

Rural History 2010 - An International Conference, Sussex UK 13-16 September 2010

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The growth of the Estonian Agricultural Co-operative Movement in a North European Comparison: 1860s to the interwar years

Abstract

This paper sketches a long-term-comparative overview of the growth of the agricultural cooperative movement in Estonia in the light of the contemporary development in Sweden, Finland, Denmark, Latvia, Lithuania and Bulgaria, from the 1860s up to the interwar years. The build-up and growth of producer's co-operative associations were of significance for interwar Estonia's economic performance, not least because of its link to the radical land reform. In a general European perspective the growth of cooperative associations enhanced for many small-scale agricultural producer to become competitive on the World market. In this regard the comparative overview here elucidates both unique, country specific, and similar, institutional features of the growth and development of these movements. The paper is basically structured in a chronological fashion supported by comparative tables and matrixes, which can shed light on the significance of cooperative growth. The paper is based on scientific journals, co-operative publications and scholarly literature.

Introduction

In the post-socialist countries there is no wide-spread support for the producer's cooperative associations. Attempts to re-build these associations, which played a major role in many parts of East-Central Europe before the Great Depression and the Cold War, have not been able to attract the new private farmers and forest owners. In the case of Estonia this is definitely confirmed by the development after the regained independence in 1991.¹ One would have expected that de-collectivisation should have spurred the resurrection of cooperative ideas, not least because of the immediate lack of agricultural infrastructure in 1989-91. However, proponents for the co-operative model in e.g. Estonia had to fight Soviet connotations and governmental support for a sound agricultural transformation was not given any priority.

However, the resurrection of the cooperative movement in the Post-Soviet states is not only a matter of fighting planned economic connotations. At least partially, the weakened role of cooperative associations has been visible in Western Europe as well. On the one hand, agricultural producers/family farms are decreasing in numbers but increasing in farm-size and therefore less inclined to support the cooperative models basic principle: *One man one vote*. On the other hand, an opposite trend is constituted by the development since the 1980s where the growth of Swedish and Finnish non-industrial private forest owners has implied more members to the cooperative forestry associations.

In contrast, from the second half of the 1800s the growth of producer's and consumers cooperative associations was significant until the specific political and economic challenges took on: the Russian Revolution in 1917, the rise of Fascism and Nazism in the 1920s and 30s, and not least the interwar Depression (1929-33). While the Russian revolution and the rise of Fascism and Nazism had its respective contexts and backgrounds, it goes without

¹ See Anu-Mai Köll, "Lantbrukskooperaationen i Estland – Idag och under självständighetstiden", in: *Kooperativ omprövning, Kooperativ årsbok 1993*, Eds, Peter nordmark et.al. (Stockholm, 1993) pp. 156-57. A recent study by Jörgensen, Grubbström & Stjernstrom (to appear in *Journal of Northern Studies*, December 2010) confirms the lack of interest and insight in these matters.

saying that the effects from the interwar Great Depression (1929-33), which was met by state interventionism, export controls, protectionism and inward-looking policies, affected any nation. For some years various forms of state control circumvented the freedom of the co-operative movement in both Eastern and Western Europe where various degrees of economic nationalism and authoritarian rule was applied. Speaking with Ivan Berend (2006) on the notion of *economic dirigisme*, it "... was closely connected to the experiences of the war economy"... "Disappointed countries, which failed to catch up during the *laissez-faire* era and desperately wanted to change their destiny, naturally looked to the war economic system as a new opportunity to realize their goals".²

The Depression was a hard strike for many small agrarian states and the turn towards authoritarianism meant the end for the cooperative movement. In spite of a certain economic recovery and eased authoritarianism after 1933-34, a final strike came with the loss of national independence and/or the introduction of the Soviet planned economy in the 1940s. Thus, while the cooperative associations in the East were dissolved or swallowed by means of centralised economic planning and forced collectivisation, the Post-War economic and political order Western Europe - not least the European integration process - were conducive for the growth and recovery of agricultural producer's co-operative associations.³

This paper aims at presenting a comparative overview of the development of agricultural co-operative associations in Northern and Eastern Europe from the 1860s up to the interwar years. Estonia is here seen as the major case while the structure will allow for comparisons with the contemporary development in Sweden, Finland, Denmark, Latvia, Lithuania and Bulgaria. In this regard, the growth of - foremost - dairy producers' associations, offer interesting comparisons for both the understanding of unique and similar features in the period prior to the 1930s. The study is based on literature, international co-operative and agricultural periodicals, co-operative yearbooks and various information materials.

The growth of the co-operative movement in Eastern and Western Europe

The growth of the cooperative movement in Europe, from the second half of the 19th century, coincided with profound social and economic changes: the spread of capitalism, property changes, industrialisation, and increased monetary exchanges, which had impacts on the traditional peasant household's role as a subsistence and production unit. With the increased division of labour, increased numbers of wage labourers, and the growth of purchases made by individuals, consumers, small-scale producers and peasants choose to join together and fight the tendencies of monopolies, trusts and exploitation.⁴

In a wider societal context these socio-economic and political changes gave rise to new groups of interests and movements all-over Europe. The first co-operative associations emanated from voluntary economic collaboration, among workers, crofters and peasants, which formed procurement and credit societies inspired by the Rochdale pioneers.⁵ In this context the informal establishment of co-operative associations on a micro level was connected with profound changes that permeated most nations on a national or a macro level.

For many countries with limited resource endowment, the co-operative associations provided an important organisational function for the export of agricultural products. In the

² Ivan Berend, *An Economic History of Twentieth-Century Europe – Economic Regimes from Laissez-Faire to Globalization*, (CUP, 2006), pp. 95-96.,

³ See e.g. Alan Milward, *The European Rescue of the Nation-State*, (Routledge, 2000), p. 251.

⁴ Mauritz Bonow, *Kooperationen i en föränderlig värld* (Stockholm, 1960), p. 12.

⁵ In general, the co-operative formula developed by the British Rochdale pioneers 1844-55 is regarded as the fundament for co-operative societies and based on the following principles: 1) Democracy, the principle of 'one man one vote' in business. 2) Open membership. 3) Fixed and limited interest on capital. 4) Distribution of the surplus in relation to the purchase made by each member. 5) Cash trading. 6) Selling out pure and unadulterated goods. 7) Education. 8) Political and religious neutrality. 9) Disposal of net asset without profits. See Johnston Birchall, *Co-op the Peoples Business* (Manchester University Press, 1994), pp. 54-64.

agrarian dominated Russian Baltic provinces the spread of cooperative ideas from the 1860s was linked with the processes of modernisation and national awakening. The foundation laid by the co-operative associations also became influential for Estonia's interwar development. By the turn of the 20th century, a majority of agricultural land was still in the hands of the Baltic-German nobility. However, land sales were step-wisely increasing and agricultural co-operative associations were formed both among Baltic-Germans and native Estonians, which was spurred by the increasing demand on foodstuffs from major city areas within the Tsarist Empire. In the aftermath of the breakdown of the Russian Empire and the establishment of Estonian national independence, the radical land reform (1919-26) together with expanding state supported co-operatives associations, further enhanced state building and economic recovery. Before the Great Depression 1929-33 took on, the co-operative expansion had thereby generated a relative export success of Estonian butter and pork to Britain and Germany.⁶

The co-operative movement: restrictions and the economic and social context

In a Nordic context, agricultural producer's associations have been rather influential since the early 1900s. Co-operation has developed into the position of a complementary sector within the regular economy and fulfilled the function of a counterweight to the non-co-operative and private sphere.⁷ The establishment of co-operative associations has been explained as the outcome of an interchange in the development from the mercantilist ideas around 1800 towards economic liberalism in the later part of the 1800s. During this time the collectivist element of mercantilism, which was upheld by state regulations and Guild societies, were replaced by individualism and the freeing of the economic forces.⁸ This meant that co-operative societies were created as a means of self-support when competition and the division of labour interrupted the previously established order.

An agricultural co-operative association constitutes a specific organisational solution for creating competitiveness among producers within the agricultural realm. Producer co-operative societies are often — and have been — organised in the form of economic associations, which becomes the extended arm of the producers in the form of a processing, or sales body. Co-operation is according to J. Nilsson (1991), based on three major elements 1) economic activity, 2) for the common needs of people, 3) owned and ruled by the people themselves.⁹ A co-operative society is thus a social organisation, established in the form of economic associations with the aim of strengthening the interests of its members.

Any co-operative association is restricted by the specific national legal framework. This implies that both adaptation and change is necessary. Co-operative associations constitute what North (1990) denotes organisations: political, economic or social bodies. If we look upon institutions as the “the rules of the game”, which guide human interaction in the political, social or economic life, institutions can also reduce uncertainty by providing structure to everyday life.¹⁰ Cooperative associations are thus circumvented by a number of formal restrictions: e.g. laws regulating how co-operative associations should function and act in business life, and how these associations are distinguishable from other forms of business enterprises. Co-operative associations therefore become actors or players in the game.

Similar to institutions organisations provide a structure for human interaction, but they are created — or have emanated from other organisations — as a result of the institutional framework. Thereby they can influence the shaping of the institutional framework and

⁶ Anu-Mai Köll, *Peasants on the World Market - Agricultural Experience of Independent Estonia 1919-39* (Stockholm, 1994), pp. 69-72.

⁷ Jan-Åke Dellenbrandt, *Kooperation och Samverkan* (Stockholm, 1985), pp. 22-23.

⁸ Herman Stolpe, *Kooperationen utomlands*, (Stockholm, 1930), pp.13-14.

⁹ Jerker Nilsson, *Kooperativ Utveckling* (Lund, 1991), pp. 9 & 44.

¹⁰ Douglass C. North, *Institutions, Institutional Change and Economic Performance* (CUP, 1990), p. 3.

contribute to institutional change. The informal constraints, which are not formalised in laws (like sanctions, taboos or codes of conduct), might as well be seen as a third way to look upon the forces behind institutional change. “They come from socially transmitted information and are a part of the heritage that we call culture.”¹¹ In this regard there are less formalised, yet not less influential, forces to consider; the unwritten but commonly known and accepted rules in a society.

The legal framework can thus be seen as the formal restriction for the co-operative associations and the co-operative associations are regarded as organisations. The state constitutes an important institution in the sense that it is responsible for upholding the legal framework and simultaneously the state (as a political body) makes an organisation that interacts with others. In a long-term perspective the relation between co-operative associations and the state will thus illuminate gradual or immediate changes.

Prior to industrialisation and the breakthrough of liberal and socialist ideas, and before the 1860s, the legal systems in Europe did not allow the co-operative embryos to participate in economic activities on the same terms as other business enterprises. In Sweden, the Guild System was in force up to 1846 and another impediment was the absence of Freedom of Commerce up to 1864. A general feature, both in Eastern and Western Europe, however, was the way co-operative ideas were spread and become rooted among free-holding peasants.

The first embryonic forms of economic collaborative organisations that appeared in agriculture from the 1840s on, in the form of mutual insurance companies or mortgage societies, were, however, not co-operative societies in accordance with the Rochdale principles. But with the spread of so-called *Schulze-Delitzsch* and *Raiffeisen Societies* — the first one established in Germany in the late 1850 and more generally spread in the Nordic countries after 1880 — the integration of savings and credit societies on co-operative principles initiated an important development for agricultural producers.¹² This shows that institutional change is a long-term process dependent on several forces – not least the rapprochement between *formal* and *informal restrictions* - before a stable incentive structure is formed. Thus the driving forces behind co-operative growth must be understood from two sides. At first, the gains that peasants saw could be made by joint efforts in a new socio-economic environment and secondly, the changes that made the formal institutional framework (the law) susceptible for this change.

It is also suitable to relate co-operative associations to the term “social capital”. In his work on the growth of Danish Co-operative associations, Gunnar Lind Haase (2000) defines social capital as “collaboration based on networks”. Co-operative networks appeared in Denmark in the late 19th century when the co-operative ideas were spread from credit and wholesale societies to dairy producers. The co-operative paved the way for democracy, trust and economic gains. Social capital — from which the bulk of the Danish society could profit — was thus built on co-operative principles.¹³

According to Bo Rothstein (2000), “social capital” can be understood as “norms of trust and reciprocity between citizens in a society”, which is needed in order to avoid the tragedy of the commons.¹⁴ Rothstein extends the term and uses “organised social capital” for describing and distinguishing the necessity of having both horizontal as well as vertical trust on three

¹¹ North, *Institutions*, pp. 3-6, 37.

¹² Herman Schulze-Delitzsch and Friedrich Wilhelm Raiffeisen were two of the German co-operative pioneers working with the establishment of co-operative savings and credit societies from the late 1840s. While the former was more oriented towards the needs of credits among crofters, the latter organised peasants credit societies. The fact that real capital, like cattle or machinery, could be supplied through the collaborative purchases made by Raiffeisen societies was an important step in co-operative development. William Pascoe Watkins, *Internationell kooperation* (Lund, 1971), pp. 24-27.

¹³ Gunnar Lind Haase, ‘Socialt kapital og den danske andelsmejeribevegelse’, *Økonomi og Politik*, 1 (2000), pp. 42-43.

¹⁴ Bo Rothstein, ‘Socialt kapital i den socialdemokratiska staten. Den svenska modellen och det civila samhället’, *Arkiv*, 79, (2000), p. 1.

different levels within an organisational framework. At first, trust can be built within a given organisation between individuals (leaders and members). Secondly, trust can also be established between leaders of different organisations on various organisational levels. Finally, trust is also built between the leaders of various organisations and the state.¹⁵ Even though Rothstein refer to the Swedish corporative experiences, a widening conceptualisation allows for understanding the principle on reciprocity in co-operative associations: *One man one vote* can be seen as a basic precondition for trust in any democratic organisation. Thus, we may conclude that in spite of different levels of collaboration, trust constitutes an essential part of the rationale for building co-operative associations. Any co-operative association needs to withhold good internal and external relations, both horizontally as well as vertically, in the sense that it — as an actor — can develop and collaborate with other actors. From the perspective of the co-operative members the links of trust between various associations or societies, between members and leaders, and trust in the function of the state — not least the legal system — are necessary prerequisites for building and maintaining collaboration.

If we look upon the general co-operative development in mid 19th century, credits and insurance were the first areas covered by embryonic forms of agricultural co-operative associations. But the major achievements were in fact made by societies that operated in the way consumer societies had initiated: by ordering joint purchase and collection. Since the purchase of necessary agricultural input goods as fertilisers, lime, seed, or machinery often were made in absence of competition, the salesmen could by means of credits tie the single peasant or consumer into a state of dependency. The same was true for the marketing of farm products prior to the co-operative break-through in sales and purchases.

A single peasant could not manage the investments for processing and quality development. It was rational and economically efficient for producers of milk, meat, grain and cereals to form co-operatives and to co-ordinate the marketing of products and purchase of inputs. This vertical integration was from the turn of the 19th century followed by the establishment of regional and national centralised organisations. Smaller — locally based co-operative — dairies, butcheries and granaries became connected to a larger movement that could supply relevant information about co-operative issues and convenient education for quality improvements, which was necessary for maintaining competitiveness.

The co-operative model was a means to spread risks on a local level — based on trust — since all members were collectively responsible for upholding quality. This gave incentives to sustain and develop quality measures, which in turn meant a higher price paid per unit if i.e. regularity in deliveries could be maintained. Since the co-operative associations grew into a position where they could control the products from the fields, through the refinement process, into the stores they developed into influential market actors. In the Swedish case, dairy associations became especially successful. Through their actions they could attract enough members. As Reine Rydén (1998) has shown, local co-operative dairy associations did not foster any free-riding patterns since the advantages were available and granted for the members only if the common objectives were successfully reached. Co-operation was also less dependent on the single member's resources, while it was to some extent dependent upon the encouragement and support of the state.¹⁶

Looking back on the origins of co-operation, the issues of trust and risk, Ronny Petterson (1994) has claimed that agricultural co-operation became a substitute for the co-work that was lost when the village-based society was dissolved. In spite of the fact that the village community and the co-operative societies represented different forms of organisations, a similar feature of both organisations was that they relied on organised co-work. In both cases

¹⁵ Rothstein, 'Socialt kapital', pp. 48-49,

¹⁶ Reine Rydén, *Att åka snålskjuts är inte hederligt. De svenska jordbrukarnas organisationsprocess 1880-1947* (Diss. University of Gothenburg, 1998), pp. 86-87.

collective restrictions also circumvented the number of alternatives open for the individual members. This can explain the development from the foundation of the first credit and insurance societies. However, the areas restricted by the village community, mainly concerning cultivation of common lands, and the co-operative societies that organised the individual peasant farmer's relation with the market, demanded different organisations.¹⁷ The important shift was made due to market expansion and agricultural industrialisation. In contrast to the short period of peasant individualism, from the early 1800s when enclosure was carried through, the later part of the 1800s was characterised by increased organised co-operation, which was necessitated by the break-through of technology in agriculture. "Collaboration was resumed, when the developmental possibilities of individualism had been emptied and proved being unable to lead to the over-all aim of individual freedom."¹⁸

For the farm population the process of industrialisation implied increased purchases of fertilisers, machinery and seed and the transfer of processing into separate enterprises. But industrialisation also illuminated the fact that information was asymmetric and that the distance between producers and consumers had increased. This forced forward closer collaboration, which thereby became a means for the "weak" to compete with the "strong" and through co-operation the advantages of scale could be used. As a result of technological and economic changes during the later part of the 19th century, family farm units were thus able to benefit from large-scale processing, marketing and procurement of inputs.¹⁹ When these co-operative associations became legally accepted and allowed to participate in economic life on the same conditions as other actors/firms — they also reached a position where the relation with the state had to be made clear. Political and economic changes during the first decades of the 20th century were especially important for the growth of co-operative associations. This leads us into a discussion on the driving forces behind this development when considering the co-operative organisations from an analytical point of view.

Comparative aspects on the growth of agricultural co-operative associations

In a Nordic perspective Denmark is regarded as the country with the longest co-operative experiences. The first agricultural associations were established by patriotic philanthropists in the 1840s. From the early 1850s the farmers established agricultural societies and joint dairies, which enabled them to become familiar with democratic methods. In this regard economic democracy was practised before the majority of Danes had become familiar with political democracy.²⁰ Developed consumers' associations were, however, not frequent until the 1880s. The forerunners of Danish co-operation were the credit unions that were established during the 1830s with a mission of building a wider agricultural movement. In Denmark schoolmasters had an important role in co-operative education, not only as teachers but also as advisors and spiritual guides.²¹ The Folk High Schools established in the 1860s held an additional educational function in this regard. According to Jonsson et.al., (1993) the reason for the Danish Co-operative success was social cohesion: "that enabled peasants to build institutions needed to take advantage of the economic opportunities".²² These organisational and educational endeavours taking place within the socio-economic field as well as on the political level also gained strong support in Estonia from the turn of the century through the formation of co-operative associations among free-holding peasants.

¹⁷ Ronny Petterson, 'Kollektivism och individualism i jordbrukets utveckling' Jan Blomqvist, et.al., (eds), *Kooperativa vägval. Kooperativ Årsbok 1993* (Stockholm, 1993), pp. 176-177 & 198.

¹⁸ Petterson, 'Kollektivism', p. 179.

¹⁹ Petterson, 'Kollektivism', pp. 188-89.

²⁰ *The Danish Co-operative Movement*, (Copenhagen, 1950), p. 9.

²¹ *The Danish Co-operative Movement*, pp. 31 & 39-40.

²² Ulf Jonsson, et.al., *Problems of a Peasant-Based Development Strategy - Use and Misuse of Historical Experiences* (Geneva, 1993), p. 60.

The co-operative expansion that took place in the Russian-Baltic provinces in the 1870s was linked with market changes when the transition towards livestock production — on the expense of grain and previous cash crops as flax — was initiated. The construction of a railway line connecting the Baltic Russian provinces with the urban Russian areas around St. Petersburg and the increased land sales from the estates enhanced this development.²³ New freeholders founded agricultural societies, which had to fight resistance from Tsarist law and it was not until the implementation of the market oriented Stolypin reforms 1905-11 that the real co-operative breakthrough came.²⁴

In southern Estonia land sales proceeded more rapidly from the late 1860s, which led to the establishment of several agricultural societies that promoted technological progress and welfare among the new farmers. At the outbreak of World War I, the work among independent farmers, schoolteachers and rural intellectuals had resulted in the establishment of 135 milk co-operatives, 138 consumer co-operatives and 153 machinery co-operatives.²⁵ In the Estonian case the foundation of a co-operative movement was therefore linked with several external and internal processes.

When national awakening was spread among peasants, tenant farmers and landless rural people from the 1860s on, it included ideas that fitted — and grew within — the co-operative associations. A prominent Estonian: C.R. Jakobsson was involved in the transformation of Estonian agriculture from the 1860s. Around 1880 a blueprint was also available suggesting the Estonians to increase dairy production and to establish co-operative associations as was the case in the Nordic countries.²⁶ In addition, the Baltic-Germans, since long established as major land-owners and as the political and economic elite, could from their contacts with Germany bring in the co-operative ideas into the Estonian farming life.

However, just as important for the Estonians were the Finns and Danes, which in relation to the Baltic-Germans were smallholders and therefore could offer more plausible organisational and technological solutions.²⁷ Cultural contacts in the form of exchanges between Finnish and Estonian literature societies or song festivals contributed to imaginations about the closeness of Finns and Estonians from the 1860s. When the intensified Russification policies made it more difficult to carry through these exchanges on a higher nationalist level from the 1890s, the peasants had easier to continue their contacts in trade and education. Of importance was also the establishment of an agricultural institute in the Estonian village Vana-Kuuste in 1913, which became the first higher agricultural school in Tsarist Russia. Up to this point farming had either been taught in Estonian elementary schools or in Finland, which was suitable due to the similarities in language and agricultural conditions. Translated articles from Finnish agricultural journals published in Estonian newspapers further enhanced this educational endeavour. Many Estonians — prior to and during independence — thus followed the request of C.R. Jakobsson and other agricultural reformers to study at Finnish agriculture schools.²⁸ Influential for both co-operative development and agricultural education

²³ Kõll, *Peasants*, pp. 29-32.

²⁴ Toivo Raun, *Estonia and the Estonians* (Hoover Institution Press, 1991), p. 89.

²⁵ Toivo Raun, 'The Estonians', Edward. C. Thaden and Michael H. Haltzel (eds), *Russification in the Baltic Provinces and Finland 1855-1914* (Princeton University Press, 1981), pp. 288-89.

²⁶ Kõll, *Peasants*, pp. 31-32.

²⁷ Kõll, *Peasants*, p. 34.

²⁸ Urvo Teistre, 'Agricultural Education in Estonia in the Beginning of the 20th Century and the Role of Finland', Alexander Loit, (ed), *The Baltic Countries 1900-1914*, Studia Baltica Stockholmiensia, No. 5, (Stockholm, 1990), pp. 412-414.

was also the presence of many Danes, which prior to 1917 had obvious interests in Russian agricultural development.²⁹

By the turn of the 19th century, co-operative societies had developed in various Russian provinces, but due to Tsarist legislation they were often forced to act outside regular business-life. Most successful within the Russian Empire were the Siberian associations, which were helped by the growth of agricultural production and the construction of the railway into the frontier region³⁰. The first years after the 1905 revolution contributed to an increase in the numbers of legally registered co-operative associations in Estonia. This was partly made possible by concessions to the Tsarist regime implying that co-operative education was using the Russian language.³¹

Table 1 presents a comparative overview of the agricultural co-operative development within selected East European and European countries. There are however, as many co-operative developmental lines to consider, as there are countries and there may be some problems involved in making a schematic comparison of this kind. The break-through for co-operation in the Russian-Baltic provinces and Finland was e.g. partly postponed due to intense Russification campaigns from 1880 up to 1905. But a major distinguishable feature between East-Central Europe and Western Europe was the relatively early foundation of national central organisations, common for various co-operative groups in the East European cases.³²

In Finland, still incorporated in the Russian empire at the time for its co-operative expansion, a strong Central Organisation known as *Sällskapet Pellervo* was founded before the co-operative societies had reached any local spread³³. In this regard the organisational structure and build-up of the movements in Sweden and Denmark were different with their bottom-up structure. But a similarity between Finland and Sweden was that co-operative education to a large extent was organised by the Central organisations.

In some cases it is difficult to judge if the first co-operative credit associations were organised for the purposes of consumers or producers due to the fact that these groups were not easy to distinguish in the countryside.³⁴ The co-operative movements in Sweden — and especially in Finland — have been regarded as consumer-oriented urban movements from the start while co-operation had an obvious rural origin in Denmark, Estonia, Latvia, Lithuania and Bulgaria. In Estonia, the work of patriotic philanthropists followed the Danish path and worked with the foundation of a wider movement based on the rural population.³⁵

Contrary to the important functions and influences upheld by the Estonian State, not to mention Bulgaria, the Danish co-operative movement withheld strong independence from most forms of governmental or state interference up to the 1930s when there was an international trend to merge different central organisations. However, the strong Finnish

²⁹ Danes founded dairies and butcheries and were involved in the development of communications. As a large milk and meat export producer Denmark was dependent on imports of Russian proteins like oil cakes. The re-export to Russia of refined products was however small: almost 90 percent of Danish export went to Germany and Britain in 1913. But with regards to the export of agricultural machinery and cement based on figures from 1911, Russia was the main market. Bent Jensen, *Danmark og det russiske spørgsmål 1917-24*, (Aarhus, 1979), pp. 46-49 & 559.

³⁰ During the late 19th century improved transportation and marketing conditions facilitated the growth of Siberian co-operatives. Merges between smaller associations resulted in the foundation of the Union of Siberian Creamery Association, which consisted of more than 1000 dairies in 1916. *Svensk Export*, 623, (1919), p. 49.

³¹ Ivan Stötsberg, *Estländsk bondekooperation*, (Stockholm, 1930), p. 2.

³² When the International Co-operative Alliance (ICA) was established in London in 1895, most countries lacked national central organisations. The delegates were foremost representing local societies. Gradually, after this meeting, leading co-operators turned toward the apprehension — which also became predominant — that the co-operative movement would grow and become strengthened if consumers and agricultural producers worked more closely together. Watkins, pp. 44-45. Hugo Kylebäck, *Konsument och lantbrukskooperation i Sverige* (Stockholm, 1984), p. 9.

³³ Torsten Odhe, *Kooperationen i Finland* (Stockholm, 1929) p. 47.

³⁴ This was for instance the case in Estonia where the first co-operative credit societies were established by Baltic-German producers, which established co-operative consumers associations that were of decisive importance for peasants since they purchased agricultural machinery and acted as an intermediary in sales. See *Kooperatören*, 12 (1925), pp. 155-56.

³⁵ *Kooperatören*, 14 (1921), pp. 224-25.

central organisation *Pellervo* went through splits in 1916 and 1919. The later split was due to the decision of the Swedish speaking group to leave the organisation, as a result of language policies, while the first split had its roots in social tensions and different views on co-operative activity in general and consumers' co-operation in particular.³⁶ The Finnish case nevertheless illuminates that both consumers' and producers' co-operative associations developed simultaneously, supported by an influential central organisation from the start.

Table 1: Overview of the development of agricultural co-operative associations and national central organisations in the Nordic countries, the Baltic States and Bulgaria

Country	Agricultural co-operative societies and year of foundation		No. of co-op dairies		First Agricultural Co-operative Central organisation
	Embryonic forms	Co-operative dairies	Around 1928	Around 1935	Name and year of foundation
<i>Denmark</i>	Credit societies 1850s Procurements 1850s	1882	1 379	1 404	Central Co-operative Committee (Andelsudvalget) 1899
<i>Sweden</i>	Procurements 1860s	1880	682	723	Swedish Farmers National Federation (SLR) 1905
<i>Finland</i>	Agricultural requisites 1870s. Raiffeisen credit societies 1902.	1902	531	514	Pellervo 1899
<i>Estonia</i>	Schulze-Delitzsch credit societies 1866. ^a	1898	331	274	The Estonian Co-operative league (Eesti Ühistegline Liit) E.Ü.L founded in 1919. Preceded by Bureau 1910,
<i>Latvia</i>	Schulze-Delitzsch credit societies 1860s ^a	1909	454	309	Riga Agricultural Central Union 1906
<i>Lithuania</i>	1860s	1904	206 (1927)	192 (1937)	Pienocentras 1923
<i>Bulgaria</i>	Raiffeisen credit societies 1890	-	16 (1930)	-	1894 The Agrarian Bank

Founded by Baltic-Germans.

Sources: *Agricultural Co-operation in Finland*, (Helsinki, 1954), p. 18 & 53. Arnolds P, Aizsilnieks, *The Co-operative Movement in Latvia* (Bonn 1962), pp. 11-13. *The Danish Co-operative Movement* (Copenhagen, 1950), p 41. *Konjunktuur*, 51-52, 2/3, (1939), p. 108. *Kooperatören*, 8, (1919) p. 179; 23, (1924), p. 410; 24 (1924), p. 427; 12 (1925), pp. 155-56; 2 (1931), p.27; 18 (1939), p. 444. Juozas Audėnaz, 'The Cooperative Movement', *Lituanus*, 1 (1959), p. 16. Herman Stolpe, *Kooperationen utomlands* (Stockholm, 1930), pp. 116-128; Ivan Mihailhoff, 'Agricultural Co-operative Societies in Bulgaria', *Monthly Bulletin of Agricultural Economics and Sociology*, (1934), pp. 297-98. Erik Helmer Pedersen, et.al., 'Nordens jordbruk under världskrisen 1929-1933', Sven A. Nilsson et.al., (eds) *Kriser och krispolitik i Norden under mellankrigstiden*. Nordiska historikermötet i Uppsala (Uppsala, 1974), p. 174. *Year Book of Agricultural Co-operation* (London, 1932, 1934, 1936 & 1937). *Statistics of Agriculture and Co-operation in Finland* (Helsinki, 1939), p 22.

The most comparable variable in table 1 may be the foundation of the first co-operative dairies. In spite of the absence of a general co-operative movement, the refinement of milk

³⁶ One side was foremost represented by the relatively small rural associations: mainly represented by the landed proprietors, and on the other side were urban consumers, landless and crofters. The consumers' organisation S.O.K. (the Co-operative Wholesale Society) therefore broke loose from the general co-operative union YOL and founded their own central organisation *The Co-operative Union*, K.K. and a year later their own Central Wholesale Society, OTK. Matti Kujala, *The Cooperative Movement in Finland* (Helsinki, 1975), p. 9.

products was regarded as suitable for these forms of associations in many countries. The years 1928 and 1935 can also give a somewhat comparable picture of the reduction taking place with regard to numbers of dairies during the World wide economic depression. This, however, would have been further helped if compatible figures concerning separate creameries had been available.³⁷ It is however, likely to assume that creameries, which in general were small locally based stations, were more severely exposed to the rationalisations that emanated from the economic depression 1929-33 than larger dairies were.

In Bulgaria there were fewer dairy co-operatives due to the fact that goats and sheep were more frequent and more suitable for the mountainous areas. Limited land areas per head and the preconditions for cultivation favoured products like grain, grapes, corn, tobacco and rose-oil. Co-operative development was also delayed due to the inclusion in the Ottoman Empire up to 1878 and the search for autonomy up to 1908, when Bulgarian independence was reached. The major co-operative breakthrough was thus made in the decades prior to World War II even though the first agricultural credit society was founded in 1890. In spite of this relative lateness, the Bulgarian co-operative movement became one of the strongest in Europe and during the rule of Alexander Stamboliski (1920-23) the co-operative associations became more or less a part of the state.³⁸

The Bulgarian agricultural credit societies undertook several functions, e.g. consumers' supply and marketing activities. Close collaboration between individual agricultural co-operative societies and two central organisations: *The Union of Agricultural Co-operative Societies* and *the Agricultural Co-operative Bank* also developed. But while the first was more of unofficial character, the latter constituted the extended arm of the government in executing agricultural policies and collecting as well as marketing crops.³⁹ The *Bank* was, however, not a true co-operative body under popular control since the government exercised profound influence over its board and affairs.⁴⁰ From the perspective of state intervention inter-war Estonia's co-operative development could be placed between Denmark and Bulgaria.

The cooperative movement in interwar Estonia

In most parts of Eastern Europe land redistribution was a necessary means to accomplish after the long subjugation to landlordism. During World War I, the political development made land reforms necessary means to counteract the growth of Bolshevik support. Land reform was thus essential for creating social stability.⁴¹ For this purpose the democratic political forces in Estonia accomplished two major things. The peasantry was mobilised "to their cause

³⁷ In Lithuania there seem to have been a larger share of creameries than in the other countries under review due to less developed means for transportation. Further, at an early stage the government also saw the rationality in keeping the numbers of small and inefficient dairies on a low level. *Kooperatören*, 20, (1939), p. 494.

³⁸ Under Stamboliski's rule, the Bulgarian Agrarian National Union, *BANU*, implemented a land reform and supported far-reaching co-operative undertakings in order to create a peasant state based on co-operative principles. In spite of the assignation of Stamboliski in 1923 and the changes of government, his legacy was still present in the 1930s. Two distinct features of Bulgarian co-operation were the widespread co-operative network of credit institutions, lead by the Agricultural Bank of Bulgaria and the continuous governmental interventions – often by necessity — in co-operative affairs during the 1920s and 1930s. Ivan Mihailhoff, 'Agricultural Co-operative Societies in Bulgaria', *Monthly Bulletin of Agricultural Economics and Sociology*, (1934), pp. 298-303.

³⁹ *A Century of Co-operation - An Epitome of the Birth and Growth of the National Movements, International Co-operative Day, 1st July*, (London, 1944), p. 11.

⁴⁰ During the economic depression when farmers' credits were frozen, governmental intervention implied that the state took over a majority of the farmers debts and transferred these into the hands of the government and thus left the Bank with fairly reasonable possibilities of advancements. In mid 1930s the Agricultural Co-operative Bank was given extended authority by the government to audit all co-operative societies and to affect appointments of officials. See *Year Book of Agricultural Co-operation 1937*, (London, 1937), pp. 111-113

⁴¹ Georg von Rauch, *The Baltic States. The years of Independence, 1917-40* (London, 1995), pp. 87-88 and Köll, *Peasants*, pp. 40-43.

of statehood and they displaced the Germans from their pre-eminent position of power.⁴² Land reform was, however, costly to perform and a readiness for this structural change was not fully developed. Estonia and Latvia constituted the most industrialised areas of Tsarist Russia in 1914, but war damages, especially in Latvia were profound. The same was true with regard to co-operative dairies destroyed by World War I and the wars of independence. In Estonia the number of co-operative dairies was reduced from 135 to 60 between 1914 and 1918 but already in the first years of the 1920s most dairies were back in refining and marketing.⁴³ In Latvia the reduction went even further both with regard to industry and dairies, but exploitations of forests in Estonia and Latvia, which mainly were to remain in the hand of the state, contributed to the reparations of some of the financial disadvantages created by the loss of industry earnings.⁴⁴

A major step for the Estonian co-operative movement prior to the interwar independence was taken in 1911 when the League of Estonian Dairies, *P.K. Estonia*, was founded. The Agricultural Central Organisation promoted export of dairy products to Russia and supported a further shift towards increased dairy farming. As the years went by the functions of *Estonia* also turned into supplying consultants, advisors and controllers for the co-operatives dairies.⁴⁵

Initially, the small co-operatives themselves were in charge of education and training. But an educational network and information system was slowly built from 1910 on. It started in the form of an "illegal" information bureau: *Büro*, which edited a co-operative periodical: *Ühistegevusleht*. In 1919 *Büro* became registered as the Estonian Co-operative League, E.Ü.L. (*Eesti Ühistegeline Liit*). The aim was to be a co-ordinating centre for various co-operative societies and the weekly paper published had an educational aspiration.⁴⁶ By January 1935 the membership of the League consisted of 1189 co-operative enterprises.⁴⁷

In 1917 When E.T.K. (*Eesti Tarvitajateühisuste Keskkühisus*) the Estonian Wholesale Society was founded it became a common central organisation for consumers' and producers' associations.⁴⁸ Even though export was not a common activity E.T.K. occasionally acted as an intermediary of cereals, potatoes and flax and in 1928 it became a shareowner of *Stockholm Superfosfat Fabriks AB*, together with the Swedish Central Co-operative Association (KF).⁴⁹ E.T.K acted as an intermediary between the government and the co-operatives. Not only did it support the transfer from cash crops to milk and meat production, but it also offered loans and advice. Closely connected to E.T.K were also co-operative banks and retail organisations.

The Central Bank: *Eesti Pank*, founded in 1919, both issued notes and constituted the most important commercial bank. These double functions however, implied that the Bank was involved in both the rescuing of the Russian-built industries as well as keeping up the

⁴² Tõnu Parming, *The Collapse of Liberal Democracy and the Rise of Authoritarianism in Estonia* (London, 1975), p. 6.

⁴³ *Year Book of Agricultural Co-operation 1936* (London, 1936), pp. 437-38.

⁴⁴ Rauch, *The Baltic States*, p. 105.

⁴⁵ *Kooperatören*, 12 (1925), pp. 299-300.

⁴⁶ In 1929 a co-operative school was registered with support from the Ministry of Education. Applicants to the various courses held by E.Ü.L. had to be prepared by at least six months of co-operative practising. Stötsberg, *Estländsk bondekooperation*, pp. 18-20.

⁴⁷ *Yearbook of Agricultural Co-operation 1936* (London, 1936), p. 434.

⁴⁸ Within two years E.T.K. had gained 156 registered associations. By 1930 it was estimated that the total number of members included some 240 000 people (almost 1/4 of the total population). The Wholesale Society soon became the most important purchaser and distributor of several products. By 1930 it handled 85 percent of the national demand for fertilisers and concentrated feed and almost 30 percent of gasoline and oil. See *Kooperatören*, 2, (1931), pp. 28-30.

⁴⁹ This can be seen as an example of deliberate Swedish-Estonian ambitions to create fruitful co-operative collaboration. The large reserves of phosphor in Estonia were valuable for fertilisers, for which the demands were increasing. Report from the Swedish Agricultural Attaché in Riga 1928' RA (Riksarkivet Stockholm, Kungliga Lantbruksstyrelsen, Administrativa byrån, 1929), EIV:b 237.

exchange rate of the Estonian mark issued shortly after independence, which led to a crisis.⁵⁰ In 1926 a Land Bank for the purpose of issuing mortgage loans to the agricultural sector was founded. Two years later some of the Central Bank long-term assets, as a part of the stabilisation programme, were transferred to another institution: *Pikalaenu Pank*, the National Mortgage Bank, which supplied long-term loans to a wide range of borrowers like industry, co-operative societies and private persons. Owing to the expansion of co-operative societies there was a tremendous increase of co-operative credit institutions. Small and locally based credit unions attracted an increased share of members throughout the 1920s. A central bank: *Eesti Rahvapank* (the People's Bank) serving the credit co-operative associations was founded in 1920.⁵¹

Up to 1929 there was a continuous increase in the number of co-operative dairies in Estonia. This was followed by a parallel production expansion, which also increased the realm of *P.K. Estonia's* export-activities. Even though there were no obligations for the co-operative member-dairies to use *Estonia* as an export partner, the growth of admitted members and export was steady. By 1920 dairy farming, flax and bacon had become the chief source of income for the farmers. *Estonia* also proved having some political influence through several prominent representatives of the farming population that firmly defended their point of views in national economic policy issues.⁵²

The 1920s was however marked by severe overseas competition and consumers in Berlin and London were sensitive to the relation between quality and price, which forced the export dairies to undertake profound quality improvements. Estonian butter exporters succeeded fairly well in this endeavour and received prizes for quality in international exhibitions.⁵³ While several private and co-operative trade organisations went bankrupt during the first years of the 1920s *Estonia* was still in business at the time for the depression and responsible for more than half of the export volume in 1929.⁵⁴

From the horizon of export expansion the co-operatives had already initiated a fairly successful export in the first years of the 1920s. A further transition towards dairy farming, organised in the form of family farms as a result of the land reform, was not only suitable but also well adapted to the pattern of consumption in many European urban areas. The educational functions of the co-operatives, the control system exercised by the government and the financial supportive functions were important for both quality and quantity improvements since dairy producers experienced increased competition. "The only possibility was to pool the small savings of the peasantry. Organisation, finally, was necessary to venture into faraway, unknown places like London and Berlin with barrels of unheard-of Estonian butter." But in order to catch up with more advanced competitors, investments had to be high and thereby pressing the margins on both producers and consumers (workers), which for the

⁵⁰ Up to 1923 several foreign currencies circulated in the Baltic Republics: Ostmarks, Reichmarks but also Roubles and Scandinavian currencies. The Estonian mark depreciated continuously until 1921 and in 1924 a crisis was evidently present since defending the value of the Estonian mark up to 1924 led to emptied currency reserves. The cure towards stabilisation was to be solved by the League of Nations advice: restricted credits and securing some independence for the bank from the state, which were performed rather successfully. A new currency: *the kroon*, was introduced in 1928, which became fixed to the Swedish krona. *The Baltic States. A Survey of the Political and Economic Structure and the Foreign Relations of Estonia, Latvia, and Lithuania* (Oxford University Press, 1938), pp. 132-133 & 142.

⁵¹ The aim of *Eesti Rahvapank* was to enable various credit unions to expand their business and organise their affairs. In 1930 the total capital deposits within these credit unions allowed loans up to ten times the deposits, however, strictly for the use of production improvements. Stötsberg, *Estländsk bondekooperation*, pp. 16-17.

⁵² The principal mission of *P.K. Estonia* were "1) The marketing of the produce, cattle and timber of the members; 2) the working up of the raw materials of farming; 3) the purchase and sale of the necessities of farming; 4) the furnishing of instructions as to the manufacturing of products. See *Agricultural Central Organisation, Estonia*, (Tallinn, 1935), pp 3-6.

⁵³ Hans Jörgensen, 'Competition and Market. Swedish Views on Estonia's Agricultural Development and Butter Export 1918-39', *Acta Historica Tallinnensia*, 3 (1999), pp. 119-121 & 124.

⁵⁴ Between 1924 and 1933 *P.K. Estonia* co-ordinated between 52 and 64 percent of Estonia's total butter export but the decrease in 1934 forced this level down to 45.5 percent. See *Agricultural Central Organisation, Estonia*, p. 8.

Estonian society as a whole implied a high degree of vulnerability.⁵⁵ During the forthcoming years the role of the state became more prominent, not least with regards to the ambitions of promoting both quality and quantity improvements, which were the key-words when supplying credits to co-operative processing industries.

As table 2 indicates, co-operative growth in Estonia from the turn of the century was foremost concerning dairy co-operative. But in spite of the land reform and the expansion of agricultural co-operative societies, an industrial recovery was seen as most essential. General political considerations up to around 1923-24 did not regard agriculture as a future branch or as a sector that could contribute to economic growth and recovery. Agricultural policies were mainly concerning land reform issues. But one advantage was the fact that Estonia and Latvia had begun to export butter and meat to the St. Petersburg area prior to independence and this kind of production was independent of foreign supplies. The co-operative dairies were the instruments for this development, even in Lithuania where the commercial organisations were less developed.

Table 2. Co-operative development in Estonia 1900-24

Type of Co-operative	1900	1910	1920	1924
Banks and credit institutions *	4	67	102	108
Consumer Societies	..	80	226	285
Dairy Societies	2	15	82	141
Agricultural Production Societies	..	61	366	576
Potato Production Societies	25	86
Insurance Societies	165	284	325	358
Total:	171	507	1126	1554

* Includes all types and sizes of Co-operative banks.

Source: *The Baltic-Scandinavian Trade Review*, October 22, (1924).

Prior to independence and during the first years of the 1920s, a major problem for the Estonian freeholders and their organisations was the restricted possibility for obtaining loans and credits. For their help there were however, some protective measures applied. In 1919 import licences were introduced for a wide range of products, but after 1921 these were gradually abolished in favour of customs. With regard to credits a change was initiated in March 1924 when the new government turned away from the industry credits that for several years had been used for rescuing the Russian-built factories and shipyards. Up to 1927 when a more liberal government entered in office, industry was supported by regulatory means as protection by tariffs.⁵⁶ The concern for Estonia's agricultural development was however, expanding and in surrounding areas like the machinery market the government proposed that peasant's interest should become more integrated.⁵⁷

Co-operation, export production and the role of the state

In countries like Estonia, relying heavily on agricultural export production, the late 1920s meant a setback for much of the achievements made by the individual producers organised in different societies. The depression 1929-33 brought about severe reductions in trade by curtailed imports and a drop in export prices due to worldwide overproduction. Agricultural

⁵⁵ Köll, *Peasants*, pp. 75-76, quotation, p. 75.

⁵⁶ But due to the lack of raw materials, energy and the hardening relations in trade with the Soviet Union the pre-war industry production volumes could not be reached. The government thus shifted from industry credits in 1924 towards supplying long-term agricultural credits. Köll, *Peasants*, pp. 69-70.

⁵⁷ *Svensk Export*, 850, (1927), p. 217.

exporters were especially hard hit by protectionist policies and thus co-operative organisations of various kinds became deeply involved in the crisis. This necessitated energetic state interventions in many countries in order to sustain the masses of peasant farmers that were at risk of bankruptcy. But state interventions were not only limited to controlling the prices paid for agricultural products. It often aimed at reducing the costs of production, which was important in countries dependent on the world market for the disposal of their products.⁵⁸ Thus many States took actions against overcapacity in production, financial losses and indebtedness. This led to intensified discussions concerning the relation between the co-operatives and the state since a system based on free trade was not possible to withhold.⁵⁹ The co-operative associations, which had become fairly influential representative bodies for the vast numbers of small-scale producers — like in Estonia — became subjugated to governmental interference in the organisation of exports during the 1930s.

Comparing with the previous discussion, with regard to collectivism and individualism, the 1930s implied a new kind of interchange. During the depression it was necessary — on a general macro level — to conduct intergovernmental negotiations for concluding bilateral trade agreements. For the free-holding Estonian peasants, which from the late 19th century had followed the demand of the protected Russian market and in conjunction with independence and land reform developed competitive co-operative export organisations trading with the European urban markets, this meant a profound shift. The young co-operative dairies, butcheries and marketing organisations were in the middle of an expansionist stage when the depression started. But the co-operatives as well as the single members lacked preparedness for dealing with shrinking markets, which was the outcome of protectionist policies. Ordinary means of competition were insufficient in this era of economic nationalism and the role of the government became decisive for any export organisation. From this we may conclude that during the 1920s a triangular relationship was gradually established between the state, the co-operative associations and individual peasants in Estonia, which however, in conjunction with the depression, underwent some changes.

At first, the basis for the triangular relationship, characterised by interdependence, was national independence, the radical land expropriation and constitutional changes. In addition, when large groups of individual farmers replaced landlords — and through universal suffrage elected a national assembly and government — the possibilities for this interdependence deepened gradually as horizontal and vertical trust was established. Another precondition for the triangular interdependence was the relatively well educated and well organised peasantry that proceeded to intensify cultivation and pooling their resources in order to respond to the demands of market.⁶⁰ Co-operative organisations earned legal protection in business life and peasants were encouraged to join and form co-operative societies that were supported by state credits from 1924 on. Investment credits gave new refining plants and improved conditions with regards to purchases of agricultural machinery and quality development. Thus, a number of advantages were available for the vast numbers of small-scale producers that choose to join and form co-operatives. Since the state and the co-operatives had a common goal of promoting export, quality measures were introduced within co-operative as well as private dairies. Therefore, individual peasants also had to undertake regular controls i.e. of milk-yields, fat, and to submit to the hygienic standards set by authorities. Within this framework trust developed both vertically and horizontally. The organised social capital was expressed by close links between the actors: the peasantry, the government and the co-operative

⁵⁸ *Monthly Bulletin of Agricultural Economics and Sociology*, 4 (1939), pp.136-37.

⁵⁹ In contemporary Germany for instance, the apprehension among agricultural co-operators was that — due to the financial dependence — the autonomy of the co-operative associations were threatened since they were forced into alliances with the state. See, *Year Book of Agricultural Co-operation 1932* (London, 1932), p. 15.

⁶⁰ Jonsson, U, et.al., *Problems of a Peasant-Based Development Strategy*, p 42.

associations. The triangular interdependence established thereby was in fact the basis for inter-war state-hood.

Concluding analysis

In the late nineteenth century Estonian freeholders could adapt to co-operative ideas and establish embryonic societies like in the Nordic countries. Danes and Finns were influential for the spread of cooperative ideas since they were represented within the Tsarist Empire as agricultural engineers and educators. The clear Danish parallel was the ongoing transition towards dairy farming, which was suitable for small-scale production units. The first co-operative associations also practised democracy and in fact prepared the population for exercising these principles before universal suffrage was accomplished. The educational ambitions of the embryonic co-operative associations in the Russian Baltic provinces thus made them part of a national awakening process that involved several groups.

Looking back at Estonia in the 1920s, the economic and political changes brought forward by independence implied a new economic and social order. This was of significance for sustained state-hood and the altered property relations pointed to the needs for institutional change. In a formal sense, this was reached when the new freeholders were given full property rights in 1925-26, but already the establishment of co-operative law at an early stage secured co-operative growth. Legal changes in the 1920s were fairly radical and quick in contrast to the changes thirty years prior to independence. This expressed the need for rapprochement between the informal and formal restrictions. On the one hand, it would have been impossible for any potential Estonian government in the 1920s to neglect the existing land hunger among previous landless and tenant farmers or to restrict the rights to organise and form co-operative associations. On the other hand, governmental actions in the first years of the 1920s were still aiming at industrial recovery and to a much lesser extent agricultural policy decisions concerning non-land reform issues.

Co-operative growth was therefore performed and fortified by a large piece of internal co-operative work, later enhanced by governmental policies. From the mid 1920s the Estonian co-operative associations became influential actors in various matters. In agriculture there were, except for the co-operative dairies, producing societies that worked up and sold the farmers' products as well as societies for the use of agricultural machinery otherwise prohibitive for the small farmers. Further, there were co-operative slaughterhouses, egg-marketing, potato and peat societies. Societies for the use of agricultural machinery were of great economic significance and enabled technical progress.⁶¹ These were the horizontal groups between, which there were close links due to overlapping memberships and trust. Characteristic for the Estonian, Latvian and Lithuanian co-operative associations was also, like in Finland, the formation of strong central organisations at an early stage.

The Baltic and the Bulgarian movements were also typically rurally based organisations in which the state influence was significant from the start. In Bulgaria, state influence was most profound. For Eastern Europe in general this can be explained by the time in which co-operative growth was performed. There were legal hindrances prior to World War I and state actions and influence increased during the depression. In this regard the 1920s was a short interlude in which the state was temporarily weak and popular movements were strong and fairly united towards a set of goals. But there was a tradition of strong state actions in the former Russian Baltic provinces and previous Ottoman Bulgaria. When party politics in the Baltic States and Bulgaria in mid 1930s vanished, due to their premature democratic systems

⁶¹ Between 1927 and 1935 they increased from 736 to around 1 200 and thereby allowed farmers to utilise modern inventions. Within these societies there were also expert engineers and mechanics offering advice to the individual farmers. See *Year Book of Agricultural Co-operation 1936* (London, 1936), p. 437-39.

and the authoritarian alternatives found increasing support as an outcome of the depression, it could be seen as the return of a strong political executive power.

During the depression the state became much more influential in Western Europe too. But the difference was political representation. In the Nordic parliaments there were political parties with power to defend the peasants and co-operative interests while the corresponding forces in Estonia, Latvia, Lithuania and Bulgaria became neutralised by authoritarianism and corporative economic policies. With the rise of the post-war planned economic system and forced collectivisation in East-Central Europe and the Soviet Union, co-operation was evidently terminated in the form as we know it from the years of success from the late 1800s up to the 1930s.