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AGRICULTURAL CREDIT
AND CO-OPERATION IN ITALY

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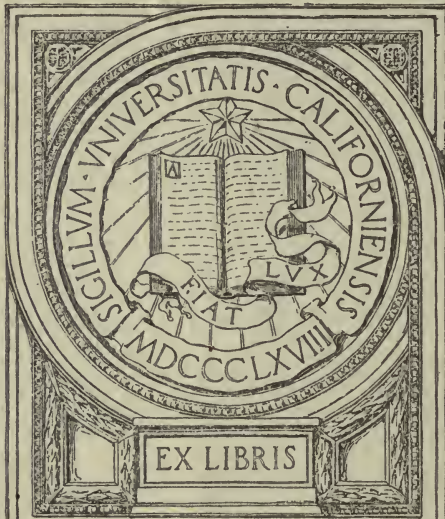
SHORT GUIDE TO RURAL CO-OPERATION IN ITALY.



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P R E F A C E

The work done by the International Institute of Agriculture, in the field of agricultural co-operation and credit, has attracted attention in the United States of America where, especially by means of the Institute publications, published in English, some of which have been disseminated in thousands of copies in the Union, a knowledge of the co-operative credit systems in use in Europe has been diffused. It seemed desirable to the Americans to study these systems more closely in order to adapt them to American conditions. For this purpose, on the proposal of the Southern Commercial Congress, held at Nashville in April, 1912, a Commission has been appointed consisting of at least two official delegates for each State of the Union, to visit Europe to study the above systems. The Commission decided to begin its tour with a visit to the International Institute of Agriculture in Rome. To facilitate its work in Italy, the Central Committee formed in Rome to receive the delegates decided to publish a brief report on the organization of agricultural credit and co-operation in Italy and requested the International Institute of Agriculture to prepare the same. I have the honour to present herewith the desired report, prepared by our esteemed employee, Dr. Giulio Costanzo.

Prof. GIOVANNI LORENZONI.
General Secretary.

AGRICULTURAL CREDIT AND CO-OPERATION IN ITALY

I. — AGRICULTURAL AND LAND CREDIT IN ITALY.

(a). STATUTORY ORGANISATION OF AGRICULTURAL CREDIT.

With respect to the organisation of agricultural credit Italy may be divided into two parts: one comprising Piedmont, Lombardy, Venetia Emilia and Tuscany, the other [including Liguria, the Marches, Umbria, Latium, South Italy and the Islands. In the first the organisation of credit was the result of a spontaneous movement among agriculturists who united for the purpose in co-operative societies (popular banks, rural credit banks etc.) and provided for their own needs; while in the second, owing to the weakness of private initiative, the State has been obliged to make provision.

The result of State intervention is a series of agricultural credit laws which create special credit institutions adapted in each case to the particular needs of the district, throughout central and southern Italy and in the Islands. The most important of these laws are those of 7th. July, 1901, and 29th. March, 1906, the first authorising the Savings Bank of the Bank of Naples to engage in rural credit business in the southern provinces of Italy and in Sardinia, and the second creating a special rural credit section of the Bank of Sicily.

Laws of 21st. December, 1902, 31st. March, 1904, and 25th. June, 1906 dealt respectively with agricultural credit in Latium, in the Basilicate and in Calabria, and there are numerous other special laws.

The important underlying principle in this legislation is that of providing credit whenever possible through the channels of local organisations, preferably co-operative in form, which are therefore referred to as *intermediate institutions*. These are for the most part rural credit banks, popular banks, and district or county agricultural assoc-

iations; and since there were comparatively few of these in south Italy and the Islands, provision was made in the same legislation for the encouragement of their formation by the offer of prizes to be competed for, and in various other ways. This has led to the establishment of many rural credit banks and a sensible increase therefore in the number of intermediate institutions. Cash credits are generally granted to these by the various central credit institutions (the Savings Bank of the Bank of Naples, the Credit Section of the Bank of Sicily, the Latium Agricultural Credit Institute etc.) in proportion to their importance and the security they can offer. On 31st. December, 1912, 579 institutions had cash credits with the Bank of Naples to a total of over 18 million francs, and from the Bank of Sicily, 275 institutions enjoyed credit to the extent of about 15 million francs.

The operations which the two banks referred to — the most important in Italy transacting agricultural credit business — are by law authorised to conduct may be reduced into two essential functions:

(a) the rediscounting of bills drawn by the intermediate credit institutions against farmers who have received advances for various purposes in connection with the working of their land;

(b) the discounting of bills offered by these institutions themselves in the event of their needing loans to make collective purchases of agricultural material and supplies, or to advance money to their members in the case of the collective sale of their produce.

They transact such business, however, only on condition that the loan in each case is to be devoted to some object directly connected with agriculture. To ensure this, the persons to whom advances will be made are clearly enumerated. They must be: proprietors who cultivate their own land, leasehold tenants or metayers, or intermediate holders between landlord and cultivators. Further, the loan must be devoted to land within the area served by the central bank, and in making application the purpose to which it is to be devoted must be stated.

Loans will only be made within certain prescribed limits as to amount and length of credit, fixed respectively at 1,000 francs and one year for assisted loans as defined by the various acts (i. e. for cultivation, harvesting, and the purchase of seed, manure and fungicides), at 2,000 francs and three years for loans devoted to buying live stock, and at 3,000 francs and three years in the case of loans for the acquisition of machinery.

As we have seen, advances cannot as a rule be made to individual agriculturists, but only to the intermediate institutions, among which preference will be given to those of purely agricultural character. Loans are made to the institutions by the two banks mentioned at a maximum

rate of interest of 4 %, and by the institutions to their members at a rate which must not exceed 6 %. They are guaranteed by the capital of the societies where these are under limited liability, and by the property of the members themselves where the societies are founded on unlimited liability. The total loans which may be effected depend therefore upon the accumulated capital of any society and upon its legal form. The societies in turn enjoy certain privileges for their members, one in fact a legal privilege conferred by Art. 1,958 of the Italian civil code, already referred to, and another special privilege created by the Law of 23rd. January, 1887, with reference to loans devoted to stocking farms, purchasing agricultural implements and machinery, or apparatus for the handling and adaptation of agricultural produce, and to any other strictly agricultural use.

This, in general outline, is the method of conducting rural credit business in the case of the Banks of Naples and of Sicily.

In the Basilicate and in Sardinia on the other hand there exists a third form of rural credit which consists of advances of money or goods. The central credit institutions (the Provincial Agricultural Credit Bank for the Basilicate, with headquarters at Potenza, and the Adempriville Banks of Sardinia at Cagliari and Sassari) instead of discounting the bills of the intermediate societies or issuing credit for their use, make direct advances to them in money or kind to a maximum amount of 10,000 francs, repayable over a certain number of years; and the societies then make loans on their own account to their members.

What has been said so far refers to current credit, that is to advances made to agriculturists to enable them to stock their farms and buy machines and implements, and meet actual working expenses of sowing, manuring, raising crops and harvesting them. With regard to credit for real estate improvement, that is, the erection of cottages, the construction of modern farm buildings and roads, irrigation works and changes in methods of cultivation, this is regulated only by the special laws existing in Sardinia and the Basilicate, and comprises loans made to landowners, leasehold tenants, intermediate holders and agricultural co-operative societies. Such loans are secured by mortgages extinguishable in instalments over a period not exceeding 50 years, and may also by agreement be guaranteed by a lien on the increased value of the estate due to the improvement effected. The interest payable may not exceed 4 %, and advances to be used in the erection of cottages and improved farm buildings must be granted at the rate of $2\frac{1}{2}$ %, the State undertaking to pay the difference between this and the normal rate.

The total amounts placed at the disposal of agriculturists in Italy by virtue of the special laws, either by the State or by savings banks

and credit institutions, are approximately the following in the various districts :

Central Provinces and Sardinia	29,000,000 fr.
Sicily	16,000,000 »
Southern Provinces and Sicily (Provincial agricultural credit banks)	14,000,000 »
Sardinia (Ademprivile Banks)	6,350,000 »
Basilicate	2,600,000 »
Calabria	2,000,000 »
Latium	1,700,000 »
Umbria and The Marches	1,100,000 »
Liguria	500,000 »
Total	<u>73,250,000 fr. (1).</u>

With reference to the transactions of the various special credit institutions during the last five years we add the data in the following summary tables compiled by the General Direction of Credit and Thrift:

(1) 14,134,105 dollars or £2,904,280.

Agricultural Credit Institutions.

Year	Intermediate Institutions in operation		Rediscounts		Discounts		Direct loans		Total	
	Number of transactions	Amount — Francs	Number of transactions	Amount — Francs	Number of transactions	Amount — Francs	Number of transactions	Amount — Francs	Number of transactions	Amount — Francs
1908	108	3,413,054.37	178	1,321,261.13	114	89,124.85	9,952	4,823,440.35		
1909	104	4,194,965.13	182	1,139,837.91	37	55,400.00	10,445	5,390,203.04		
1910	140	6,061,413.05	244	1,629,312.54	125	139,675.00	12,790	7,830,400.59		
1911	185	7,469,503.28	278	2,029,700.84	149	155,009.00	17,634	9,654,213.12		
1912	214	7,158,973.55	270	2,104,868.89	70	80,991.00	68,636	9,353,833.44		
<i>Savings Bank of the Bank of Naples.</i>										
1908	78	1,881,808.63	31	127,629.69	809	182,860.00	10,513	2,192,298.32		
1909	120	3,634,759.89	69	372,219.43	169	54,290.00	16,350	4,061,269.32		
1910	155	6,089,063.58	145	999,201.78	103	31,455.00	25,738	7,119,720.36		
1911	193	7,852,904.57	198	1,262,692.58	83	22,374.99	31,047	9,137,972.14		
1912	211	9,990,308.72	287	2,035,327.09	69	13,755.00	38,174	12,039,390.81		
<i>Agricultural Credit Section of the Bank of Sicily.</i>										

The Latium Agricultural Credit Institute

Year	Intermediate institutions			Transactions made directly with agriculturists			Grand total — Francs
	New — Francs	Renewals — Francs	Total — Francs	New — Francs	Renewals — Francs	Total — Francs	
1908.	3,904,475.69	2,116,929.07	6,021,404.76	384,285.24	313,125.00	697,410.24	6,718,815.00
1909.	4,151,871.08	2,421,641.04	6,573,512.12	398,502.69	404,235.00	802,737.69	7,376,249.81
1910.	4,393,588.34	2,676,774.65	7,070,362.99	559,608.60	585,823.00	1,145,431.60	8,215,794.59
1911.	7,492,884.91	4,347,826.09	11,840,711.00	570,802.00	712,957.50	1,283,760.40	13,124,431.40
1912.	3,733,413.68	4,927,174.20	8,660,587.88	551,389.05	600,847.00	1,152,236.85	9,872,824.73

The "Vittorio Emanuele III" Institute of Agricultural Credit for Calabria, and the Provincial Agricultural Credit Bank for the Basilicate

Year	The "Vittorio Emanuele III" Institute of Agricultural Credit for Calabria						Provincial Agricultural Credit Bank for the Basilicate (Position at the end of the year)	
	Loans to agriculturists			Loans to associations and rural banks			Total — Francs	Advances to credit banks and agricultural societies — Francs
	Number of loans	Amount — Francs	Number of loans	Amount — Francs	Number of loans	Amount — Francs		
1909.	329	356,173.75	5	98,015.00	334	454,188.75	124,095.19	32,275.43
1908.	810	795,062.50	4	94,000.00	814	889,062.50	212,787.64	211,183.26
1910.	969	985,776.00	6	89,000.00	975	1,074,776.00	307,670.26	379,876.20
1911.	1,013	1,012,735.25	6	60,000.00	1,019	1,072,735.25	226,337.29	662,302.17
1912.	847	803,916.22	5	30,000.00	852	833,916.22	?	?

Ademprivile Banks of Sardinia.

(Position at the end of the year).

Year	Short term loans.		Advances to <i>monti frumentari</i> credit banks and agricultural associations	Loans for agricultural improvements
	Discounts	Rediscounts		
<i>Ademprivile Bank of Cagliari.</i>				
1909.	—	—	—	—
1910.	4,735	194,481.77	98,278.25	—
1911.	1,385	372,431.88	208,492.23	13,373.22
<i>Ademprivile Bank of Sassari.</i>				
1909.	116,265.00	—	476,001.64	23,178.66
1910.	229,637.40	26,060.00	500,163.56	150,263.95
1911.	347,568.00	188,435.00	520,557.21	466,380.70

The special credit institutions, that is to say, transacted loan operations to a total amount of 35 million francs. This figure it is obvious does not include all the agricultural credit transactions of the country, but only those made with capital furnished by the central banks. There remain the loans made by the intermediate institutions with their own funds (share capital, reserve and deposits), and by the rural banks and the popular banks in districts where they do not act as intermediaries. It is necessary therefore to examine separately the working of the rural banks and the popular banks in their character of autonomous credit institutions. The ordinary savings banks, too, are of notable importance in the agricultural credit system.

(b). CO-OPERATIVE ORGANISATION OF AGRICULTURAL CREDIT.

I. — *The Popular Banks.*

Co-operative credit, still one of the most important forms of co-operative activity in Italy, was for a long time practically the only form, though it originated not in the country but in the towns in the establishment of popular banks of the Schulze-Delitzsch type adapted to Italian conditions by Luigi Luzzatti. These preceded the rural banks but, on the introduction of the latter, did not discontinue the help they had given to agriculture ; on the contrary they often assisted and continue to assist the rural banks themselves. While the latter, however,

serve more particularly the small farmer class, the popular banks prefer to deal principally with the commercial, industrial, and agricultural middle class, and have relatively a very wide area of operations.

Their business consists in granting loans (at rates varying from 4 to 7 per cent.), discounting commercial bills, furnishing cash credits on current account, and making advances and renewals.

Discount transactions, together with the business done in accommodation bills, are of great importance, reaching a total on 31st December, 1908 (for 690 out of 736 banks then existing) of 600 million francs, which is the latest official figure. The total business of this nature transacted during that year alone (loan transactions and repayments added together) was about 1,600 million francs.

Out of that total, nearly 500 million francs represent loans to agriculturists, who as regards the number and total amount of their operations rank after the commercial class, and before the industrial.

Of particular importance to agriculture are the popular banks of Bologna, Cremona, Lodi, Brescia, Padua, Piacenza, and the province of Treviso.

The banks obtain the necessary working capital from their own funds and from deposits, the first mentioned amounting in 1908 for 690 banks, to 155 million francs, or an average per bank of 226,000 francs. The total comprised paid-up share capital (the value of the shares varying from 5 to 50 francs) to the amount of 98 million francs, and reserves of 57 million. These together serve as security for the operations of the bank and as a basis for deposits which in 1908 amounted to almost 1,000 million francs.

It is to be noted how the Italian popular banks with the object of increasing their command of capital have from their inception made use of terminable interest-bearing bonds. In this way they have been able to extend their operations and include loans to agriculturists for longer periods than are usual, and in this they anticipated similar institutions in other countries.

Characteristic of them also are the loans guaranteed on honour which take the form of small sums advanced by preference to working men who can offer no other guarantee than their labour and their reputation for honesty.

Worthy of notice, too, is the work they perform for the economic and social improvement of the district in which they are situated. Their share often takes the form of irrigation works or the reclamation of land, and many co-operative productive societies and co-operative societies for contracting for public works find their chief support in the popular banks.

The banks have increased rapidly, their number rising from 50 in 1870, to 736 in 1908, with more than half a million members. They

are most numerous in Lombardy (77), Veneto (75), Emilia (71), Marches (62), Campagna (104), and in Sicily (72). Then follow in importance ; Tuscany (48), Puglia (46), Abruzzi and Molise (45), Piedmont (32), Calabria (29), and Latium (29).

There is no federal organisation but the oldest and most important of them belong to the " Association of Italian Popular Banks," founded by Luigi Luzzatti in 1876 with its headquarters in Rome, whose object is to promote the foundation of institutions of popular credit; watch over their legitimate interests, examine and discuss economic administrative and legislative questions in connection with credit, and collect and publish statistics.

Since 1877 the Association has held seven congresses on popular credit, collaborated in the compilation of the various official statistics of popular banks, and, since 1889 has published *Credit and Co-operation*, a technical journal in which questions relating to popular credit are treated at length.

* * *

From the latest official statistics of popular banks (decennial period 1899-1908) compiled by the General Direction of Credit and Thrift, we add the following tables which suffice to show the development of the Banks and their importance as organs of credit :

TABLE I.

Year	Number of banks	Number of members	
		Total	Average per bank
1876	82	77,340	943
1877	81	80,160	989
1878	97	88,959	917
1879	97	90,440	932
1880	123	102,279	831
1881	124	105,177	848
1882	139	114,072	821
1883	195	139,946	718
1886	412	259,204	629
1887	541	318,979	590
1893	662	405,341	612
1898	594	381,445	642
1908	690	501,022	726

TABLE II.

Year (on December 31st)	Number of banks	Banks' own funds (paid-up capital and reserves) — Francs (000,000's omitted)	Average per bank of banks' own funds — Francs (000's omitted)	Total fiduciary deposits — Francs	Bills in portofoglio — (000,000's omitted)	Balance of credit rediscout business — Francs	Advances and renewals — Francs (000,000's omitted)	Government and other securities — Francs (000,000's omitted)	Mortgage loans and loans on simple note of hand — Francs
1898	594	103,736	175	377,590,295	234,035	(b) 94,009,919	35,615	140,024	14,698,688
1899	492	96,362	195	390,758,695	249,571	64,360,611	57,173	127,555	13,538,914
1900	509	99,314	195	429,594,481	273,702	128,447,945	60,526	128,003	13,426,477
1901	528	103,428	196	468,471,187	298,758	109,397,348	65,677	131,310	14,804,219
1902	549	108,013	197	504,398,927	327,439	151,297,897	68,521	146,152	16,922,474
1903	571	113,013	198	555,619,620	348,122	151,845,332	83,047	157,247	18,520,298
1904	591	117,715	199	607,686,296	375,428	122,457,224	100,883	165,360	18,335,119
1905	615	124,647	203	658,817,329	410,286	140,782,185	134,414	171,135	20,275,547
1906	633	133,804	211	733,103,663	434,533	124,793,167	136,549	179,560	21,184,681
1907	658	145,660	211	844,990,646	511,017	131,194,747	153,850	185,361	22,720,148
1908	690	(a) 155,664	226	971,107,644	586,099	(c) 172,009,276	101,790	219,824	26,964,995

(a) Average per member, 310.69 fr.

(b) This figure refers to credit rediscout transactions during the year 1898.

(c) Figures for the total credit rediscout business during 1908.

TABLE III.

Year	Gross profits — Francs (000,000 's omitted)	Total expenses and losses — Francs (000,000 's omitted)	Net profits — Francs (000,000 's omitted)	Net profit per cent on paid-up capital	Net profit per cent on paid-up capital <i>plus</i> reserves	Dividend per cent on paid-up capital
1880	7,320	3,070	4,250	11.53	8.88	9.49
1881	13,416	9,096	4,320	11.66	9.00	9.48
1882	14,487	9,765	4,722	11.80	9.04	9.44
1886	25,090	17,602	7,488	11.32	8.81	8.26
1893	30,744	24,230	6,514	8.28	6.27	6.63
1898	28,023	21,191	6,833	9.15	6.59	6.68
1908	62,861	49,213	13,647	13.88	8.77	8.34

TABLE IV. — Summary of the Balance Sheets of the Popular Banks on Dec. 31st, 1908.

Numerical Order	Particulars	Francs	Per cent	Numerical Order	Particulars	Francs	Per cent
<i>Credit.</i>							
1	Cash in Hand	42,307,068	2.16	1	Paid up Capital	98,310,108	5.05
2	Bills Paid (Italian and Foreign)	586,099,593	29.91	2	Reserve Funds	57,354,279	2.94
3	Loans Guaranteed on Honour	417,281	0.02	3	Current Accounts and Savings Deposits	971,167,644	49.91
4	Advances on Securities Deposited	18,356,418	0.93	4	Bills Accepted and Payments Due	3,158,671	0.16
5	Advances on Security of Goods and Valuables	4,614,794	0.23	5	Debit Renewals	20,251,029	1.04
6	Credit Renewals	78,818,526	4.02	6	Rediscout of Bills	72,260,849	3.71
7	Loans on Mortgage (Capital and Interest)	17,141,679	0.83	7	Miscellaneous Creditors	151,591,163	7.79
8	Ordinary Loans on Note of Hand (Capital and Interest)	9,823,316	0.50				
9	Real Estate	16,212,078	0.88				
10	Securities	219,824,094	11.21				
11	Current Accounts	193,613,019	9.88				
12	Furniture and Installation Expenses	2,471,667	0.13				
13	Miscellaneous Debtors	198,024,026	10.11				
	Total	1,387,723,559	100		Total	1,374,093,743	100
	Net Losses	50,113	—		Net profits	13,679,929	—
	Fr.	1,387,773,672	—		Fr.	1,387,773,672	—

On 31st., December, 1908, the fiduciary deposits in the Italian popular banks, as is shown in these tables, amounted to nearly 1,000 million francs. At the present time according to an inquiry recently completed by the General Direction of Credit and Thrift they amount approximately to 1,150 million francs (1) a fact which proves the confidence which all classes of the population have in these banks.

II. — *The Rural Banks,*

The rural banks perform in the rural districts the work performed by the popular banks in urban centres and market towns. The first bank of the kind was founded by Leone Wollemborg in 1883, at Loreggia (Padua). Others followed in rapid succession owing their inception in part to the propaganda conducted by Wollemborg and his followers but for the most part to the Catholic social movement. They are modelled on the Raiffeisen banks and on the principle, therefore, of joint unlimited responsibility; but while those which owe their origin to Wollemborg and his followers are unsectarian, the banks founded by the Catholics have a decided sectarian character.

Their object is "to improve the material and moral condition of members, providing them with necessary capital obtained from the deposits of other members or third parties and availing themselves of credit furnished by larger institutions". This is their principal function but certain banks engage in other business for the benefit of members such as collective purchase or hiring, and mutual cattle insurance.

The rural banks, on their foundation at least, have no capital of their own but, as we have said, receive deposits from members, and to a greater extent from non-members, on which as a rule interest is paid at the rate of $3\frac{1}{2}$ or 4 per cent. These deposits which on 30th June, 1912, reached 99,234,040 francs, provide the funds for the loans which range from 50 to 1,000 francs, and only in so far as they are insufficient for their needs do the rural banks resort to credit obtained from other institutions (popular banks, ordinary savings banks etc.). In the course of time, however, they build up a capital of their own, undividable even on the dissolution of the bank, formed in part by the small fees paid by members on entrance or on effecting the first loan, but principally by the balances in hand at the end of each year which are devoted almost entirely to forming a reserve fund.

The loans are made as a rule on the security of bills, and are of two kinds: short term loans, which must not exceed two years, and

(1) 211,900,627 dollars or £45,596,200.

long term loans which may be made for a period of ten years. The first are generally renewed every three months; the second are extinguished by regular repayments which combine extinction of the debt with payment of the interest due, which varies as a rule from $5\frac{1}{2}$ to 7 per cent.

The difference between the interest received by the banks on these loans and the interest paid by them to depositors and central banks, provides for the expenses of administration and constitutes a reserve fund which in the event of the dissolution of a bank is devoted to some work of public utility.

Similar in their administrative methods and their legal form to the banks already described are the "agricultural banks" established co-operatively in South Italy and the Islands as the result of special legislation, and intended as we have seen, to act as intermediaries between the central credit banks and the individual agriculturists.

On 31st December, 1912, the rural banks and co-operative agricultural credit societies under collective title, numbered 2,033 throughout Italy; two thirds of them being sectarian in character and the remainder unsectarian. They were distributed thus: North Italy 1,168, Central Italy 238, South Italy 191, the Islands 436.

The following provinces have each at least 50 rural banks within their territory: Verona 106, Rome 101, Bologna 87, Palermo 81, Girgenti 74, Bergamo 73, Padua 73, Cagliari 70, Cuneo 70, Treviso 69, Udine 60, Alessandria 60, Aquila 55, Rovigo 54, Brescia 52, Catania 52, Caltanissetta 52, Parma 50.

On June 30th., 1910, the general financial position of 868 rural banks, according to the balance sheets as published in the Official Bulletin of Societies Limited by Shares, was as follows:

Balance Sheet of 868 Rural Banks on June 30th, 1910, showing Banks' Own Funds.

<i>Credit.</i>		<i>Debit.</i>	
1	Cash in Hand	1	Paid up Capital (Members' Shares)
2	Bills Paid	2	Reserve Fund
3	Mortgage Loans (Capital and Interest)	3	Debit Current Accounts (Capital and Interest)
4	Loans on Simple Note of Hand	4	Miscellaneous Deposits (Capital and Interest)
5	Real Estate	5	Bills Accepted
6	Government Securities	6	Miscellaneous Creditors
7	Company Shares and Bonds		
8	Credit Current Accounts (Capital and Interest)		
9	Furniture and Installation Expenses		
10	Tools and Agricultural Machinery		
11	Miscellaneous Debtors		
	Total		Total
			71,448,252
12	Debit Balance from Previous Years to be Liquidated or Assigned	7	Revenue and Profits of Current Years' Working (including Credit Balance of Previous Years to be Liquidated or Assigned)
13	Net Losses on Current Years' Working		
	Grand Total		Grand Total
			1,389,661
			72,837,913

The sectarian rural credit banks are found principally throughout Venetia, Bergamasco, Emilia and Sicily where they are grouped in diocesan, provincial and district federations which in addition to the ordinary work of co-ordination, representation and supervision, make provision for the calls on each bank by passing on funds from the banks which have a superabundance of capital to those where the working capital is insufficient. We may mention, out of the many: the provincial Federation of the rural credit banks of Bologna which on Dec. 31st., 1911, comprised 80 societies with 6,766 members; that of the banks of Brescia which includes 40 banks; the Federation of Romagna at Faenza with 57 member banks; and the Latium Central Credit Institute, in Rome to which are affiliated more than 40 societies. These local federations are in turn affiliated to the National Federation of Catholic Rural Banks formed at Bologna in 1909 which again forms part of the Economic Social Union of Italian Catholics with its headquarters at Bergamo, the great centre of co-ordination and administration for Catholic social and economic organisations in Italy.

The unsectarian banks also are affiliated to local federations among which we may mention the Federation of Co-operative Credit Societies with head offices at Girgenti which embraces 46 societies with 8,700 members. There is in addition a National Federation of Italian Rural Banks (which succeeded the National Federation founded at Padua in 1887), to which some 300 societies are affiliated and which has for its declared object the organisation of unsectarian rural banks into "a single representative body, promoting their diffusion, encouraging their development, protecting and defending their interests by means adapted to the needs of the occasion". To carry out this programme the latter Federation has lately taken the important step of founding a National Bank of Italian Rural Banks the preliminary work in connection with which is already well advanced, and which will doubtless give a fresh and vigorous impulse to co-operative rural credit in Italy. The official organ of the Federation is *La Co-operazione Rurale* the oldest established journal for co-operative propaganda, founded by Wollemborg in 1885.

(c). THE ORGANISATION OF LAND CREDIT.

Land credit in Italy is at present conducted by the following institutions: the Italian Land Credit Institute (Rome); St. Paul Institute of Charity Organisations (Torino); Monte dei Paschi (Siena); the Sardinian Land Credit (Cagliari); and the Savings Banks of Milan, Bologna and Verona.

By royal decree certain other bodies may also be authorised to deal in land credit: landowners' mutual societies possessing real estate to the

value of not less than five million francs, institutions and societies with a paid-up capital of ten million, and those also with less than ten but not less than two million, in districts where no land credit institution exists.

The land credit sections of the Savings Banks of Milan and Bologna, the St. Paul Institute and the Monte dei Paschi, as well as the Italian Land Credit Institute may conduct business in any part of the Kingdom. The Verona Savings Bank is limited to the Venetian provinces and Mantua, and the Sardinian Land Credit Bank to the island of Sardinia.

The operations which, under minute statutory regulations, these institutions may conduct are of various kinds. The most important is the granting of first mortgages on real property to a maximum of half its value extinguishable by yearly payments providing for amortization in a period of not less than ten, nor more than fifty years. The annual payments comprise the amortization instalment, interest, income tax, commission and management expenses, which must not exceed 45 centimes on each 100 francs of the loan, and lastly, the mortgager's share of revenue and stamp duties which are paid on his behalf directly by the institutions. The debtor, however, may at any time within the term of the loan pay off the whole or any part of the mortgage.

The land credit institutions may also through surrender or transfer acquire ordinary or preference mortgages on the same conditions as they grant loans, making these also amortizable.

They obtain the funds necessary for these operations by the issue of mortgage bonds bearing interest at varying rates — $3\frac{1}{2}$, $3\frac{3}{4}$, 4, $4\frac{1}{2}$ and 5 per cent designed thus to lessen money market fluctuations.

The loans also are made in the form of bonds at a rate of interest equal to that on the bonds issued for the accumulation of working capital. They are of a nominal value of 500 francs and are payable to bearer or his order. They are redeemed at par through half yearly extractions, the amount so redeemed at each extraction being equal to the total amortization of mortgage effected in the preceding half year. The interests of bond holders are protected by the fact that all the bonds issued are guaranteed by the total mortgages held.

Proprietors who without having immediate need of capital for expenditure wish to have the support of credit, may obtain a cash credit from the banks in the place of the loans customarily made by the consignment of bonds; in this case advances as called are paid in cash at a variable rate of interest determined by the banks.

To give an idea of the business done by land credit institutions in Italy we present the two following tables, the first giving for all the banks together the totals of the chief credit and debit items in the six

years 1906-11, and the second the total transactions of different kinds made by individual banks in 1911 :

Number of institutions, and totals of chief credit and debit items for all banks together.

Year	Number of institutes on Dec. 31	Mortgage security on Dec. 31	Total amount of mortgage bonds in circulation on Dec. 31	Total mortgage loans made in each year	Total amount of mortgage loans existing on Dec. 31
1906	7	792,484,204	322,597,500	44,329,500	345,413,633
1907	7	821,981,025	341,250,500	45,335,000	359,816,990
1908	7	904,898,770	371,038,000	61,819,000	389,933,630
1909	7	924,045,706	395,726,500	59,713,800	413,551,475
1910	7	1,031,733,191	437,228,000	74,111,500	457,824,751
1911	7	1,152,398,533	490,198,000	78,896,000	508,276,418

Totals of chief credit and debit items for each bank, in 1911.

Land credit institutions in operation	Mortgage security on Dec. 31	Total amount of mortgage bonds in circulation on Dec. 31	Total mortgage loans made in each year	Total amount of mortgage loans existing on Dec. 31
Savings Bank of Bologna . . .	60,889,478	38,948,000	7,973,500	38,152,802
Savings Bank of Milan . . .	334,552,000	167,276,000	25,420,000	162,638,719
Savings Bank of Verona . . .	19,570,600	16,003,000	3,174,000	15,696,447
Sardinian Land Credit Institute (Cagliari)	3,767,300	1,839,500	310,000	1,799,185
Italian Land Credit Institute (Rome)	368,550,000	129,406,000	15,563,500	155,288,686
Monte dei Paschi (Siena) . . .	158,853,476	63,509,000	11,630,000	63,068,727
St. Paul Institute of Charitable Organisations (Turin) . . .	206,215,679	73,216,500	14,825,000	71,631,852
Total . . .	1,152,398,533	490,198,000	78,896,000	508,276,418

II. — CO-OPERATIVE PURCHASE SOCIETIES.

Collective purchase and distribution, intended as it is to protect agriculturists against exaggerated prices and often against the inferior quality of goods, is an important branch of rural co-operation. In Italy it is conducted by societies of different types: technical and agricultural associations, farmers' clubs and unions, rural banks and credit societies, to the number of 1,500. The most important group is formed by the agricultural associations of which there are 750 whose work constantly increases with the growing use of machinery and chemical manures. These associations are under the form of co-operative unlimited liability societies whose operations cover a group of parishes. They are organised for the direct purchase, either on their own initiative or in conjunction with other societies or through their Federation, of all the materials, supplies and instruments of production necessary and adapted to the type of agriculture prevailing in their districts, exercising in the interests of acquiring members a strict control over the quality of all goods.

The members as a rule then purchase from the association at market prices, any profits accruing to the association out of the transactions being distributed afterwards among the members in the form of dividends or rebates in proportion to their purchases. The purchasing fund of the associations is formed by the capital, unlimited in amount and subscribed in shares of from 10 to 50 francs, and by the accumulated reserves. Any profits remaining after meeting management expenses are divided among the shareholders who receive as a rule 5%, and the residue is assigned in varying proportions to the reserves, to propaganda in aid of rural co-operation and instruction, and to the members in proportion to their purchases.

Among the organisations for collective purchase of agricultural material in Italy the most important is the Federation of Agricultural Associations with headquarters at Piacenza, which does business in every part of the country and comprises more than 700 separate associations. Formed in 1892 its growth has been remarkable as the following table shows:

Growth of the Federation of Agricultural Associations from its Foundation on Dec. 31st, 1910.

Year	Members		Shares	Capital of the Societies		Total	Market value of the shares	Value of goods consigned to members	Gross profits and losses	Expenses and losses	Net profits	Placed to reserve	To shareholders	To purchasers	To employees	Propaganda fund
	Agricultural Societies	Privates		Share Capital	Reserve											
1892....	56	32	158	Fr. 3,950	250	4,200	25	—	—	—	—	—	—	—	—	—
1893....	65	207	465	11,025	1,360	12,885	25	711,147	22,231	11,222	11,009	3,948	665	3,458	864	864
1894....	81	247	594	14,850	6,373	32,223	33	753,401	18,805	14,601	4,204	1,864	804	1,023	255	225
1895....	94	264	638	15,950	8,854	24,804	38	810,435	18,209	10,746	7,643	2,751	1,143	2,378	594	594
1896....	105	282	690	17,250	12,596	29,846	42	1,568,528	28,218	12,858	15,360	6,166	1,095	5,399	1,349	1,349
1897....	115	296	735	18,375	19,952	38,327	52	2,118,629	31,488	18,397	13,109	5,202	1,087	4,547	1,136	1,136
1898....	127	302	775	19,375	20,572	45,947	59	2,656,003	46,720	24,024	22,396	9,185	1,111	8,066	2,016	2,016
1899....	173	330	1,729	43,225	18,232	61,457	35	3,944,876	71,281	41,608	29,673	12,377	954	10,894	2,723	2,723
1900....	221	348	1,868	46,700	32,981	79,681	35	3,806,789	57,593	56,566	1,026	87	886	35	8	8
1901....	266	370	1,973	49,325	35,178	84,503	42	4,086,288	92,446	72,708	19,687	8,089	942	7,104	1,776	1,776
1902....	300	377	2,058	51,450	45,242	96,692	47	3,992,139	138,083	118,088	19,995	8,202	988	7,202	1,800	1,800
1903....	364	389	2,178	54,450	56,746	111,196	50	5,374,632	123,825	103,472	20,253	8,335	1,042	7,317	1,829	1,829
1904....	409	397	2,300	57,500	68,784	126,284	54	7,824,537	155,424	134,511	20,913	8,560	1,083	7,514	1,878	1,878
1905....	460	472	2,453	61,325	82,785	144,110	58	9,389,188	160,020	136,781	23,239	9,531	1,154	8,370	2,092	2,092
1906....	493	479	5,028	125,700	31,876	157,576	31	10,613,633	188,700	167,056	21,644	8,326	2,451	7,244	1,811	1,811
1907....	546	492	5,136	128,400	41,344	169,744	33	15,068,026	239,270	216,778	22,491	8,662	2,521	7,538	1,884	1,884
1908....	565	499	5,192	129,525	50,634	180,159	36	15,686,158	321,037	298,434	22,603	8,696	2,557	7,566	1,891	1,891
1909....	590	503	5,199	130,725	60,051	190,776	38	11,326,201	301,340	297,412	21,927	8,393	2,589	7,296	1,824	1,824
1910....	618	522	5,680	142,000	74,572	216,572	39.50	13,448,499	297,819	274,671	23,147	8,337	4,039	7,180	1,795	1,795

In 1911 the sales reached 16,913,010 francs ; in 1912, 18,483,308 francs (1) among 693 affiliated societies.

In addition to the principal work of collective purchase, the Federation conducts an active propaganda in aid of agricultural progress, and undertakes special studies, experiments and inquiries. Recently it concluded an inquiry dealing with the federated societies, the results of which are given in its second year book (1911). The data refer to 420 societies. These had a total membership in the above mentioned year of 125,000, giving an average for each society of 297 members. Piedmont held first place for the number of institutions with 62 and a membership 18,817 ; then followed Lombardy with 47 societies and 16,952 members, Tuscany with 39 societies and a membership of 9,112, Venetia, Emilia, Campania, Sicilia etc. The 420 societies included in the inquiry had at the end of 1909 a share capital of 9,700,000 francs and a reserve fund of 4 million francs. With respect to these Lombardy was first in importance with 1,700,000 of share capital and a reserve fund of 800,000 francs, followed by Venetia and Emilia. The 420 institutions in question had effected total sales to the amount of more than 80 million francs in the year of the inquiry, and it is calculated that the sales in 1910 reached 90 millions.

Among the more important purchase societies in Italy must be mentioned : the Rural Co-operative Syndicate of Milan which effects total sales in each year of over 4 million francs ; the Parma Agricultural Co-operative Association with yearly sales to the amount of 3,800,000 francs ; the Associations of Cremona and Ravenna with sales to 3 million francs ; the Piacenza Rural Co-operative Association with sales to 3,800,000 francs ; the Associations of Novara and Turin with an annual business of nearly 2 million francs ; the Rural Syndicate of Padua with over a million ; the Siena Agricultural Association which deals with more than 2 millions annually ; and the Florence Agricultural Association which does a business of nearly 2 millions. The Rural Unions of Bergamo and Faenza are also of considerable importance.

III. — CO-OPERATIVE PRODUCTION SOCIETIES.

This form of co-operative activity in Italy is represented by societies for cheese, butter and wine making, for the manufacture of alcohol from wine-lees, the extraction of oil from olives and of essences from citrus fruits, the drying and preservation of cocoons, and the preparation and sale of conserves, fruits and vegetables.

(1) 3,566,485 dollars or £732,842.

We shall deal more particularly with co-operative dairies, wine presses and distilleries, these being the forms which have attained the highest development in Italy.

(a). CO-OPERATIVE DAIRIES.

Italian co-operative dairies have a very ancient origin: in their earliest form they belong to the fourteenth or fifteenth century. They represent a spontaneous co-operative movement originating in the need for making a commercial success of milk. They were first established in fact among the mountains where scattered holdings make combination indispensable in order to make any profit at all. They appeared first in the district of Friuli and extended little by little along the whole chain of the Alps into the provinces of Como, Brescia, Sondrio, Novara and Turin, thence on to the plain at Treviso, Piacenza, Reggio Emilia, and will in time occupy every district of North Italy.

They work on two different systems: the rotation system, and the co-operative system properly so called.

In the rotation system the owners of dairy cows rent a building for use as a creamery and employ a "maker" to work all the milk which they bring to the creamery. The product is not common property; each member has the use of the creamery on a fixed day on which he carries there all his milk and works it for his own account, leaving it stored in the creamery.

This system is being substituted by the establishment of co-operative dairies in the stricter sense, under which system the members deliver their milk every day at the central building where it is made into butter and cheese. The society also undertakes the sale of the product and the net profits gained are distributed among the members in proportion to the supplies they have furnished, a part however being retained to form additional working capital.

The creameries are organised as a rule in the form of co-operative societies under limited liability, or as unregistered societies. They number in all 1,075, distributed as follows: Venetia 426, Piedmont 282, Lombardy 258, Emilia 9, Liguria 3, Central and Southern Italy and the Islands 10.

There are 160 co-operative dairies in the province of Belluno, those of Agordo which have been federated since 1888 being characteristic. Udine possesses over 200, the Osoppo Co-operative Dairy being one of the most important; Cuneo and Sondrio have about a hundred in their respective territories, Bergamo 30, and the provinces of Turin and Novara together 170. The largest enterprise of the kind in Italy is that of Soresina, in the province of Cremona, which deals every day with nearly

40 tons of milk, makes over 30 cwt. of butter daily and has an annual production of cheese of the value of 3 million francs.

About 250 creameries are affiliated to the *National Union of Co-operative Creameries* with headquarters at Piacenza which protects their interests and promotes their extension.

According to figures furnished by the Union itself, the co-operative creameries had over 14,000 members in 1912 and used annually nearly 49,000 tons of milk.

(b). CO-OPERATIVE WINE-PRESSES AND DISTILLERIES.

The wine-presses owned and worked co-operatively in Italy are not very numerous, there being just over 150 of them either co-operative unlimited liability societies or civil societies. They are formed to deal collectively with the vintage of the members so as to obtain for the district a standard type of wine, and sell the wine produced on the most favourable terms obtainable.

In marketing the wine some societies join with the co-operative distributive societies in the large towns; others again either opening offices and selling directly to the public, or else handing over their production to a commission agent to be sold by him on their account. They obtain their working capital from the members' shares or from popular credit institutions in their locality. In the last few years there have also been formed federations of such societies among those of Piedmont, among those of Oltre-Po Pavese, and those of Cimino, in the province of Rome. The federation of Oltre-Po Pavese which has its headquarters at Stradella has about 2,000 small cultivators in the affiliated societies.

In Piedmont and Lombardy in particular there exist flourishing associations of this type, like the last mentioned federation of Oltre-Po Pavese, and here and there they occur in central Italy (at Frascati, Albano, Marino, Castel Gandolfo) and in Sicily.

Co-operative distilleries are also being established in Italy and at the present time are about 30 in number. The most important is that of Frascati founded in 1894, which has a membership of 790 and over 200,000 francs in capital. The society deals annually with an average of 640 tons of wine-lees, which is the raw material of the industry. The total value of the brandy and cream of tartar produced has steadily increased, and in certain heavy vintage years exceeded 300,000 francs. The average dividend paid during the nineteen years of the society's existence was 5.58 francs for each *quintale* (220 lbs.) of wine-lees delivered at the distillery.

Such success has naturally led to the establishment of other enterprises of the same kind. One after another co-operative distilleries

arose at Marino, Velletri, Albano, Monterotondo, Genzano, Montecom-patri, Viterbo and Vignanello, and others are now in process of formation.

(c). CO-OPERATIVE CHEMICAL MANURE WORKS.

Chemical manure works organised co-operatively owed their inception to the high prices demanded by the manufacturers and the generally unsatisfactory conditions of private production. Fourteen are at present in operation at Bagnolo Mella (Brescia), Portogruaro (Venetia), Mantua, Lendinara and Adria (Rovigo), Piacenza, Cremona, Follonica (Grosseto), Montebelluna (Treviso), Milan (First Agricultural Co-operative Syndicate), Cerea (Verona), Novaro, Sant'Elpidio (Ascoli Piceno) and Secugnago (Lodi). Others are being established at Catania, at Benevento and other places. They owe their foundation as a rule to the initiative of the co-operative purchasing societies.

Their constitution is that of limited liability societies with unlimited capital and sales are usually made through local agricultural associations. Members have the right to buy manures in proportion to the number of their shares which are generally of the nominal value of 50 francs. This right is sometimes transformed into an obligation, under certain regulations, and in these cases members undertake to purchase a determined quantity of manure, from 5 to 15 *quintali* as a rule, equivalent roughly to 10 cwt. and 30 cwt. respectively. The societies also sell to non-members.

Confidence in the societies has grown in proportion to the excellent results obtained, which appear from the following figures relating to existing works.

The works at Portogruaro erected in 1900 on the initiative of the Friulana Agricultural Association have an average yearly production of 350,000 *quintali* (1). In eight years the society has cleared itself of a debt of 500,000 francs incurred for erection and plant. Net yearly profits reach an average of about 150,000 francs which enables it to pay a dividend of 5 %. It has a share capital of about a million and a half francs.

The factory at Lendinara (1905) produced 70,000 *quintali* in the first year, and 140,000 in the second, and paid dividends at 14 % to purchasing members and 10 % to non-purchasing members. The society has erected another plant at Adria where it already had 350 members holding 4,000 shares, so that at the present time it has a capital of more than 300,000 francs and a reserve fund of several thousand.

(1) Roughly 1,000 *quintali* equal 98 tons.

The works at Bagnolo Mella were the first erected in Italy (1897). The society forms part of the Bagnolo Co-operative Agricultural Association and produces annually an average of 80,000 *quintali* of phosphate. It owns capital to the amount of 350,000 francs approximately composed of shares to the extent of 20,000 francs, a reserve fund of 70,000 francs, appreciated value of shares 200,000 francs, and a sinking fund of 55,000 francs. Of the total capital only 20,000 francs is paid-up share capital: all the rest is accumulated profits of the business.

At Mantua an establishment planned in 1895 was erected in 1902. At the present time it has an output of from 120,000 to 150,000 *quintali* and earns a net profit of 40,000 francs. It has about 900 members, and capital of its own to the amount of 300,000 francs.

The Piacenza establishment which dates from 1907 produced 121,265 *quintali* of phosphate in 1911-12 and sold 114,848 *quintali*. The net profits were 33,000 francs, and dividend was paid at 5%. The working capital owned by the society is at present 477,684 francs and the total of the year's transactions reaches 850,000 francs. The number of members on February 28th., 1913, was 1,350, who held 9,502 shares of 50 francs each.

At Cremona the works were established chiefly on the initiative of the local Agricultural Association. They have an annual output of 130,000 *quintali* of phosphate and do business on the principle of guaranteed sales, certain of the members being under obligation to take delivery of a certain quantity of manure determined by the number of shares held. The average net profit is about 30,000 francs: the working capital owned amounts to half a million.

The most recent establishment is that of Montebelluna which was founded in 1908 and began operations in the following year. It has a capital of 500,000 francs, a membership of 1,300, and an annual output of 100,000 *quintali*.

Among the other factories, that of Novara has a yearly production of 140,000 *quintali*; that of Cerea 105,000 *quintali*; that of Milan 70,000 *quintali*; that of Lodi in operation since 1911, a production of 130,000 *quintali* and a capital of half a million francs subscribed by 120 members; and that of Sant'Elpidio, erected in 1911, a yearly output of 80,000 *quintali*.

These figures which give a total annual production of nearly two million *quintali* of phosphate show the wonderful progress made in a short time in an entirely new branch of co-operative activity. Recently (in 1907) they formed a central association with headquarters connected with those of the Federation of Agricultural Associations, of Piacenza, and already begin to feel the benefit of a closer organisation.

(d). MISCELLANEOUS CO-OPERATIVE SOCIETIES FOR PRODUCTION AND SALE.

In addition to the societies already referred to, there are in Italy some 15 co-operative oil factories in continuous operation to the advantage of their members both in respect to the quality of the oil extracted and to the saving in cost of production. We may note : the Benacense Mutual Refinery, at Toscolano on Lake Garda, established in 1902 with a capital of 25,000 francs in 25 franc shares ; the Matino Co-operative Oil Refinery in the province of Lecce founded in 1906 with a capital of over 50,000 francs ; and the Co-operative Refinery of Spoleto, in Umbria, established in 1907 with an initial capital of 47,000 francs in 100 franc shares.

In North Italy again (Piedmont, Lombardy, Friuli) are to be found scores of co-operative mills and bakeries. In technical efficiency and financial success they show continuous progress and constitute one of the most valuable means of protecting agricultural labourers from pellagra.

Worth noting also is a co-operative oil-cake factory at Piacenza which produces annually 15,000 *quintali* of oil-cake for cattle-feed, a sugar refinery at Casalmaggiore (Cremona), and a co-operative nursery garden at Canneto sull'Oglio (Mantua), formed by 44 members, with 100 hectares of land.

Characteristic also is the co-operative movement among tobacco growers who are seeking means to supplant the existing commercial houses and acquire for themselves the exceedingly profitable trade.

Co-operative sale societies in the strict meaning of the term are by no means numerous in Italy. We may mention a co-operative society for the sale of grain at Bagnolo Mella (Brescia), societies for the sale of grapes for table use in the Piacenza district, 15 societies for the sale of market-garden produce and fruit in Romagna, the Marches, Calabria and Sicily, 9 societies for the drying of cocoons for the silk industry, 6 societies for the sale of wool, and an equal number for the sale of eggs.

The Bee-keepers' Federation for the production and sale of honey and wax deserves final mention. Formed in 1904 at Ancona as a co-operative unlimited liability society, it has established branches at Macerata and at Fano, has nearly 30,000 francs of subscribed capital, and effects sales to the amount of 2 million francs yearly.

IV. — COLLECTIVE FARMS.

Collective farms are a recent and characteristic form of Italian agricultural co-operation. They are associations of working agriculturists formed for the collective hiring of the land they wish to cultivate. In most cases they obtain the land on a collective lease, as implied in their name, but in some instances make a contract to cultivate the land on some produce-sharing system, receiving as a rule half or one third of the crop. They are always legally constituted as co-operative societies, either limited or unlimited in liability. In the province of Bergamo they are civil societies with unlimited liability.

We must distinguish between associations for separate cultivation and associations for collective cultivation.

The first confine themselves to renting the land from the proprietors and distributing it in small lots among their members; the second cultivate the land in common under central technical and administrative direction.

Separate cultivation is the more common form, but collective cultivation holds the first place for the intensity of the cultivation and the perfection of its technical methods. In the latter case each member works in turn, an interesting attempt to lessen unemployment, the work to be performed being divided among the members who are nearly always more numerous than the enterprise requires.

Farms worked collectively are nearly always based on socialistic principles, while those worked separately are inspired by the Catholic social movement, except in the case of Sicily where socialistic and Catholic farms are alike under separate cultivation.

The members are agricultural labourers, in the case of farms under single cultivation; and in farms cultivated separately, include day-labourers, small owners and farmers.

Except in the north of Lombardy the members seldom live on the land they cultivate but in villages or small towns more or less distant from the holding.

The hiring contracts are made in the different cases for a term of from one to twenty or twenty-five years, and the lands are leased from the State, from public corporations or from private owners.

The necessary capital is nearly always obtained through loans, in South Italy from the special agricultural credit Institutes, and in north Italy where these do not exist, from other sources — co-operative credit banks, ordinary banks, private capitalists, buyers of agricultural produce

who advance money on the anticipated results, or the members themselves who postpone the withdrawal of money due as wages.

In addition to the cultivation of the land the societies generally conduct other supplementary business for the benefit of members, as for instance, collective purchase and sale, the collective ownership and working of machines, co-operative dairies, cattle insurance, and agricultural credit, either as intermediate institutions for the administration of credit under special acts, or as autonomous deposit and loan banks. In addition to their economic activity just described the societies aim at accomplishing certain educational and moral work on behalf of their members through the establishment of special schools, infant asylums, and short courses of lectures in agriculture or popular education.

From an inquiry just concluded by the National League of Co-operative Societies it appears that there are 150 societies in existence, divided into three groups for each of which we give certain summary data :

Province	Number of societies	Membership	Area cultivated — (hectares)	Amount of rent payable yearly — Francs
Sicily	52	16,107	46,778,28	2,027,209
Emilia-Romagna	52	14,028	5,060,59	525,785
Lombardy	48	5,225	5,677,68	622,700
Total	152	35,360	57,516,55	3,175,694

They were designed in Sicily and in North Lombardy to eliminate the intermediate speculator (gabelotto or fittabile) whose action in increasing rents had already frequently led to an outcry from the farming class. In Emilia and Romagna they were formed as an attempted remedy for unemployment not reduced in the case of these districts by emigration.

The results of their work are somewhat complex and it is difficult to estimate them fairly. In agriculture itself they have contributed to a real progress ; in their educational work they have certainly stimulated the sense of responsibility among their members and given them a more exact knowledge of the cost of the factors of production in agriculture, and the returns to each.

V. — MUTUAL INSURANCE SOCIETIES.

Mutual insurance societies supplying as they do a very real need of the rural population, are constantly increasing in number in Italy, especially in respect to fire insurance and the insurance of cattle. There are one thousand of the first kind, for the most part in north Italy. In the province of Milan alone there are 200 societies, and in Udine, 100.

They are irregularly scattered over the whole country, and are most numerous as a rule in districts where the land is much subdivided.

From data collected by the National Committee of Agricultural Mutual Societies from 500 societies, it appears that there are about 100,000 members in such societies insured to the amount of 100 million francs. The average capital per society is about 100,000 francs. They conduct operations in a restricted area limited in general to a commune, and the majority work on the system of after-assessments. There is a tendency however in recent years to adapt the principle of fixed premiums, with supplementary after-assessments when necessary, in proportion to the value of the animals insured. Compensation is in most cases limited to 75 % of the damage or loss.

The societies are often grouped in provincial or district federations, among which that of Milan is worthy of note as the first federation to effect reinsurance in Italy, and those of Aquila, Lucca, Novara, Pinerolo, and Udine. On July 1st., 1911, a National Federation of Cattle Insurance Societies with the special functions of revision and the effecting of reinsurance was founded at Rome.

Less numerous but increasing rapidly are the fire insurance societies. There are 300 of these, 200 of which are in Piedmont alone.

The total capital insured in them reaches a total of more than 400 million francs with an average per society of 500,000 francs. The largest society is "La Fossanese" at Fossano in the province of Cuneo. It has 1,000 members with 11 million francs of property insured.

As in the case of cattle insurance societies, the fire insurance societies are also united in provincial or district federations (Asti, Turin, Alessandria, Casale Monferrato etc.), and in a National Federation with head offices in Rome, which effects reinsurance for the affiliated societies.

There are in Italy five societies for mutual insurance against agricultural accidents, at Vercelli, Milan, Turin, Florence and Bologna, and others are being founded. The most important is that of Vercelli, founded in 1902, among the agricultural workers of the district.

This society insures its members against death or permanent dis-

ablement either total or partial, and in some cases pays compensation for temporary disablement. Insurance is extended to all agricultural workers, casual as well as regular. Premiums are fixed at the rate of five francs for each thousand francs of insurance, calculated in respect not to the number of labourers employed but to the area cultivated. On Nov. 10th., 1911 the Society had 654 members, with a total cultivated area insured of 90,000 hectares giving employment to 78,000 labourers.

The accident insurance societies have their own federation in connection with the National Agricultural Mutual Committee also in Rome, a committee which encourages and directs the rural mutual insurance movement and contributes to its success.

Insurance against hail is undertaken in Italy by limited liability and mutual societies such as the Mutual Aid Society of Milan, the Society *La Prudenza e l'Eguaglianza* also of Milan, the Agricultural Association of the Provinces, in Rome and the Interprovincial Agricultural Union of Cremona. At Vercelli, also, there is the co-operative agricultural limited liability society *La Vercellese* founded in 1892, which beginning operations in the province of Novara, in Lomellina and the *circondario* of Vigevano, in 1904 extended its operations to the whole of Italy. The property insured in it amounted to 8,199,700 francs in 1910, the premiums paid to 835,115 francs, and the indemnities paid to 477,357 francs.

VI. — THE NATIONAL LEAGUE OF CO-OPERATIVE SOCIETIES.

Formed in 1886 with headquarters in Milan this League comprises some 3000 co-operative societies for distribution, production and labour, dispersed throughout every province of Italy. It promotes the formation of co-operative institutions by perfecting their statutes and encouraging the adoption of suitable technical and administrative regulations, protects the interests of the affiliated societies, and labours to secure for each type of association the legislation best adapted to its particular needs. The necessary funds are provided by the contributions of the societies calculated in proportion to the number of their members and ranging from 15 francs to 300. The League has received recognition in laws dealing with emigration, contracts to co-operative productive societies and associations of labour, and the Office of Labour. It is represented on various consultative bodies (Superior Council of Labour, Thrift Council, Emigration Council, Provincial and Central Commissions for the supervision of co-operative productive societies and societies of labour.).

It conducts its propaganda through national or local congresses, public lectures, and its official journal *La Cooperazione Italiana*, and by means of numerous legal, economic and statistical publications. In the course of twenty-six years it has convoked eighteen congresses to which the country has responded faithfully.

The League has just established at its own headquarters the National Office of Travelling Thrift and Co-operation Lectureships, founded in Italy in recent years. This office aims at the organisation of a vast propaganda for the diffusion of the various forms of co-operation and thrift.

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