provinces, including those from the Moscow Union of 'Consumers' Societies, and the Moscow Narodny Bank, while admitting the importance of local and district unions, nevertheless insisted that the co-operative centre should represent the societies as a whole, but should not be a body of union representatives. After a heated debate the centralists carried the day.

There was also great discussion on the question of the educational work of the co-operative societies. Some delegates propounded the view that the co-operative

societies must conduct such work on a wide basis, so as to become a kind of cultural centre for their respective areas. Others took a more narrow view, and thought that the societies could assist and promote only such forms of educational work which would benefit directly the growth of the co-operative movement. The Congress decided in favour of the first view.

Mention must also be made of the question of the co-operative employés, and of the legal position of co-operation.

The question of the employés was already taken up at the first Congress, but it was prevented from discussing it; since then, this problem became more acute, and frequently led to open conflicts, which took place even in such organisations as the Moscow Union, the Moscow Narodny Bank, the Siberian Creamery Association, &c.

The second Co-operative Congress adopted several resolutions on the question, and also approved the establishment of a superannuation fund for the employees of the Moscow Union.

After the Congress in Kiev, the Co-operative Movement grew in depth and breadth. Co-operators have come to appreciate the importance of education, and of raising the cultural level of the community for the growth and progress of their movement. This led to the doubling and trebling of their educational efforts, reflected in an increase in the publications of societies and unions. The Moscow Union of Consumers' Societies has also initiated and assisted the establishment of special courses on co-operation at the University of Shaniavsky, with the object of preparing trained officials for the societies. Apart from the educational work of the unions and other centres, the societies have done a lot of educational work on their own initiative.

CHAPTER VII.

Some other Aspects of Co-operation.

EDUCATIONAL WORK.

AFTER the trading and financial activities of the co-operative societies in Russia, in the centre of their attention is the work of education. It may be said without exaggeration that their educational work is the foundation stone upon which the whole fabric of co-operation in Russia is built; it is an absolute necessity; the co-operators are in need of leaders, of educated members for their boards, of clerks, instructors, and many other active workers and advisers. The proper education of the people having been neglected by the Government, the co-operators had to step into the breach and fill up with their own work the shortcomings resulting from the state of ignorance in which the masses are purposely held by the powers that be.

The educational work of the co-operative societies finds its expression in a variety of forms: in the organisation of lectures for the masses, in the building of people's palaces, in promoting theatrical and cinematographic performances in the villages, in publishing journals, books, even in providing schools, establishing libraries, &c.

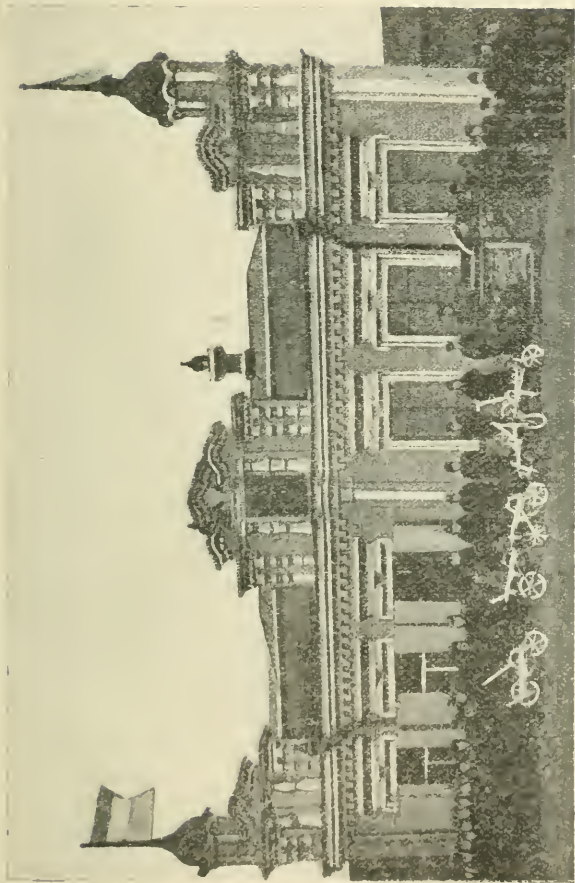
There are at present over 20 co-operative journals in Russia, and besides this most of the agricultural journals have a section devoted to co-operation. Nearly all

co-operative societies assign a portion of their funds to educational work.

The co-operative societies exercise a powerful moral influence not only by their educational work; the very fact of their existence, the improvement in the material welfare of the community, which co-operation brings in its wake, helps the population to overcome many of the social evils from which it is suffering. As a natural result of all this there is a noticeable falling off in crime and drunkenness wherever co-operation has taken a firm root.

In the *South Russian Agricultural Gazette* (published in Kharkov) there appeared some time ago a description of an inaugural festivity on the occasion of the opening of a People's Palace in a village. A member of the committee hit upon an original idea of impressing the significance of the occasion on the people. A grave was dug in front of the palace, in which a bottle of "vodka" was solemnly buried; after some appropriate speeches the assembled population of the village took a pledge never to drink vodka again, and in commemoration of this solemnity a chapel was built, known as the "symbol of work and struggle."

There is another illustration. In the poor village of Liskov, which has a population of not more than a few hundred, some 35 peasants of the village had formed a co-operative society in 1902. Little by little it grew, and in 1912 counted 72 members and sold goods to the value of over £1,000. Apart from prime necessities, the society began also to deal in fertilisers and agricultural implements. These latter operations, being outside the sphere of a consumers' society, were discouraged by the authorities. In order to avoid unnecessary conflicts a



A CREDIT SOCIETY IN THE PROVINCE OF ASTRACHAN.

special agricultural society was formed which has very soon changed the old and backward methods of land cultivation, which were still in use in the village, it established experimental farms and, having combined with several neighbouring villages, enlisted the services of an expert agronomical adviser. Shortly afterwards a co-operative creamery was established, co-operative fire insurance was introduced, and this was followed by a loan and saving bank, a weaver's school, a bath, bakery, laundry, and a toy-making shop. All the above institutions are situated in the People's Palace, built in 1908, and they are all the results of a small co-operative society formed by a mere handful of members.

In the domain of cultural and educational work, the co-operative societies aim at supplementing and even replacing the work of the *Zemstvos*. They build roads, telephones, telegraphs, and have even their own post-offices, their own medical centres, asylums, schools, organise experimental farms, and many other institutions serving the interests of the population.

When we compare the pulsation of life in our co-operative societies with that of the societies abroad, it will probably be found that in many respects we are behind, but there are undoubtedly many fields of activities in which co-operators excel and show great moral power. This power finds its expression in an unquenchable thirst for education and culture, in a watchful attention to the social questions of the day and an impulsive striving towards unity and organisation.

The thirst for education and culture briefly touched upon in the preceding lines, grows and extends from day to day. As to the social questions of our time the Russian co-operators never try to evade them, but face

them with courage. An illustration may be provided by the war. As soon as it broke out, the co-operators helped to gather the harvest of those who were called to the colours ; when it was necessary to help the families of the reservists, the co-operative societies made them a certain allowance from their funds : when the burden of the increased cost of living was beginning to weigh heavily upon the population, the co-operators immediately took alarm, and insisted on being admitted to the various committees formed to deal with the grave situation. When the campaign against alcohol was initiated, the co-operative organisations joined in by developing and intensifying their educational activities. Had the conditions under which co-operation had to work been more favourable its educational work would have been greater still.

PEOPLE'S PALACES.

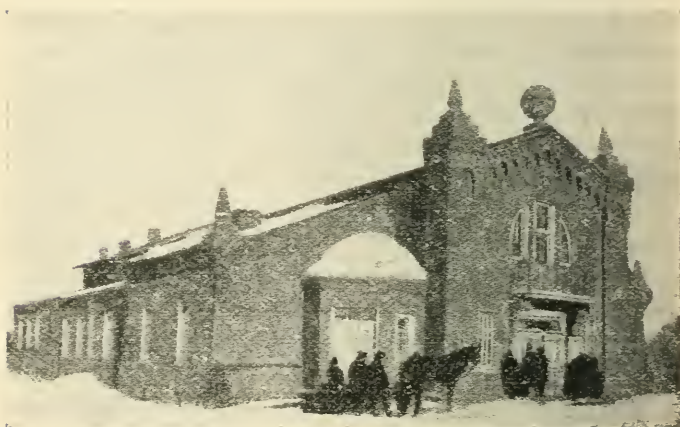
England is the country of origin of the People's Palaces. The idea was given by Walter Besant, and in 1887 the first People's Palace was built in London. Since then, country after country followed suit, and now we have People's Palaces in most countries of the world.

In Russia the Narodny Dom (People's Palace) makes its appearance for the first time at the Nijni-Novgorod Exhibition in 1896. The Ministry of Education had erected there a building with halls for lectures, a stage for performances, a library and reading room, tea room and various other features. After that People's Palaces were built by the Government Institutions for public sobriety, by the societies for spreading primary education, and various other institutions. Palaces were built in many towns, but the Ligovsky People's Palace in Petrograd,

and the Kharkov People's Palace, may be considered perfect models.

These People's Palaces are centres affording the people rational amusement and education.

All the People's Palaces have sprung up in town, and are usually the result of efforts made by various institutions and private persons for the benefit of the people. They are highly useful educational institutions frequented by the people for purposes of education and amusement.



A PEOPLE'S PALACE IN A VILLAGE OF KHARKOV PROVINCE.

They are to a certain extent charitable institutions, because they are erected and maintained by voluntary contribution. They are thus palaces for the people, but they are not the people's Palaces. The people come to the palaces as visitors and onlookers only.

Recently a new type of People's Palaces is making its appearance in Russia, not in the towns but in the

villages. These institutions are People's Palaces in every sense of the word. They are built and maintained by the people themselves, through the co-operative societies, or with their assistance. In a good many cases a certain part of the building belonging to the local co-operative society is fixed up and used as a People's Palace. In other cases special buildings are erected for that purpose. It is to be regretted that the erection of People's Palaces is not done systematically, but left to chance and to the inspiration of local co-operative workers. Lately, however, the local Zemstvos have taken the initiative of elaborating a scheme to cover their localities with a network of People's Palaces. The Zemstvo at Perm had assigned in 1917 a sum of Rs.1,000,000 for the erection of People's Palaces. A few others have followed the example of Perm. The requests, however, for People's Palaces come chiefly from the co-operative societies.

The People's Palace with its library, reading room, stage, lectures, lantern light lectures, pictures, refreshment room without intoxicants, museum, &c., is the centre of light and warmth, and a powerful means of combating the evils of ignorance, drink, and gambling. The more People's Palaces there are the easier will be the task of defeating these evils.

THE LEGAL POSITION OF RUSSIAN CO-OPERATION.

The development of co-operation in Russia called into life new forms of organisation, which required legal sanction and regulation. The law knew nothing of co-operation, and pressure had to be brought upon the Government to make them move in the matter of legalising the co-operative societies and placing them on a firm juridical basis.



V. A. PERELESHIN, THE FIRST CHAIRMAN OF THE MOSCOW NARODNY BANK.

The first Co-operative Congress, held in Nijni-Novgorod in 1897, adopted model rules for consumers' societies, which in the following year received the sanction of the Government. According to these rules, consumers' societies could be established with the approval of the Governor of the province, and meetings of members of established societies could be held with his authorisation.

An Act regulating the establishment and working of Credit Associations was issued in 1895, and amended in 1904. The regulations of these Acts provide that the establishment of a new Credit Association must receive the sanction of the local office of the State Bank, the official responsible in the matter being the Inspector of Small Credit. All Associations had to conform to the Model Articles approved by the Government. The general supervision of the work of the Associations was in the hands of the Central Board of Small Credit Institutions in Petrograd. When the establishment of a Credit Association was promoted by the Zemstvos, no preliminary sanction was required, provided the associations adopted the Model Articles, but if the Articles differed from the Model Articles, sanction had to be obtained from the Central Board of Small Credit Institutions.

Producers' Artels had to conform to the general civil laws, and Stock Exchange Artels (Commissionaires, &c.), to the laws on trade.

According to the law promulgated in 1902, Producers' Artels could be formed on the basis of agreements, provided they are approved by the Governor of the province.

Agricultural societies came under the supervision and control of the Ministry of Agriculture, but at the same time, in many respects, their activities were regulated by a departmental committee, consisting of representatives

of the Ministries of Agriculture, of Trade and Commerce, and of Finance. Creamery Artels were subject to the Ministry of Agriculture.

A set of rules for unions of consumers' societies were drawn up by co-operators in 1896. The right to form unions of small credit associations was granted by the Government in 1904, provided a petition to this effect was lodged with the Council of Ministers, and, after their approval, was sanctioned by the Tsar.

At the beginning of 1916, the Duma passed a Co-operative Bill, which, however, was held up by the Council of State, who were afraid lest the unions of co-operators legalised by the Bill became "hot-beds of revolution." Thus, up till the recent change of the régime in Russia, the Co-operative Movement had to rely on the consciousness of its members as a means of protection, the existing laws on this subject being not only inadequate, but of a nature to impede and stunt its growth.

CHAPTER VIII.

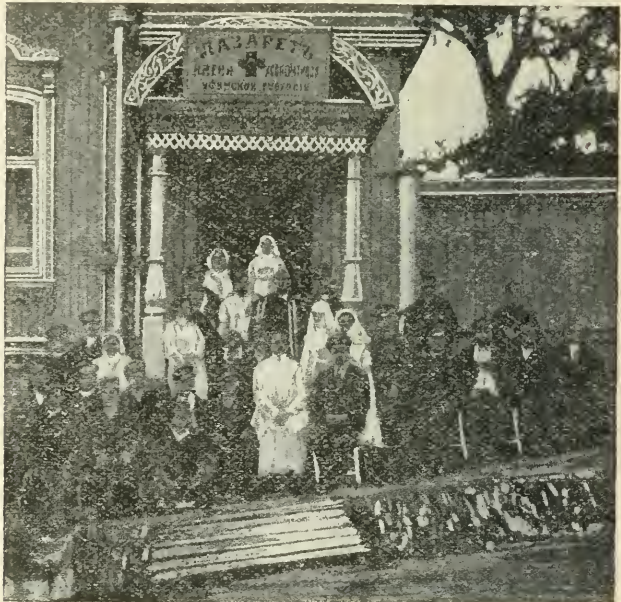
The War and the Co-operative Movement.

THE GENERAL EFFECT OF THE WAR.

UNDOUBTEDLY the war has placed before the co-operative societies the greatest problem they have ever had to face. When war was declared some confusion arose at first in the ranks of co-operation. On the one hand they were threatened with the total disorganisation of the normal economic life of the country; on the other, a great number of the workers of the co-operative societies were called to the colours. It seemed as if all these facts and influences combined would deal a mortal blow to the very existence of co-operation. However, the societies withstood the first shock of the blow, and very soon recovered their energy and power. They have not remained in the capacity of mere onlookers of the great events accompanying the war, but have organised and taken part in the solution of the problems created by the changed conditions.

In a number of cases the co-operative societies came to the assistance of the families of soldiers; the workmen's co-operative societies began to aid their unemployed members; the Moscow Union, together with the Moscow Narodny Bank, organised a "War Victims' Relief Fund." Furthermore, the Moscow Union had opened on its premises a hospital for wounded soldiers, and started a campaign for providing the soldiers with linen.

The necessity for uniting the co-operative forces was felt more strongly owing to the war, and it had still further stimulated the work of organising district unions. This problem became more urgent with the rise, which had soon set in, in the prices of all commodities.



MILITARY HOSPITAL PROVIDED BY CO-OPERATORS IN THE PROVINCE OF UFA.

In connection with the war, the educational work of the co-operative societies had greatly increased, and it also brought to the forefront the establishment and building of people's palaces.

THE WAR AND THE VILLAGE.

How did the war affect the economic conditions in the villages, and what were its results in the domain of the Co-operative Movement which, as has been already repeatedly pointed out, recruits the greatest number of its followers among the agricultural population ?

With regard to the prosperity of the villages, the peasantry can be divided into three groups—

- | | | | | |
|----|------------------|---------------|----|-----------|
| 1. | The well-to-do, | approximating | 20 | per cent. |
| 2. | The poor | „ | 30 | „ |
| 3. | The intermediate | „ | 50 | „ |

For the purposes of this classification, the statistical institutions of the Zemstvos usually apply the test as to the amount of grain and bread at the disposal of a given household. The investigations made by the Zemstvos have shown that about one-third made up of the whole of the first group and of a portion of the third had in normal times more grain than they were in need of for their own requirement, and were able to sell the surplus ; another third had just sufficient bread for the needs of the members of the household, and finally, a third had not sufficient grain for their own needs, and were obliged to purchase corn.

The war affected in the first instance those households which were deprived by the mobilisation of all their male members. According to the statistical investigations of the Zemstvos, the welfare of the peasants is in proportion to the number of males in each family, so that it may be assumed that the families of the second group and partly of the third, who, even in normal times, suffered from a shortage of male labour, have been more severely hit by the mobilisation. The loss of male labour resulted

in a further decrease in the area under cultivation of such families, and in a further lowering of agricultural methods. These families were also forced to reduce or altogether dispose of their live stock. In the province of Saratov, for instance, the number of "horseless" households increased during the war by 10 per cent, and those having no cows by 5.7 per cent.

Notwithstanding all this, it has been noted that there is now an abundance of money in the villages. This is due, first of all, to the allowances which the Government is making to soldiers' families, then to the high prices at which the peasants are now able to sell their agricultural produce, and, finally, to the high wages which they are able to earn. All these are well established facts, and the appearance of things in the village also produce a favourable impression. There is no doubt that the village has become more sober, that the peasants have improved their dietary, that they have begun to dress better, and possess a certain amount of ready money, which is responsible for the increase of deposits in various credit associations. But when we examine deeper the economic position of the village, the illusory nature of the wealth of the peasants becomes more apparent. The circulation of more money among the peasants, and all the outer symptoms to which it gives rise, cannot obscure the fact that the economic position of many households has become rather worse. The acreage under the crops has considerably decreased practically everywhere, which undoubtedly marks a serious decline in the prosperity of the peasants, and results from the shortage of labour caused by the war, and also of a shortage of agricultural machinery and implements. The shortage of labour on the one hand, and profit hunting on the other, have

undermined the welfare of the village. Repairs are neglected; buildings, sheds, &c., are dilapidating; requisitions have depleted the live stock; the high prices on meat have induced the peasants to sell their cattle.

The effect of all this will be felt in the Russian villages for many a year to come, and they more than counter-balance the appearance of wealth created by an inflated currency.

Before proceeding to investigate village conditions in different parts of the country, let us note some general features common to all of them. First, there is the great difference between town and country. The town is a kind of pump sucking the village dry of its forces. Only a small number of males, willing and able to work on the land, remain in the villages. Compared with the town, the village is much better provided with food; only the village-intelligentsia—such people as the teachers, agronomical instructors, nurses, &c.—suffer a great deal from the rise in prices. Finally, the adaptability and endurance of the peasants puts them in a position quite different from that of the population of the towns. The absence of matches is easily borne by the peasant, who simply turns to the flint and tinder-box used by his grandfather; when cotton material cannot be obtained, the want is supplied by home-spuns; when leather for boots is lacking, he takes recourse to bast-shoes.

To these features common to the whole of rural Russia must be added a variety of others characteristic of certain parts of the country.

In districts near the front, the peasants live under the constant fear of being obliged any day to flee from their homes. In some parts, the more or less distant booming of the guns can be heard, and their sound does

not encourage the agricultural labourer to put much zeal into his work. In these circumstances the steadiness of the peasant has gone. There is no inducement to improvements; the future appears uncertain, and many sell out their belongings and emigrate to other parts of Russia.

In the North, in the provinces of Archangel, Vologda, Novgorod, Olonetz, and in districts of the Jaroslav and Viatka provinces, which import a great deal of agricultural products, there is nevertheless an abundance of money. This is explained by the high prices obtained by the population for their turpentine, resin, and similar products, as well as flax, and also by the high wages paid for work in the forestries.

The same applies also to some of the Southern provinces, that of Kharkov, for instance, where female labour has been greatly utilised, and where the number of "hands" was increased by the lads of 15, 16, and 17 years, who, attracted by the high wages, stay in the village instead of proceeding, as in normal times, to town, and also by the old men of 50-60.

Opinions, however, expressed by various writers on the subject differ. Some affirm that in the villages, which are now sober, there is a speeding-up of work; a plenitude of money, and there is no fear of impoverishment; that the peasants are introducing to a greater degree agricultural machinery, and make use of the labour of prisoners of war.

Some consumers' societies and shopkeepers maintain that never before was the consumption of sugar in the village so high as it is now. The suppression of vodka has induced many families to acquire "samovars," and tea drinking has greatly increased. There is now a growing

demand for better and more expensive grades of cloth, for toilet soap, and perfumery.

On the other hand, a member on the Board of a credit association writes that he had asked some peasants, who deposited with him some money realised from the sale of their oxen, whether they intended to buy other cattle, and the reply was that they will, later on, when the lads return from the trenches. Now, they said, there was nobody to work them. The author adds that there is plenty of currency in the village, but not much work done.

Similar news arrives also from some of the Central provinces. In some districts, the women do not take part in the agricultural work; they are in many cases unable to make out the value of money or even to count it, and take it to some of the credit banks. More frequently, however, they leave their money in the shop of some "sharp" trader, who understands how to make them buy some of his old and out-of-date goods. The money circulating amongst the peasants in these districts is realised from the sales of horses and cattle to the army. The possession of ready cash has introduced in some of these villages, instead of the vodka, a new and terrible scourge—gambling.

The following is the result of observations by a member on the Board of a Credit Society from Riazan:—

“The wealth of the village caused by the war is reflected in a surfeit of deposits, in the absence of applications for loans, which are useless, as goods have disappeared from the market, and you cannot buy anything for money. The wife of a soldier, for instance, sells her horse for 100-200 roubles, and puts the money into the bank, but afterwards when she will want to buy a horse, she will have

to pay 400-500 roubles. Meanwhile we are rich, we have money in the bank. . . .

“The richness caused by the money,” adds the writer of the letter, “is of a nature similar to the money itself, it is of paper, and has no weight, but can only be counted ; it ‘goes’ like water, and leaves no trace. . . .”

News from the Caucasus shows a certain increase in the welfare of the village, mostly as a result of the good harvest of the last four years. The credit associations have also contributed to this welfare by their advances against the future crops. However, the assistance given by the co-operative organisations do not strengthen agriculture. Like the allowances to the soldiers’ families, they only help the peasants from ruin.

The Russian village thus presents a confused picture against the background of abnormal and unprecedented prices.

The impossibility in many cases of obtaining goods, even for money, has compelled the population to organise in consumers’ societies. The number of the latter has grown considerably. Thus, for instance, in the province of Tula, the number of consumers’ societies between 1st August, 1915, and 1st August, 1916, has increased fourfold, and reached the figure of 280, in addition to which there were some 255 co-operative credit societies.

This growth of consumers’ societies has also its drawbacks. Various institutions, such as the *Zemstvos* or co-operative committees, which exist for the purpose of assisting and advising the co-operative organisations, could not cope with their work, and were unable to instruct the newly formed societies on the methods of proper bookkeeping and audit. Tens and hundreds of new societies were opened and conducted their operations for

several months, without obtaining expert advice, because in the present Russian villages every man who can read or write is up to his neck in work. Many of the new societies will probably fail on account of this. In some instances, the societies are formed by the village grocer or miller, who, with their stock gone, hope with the aid of a co-operative shop, to obtain a supply. In other words, such societies do not set before themselves the task of ousting the middleman. Many of the societies will, however, survive, principally those working hand in hand with the credit associations, and will prove of the greatest benefit to the population.

As to the credit associations being unable to make profitable use of the money flowing into their coffers, they are compelled to reduce their rate of interest, and in some cases even to refuse to accept any new deposits. So, for instance, in the province of Tula where the normal rate of interest before the war was from 8 to 9 per cent, in 1916 the rates were, for short call deposits, 4 per cent ; six months' notice, 5 per cent ; yearly, 6 per cent ; over a year, 7 per cent.

In the opinion of some authorities on Russian credit co-operation, the position is fraught with sinister consequences. At the conclusion of the war the agricultural classes will find themselves in a desperate position. On the one hand, they have got used to better living during the war, and will never be able to return to their pre-war mode of life. On the other hand, with their old methods of agriculture, they will hardly be able to add anything to their means. There will be a strong desire to discard old methods, to introduce up-to-date implements and machinery, and conduct agriculture on modern lines. There will arise everywhere an enormous demand for

ploughs, drill-ploughs, harrowing, threshing and harvesting machinery, for horses, good stock oxen, cows, &c., there will be runs on the co-operative banks, because the peasants will require their deposits. Large funds will also be required for long neglected repairs, which will increase the withdrawals from the small credit banks. Not all the peasants, however, have deposits, and as the peasants' shares are not great, there will be numerous applications for loans, and the resources of the credit associations may not prove equal to the occasion. From this point of view the refusal to accept deposits must be regarded as highly undesirable.

The part which the credit associations will be called upon to play in the after-war period will be very great. Equally important will be the task of the various agricultural societies, associations of producers, and artels.

During the three years of the war the co-operative organisations have gained valuable experience in supplying the army with grain and other agricultural products. There are no exact and complete data as to the great part played by co-operation in these contracts with the army, and only approximate figures can be given for the years 1915-1916.

During that period the co-operative societies and unions have delivered :—

41,427,544	poods of grain.
2,488,798	„ flour.
5,734,684	„ hay.
272,663	„ buckwheat.

Although only approximate and incomplete, these figures will help to give an idea of the immense task fulfilled by the Russian co-operators in the provisioning

of the army. The societies had to overcome many obstacles, some of which were due to lack of experience, whilst others were due to the intolerable conditions under the old régime.

The co-operators had no practical experience in the grain trade, and frequently the grain delivered was not according to contract, and the societies had to suffer heavy losses. They had no proper storehouses for receiving the purchased goods, and had often to leave them with the original owners, who sometimes resold them to other buyers, or whose stores were so unsatisfactory that the grain became damaged. In some cases, the co-operative organisations speculated buying grain from outsiders at a comparatively low price, and reselling it at a higher one.

On the other hand, on some occasions the co-operative societies were not treated fairly or justly by the commissioners of the Government and the executives of the Zemstvos. There and then they refused to deal with co-operators, particularly with the credit associations; they gave preference to private dealers and firms, and generally tried to keep the co-operative organisations out of the contracts altogether. Payments due to co-operators were delayed; storage was not provided in time for co-operative deliveries. The experience gained in connection with the contracts for the army has convinced co-operators in the exceptional importance of a proper organisation of the sale of corn, and of credit operations in connection with advances against future crops. The conclusions arrived at will prove of the greatest value in deciding the general policy of co-operation after the war. The co-operative societies have proved themselves able to conduct trading operations on a large and

wide scale ; they have shown a degree of adaptability and flexibility which raises the greatest hope for the future. When the various shackles, which still obstruct the path of co-operation, are removed ; when, in particular, the position of the corn trade is regulated by law ; when the co-operative societies are given the opportunity of gaining special technical knowledge of the trade, there will then be the possibility for millions of peasants to do away with the middleman, and gain the millions of roubles now pocketed by them.

THE LATEST PERIOD.

The withdrawal of many millions of agricultural workers at the beginning of the war through mobilisation has created a large and growing demand for all kinds of agricultural machinery. At the same time other conditions of the war have made it impossible to import such machinery from abroad, on a more or less adequate scale. The combined efforts of the Moscow Narodny Bank, of the Orel Association for the Provision of Agricultural Machines and Implements, working in conjunction with the Board of Agriculture, were unable to meet the new demand.

Many co-operative unions have, therefore, embarked upon new enterprises, establishing their own factories and works for the manufacture of agricultural machinery and implements.

At a meeting of the members of the Ufa Union of Credit, Loan and Saving Associations in June, 1916, it was decided to proceed immediately with the erection of a plant for agricultural machinery, and to invite other co-operative societies of the province to join in the new undertaking.

The South-Bessarabian Union had set up a repairing shop for agricultural machinery, the Board of Agriculture having made a grant for the maintenance of an expert engineer.

The Liven Union of Credit, Loan, and Saving Associations, in the province of Orel, established a factory for agricultural implements. An iron works in that district having gone into liquidation, the Board of Agriculture made an advance to the Union of a sum of 22,000 roubles at 6 per cent, for a term of six years, to acquire the works, and a loan of 15,000 roubles, free of interest, for improvements in plant. From the 28th March till 1st August, 1915, this factory has fulfilled 317 orders, 90 per cent of which were received from peasants.

The Kiev Union organised a number of repairing shops in the area served by it.

The co-operative unions do not confine themselves to agricultural machinery, but strike out in many other branches of industry.

The Central Association of Flaxgrowers intends setting up a number of flax works.

The Moscow Narodny Bank subsidises two super-phosphate works, one in the province of Moscow and the other in that of Kaluga, both working exclusively for co-operative societies.

The Union of Associations of the province of Poltava has opened a number of plants for drying fruit and vegetables, the sale of which is being organised by the Union.

Co-operative works for the curing, salting, and smoking of sausages and hams have been set up in Mirgorod.

The Kharkov Agricultural Society, working in conjunction with the Kharkov Union of Consumers' Societies

of the South Russia, have acquired a plot of land in Kharkov, on which it is proposed to erect a number of buildings for various co-operative undertakings. In the near future, mills, macaroni works, stores, &c., will be opened there.

Many co-operative societies have telephone installations, electric light, the central electric station serving several villages. In some districts they build roads. There are also societies owning and working coal mines.

The list of co-operative undertakings is a very large one.

The co-operator appears to be a self-taught architect of a new life. His knowledge is still very limited, and up till lately he was prevented from developing his capacities by prohibitions, fines, and even arrests. These obstacles have now fallen, together with the régime, which created and multiplied them, and a free field of work is now open for co-operation in Russia. New forms and methods of combined efforts appear on the horizon, new and wide sections of the population are drawn into the sphere of co-operation, new branches of the economic life of the country are added to the conquests of the movement. The time is not far off when co-operation will exercise its beneficial influence on the whole structure of economic life in Russia.

CHAPTER IX.

International Tendencies of Russian Co-operation.

WE shall now briefly summarise the results achieved by the Russian Co-operative Movement.

(a) The co-operative consumers' societies have not only liberated the consumer from the middleman, but have given him goods of good quality, and thus helped to improve the physical strength of the population. The trade done by the societies is carried out on social lines.

(b) The agricultural co-operative societies aim at raising the peasant's income from the land within the limits of capitalist society. Agricultural co-operation concentrates and co-ordinates the sale of agricultural produce, and brings the producer in close touch with the consumer. It teaches the population how to make use co-operatively not only of expensive machinery but also of the land; in short it guides them towards merging all their productive activities in one co-operative effort.

(c) The co-operative credit does not aim at transforming and reorganising society on different lines. Its object is to supply cheap credit to the people, to eliminate the usurer who undermines the village.

Throwing a retrospective view on the Russian Co-operative Movement during the last five years, the first thing which catches our eye is the tendency towards centralisation.

Co-operative units of all kinds are growing with fabulous rapidity, sometimes so rapidly that some people fear for their stability. Undoubtedly some of them would perish but for the support of the unions. At the present time Russia has over 300 such unions. Co-operative units of all kinds are merged either into unions, the statutes of which have been approved and confirmed by the Government (about 90 unions), or into unions working on the basis of mutual agreements not confirmed by the Government, but made by a public notary or by the societies themselves. There is a "Committee for the Organisation of Co-operative Units and Unions" at Moscow, with an official organ, *The Messenger of Co-operative Unions*. The aim of the committee is to establish new unions and assist old ones.

The committee consists entirely of representatives of different unions. District and inter-district unions have also a tendency towards centralisation; their aim is to strengthen already organised centres of co-operative units and build up new ones.

How strong the unions are may be illustrated by the fact that the Central Society of Flax Growers has representatives at all the important flax-producing districts of Russia, and concentrates the purchase of goods most required for their members (agricultural machinery, seeds, artificial manure, &c.).

The Moscow Union of Co-operative Societies has taken the same line of action in regard to general merchandise.

The Union of the Siberian Creamery Associations, the Central Society of Flax Growers, and the Union of Tar Producers of the Archangel Province have centralised the sale of the principal agricultural products.

Two more organisations are now in process of formation,

the Co-operative Grain and the Union for the Sale of Eggs, and should be able to control the two most important items of Russian export.

Besides these unions of producers of different agricultural products, there are several organisations for the sale of peasant industries, such as Borovichi Voldaisky Union (the biggest organisation of peasants producing knitted goods).

New central organisations are formed for the sale of furs, hides, &c.

The activity of these organisations, gradually linking up with the rest, has spread beyond Russia. If we take organisations such as the Union of the Siberian Creamery Associations and the Moscow Narodny Bank, we see that they are working abroad.

The Siberian Union has been working already for six years on the British market, and the Moscow Narodny Bank has its branch in London.

The above-mentioned Central Society of Flax Growers sells flax fibre and seed direct to England, France, Japan, and America.

The Union of Tar Producers of the Archangel Province has found its way to England a long time ago.

Finally, the Moscow Union of Wholesale Societies, according to the latest information, is going to send a representative to establish direct relations with the English and Scotch Co-operative Wholesale Societies.

Many of these institutions are already members of the International Co-operative Alliance in London.

Being dependent on the foreign markets, the Russian co-operators will be compelled to co-ordinate their actions with their Western European comrades. The Russian agricultural products are sold all over the world, and,

therefore, the activity of Russian co-operators must be of an international character. These international tendencies are to be found in each country. The activities of the co-operative societies everywhere spread beyond the boundaries of their countries, and it is therefore, in the nature of things, that Russian co-operators should strive to link up their movement with an international alliance.

The Russian co-operative societies will sell their wheat to England, Scotland, Holland, and other countries; butter to England and Denmark; flax to Ireland, Scotland, Japan, and America. They will buy binder twine (raw material for it, sisal) from American farmers, &c.

To estimate the co-operative forces of the world one might turn to the international statistics collected and published in the international reviews.

These publications are issued by the two international unions, the International Co-operative Alliance and the *Confédération Internationale des Sociétés Co-operative Agricoles*, also the *Institute Internationale d'Agriculture* (in Rome), and by the Moscow Union of Wholesale Societies in Moscow.

All the efforts of the above-mentioned institutions, useful in themselves, are on the theoretical side of co-operation, and they cannot solve the problem of practical co-operative unity between the nations.

It would be absurd to expect an organised and disciplined army of adherents to-morrow, but there is little doubt that the biggest army in the world will gradually arise, and its commander will be generally named "Co-operation."

The co-operative worker agrees to be called a "dreamer,"

but, notwithstanding all difficulties, he sticks to his useful practical work.

The "daring" act of twenty-eight weavers of Rochdale, when they opened their "humble" shop in Toad Lane one morning in 1844, was very much ridiculed by the capitalists, but who dares to doubt the solidity of the Co-operative Wholesale Society in Manchester?

When the Moscow Narodny Bank started its work, people in Russia called it a "Utopia," and many private concerns were singing a funeral dirge over the new bank, predicting all sorts of misfortune. The bank had small quarters at Miasnitzkaya, Moscow, in a private apartment, but now, after four years of successful work, who would doubt its strength when its monthly balance-sheet shows a turnover of not less than £7,000,000, and deposits have reached £3,000,000.

Life has proved in several instances that the co-operative idea is not merely a theory. It lives in the heart of everyone who earns his daily bread by a harder effort than is required for a capitalist to receive interest on his invested capital and to sign cheques.

Although the idea of co-operation is old and practical, daring and initiative, as well as energy and labour, are necessary to bring the idea to fruition.

THE IDEA OF INTERNATIONAL CO-OPERATIVE EXCHANGE.

The idea of the International Co-operative Exchange has not fallen from the sky, and is not a thunderclap on a sunny, cloudless day. This idea is a natural desire to *unite* and to *organise* the very valuable efforts and experience of different co-operative units beginning to tackle international trade.

It is necessary to create a new organ, which could regulate

the co-operative supply and demand, and generally unite the practical measures and concerns of the co-operators of the whole world with one co-operative idea, and to create the organised millions of co-thinkers.

The Exchange should be a sound practical undertaking, with a smooth and vigorously working machinery of organisation, composed of representatives of co-operators from all parts of the world.

These representatives may be elected from the central co-operative bodies in each country affiliated to the National Federation. Every branch of co-operative activity—productive, distributive, and co-operative credit—must be represented upon the International Co-operative Exchange. This imposing assembly will form, so to speak, a Co-operative Parliament, which will formulate the line of action to be taken by co-operators in all countries. The seat of this parliament could be established in London.

The International Co-operative Exchange should have six sections dealing respectively with—

1. Purchases.
2. Sales.
3. Finance.
4. Organisation of joint undertakings.
5. Transport and insurance.
6. Study of markets.

The Central International Co-operative Exchange should have branches in every affiliated country.

The Central International Co-operative Exchange, as well as its branches in the various countries, should be engaged in furthering by practical means the cause of bringing into closer relations the co-operative movement in the various countries.

The Exchange should collect and immediately make

use of all inquiries coming in from suppliers and would-be buyers concerning the purchase, sale, financing, transport, insurance, the building-up or leasing jointly some undertaking, and also the study of the general non-co-operative market.

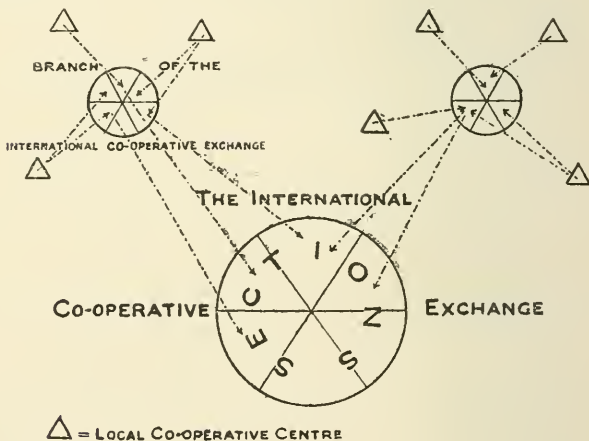
In each country the local branch of the Exchange should deal exclusively with the local centres of the co-operative organisations, avoiding dealings with individual co-operative societies. The local centres will themselves arrange matters with their societies, and elaborate a certain *modus vivendi*, and they will apply to the Co-operative Exchange only when they will be in a position to make a definite offer to sell certain goods, and a definite order to buy such goods as may be required by them. However, inquiries of a general nature need not be excluded, but they should be considered at the conferences of all the branches of the International Co-operative Exchange.

We shall give the reader a practical illustration of our idea. Let us suppose that a Russian co-operative centre for the sale of butter applies to the local branch of the Co-operative Exchange, making an offer of butter, of a stated quantity and quality, at a certain price, giving details as to mode of packing, time of delivery, terms (cash or credit), &c. The inquiries section of the local exchange refers then to inquiries received by them from would-be buyers of butter, and if conditions and terms are suitable, immediately communicates with the co-operative society abroad which is in need of the goods. At the same time, the transport and insurance section sends information to both parties about the most suitable port to which the butter should be shipped, the time of departure of the co-operative or private boat, the cost

of freight and insurance, and also whether there is room in the refrigerators at the ports of departure and arrival.

In the event of there being no inquiries for the goods in question, the local branch shall communicate by telegraph with the Central International Co-operative Exchange, and the latter shall then bring into touch the co-operative societies interested in the transaction. When, however, there will be no co-operative buyers on the market for the butter in question. or when the co-operative buyers are too far away, then the Exchange shall arrange for the sale of the butter to private persons, and thus in carrying through the transaction the butter will be handled by co-operative workers, and due care will be taken of the co-operative interests.

The whole scheme may be explained by the following diagram :--



One of the arguments which may be advanced against our scheme is the danger that with the establishment of

a Co-operative Exchange a rival international exchange will be formed by private people. Quite possible that such a rival institution will be formed. But this should not affect the realisation of our scheme. Very often the "universal provider" shop takes the public captive, and depreciates the value which the co-operative shop has for the consumer; but, nevertheless, we do not think of giving up our co-operative activity. On the contrary, it only stimulates to further and greater efforts.

Another argument is that the new scheme creates a new intermediary, which is against the spirit of co-operation. But it is not so. The International Co-operative Exchange and its branches will receive no commission for its services. It will have to be maintained by *pro rata* payments made upon the basis of the turnover of the central organisations of each of the affiliated countries.

The task of the Co-operative Exchange is to find a buyer for the one offering to sell, and a seller for the one who offers to buy; to arrange shipment; to indicate the cost of freight, and the insurance premium. The Co-operative Exchange must make easy the carrying through of financial transactions, arrange guarantees, credits, &c. The Co-operative Exchange must play the rôle of an arbitrator in the matter of co-operative goods. It must evolve a certain co-operative standard of goods and secure for them an honourable position on the market. Finally, the International Co-operative Exchange must fix the commercial policy of the Co-operative Movement and elaborate a scheme for the construction of elevators, depôts, and warehouses, means of transport, factories, works, &c.

The scheme outlined above forms, so to speak, the programme of the future. We know it will not be accom-

plished in the course of a day. But we are not afraid to say that the scheme is capable of realisation.

If the Co-operative Wholesale Society of Manchester can buy its corn direct from the American farmers, bring it straight from the boat to its mills where it is milled into flour, baked into bread, and distributed among the co-operative members, then our scheme is not more complicated than the operation just now described. Only it has to be done gradually. We must have, so to speak, two programmes, a programme minimum, which may be realised with the co-operative forces and organisations which we have at our command at the present moment, and a programme maximum, which may be realised when there will have risen a feeling of co-operative consciousness suitable for the occasion, and when the co-operative movement will have grown much stronger.



TABLE I.
GENERAL STATISTICAL TABLE OF RUSSIAN CO-OPERATION.

	1905.	1914.	1915.	1916.	1st Jan., 1917.
Credit and Loan Savings					
Associations	1,434	12,751	14,350	15,450	16,057
Consumers' Societies	1,000	10,080	10,900	15,203	*20,000
Agricultural Societies	1,275	5,000	5,000	5,500	6,000
Artels of Kustar and Butter- making Artels.....	2,000	3,000	3,300	3,600	4,000
TOTAL ..	5,709	30,831	33,550	39,753	46,057
Unions of Credit Societies	2	11	28	62	92

* About.

The total membership of all co-operative organisations is now close on 13 million households.

TABLE II.

 ENGLISH EQUIVALENTS OF RUSSIAN WEIGHTS
 AND MEASURES.

WEIGHTS.

1 dolya		= .6856 grains
1 zolotnik	=96 dolyas	=2.40 drams
1 lot	= 3 zolotniks	= .4502 avoird
1 funt	=32 lots	= .9lbs. avoird
1 pood	=40 funts	=36.11 lbs. avoird
1 berkovetz	=10 poods	= 3.214 cwts.

The funt apothecaries' weight contains 84 zolotniks: thus 8 funts apothecaries=7 funts avoird.

DRY MEASURE.

1 garnet		= 2.88 quarts
1 chetverik	= 9 garnets	= 5.77 gallons
1 osmina	= 4 chetveriks	=11.55 pecks
1 chetvert	= 2 osminas	= 5.77 bushels
1 last	=12 chetverts	= 8.66 quarterns

LIQUID MEASURE.

1 chashka		= .216 pints
1 kroushka	=10 chashkas	= 2.16 pints
1 shtoff	=12½ chashkas	= 2.70 pints
1 vedro	=10 kroushkas	= 10.82 quarts
	8 shtoffs	
1 bochka	=40 vedros	=108.3 gallons

LINEAR MEASURE.

1 vershok		=1.75 ins.
1 arshine	= 16 vershoks	=28 ins.
1 sazhen	= 3 arshines	=7 ft.
1 verst	=500 sazhenes	=¾ miles

1 yard=1.286 arshines=0.4286 sazhenes.

1 mile=1.509 versts=754.29 sazhenes.

The units foot and inch identical with the English measures are also used.

9 roubles 45 kopecks = £1 0 0



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