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Co-ops, peasants, networks in segmented rural societies of Austria, Hungary, Transylvania from the 1880s to 1918

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I. Co-ops in real life around 1900: their functions and their workings

I.1. Introductory remark

- Instead of trying to deal systematically with development of co-ops, there will be just the results of a case study and some of the contemporary expectations and images of co-ops juxtaposed. The reason is, that while obviously of some economic significance, the actual workings of the co-ops is not all that well known, while there is an abundance in the literature of reprocessed contemporary ideology projections.
- Therefore, as a second step, these contemporary ideologies are briefly touched upon and from the contrast and match of pieces of contemporary reality and discourse, some conclusions will be drawn as to which social might have groups stood behind the co-op movement, making it work they way it did and forming the images it carried.

I.1 Outlines of a case study: The economy and the credit co-op of Budakeszi/Wudigess in 1900

Budakeszi was a rather large German village of (in German dialect: Wudigess) with only a sprinkling of Hungarians in Pest County, in Central Hungary. All of its inhabitants were Roman Catholic. This homogeneity went back to the times the originally Hungarian village was resettled after the devastations of the Turkish wars. In 1900, the schools were maintained by the Catholic church. The language of tuition in the schools was German, the service in the church similarly.¹ The neighbouring villages were mostly German, too.

The village was well endowed, it had 7716 acres of land, 2772 acres of it was plough-land, the rest mostly forest, except for 54 acres of vineyards. Of this, 3999 acres of woods were taken up by large estates, somewhat more than 500 acres were occupied by the holdings of the local religious bodies, the rest and about 3200 acres of plough-land were in the hands of the local farmers or about 7 acres per family of all those employed in agriculture. The vineyards have suffered from the phylloxera, producing a numerous class of poor labourers. Budakeszi had no railway access and the road to Budapest went through hilly country, but it was a relatively short distance, 13 km, about 2 hours with a loaded cart or wagon. So the city, then with more than 500 thousand inhabitants, provided a ready market both for the produce of agriculture, including dairy products, as well as for timber, wooden articles, bricks, etc. The poor could get work not just in the woods in Budakeszi, but in the city as well, the better-off could undertake hauling, carting. This rearranged the social structure of the village.

Table 1. Social structure of Budakeszi, census data

	1900	%	1910	%	1920	%
Total population	4215	100.0	5233	100.0	5409	100.0
Agriculture	2242	53.19	2265	43.26	1788	33.05
Industry	752	17.84	1630	31.14	1536	28.39

¹ Budakeszi/Wudigess, München 1986.

Trade	224	5.31	298	5.69	145	2.68
Traffic, communication	88	2.09	294	5.62	226	4.18
Public administrations	61	1.45	218	4.17	369	6.82
Day-labourers	680	16.13	293	5.60	732	13.53
Farmhands (servants)	41	0.97	40	0.76	69	1.27
Others and army	127	2.94	195	3.72	544	10.05

Source²

Budakeszi had a number of associations from 1873 onwards, when the reading society started, subscribing to a German-language daily and four other German papers as well as to two Hungarian weeklies. There were also some mutual assistance associations founded, in 1885 a savings bank was launched. There is no specific information on this, but from the practice of savings banks around 1900 it can be inferred that its main business would have been the collections of deposits and the handing out of loans on real estate as security and discounting the bills of local artisans.

The credit co-op was founded 1895 and grew rapidly to around 400 members in 1902, holding shares to the value of 49 200 crowns, or about half of the capital of the local savings bank.³ It left a series of minutes of the directorate sessions of the co-op starting from 1900. This shows which members got a loan in which session and for what purposes and who were the guarantors of that loan.

Among the leaders of the Budakeszi co-op there was no one employed by or attached to in any way to the central government. Nor do any of the members of the overarching county co-op association appear in the local leadership. Finally, the local priest and rector were not on the board either. One suspects, that instead of state, church or regional elite, the local elite was running the co-op. We know their names and also that instead of the usual 1-2 shares all of them signed for at least 5, at most 10 shares, which was not much of a profitable business with the usual cap on dividends, but clearly an act of civic responsibility. We do not know, however, the size of their landholdings, their wealth, trades, except for the richest man, who had land, horses and carts, a pub and a brick-kiln.

Who and what did the co-op give its money for, on what security or on what conditions? From May 1900 to May 1901, most of it was given in exchange for I-O-U, declarations of indebtedness, with one or two co-signers as guarantors. The two biggest loans were given as mortgage, with real estate as security. Of the loans given in the course of a year about a quarter were extremely small, less than 30 crowns. A day's adult male wages (apart from harvest) were around one-and-a-half to two crowns, so we talk about a fortnightly wage, something which one would have expected to have been taken care of through the family and the neighbourhood. Yet a quarter of all loans were on this scale. Its breakdown is interesting.

² Source: Jautz, Falmina M.: Budakeszi. Földrajzi tanulmány. Szeged 1939.

³ Borovszky, Samu (ed.): Pest-Pilis-Solt-Kiskun vármegye (Pest County) Vol. II. Budapest

Table 2. Budakeszi credit co-op loans under 30 crowns 19.05.1900 - 25.05.1901

Purpose of loan, as stated in minutes	Nr. of loans as book-credit	Nr. of loans as I-O-U with nothing else	Nr. of loans as I-O-U with one non-leader as guarantor	Nr. of loans as I-O-U with two non-leaders as guarantors	Nr. of loans as I-O-U with a leader as guarantor	Nr. of all loans together	Total value of loans, crowns
1 – Death, burial, sickness	4	1	0	5	1	10	260
2 – Food, marriage, personal needs	6	2	1	2	1	14	310
3 – Debt, tax, death duties	0	0	2	2	1	5	120
4 – Purchase of animals	1	0	1	0	0	2	60
7 – Purchase of material, tools, seed, paying wages or leases	1	0	1	1	0	3	80
99 – No data given	3	0	0	3	0	6	102
Sum	15	3	5	13	3	40	932

15 of all 40 loans were given just by registering the fact of the debt in the books of the co-op, which was repaid in instalments, “book-credit”. Even if there was an I-O-U, it was often signed by just one guarantor. As a result, half of this category of loans had less than sufficient surety, but that does not seem to have worried the co-op. It appears as a contradiction, that in three cases even with these small loans there appear as guarantors the leaders of the c Table 3.

All Budakeszi credit co-op loans between 19.05.1900 - 14.05.1905

Purpose of loan, as stated in minutes	Nr. of loans	Sum of loans	Value of loans in % of total of loans with known purpose
1. Death, burial, sickness	54	3276	2.31
2. Dowry, wedding	20	4344	3.07
3. Foodstuffs, clothing, firewood	39	1404	0.98
4. <i>Sum of 1+2+3= Personal needs</i>	113	9024	6.36
5. Paying debts	75	34852	24.63
6. Paying taxes, duties	40	2860	2.02
7. Paying shares of inheritance	17	11910	8.41
8. <i>Sum of 5+6+7= Debts, obligations</i>	132	49622	35.06
9. <i>Buying or building a house</i>	80	44710	31.60
10. Paying a lease	14	2220	1.57
11. Purchase of land	28	17670	12.48
12. Paying wages	4	200	0.14
13. Buying cows	43	7880	5.57
14. Buying other animals and fodder	97	8388	5.98
15. Buying other farming equipment or seeds	11	1750	1.24
16. <i>Sum of 10+11+12+13+14+15= Capital</i>	277	82818	26.96
<i>Sum of loans with known purpose (4+8+9+16)</i>	522	141464	100,00
<i>Unknown purpose</i>	79	21606	

o-op. On the whole, however, I would venture, that this was the “deserving poor” of the village, sufficiently under control of the village society so that there was no special precaution needed to prevent them from defaulting on their loans. If we only consider class one of the purposes (sickness, etc.) and those cases within class two, where the loan was for food or flour, than over half of these loans were necessitated by sickness, death, want of food – i.e. for purposes which one would expect to have been typical cases of family or neighbourly solidarity.

Why, instead, the co-op?

I would want to risk the assumption that the co-op being entirely an affair of the village, the earlier forms of aid and solidarity got rather naturally supplanted or supplemented by newer ones. The co-op does something, which the traditional social institutions have always been doing since time immemorial. In addition to it, as we will see, there are some, more or less new functions. But it is remarkable, what a large number of loans represented this traditional function of elementary solidarity. Was this perhaps a transient or exceptional occurrence?

Table 3. All Budakeszi credit co-op loans between 19.05.1900 - 14.05.1905

Purpose of loans	Nr. of loans	Sum of loans	Value of loans in % of total of loans with known purpose
1. Death, burial, sickness	54	3276	2.31
2. Dowry, wedding	20	4344	3.07
3. Foodstuffs, clothing, firewood	39	1404	0.98
4. <i>Sum of 1+2+3= Personal needs</i>	<i>113</i>	<i>9024</i>	<i>6.36</i>
5. Paying debts	75	34852	24.63
6. Paying taxes, duties	40	2860	2.02
7. Paying shares of inheritance	17	11910	8.41
8. <i>Sum of 5+6+7= Debts, obligations</i>	<i>132</i>	<i>49622</i>	<i>35.06</i>
9. <i>Buying or building a house</i>	<i>80</i>	<i>44710</i>	<i>31.60</i>
10. Paying a lease	14	2220	1.57
11. Purchase of land	28	17670	12.48
12. Paying wages	4	200	0.14
13. Buying cows	43	7880	5.57
14. Buying other animals and fodder	97	8388	5.98
15. Buying other farming equipment or seeds	11	1750	1.24
16. <i>Sum of 10+11+12+13+14+15= Capital</i>	<i>277</i>	<i>82818</i>	<i>26.96</i>
<i>Sum of loans with known purpose (4+8+9+16)</i>	<i>522</i>	<i>141464</i>	<i>100.00</i>
<i>Unknown purpose</i>	<i>79</i>	<i>21606</i>	

From the above table covering five years, it is clear, that more than 20% cent of the clients of the credit co-op get loans for no other purpose than survival, amounting to somewhat over six percent of the total value of loans. This provision of, one could say, alms, is at the same time an eminent use and demonstration of power of the village elite.

This was not exceptional. The 1908 annual report of the national credit co-op association (OKH) features a questionnaire on features and achievements of member co-ops.⁴ There was no quantitative evaluation, but the summary states that virtually all credit-coops give credit to people with no property at all, and it praises the virtue of the rural poor who in almost all cases pay back on time, whereas loans to poor urban workers and artisans sometimes become a problem for the co-op. On the other hand, the local credit co-ops were free to decide, whether they only consider the creditworthiness of those applying for credit or whether they ask about and discriminate with regard to the purpose of the loans. Some followed the first, some the second rule, and among followers of the second regime there were some withholding credit for non-rational, non-productive purposes like weddings.⁵

Why was the giving of “alms” so prevalent? One answer could be that the co-ops, beside other functions, were in one sense plainly just another manifestation, playfield of the traditional power of village elite, whose beneficial influence was clad and paraded in a new organizational robe. But another, less benevolent interpretation could be that by changing the institutional form from some sort of a temporary aid, a loan of food or firewood, into a

⁴ Jelentés az 1898:XXIII. tc. alapján alakult Országos Központi Hitelszövetkezet s az ahhoz csatlakozott szövetkezetek tízévi m_ködésér_1 (1898-1908) (Report on ten years of work of ... Nationwide Central Credit Co-operatives and its member co-operatives). Budapest 1909, 102-104.

⁵ Ibidem 104-106.

properly accounted money loan, the pressure on the recipients could be increased. This is especially valid with regard to “book credit” and I-O-Us repaid in instalments, providing a good opportunity each time an instalment is made for warnings and urgings. Yet there is no data, or even anecdotal evidence, about what volume of resources earlier, informal aid arrangements were able to transfer, and this being a locally managed affair with thousand local features, there probably never will be any.

The above table also shows that beside the large item of ‘alms’, another 35 % of the loans of all sizes went for payment of debts and duties. We can set aside the next biggest item, the loans for building or buying a house, which amount to another 30 % of value of loans with a stated purpose, as something which does not by itself imply economic modernization. In this case, all that remains for potential economic development, expansion or any change at all, is not more than a quarter of the value of all loans (classes 10-15).

To find yet other functions of co-op credit, we look at the next category of co-op credits, covering loans between 30 and 200 crowns, equalling wages from a fortnight to two months.

Table 4. Budakeszi credit co-op loans between 31 and 200 crowns 19.05.1900 - 25.05.1901

Purpose of loan	Nr. of loans as book-credit	Nr. of loans as I-O-U with nothing else	Nr. of loans as I-O-U with one non-leader as guarantor	Nr. of loans taken by a leader or his family, regardless of guarantor	Value of loans to leaders in this class in crowns	Nr. of loans as I-O-U with a leader as guarantor	Nr. of loans all together	Total value of loans, crowns	% of loans in total value %
1 – Death, burial, sickness	0	0	0	0	0	1	7	550	0,1
2 – Food, marriage, personal needs	2	0	1	0	0	2	5	334	3,7
3 – Debt, tax, death duties	1	0	0	2	320	8	17	1710	19,1
4 – Purchase of animals	1	0	3	0	0	2	21	1790	20,0
5 – Buying or building a house	0	0	0	0	0	0	5	460	0,1
6 – Buying land	0	0	1	0	0	1	3	200	2,2
7 - Purchase of materials, tools, seed, paying wages or leases	1	0	2	1	200	2	11	1230	13,8
8 – Other investment	0	0	0	1	80	2	7	720	8,1
9 – Other purpose, not an investment	1	0	1	0	0	1	7	650	7,3
99 – No data	0	0	5	3	300	4	15	1290	14,4
Sum	6	0	13	7	900	23	98	8934	100,0

The aims for which most of the money was given in this table are repayment of debts (3) and the purchase of animals, tools and materials (4 and 7). Loans in class four might mean additions to existing productive capacities, especially if the animals bought were of higher quality than those kept before. But these purchases can just as well signalise a short-term crisis, a particularly bad year. The same applies to class seven, materials. Debt payments had different origins, from state taxes to private debts and had nothing to do with any sort of a modernization. Yet the founding fathers of the co-ops did think it a very useful function of co-

ops to step in between rural producers periodically short of cash and between their creditors resp. the state. Why?

Agriculture is inherently prone to cyclical crises and this was one of the grounds, on which late 19th century economists like Lorenz von Stein demanded a special treatment for agricultural producers. In an early modern setting with low state taxes, with an interest of the landlord to preserve its subject peasant population and with extended areas of forests and pastures functioning as reserves in times of crop failures, these recurring crises did not amount to too much. But in our setting at the turn of the 19th century the opposite is the case, high taxes, no buffers. So even though the loans given as a life-saving device at times at periodic failures were just for limiting the damage, but these situations being the starting points of fast-moving processes of peasant indebtedness the availability of this safety-net was of major consequence for preserving peasant autonomy.

It needs to be seen, however, that co-op leaders had controlled this lender-of-last resort much closer, than the credits for other purposes, as the bold items in the table show. Almost half of these loans were guaranteed by leaders of the co-ops, an outstanding feature. So this, too, is another face of the exercise of village power, essentially.

Finally, we need to look at the really big loans upward of 200 crowns which really made it possible to change something in the production process. The two biggest loans, totalling 5200 crowns had no guarantors, but were given on the security of real estate as mortgage. There is no information on the purpose of these big loans.

Table 5. Budakeszi credit co-op loans upwards from 200 crowns 19.05.1900 - 25.05.1901

Pur-pose of loan	Nr. of loans as I-O-U with nothing else	Nr. of loans as I-O-U with one non-leader as a guarantor	Nr. of loans as I-O-U with two non-leaders as a guarantor	Nr. of loans taken by a leader or family, regardless of guarantor	Value of loans to leaders in this class in crowns	Nr. of loans as I-O-U with a leader as guarantor	Nr. of loans all together	Total value of loans, crowns	% of loans in total value
1 – Death, burial, sickness	0	0	0	0	0	0	0	0	0,0%
2 – Food, marriage, personal needs	0	0	2	0	0	1	2	1400	7,9%
3 – Debt, tax, death duties	0	0	5	0	0	3	8	4760	26,8%
4– Purchase of animals	0	0	0	1	600	1	1	600	3,4%
5 – Buying or building a house	0	0	5	1	800	1	4	1900	10,7%
6 – Buying land	0	0	1	2	1100	4	5	1890	10,6%
7 - Purchase of materials, tools, seed, paying wages or leases	0	0	0	0	0	0	0	0	0,0%
8– Other investment	0	0	1	0	0	0	1	300	1,7%
9 – Other non-investment purpose	0	0	0	0	0	0	2	5400	30,4%
99 – No data	0	0	4	1	600	1	3	1500	8,5%
Sum	0	0	18	5	3100	11	26	17750	100,0%

Here it is clear, that the above outlined control over repayment of debts was working in this class of loans as well. It was the co-op leaders, who guaranteed these loans, but the leaders themselves were not profiting from the loans, either because they had no debts or because they could repay them without taking out new loans. But we see here substantial sums for buying of land and buying or building a house, too. Half of the total value of loans for these two purposes was made up by loans to the leaders of the co-op. It was just this class of loans making up altogether two thirds of the total value of loans, which might contain loans fostering economic development.

But the real surprise points rather in the opposite direction, how much traditional functions the new organization continued to perform. Besides the sheer poor relief which the smallest loans probably represented, the bridging of periodic shortages of money, the conversion of debts, housing, finally, economic investment – all of them seems to have been served by co-op loans.

If this co-op, within reach of a major market area and in a location which by itself was anything but disadvantaged, had indeed performed such a number of functions at the same time, from being a sort of life-saver in crises to a source of capital for productive investment, than nothing less can be expected from co-ops in less commercialized settings with presumably less modern economic attitudes. At the same time, this multifunctional quality,

whereby a co-op is only partly an agent of economic change, and partly an institution of social solidarity, puts the co-op somewhat out of reach of economic analyses and calls for a more complex study along the lines that “community studies” followed some decades earlier.

I.3. Power, credit and ethnicity in Budakeszi

We have seen, that by looking at the guarantors of the loans it is not just the economics, which becomes visible, but the social- and power structures as well. An obvious function of an institution of economic solidarity could lie in the strengthening of group solidarity. Far-reaching theories were latched onto this commonplace observation, mostly with regard to ethnicity. So let us see: was there any interrelation between ethnicity, local power and credit in Budakeszi?

The minutes in Budakeszi were written in Hungarian, with the names of the individual members appearing now in the Hungarian, now in the German way of handwriting. The communication language of the national credit co-op network was Hungarian, though the statutes were published in a number of languages, German, too. At the same time there were co-op networks in the land with non-Hungarian internal communication. Financial life was even in the capital for quite late in the 19th century German-speaking, there was a German terminology for all aspects including co-ops, which even this village could readily employ, as we know that they subscribed to the German business daily “Pester Lloyd”. All in all, language does not seem to be a barrier or means of exclusion, rather a signifier of identification. – Here, care is needed, the archival material is everywhere fragmentary, one does not know what sources were kept and what were discarded and on what grounds.

As I said, the leadership of the Budakeszi co-op seems to have contained no outsiders. Did this closed corporate character mean they could discriminate against others? Since there are no “others” on the spot, the question is difficult to answer. There were only five cases of debtors with non-German names out of 164 loans given in 1900, but all of them were co-op members, and in some cases there is further evidence that they were in some way embedded in village society. However, this does not tell us much, having virtually no “others” on the spot, since Budakeszi was a pure German community.

Other results from the same area suggest a certain permeability of ethnic and social boundaries. Budakeszi is located in Pest County which was the pioneer county with regard to co-op development, producing interesting sources. We have, for example, individual records of the bills and I-O-Us issued or accepted by the individual co-ops and discounted by the Pest County Credit Coop in 1887-1888, its first year of operation, extending as long as they got too numerous to record. It seems that of the 14 co-ops in operation already at that time at least five was giving credit to local Jews as well.⁶ What facilitated this surprising inclusion? It was the regional and national elites behind the Pest County Credit Coop which were pursuing an inclusive policy, emphatically refraining from any anti-Semitic utterances. Yet this alone would not have sufficed, since there was no direct command of the County Co-op over its local member co-ops. Where we can reconstruct local leadership of the credit co-ops, no member of the County Credit Co-op seems to have been on the board of any local co-op precluding any direct influence. Thus, the co-ops on the spot lent to Jewish traders because to them this seemed to be a reasonable thing.

Again, the presence of women among debtors is also a conspicuous trait, which contradicts the idea that co-ops simply copied the structures of local, closed communities. In Budakeszi, 14% of the debtors were women. Nine out of 14 villages in county Pest where co-ops were already in operation in 1888 also lent to women, the total debt of the women amounted to

⁶ Vári, András: Credit, Knowledge and Expectations: Peasant Cooperatives as Dissemination Agencies in Villages. Paper given at the international workshop “Mobilising Rural Society. Central and East Central Europe from the 1870s to the 1920s”, Central European University, 13 – 14 April 2007, Budapest.

about a third of all loans. Since these 14 villages were different in ethnic-religious character, an explanation of this fact can not be based on considerations of different places of women in peasant society according to ethnic-religious character of their villages. If we look at the Budakeszi data, we see that half of the 23 women getting credit were in the class of smallest debtors, mostly widows, probably being very poor, so the explanation here is poor relief. But the other half of the debtors got higher sums than the class of small loans, even in the class of the biggest loans a tenth of was given to women. In fact, my guess is that these were market women taking loans for their business needs.

Neither women nor Jews were among those the nationwide credit co-ops' association said the co-ops want to serve, but the announcements of programs, moves, intents at all times stressed inter-confessional, open character of the co-op movement. There can be no statistical breakdown on this point, since in liberal Hungary no one registered ethnic or religious identity. So the Pest county openness was not something going against the national trends. Assessing our close-up of Budakeszi it seems that the village co-op was on the one hand a multifunctional local economic organization, which at the same time must have been an eminent playfield for exercising power. On account of this complexity of the co-ops as local economic and social units, it is difficult to find great overarching social models, pictures or blueprints of society for which these co-op units should be suitable as groundwork, as pylons. They were not about exclusion or inclusion, individually calculated economic advancement versus compassion with the poor, but about all of this at once. Still, already contemporary public discourse reduced their complexity and tried to enlist them forcefully in the service of one or other social, national, economic ideology or utopian image. The co-op as an institution was used as a large screen to project different blueprints, images and meanings on to it. First, we look at the overall development of co-ops in Central Europe, than at their development in individual countries, and finally, we attempt an overview of these political/ideological projections.

II. Types of co-ops in Central Europe, contemporary discourse on co-ops

II. 1. Consumer co-ops in Central Europe – a development in urban setting

Consumer co-ops had, apart from England, mostly urban lower middle-class origins on the Continent. This might have had to do something with both culture and economy. The culture of thrift, saving, advancement in a linear time perspective was a “*bürgerlich*” undertaking in Central Europe, peasant values have been substantially different.

Generally, co-operative retailing developed first in the cities and towns in a setting of, sometimes as a sideline to the mutual aid associations of certain trades or of the employees of large organizations like the state or the railways.⁷ This setting or base might have acted as a major help in the initial phase through the facilitating of trust in the new venture, and once the co-op was going, the procurement of bulky goods or articles of mass consumption through their “own” co-op might have become a badge of corporate or trade identity. This applies to the co-ops of the Socialist parties and the trade unions as well. These Socialist-affiliated co-op networks came to have in most regions the largest membership by the early 20th century. This urban lower middle class and skilled worker co-op surge has started in Central Europe already in the 1860s. But the consumer co-ops remained an urban institution till about the 1890s.

⁷ Haslehner, Werner, Die Entwicklung der landwirtschaftlichen Genossenschaften in Oberösterreich, Wien 1977, Brazda, Johann – Todev, Tode –Schediw, Robert: Zur Geschichte der bürgerlichen Konsumgenossenschaften und des allgemeinen Verbandes in Österreich, Wien 1996

II. 2. Consumer co-ops in the countryside of Central Europe

In contrast to their early start in the cities, consumer co-ops were slow to develop in the countryside of Central Europe. In fact, rural consumer co-ops or buying co-ops (*Bezugsgenossenschaften*) were established in most lands of Central Europe either in the 1880s, or, more often, in the 1890s.⁸ The reason for the lag was threefold: First, the advance of these co-ops was hotly contested by rural middlemen traders. Then, there might have been some unease about letting a type of co-op spread to bucolic rural society which was in its urban setting closely associated with the Socialist movement.⁹ Third and most important, co-ops had no article to trade in. A wide assortment of small goods is of course, impossible to be tackled by a hired salesman, the task being too complex, the byways to personal advantage or the temptation to negligence omnipresent. The co-ops could only flourish after the use of suitable articles for their trade became widespread. Artificial fertilisers, quality seed, commercial fodder, sulphur and copper sulphate (for vineyards) came into massive use at the end of the century.¹⁰ A minimum amount of affluence was also needed, since bypassing the retailers by ordering in bulk and breaking bulk in the co-op shops logically presupposed a certain bulk of demand, which in turn depended on wealth and population concentrations. Therefore, the late start is not really surprising in poor and scarcely populated areas.

Consumer or buying co-ops are mostly important as a false reference in historical research—their enormous membership numbers are paraded, time and time again, as final proof of the maturity and strength of co-ops of this or that land. Specifically histories of co-operative associations, but some scholars, too have been fond of quoting the huge membership in these consumer co-op networks as proof of the enormous flowering of the co-op idea in far-away lands. But if we consider the actual business what consumer co-ops do, and it will be clear, that this is the co-operative form where participation does not signify either a commitment to the welfare of the village or to some great idea of overarching solidarity. One does not buy salt in a shop in order to publicize one's enthusiasm for a Christian/Socialist/Nationalist etc. future.

The utility of a consumer co-op consists of the rebate the consumer gets on his purchases out of the price difference between wholesale and retail price. This could not be subjected to any arbitrary decision as to who gets a rebate and who does not. It operated automatically, so the people in the leadership of the co-op did not wield much power even if they were otherwise respected and powerful members of the community. Since co-op members and leadership were vitally interested in expansion, they could not, therefore, be choosy about who joins the co-op. So the individual consumer co-op was open for any one.

Because what the members do is not much more, than simple buying without any further thought than the advantage of a cheaper price, this co-op form does not signify any personal identification of the members, to wit, of the buyers in the co-op shop with those ideological texts, political aims that either the leaders of the co-op networks represent. This does not preclude thorough ideological indoctrination spilling over into co-ops structures, but this need to be proven, not assumed.

On the other hand, these consumer co-op networks generated substantial turnovers and handsome profits, a part of which they were usually required by statute to spend for public

⁸ Farr, Ian, Cooperative in Bavaria 1880/1914: ‚State-Help‘ and ‚Self-Help‘ in Imperial Germany, in: Rural History (2007), 18, 175-176; Grimm, Alois: Das landwirtschaftliche Genossenschaftswesen in Tirol, Zürich 1910, 38-40, .

⁹ This is stressed by Baltzarek, Franz: Die geschichtliche Entwicklung der österreichischen Genossenschaften. In: Patera, Mario (ed.): Handbuch des österreichischen Genossenschaftswesens, Wien 1986, 10.

¹⁰ For turnover in individual goods s. Hangya, Grimm 40-44.

purposes.¹¹ It was usually quite possible for them to sponsor not just a welfare project, but one or other political movement as well, either directly, by letting member co-ops subscribe to their press, or indirectly by donating money to those civic projects and undertakings, which the respective parties supported. Various political movements, from Social Democrats to Christian Socialists set up consumer co-ops, partly as a mobilization scheme, but partly to raise some extra financial firepower. However, the higher aim of mobilisation can, considering the above doubts, hardly be effectively pursued by consumer co-ops alone. But if the co-ops are part of a chain of institutions delineating a specific clientele, one of the partitions of a segmented society, they could help to raise awareness. This seems to depend less on the political ideology than on the density of the organizational network. The dense network of British wholesale societies projected an image of the democracy of small people, something which would be difficult to achieve for rural co-ops in East-Central Europe.¹²

II. 3. Potential of rural credit co-ops in Central Europe in late 19th century discourse and reality

The segmented rural societies of Central Europe had variegated credit needs. These urgent needs of rural producers can be elucidated from contemporary professional (economics) discourse, too. This discourse, though, was shot through with highly ideological remarks, while I am trying to handle these ideological levels and contents separately. This is done for the sake of clarity, keeping matter-of-fact observations apart from glaring nonsense, but it is in a sense an utterly a-historic procedure. It is essential to keep in mind, that professional or any sort of public discourse on economic themes at the turn of the century was just saturated with anti-modernist, anti-capitalist feelings, which were not at all confined to the conservatives, but were a common trait of almost all ideological camps, including the liberals, where major thinkers and leaders reflected on their own project going awry. This contemporary “common sense approach” concentrated on credit co-ops as a way of furthering economic development of the peasantry, of strengthening them in the storms of world market competition. For example, in 1885 the two main themes of the Budapest international agrarian congress were first, the feasibility of tariff protection of Central- or, alternatively, Continental Europe against American and Russian grain floods, a second, the securing of credit access for the smallholders, preferably through co-ops.¹³

But even this “common sense approach” to problems of agriculture tended to overlook some factors. One of these was the complexity of peasant society, the complicated match between different economic concepts, reasoning, production lines, techniques and social roles, which had a power and inertia of their own and which permitted or prohibited economic change according to their own logic. This ignorance with regard to the peasant world of enormous complexity has shown in other contemporary debates and was a common feature of all political-ideological currents. Ironically, the fact of the complexity of the issue and the general ignorance in connection with peasant society was also noticed by the advocates of a reform of peasant inheritance habits as a remedy of indebtedness in Germany, Austria and Hungary from the 1880s onwards, so this sort of discussion largely petered out.¹⁴

Within the problem of peasant indebtedness or in its own right, the question of small-holders' credit was intensely discussed from the early eighties.

There were at least four different types of credit needs of peasants.

¹¹ This applies to Central Europe, not to Britain.

¹² Cf. Topham, E. – Hough, J.A.: *The co-operative movement in Britain*, London 1944.

¹³ Cf. Vári, András: *Herren und Landwirte. Ungarische Aristokraten und Agrarier auf dem Weg in die Moderne 1821-1910*, Wiesbaden 2009.

¹⁴ Cf. Vári, András: *Herren und Landwirte*, referring to Somogyvári: *Amerikai levelek. (Letters from America)*. Budapest 1883, Andrassy, Géza gr.: *Az otthont véd_ törvények. (Homestead exemption laws.)* Budapest 1883.

First, the perennial seasonal shortages of means, for which traditional, informal, mutual aid associations catered since time immemorial. This was noticed and commented upon, the expectation was the co-ops will assume these tasks and perform better at them than informal arrangements of traditional society. We have seen how this aspect was tackled in Budakeszi. Then credit needs were generated by the growing poverty of the lands of high demographic pressure and missing industrialization, to act as a sort of emergency brake. There was not much explicit argument stating that this, too, can be solved through setting up co-ops. For any contemporary observer of national economy, it must have been clear, that co-ops on their own can not turn around an unfavourable economic situation. But some authors did make such a connection, since when describing especially poverty-stricken areas, there usually was a suggestion to found credit and consumer co-ops, without explaining, how this could change the economic situation in such a radical way as needed.¹⁵

Third, in the 2nd half of the 19th century, the greater and more regular market access and, in connection with this opening up to world trade, the grain crises from the eighties necessitated and facilitated adaptation processes shifting from grain to cattle etc. – all of which needed credit. This was easily the most talked-about aspect of credit shortage, the more so, since in this regard the small-holder has precisely the same problem as the large landlord.

Fourth, in the entire period from peasant emancipation to the First World War land was slipping away from the landlords to peasants, since the advantages of demesne economy were gone and peasants paid any price for land. But for the piece of land they bought, credit was needed. This was an extremely painful process for the large landed estates and its discussion was muted. A turnabout came from about the second half of the 1890s, as plans to settle peasants surfaced, largely in imitation of or at least inspired by the German policies in Posen. What real possibilities co-ops had to cope with these needs? Were these unique to co-ops, was there something that they could provide and the banks could not or would not?

There were some legends and a few obvious facts. Contemporary and sometimes even present-day co-op enthusiasts put great stress on some co-op characteristics which is out of proportion to their real significance. First, the Raiffeisen myths: that the unlimited liability of all co-op members was doing wonders in the way of attracting capital. This was true, but already contemporaries noted, that this unlimited liability may backfire.¹⁶ It can scare potential members off and it can be abused. Then, it was assumed that Raiffeisen co-ops minimized the operational costs by getting the local elites, resident gentry, priests, teachers to serve on the local boards for no fee at all. This was also true. Yet this might have been significant at the outset, but at the stage where the co-op was already doing normal business with substantial turnover, the cost advantage of this cannot have been very high.

But the basic potential advantage of Raiffeisen co-ops was also seen by contemporaries. It was stated and documented, that credit in the countryside did not get as expensive as it was because of some natural calamity, basic resource scarcity or some outside intervention, or because of a *deus ex machina*. It was expensive because local savings banks had inordinate costs and a mismatch of the timing of deposits and mortgages, yet they were able to recompense themselves at the cost of their rural clientele, through a certain measure of monopoly of credit supply in their vicinity.¹⁷ Put shortly, they profited from their monopoly of being the nearest point of a spatially still loosely connected financial system to the rural loan-seekers. By extension, the same applies to the private lender (“usurer”) on the spot.

¹⁵ Széchényi, Dénes gr. 1880: Falusi népünk elszegényedése (The impoverishment of our rural folk). In: *Nemzetgazdasági Szemle* 4. évf. II. füz. 198-205.

¹⁶ Wygodzinski, W. *Das Genossenschaftswesen in Deutschland*, Leipzig, 1910.

¹⁷ Galgóczy, János 1878: Hitelügyeink szabályozásának kérdéséhez (About the problem of regulating our credit institutes). In: *Nemzetgazdasági Szemle* 1878. ápr.-jún.

Friends of the savings banks, however, pointed towards the high transaction costs of this line of business – small loans to people with meagre income and dubiously documented property at best, to people whose ability to repay was unclear at best – such loans were bound to be expensive. Transaction costs of bridging the gap between the rural population and the small-town savings banks, the furthest outposts of the financial system, were doubtlessly high. However, ‘distance’ was not just physical, but involved a cultural distance as well. Even if the peasant farmers were not illiterate, they were uninitiated to the workings of the financial system, the more so as the system itself had been radically changed, for example in Hungary during the Austrian military rule of the 1850s.¹⁸ Quite simply, they had to be trained. The co-op centre provided regular tuition for the individual members in a comprehensive way not just in money matters, but in a range of modern legal formalities. This was obviously uncalled for in commercial centres or in towns, but these are not the places that were the scenes of the credit co-op movement. Spatially, co-ops were established where rural savings banks did not go to. Here, in the villages, they had a civilizing mission.

Yet it is not all clear, whether the entire difference between the costs of credit, say, for a city credit-taker and a rural credit-seeker had really been caused solely by higher transaction costs.

One argument against this is the wide range of interests that small-town savings banks had. The table below shows the number of banks in all the Kingdom of Hungary having certain classes of minimum interest rates on credit given without property as collateral. It is the number of banks which is shown, not the sums. But that suits our purpose inasmuch as rural credit demand was thinly and more evenly dispersed, than urban demand, while being rather dependent on the small-town savings bank nearest to it. In 1875 both banks and savings banks had a double bulge, two numerous classes of banks and savings banks demanding more than 10.5 and 12.5 %, respectively. It is worth keeping banks and savings banks apart, since the regulations for savings banks were laxer and they had a reputation for being extremely exploitative. As the table shows, savings banks did regularly ask more than the banks. This might very well be put down to their position as the institutions being located in small towns and constituting the nearest point of access to the credit system for the rural credit-seekers, thus having a relative monopoly towards their customers.

¹⁸ Vargha, Gyula: *A magyar hitelügy és hitelintézetek története* (History of credit and credit institutes in Hungary), Budapest 1896, 620.

Table 6. Minimum interest and fee on credits in Hungary

Interest	% of number of all banks			% of number of all savings banks		
	1875	1883	1894	1875	1883	1894
>3.5	0,00%	0,87%	1,28%	0,00%	0,00%	0,37%
>4.5	0,00%	7,83%	5,13%	0,00%	1,16%	2,78%
>5.5	7,06%	8,69%	10,26%	0,71%	5,78%	10,37%
>6.5	8,24%	25,22%	37,60%	1,06%	21,10%	33,15%
>7.5	3,53%	26,08%	23,08%	2,47%	24,56%	28,52%
>8.5	7,06%	22,61%	14,53%	9,54%	35,26%	16,49%
>9.5	16,47%	4,35%	5,55%	9,54%	7,80%	4,26%
>10.5	28,23%	3,48%	1,71%	30,74%	3,18%	2,04%
>11.5	9,41%	0,00%	0,43%	7,07%	0,00%	0,92%
>12.5	14,12%	0,87%	0,43%	28,98%	1,16%	0,92%
>13.5	3,53%	0,00%	0,00%	5,30%	0,00%	0,00%
>14.5	2,35%	0,00%	0,00%	3,18%	0,00%	0,18%
>15.5	0,00%	0,00%	0,00%	1,41%	0,00%	0,00%
	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%

The point of providing information is a very important one on two levels. First, between the individual credit co-ops and their centres, where co-ops offered their own co-op centre, that is, their source of credit real advantages in comparison with other institutions by providing information on credit-takers, by putting social pressure on the debtor not to default on their loans and by actually entering as guarantors of the credit.¹⁹ Second, between the individual debtors and the village co-op there was both a formalized exchange and informal flow of information.²⁰

All this has lessened the transaction costs of the credit provided for the village credit-seekers and was an important factor, which helped the co-ops compete with local savings banks.

III. Adaptation of the German model in Austria, Bohemia, Hungary and Transylvania – different political settings and different reasonings

III. 1. The hybrid of German models imported into Austria-Hungary

There will follow no description of the Schulze-Delitzsch and Raiffeisen models, they are well known, even on the level of popular reference books and dictionaries. What is, however, worth stressing in our context, that the original distinctive features of the two basic models became extensively blurred by the time the Austrian, Hungarian and Transylvanian rural societies started to emulate the German model. For example, in the Hungarian movement from 1886 onwards the nominally Raiffeisen models of rural credit did, in deviation from their original principles introduce loans in the form of both bills and mortgages, they did accept the reasons for limiting liability. At the same time, the Schulze-Delitzsch type of co-ops which spread in the German-settled parts of Transylvania developed more of a network character than their original tenets would have called for.

The process of institutional import was surprisingly swift, within a matter of about ten years, most provinces of Austria-Hungary had started up their credit co-op networks: Lower Austria 1886, Hungary 1886, Carinthia 1887, Tyrol 1888, Vorarlberg 1889, Upper Austria 1889, Salzburg 1890, Styria 1894.²¹

¹⁹ Cf. Guinnane, Timothy W. Cooperatives as Information Machines: German Rural Credit Cooperatives, 1883–1914. *Journal of Economic History* (2001), 61, 366–389.

²⁰ Guinnane: *Cooperatives*.

²¹ Bruckmüller, Ernst: Raiffeisen in Österreich, 326

This wave of almost simultaneous borrowings would be understandable, if there would have been a similar political and economic situation in different countries/provinces. But even within Austria this was only in some provinces the case, with basic differences between the Alpine German provinces, then Bohemia and Moravia and last the poor provinces of Galicia, Carniola, Dalmatia, etc. The almost coterminous import of co-op form, model into different settings and the substantial differences in particular political situations into which this model was injected may point to the conclusion, that this co-op form or model might have meant different things in different countries and was perhaps put to very different uses.

III.2. Credit-co-ops in Austrian provinces

The extent of indebtedness was in the Austrian lands as much of a problem, as elsewhere, its components might have been different. Here again, there are divergent spatial patterns.

The liquidity and credit need of the cattle growing upland communities seems to be greater than, say, of the peasants of the Hungarian plains. The woodland economy has been seriously hampered by the way the feudal proprietary relations have been transformed by liberal laws.²² Though these old village institutions have been based on mutual help, it seems that there were no easy transitions from old forms of co-operation to new ones.²³ The lowlands, Lower Austria and Central-Bohemia had problems different from the highlands and somewhat similar to the Hungarian agriculture, the depressed grain prices were cutting into profits. It aggravated the situation that these regions were losing not just against the American and Russian agriculture, but also against the Hungarians. As pressure mounted, the Bohemian lowland invested heavily to convert from grain growing to higher value. The Austrian agrarians were seriously worried by the Hungarian competition as well. Even tariff barriers would not have saved grain-growing in Lower-Austria, for instance, with Vienna being within a two-day cart-ride or a two-hour train ride from Western Hungary.

There was one serious difference of peasant society of Alpine Austria against the Eastern provinces: patterns of peasant savings probably determined by the inheritance systems. Blurred though, but there might still be a dividing line between partible and impartible inheritance systems, with substantially different requirements of monetization and wealth accumulation to each. That would mean that rural credit co-ops in regions with impartible inheritance systems can fall back on accumulated savings and redistribute them, the redistribution and the functioning of credit co-ops themselves being facilitated by the habits which these systems give rise to – for example stock taking and registering of wealth. In regions with partible inheritance both the accumulated wealth and the habits of stock-taking will be missing, with consequences for the co-op operations. There is a series of data showing that the credit-coops of the Austrian Alpine provinces, all of them with some variety of the impartible inheritance system, had quite a success in attracting the accumulated savings of peasants. Their deposits were substantially higher than the loans they were able to place with the peasants.²⁴ Yet peasants were not necessarily net lenders, for at the same time their indebtedness to lenders other than the co-ops remained. An obvious solution is that they were taking other sorts of credit than the co-ops were offering, for example, purely personal credit in cases of hardship, which the co-op could only give a limited amount of. So actually, the credit co-ops here were a channel for exporting capital out of rural society, while through other channels there was capital flowing in the other direction.

²² Sommeregger, Franz: Wege und Ziele der österreichischen Agrarpolitik seit der Grundentlastung, Wien 1912, Schiff, Walter: Österreichs Agrarpolitik seit der Grundentlastung, 2 Vols, Wien 1898, cf. Bruckmüller, Ernst: Landwirtschaftliche Organisationen und gesellschaftliche Modernisierung. Vereine, Genossenschaften und politische Mobilisierung der Landwirtschaft Österreichs vom Vormärz bis 1914. Salzburg 1977, 122-123

²³ Grimm, Alois: Das landwirtschaftliche Genossenschaftswesen in Tirol. Zürich 1910

²⁴ Bruckmüller, Modernisierung 157-159.

The differentiation of Austrian agriculture will not be elaborated here any more, for the chronology of importing the credit co-op model into Austria seems to have been determined not by economic and spatial patterns, rather, by different waves of rural political mobilization. The effects of economic differentiation came to be felt the after the co-ops were established in the nineties, in the course of their development and the adaption. In this phase, Lower-Austria for example, having lost out in grain, embarked on a spectacular growth course of dairy co-ops.

The foundation of co-ops has taken place under the authority of the provinces. Since there was no one body to have furthered the establishment of co-ops, there must have been a similar mood grasping public opinion about the same time to have produced these co-ops in each Alpine province but one between 1886/1890. What were the dominant topics at this turn?

Peasant indebtedness surfaced in Austrian public discourse in the 1880s.²⁵ There were a number of remedies suggested, including reform of peasant inheritance customs and restrictions on their ability to borrow. All this fitted into a larger world view, for the Conservatives of the 1870s attacking the liberal governments all these problems were facets of the same general subservience of liberalism to the interests of big capital.

As Conservatives conquered one provincial parliament after the other, the parliaments (Landtage) started supporting the budding co-op movement, sometimes with legislation backing the new organizational forms, sometimes with direct subsidies and sometimes with letting the provincial administration do the revision of the new co-ops, which was an important thing. On the whole, however, the surprising thing is, how circumscribed the help was, which individual provinces and authorities gave this institution, which was credited with being a taste of the future. Still, the wave of founding of credit co-ops swept over Austria between 1890-1900, with the exception of the late-starters, the poorer provinces of Carniola, Küstenland, Dalmatia, Bukovina, Galicia. In the table below, those provinces are italicized which have reached half of their 1909 stock of co-ops by 1900, that is, in the first big surge.

²⁵ Vogelsang, Carl von: Die Grundbelastung und –Entlastung, eine socialpolitische These. 1879, Grabmayer, Karl v.: Schuldnorth und Agrarreform, eine agrarpolitische Skizze mit besonderer Berücksichtigung Tirols. 1894.

Table 7. Credit-coops in Austrian provinces 1890-1909

	1890	1895	1900	1905	1909
<i>Lower-Austria</i>	51	277	461	518	538
<i>Upper-Austria</i>	42	114	189	226	251
<i>Salzburg</i>	-	17	36	43	47
<i>Styria</i>	2	41	221	282	406
Carniola	2	23	64	106	187
<i>Carinthia</i>	12	45	88	155	177
Küstenland	-	6	50	91	197
Dalmatia	-	-	16	54	161
<i>Tyrol</i>	27	147	295	395	459
<i>Vorarlberg</i>	6	33	60	69	75
Bohemia	11	106	713	1498	2091
<i>Moravia</i>	4	101	401	608	758
<i>Silesia</i>	8	55	152	210	270
Galicia	2	5	88	499	1013
Bucovina	-	-	21	274	383

Source²⁶

The chronology of development seems to fit the surges of political mobilisation campaigns, with the Conservative/Christian Social mobilisation in the Alpine provinces coming first, the poor provinces following. The exceptions are Bohemia and Moravia, with much earlier and thoroughgoing politicization of the countryside. However, here another type of municipal credit institute, the *Bezirksvorschusskassen*, created 1882 after a long pre-history and a number of Czech rural Schulze-Delitzsch credit unions substituted rural credit-coops of the Raiffeisen type, so this co-op form played a role on the land only relatively late, after 1897.²⁷

Though given some encouragement by the provincial authorities, credit co-ops were established by the local elites. Both local elites and municipal or regional authorities were attached to some degree to one or other political movement. There were three of them, which might have made a substantial impact – Conservative, German National, Christian Socialist. The conservative-agrarian type of mobilization came relatively early on, from the end of the seventies. Their first line of attack was liberal legislation on schooling and the pushing of the Catholic Church in the background. The latter did not upset the peasants so much as the need to part with much-needed labour of their children, so there was, at least in the Alpine provinces, a wave of successful rural political mobilization which had brought the Conservatives a dominance in the provincial *Landtage* in the 1880s. In this Conservative mobilization, the group around Carl Vogelsang had propounded very decidedly anti-Capitalist and anti-Semitic views already early on, from the late seventies, yet one is sceptical, how much this spilled over into the countryside. With regard to economic and social policies, German Nationals were not very different from Conservatives, apart from their avowed anti-Semitism and bellicose Nationalism, which had an impact in borderlands with Slavic populations besides the Austrian-Germans.

The next wave of mobilization arrived into the German-speaking Alpine provinces with the Christian-Socialist party and its rabid anti-Semitism around the turn of the century. This did

²⁶ Source, Bruckmüller 158, with reference to publication of Austrian statistical office.

²⁷ Cf. with regard to *Bezirksvorschusskassen* Fr. Fiedler: *Landwirtschaftlicher Credit und die demselben dienenden Anstalten*. In: *Beiträge zur Geschichte der Landescultur des Königreichs Böhmen im Jahrhundert 1791-1891*, Prag 1891, 40-46.

have an effect on the countryside, some co-op centres came under their influence. Established associations and co-op centres were intent on pushing back the onslaught of the new party, with spatially varying degree of success. The spatial variation can be best explained in terms of different structures and traditions of local elites.

All types of rural mobilizations, whether aiming at gaining the peasants' vote or getting them organize co-ops rested on the participation of rural elites. This is borne out by the structure of leadership of co-ops, even a decade after their foundation:

Table 8. Occupations of the leaders Raiffeisen co-ops in Styria, 1905

Occupation	Zahl	%
Peasant	551	
Teacher	91	
Trader and artisan	59	
Priest	52	
Civil servant	34	
Others	20	
Together	807	

Source²⁸

The more important the position, the higher the percentage of non-peasant incumbents, this seems to be valid without major variations in different regions up till the 1930s.

Table 9. Share of peasants in the leading positions of Raiffeisen co-ops in Styria 1905

Position in co-op	All persons	Of these, number of peasants	Peasants' share in %
Obmann	269	234	87
Aufsichtsrats-vorsitzende	269	196	73
Buch- und Kassenführer	269	121	45
Insgesamt	807	551	100

Source²⁹

This fact of middle-class preponderance can be seen in all other provinces as well. It calls for comment and we take up the matter in a following section.

III. 3. Credit co-ops in Hungary

The credit situation in Hungary was aggravated by repeated disruptive institutional change, first in the 1848 revolution, then during the Austrian military rule that followed from 1849, then again after the Compromise of 1867. The upshot was that credit sources available locally, on village or parish level before 1848 were shifted away from village and parish. With regard to forms, that the peasants were confronted with in their quest for credit, they had massive changes to cope with from legal formalities to bureaucratic procedure – enhancing the power of intermediaries. Of the level of peasant indebtedness, there is only anecdotal evidence, since the land register containing mortgages was in the process of being constructed, but the tales of the 1850s to the 1870s are gruesome.

The agrarian/conservative mobilization started – after the prelude of the international agrarian congress of 1885 – with a campaign to establish Raiffeisen-type credit co-operatives from 1886 onwards. The political context of the launching of the credit co-ops, though, was

²⁸ As in previous fn.

²⁹ Bruckmüller, 142

different from the situation in Austria or in Germany. In Austria and Germany Conservatives and Catholics launched the issue of peasant indebtedness, credit shortage, co-operatives into public discussion in an effort to discredit the liberal political regime. In Hungary, there was no strong Catholic or Conservative movement. The missing Catholic party can be partly explained by the multi-confessional character of Hungarian society – it would have meant a very circumscribed field of action, if a party would be Catholic. But the reasons for the absence of a major Conservative party are manifold and cannot be entered into here. The issue of the smallholders' credit did not get linked up with party politics in Hungary in the same way as it did in Austria. The very term “agrarians” did not come to mean a detachment of the Conservative movement, as it did in Austria or in Germany. On the contrary, within the Liberal Party, too, there was both a bellicose representation of agrarian interests and also a substantial unease with regard to the fruits of capitalism.

Subdued as they were, the Hungarian agrarian movement had from 1885 on similar themes as its Western counterparts: a tax reform to shift the burden from real estate to mobile capital, tariff protection of the Monarchy against the Russian and American grain exports, and the launching of a credit co-op movement to diminish the indebtedness of the peasantry. One important difference was that the arguments of the Hungarian agrarians up to 1894/95 had a much smaller Anti-Semitic content as the Austrian or German movements.

The agrarians have 1886 undertaken a pioneer project: the founding of a Pest County credit co-op: a couple of large aristocratic landowners, first of all Count Alexander Károlyi, as well as Pest county donated money to found the Pest County Credit Cooperative.³⁰ Of the 52 counties, Pest was the central, in terms of area and population, but also in terms of political traditions. In the 1st half of the 19th century, the gentry of this county sided with the national-liberal party of Kossuth, but after the 1870's, their ardour has cooled and they seem to have accumulated serious misgivings with regard to liberalism. Parallel to their political disillusionment ran another one transformation – some parts of the Jewry changed over from business to landowning and from German-speaking Jewish to a Hungarian cultural and even political identity. So the county gentry, Catholic aristocrats and Jewish landowners all stood behind the effort to put up Pest County credit co-op in 1886. This was to be a central co-op, the members of which were the co-ops of the individual villages and the holders of shares. The capital for the County Co-op, that is, the central organization of the individual co-ops was provided by the subscribing members and by the county that deposited funds at the central co-op.³¹

The Pest County Co-op launched a national organising campaign in February 1891 and re-established itself as a nationwide institution in 1894. After a period of fast co-op growth without any substantial state help, from 1896 Prime Minister Bánffy started a rather aggressive government policy, concentrating power. 1898 he initiated a bill which had set up a new co-op centre, providing a part of capital from state sources and giving it the right to issue its bonds in order to get additional capital. The resulting act ruled that the leaders of the centre should be appointed by the government, but gave the centre no other power as that of regular revision of co-op accounting and the refinancing of the individual co-ops. No subsidies were intended or paid. The resulting new organization was called the Nationwide Central Credit Co-operative, the Hungarian abbreviation of which, OKH, will be used in the following text.³² It was, however, not compulsory to join this OKH, but the legal privileges, that the act gave the co-ops, could only be enjoyed by the members of this network. There is

³⁰ Pest megyei Lt., X. 111 Pest m. gazdasági egyesület iratai, a.) jegyz_könyvek, 1886. április 12. [X.111. Pest County Economic Association a.) protocol of 12th April 1886.]

³¹ Cf. Horváth, János: Gr. Károlyi Sándor és vezérkara. [Count Alexander Károlyi and his staff] Budapest, 1916.

³² OKH = Országos Központi Hitelszövetkezet.

no doubt, that the measure was directed against the agrarian network, which by this time grew to include 460 member co-ops, while all other credit networks did not reach a tenth of this number. For the credit co-op network of the agrarians there was nothing else left than to comply with the terms of the law and join the OKH. The OKH, outfitted with new credit resources to distribute, embarked on a very fast development. This fast growth is shown in the table below.

Table 8: Development of credit co-ops of OKH in Hungary

Year	co-ops'		co-op members'		Value of Shares	
	Number	Index	Number	Index	In 1,000 pengös	Index
1899	712	100	141,623	100	17,155	100
1902	1,511	212	317,854	224	35,412	206
1905	1,814	120	453,929	143	47,900	135
1908	2,096	116	551,514	121	58,745	123
1911	2,336	111	640,159	116	70,359	120
1914	2,462	105	684,896	107	66,933	95
1917	2,430	99	635,375	93	33,037	49

Source: Szilágyi 1960, 29-30.

The creation and successful running of the credit co-ops in the 1890s seems to have established agrarians in the public view as defenders of the poor and as the true representatives of smallholders and the establishment of a measure of government control over the credit co-op network seems to have opened the way for some sort of comprehensive rural development policies. None of the two developments bore fruit. The agrarians did not turn into a sort of peasant party – perhaps because of the inordinate aristocratic pride of the great agrarian lords but at least as much on account of their failure to grasp the urgency of the social crisis and the feasibility of a more popular sort of conservatism along the lines of a Disraeli.

But even though mobilization stalled, the economic success of the OKH, which was not a state institution and which let the individual co-ops preserve their autonomy, makes it well worth asking, who actually ran this nationwide successful network of local co-ops?

Table 9. Social background of leaders of local co-operatives in the OKH-network 1913

Profession, status	Members of the local boards		Leaders (director, cashier, bookkeeper)		Altogether	
	Numbers	%	Numbers	%	Numbers	%
Priest	1215	4.7	423	6.5	1638	5.0
Notary	1059	4.1	456	7.0	1516	4.6
Teacher	1320	5.1	1350	20.8	2670	8.5
Farmer	17749	68.2	2020	31.1	19769	60.5
Other	4671	17.9	2242	34.6	6913	21.4
Altogether	26014	100.0	6491	100.0	32505	100.0

Source³³

Here, again, there is a substantial rural middle class just the same way as we have seen in Austria. The course of development and forms of the movement seem to show substantial differences, the participants seem to be essentially similar.

III.4. Credit co-ops in Transylvania

To be inserted later.

Table 10.

IV. New arrivals in the villages: state influence, rural middle classes and political ideologies

IV. 1. State influence

Traditionally, we think of village society as one closed corporate community. Yet in late 19th century an opening up of the traditional village has taken place – the village now was facing novel intrusions and opportunities. There came schooling and alphabetization, rapidly growing taxes, a new, formalized regime of property rights with both forms, procedures and concepts unknown before, settlement of artisans, workers of proto-industry in rural communities, the proliferation of labourers of branches of intensive and commercialized productions of cash-crops (tobacco, hops, wine) either in the same villages or in the interstices between them (woods, vineyards).

But not just the outside world, the organs of the state arrived as well to the village. The role which local public administration, municipal bodies played in providing a framework for economic development grew enormously. From the 1870s to WWI there was ever more thorough veterinary control of cattle growing, a more thorough administration of a rising tax burden, a new, liberal legal institutional framework of property rights not only essentially differing from traditional concepts but putting a lot of weight on formal procedure – all this was could be wreaking havoc with small-holders chances of economic success. In the context of a deepening penetration of agriculture by state influence there is a chance that co-ops and perhaps other economic institutions, too, will perform differently on account of this or that type of state-municipal regulatory framework.

The upshot is, that y the time of the setting up of credit co-op networks village autonomy is largely – with the exception of poorer areas of Transylvania – a thing of the past. Co-ops, as we have seen in Budakeszi, may rest on autonomy of the village society, but then this might not be a remnant of ancient times, it needs to be constructed a-new. Who constructs it? Best

³³ Schandl, Károly: A magyar szövetkezés negyven éve (Forty years of Hungarian co-operatives). Bp., 1938, 151.

suited are the power-brokers to the outside world, to the political and economic centre – the rural middle classes and local elites.

IV.2. Rural middle classes, local elites, village leaders

Neither the national elites, be they conservative aristocrats, nor regional elites, nor Christian Socialist, Conservative or Nationalist intellectuals were able to reach down to the level of the local peasant communities. We have seen that the initial thrust of establishing co-op network usually came from the national political scene in all of Central Europe, yet I have been at pains to point out, that local co-ops must have been an institution of local society. To get from national political centres to local society, a number of intermediaries were needed.

There were new techniques of registration, a range of forms to be taught to peasants. The resulting networks need to be managed with efficiency, generating and preserving the trust on which they were built. The mere operation of a collectively managed credit institution among poor and uneducated villagers is a minor miracle, the existence of which might be to an extent be explained by the social composition of the participants and above all, by the leaders of the credit-coop.

The new tasks and roles brought new personnel into the villages – of urban cultural background. But even more important was the transformation of old figures. Both schooling and religious autonomy became contentious political issues already in the 1850s and 1860s and they were fought over till the end of the century, rendering the roles of both priest and teacher politicized to a degree not seen before. The specific ways were different, but the Austrian charge against the liberal laws on schools and the church had put these figures on the political agenda just the same way as the reform attempts of liberal Catholics in Hungary to establish a Catholic autonomy.³⁴ The second wave of liberal legislation in the 1890s built on this groundwork. But being on the political battlefield and being forced to haggle and bargain in public over rights, emoluments and fees was seriously detrimental to a social role of traditional authority.

Thus, old and new professions and/or intellectual roles functioned thoroughly embedded in local society, but represented either crumbling ruins of ancient authority or outposts of a modernizing urban society. Teachers and priests embraced their new roles of being tutors of country folk in getting to know the new civilization gladly. The most conspicuous of these new roles was reflected in a spate of contemporary literature urging priests and teachers to join the “service of the people”, above all by founding and leading co-ops, but also and in the same vein, by trying to curb alcoholism or teach elementary skills of hygiene and housekeeping. Relevant topics were integrated into curricula of seminaries and their effect can be seen in the ability of priests and teachers to effectively lead co-ops and associations.

To become flag-bearers of the new, ideologically highly charged movements, whether Conservative, anti-Semitic or Nationalistic, was clearly a part of the bid of these rural middle classes to bid to strengthen their authority and to consolidate their new roles. Not in equal measure, though: anti-Semitism was far too closely associated with the mob.

Therefore the surprisingly uniform timing of the launching and development of co-ops can be best explained largely by the underlying social changes.

But even if we take priests and teachers together, then not more than about a quarter of Hungarian and a fifth of Styrian co-ops had one of them in their leadership. Though there might be some smaller local gentry and village artisans, the majority of the positions will be

³⁴ Cf.: Puttkamer, Joachim von, *Framework of Modernization: Government legislation and Regulations on Schooling in Transylvania (1780-1914)*, in: Karády, Victor – Török, Borbála Zsuzsanna (eds.) *Cultural Dimensions of Elite Formation in Transylvania (1770-1950)*, Cluj-Napoca 2008, 15-23.

filled by the local leaders of the village, by the peasants. We know far too little about them, but their double-faced character can be taken for granted. They surely must have been interested in the economic opportunities and profits the co-ops offered, on the other hand, they might have tried to emulate the middle class patterns they could observe at their partners, the rural middle class. It was no coincidence, that the strong man of the Budakeszi co-op was the first man in the village to own and operate – a cinema.

IV. 3. Nationalism and ethnicity in village co-ops

Ideology works wonders – this was stated already those contemporaries, who knew best: the ideologues themselves. Nowadays the nationalist co-ops are cited with special zeal as examples of “nation building”, with references to contemporary texts. According to these contemporary texts of nationalist co-op organizers, the ethnic groups uniting in co-op movements were trying to conquer and hold economic space from enemies over a range of widely differing economies: the Czechs from the Germans in Bohemia and Moravia and vice versa, the Poles from the Ukrainians and from the Jews in Galicia and vice versa, the Rumanians from the Hungarians and the Saxon-Germans in Transylvania and vice versa. That is, we should see the same phenomena in the woodlands of Bucovina and the industry region of North-Bohemia. While there was undeniably a surge of nationalistic texts, papers, propaganda at the turn of the century, we have yet to see archival evidence of a co-op in a multi-ethnic setting which declined to give credit or accept deposit on account of the other man belonging to the ‘enemy’. Even in the regions which seem to have been replete with strife and rivalry, like Bohemia, researchers are reluctant to assume an economic segregation.³⁵ Usually, the scope of the nationalistic drive to establish co-ops is equated with the language of internal correspondence of the co-op networks and the very fact of their using either the dominant language of the area or the minority language is taken as an act of allegiance to a national group. However, the language of correspondence between the co-op centre and the member co-ops was not necessarily the internal language of affairs within the co-op, for we do see other languages in use as well, and even the national centres used the minority languages, too. But a *lingua franca* was a practical requirement, though not without consequences for cultural skills, but not necessarily installed to force the cultural assimilation of ethnic minorities, as the “nation-building” view would lead us to believe.

It was sometimes claimed, that the nationalist co-op networks were able to function better. The nationalist co-ops would allegedly charge less interest because they worked through the local people and thus they did not require paid staff, so their costs were low, or, that their customers were ardent patriots and were ready to pay higher interest for their loans. Sometimes both assertions were made, or it was even claimed that the nationalist networks have provided credit without bureaucratic red tape. This would mean giving away money without making it sure one gets it back – or having other means of coercion, like massive intimidation or terror against such villagers who default on their obligations towards the national co-op movements. This is not what the friends of these movements would readily acknowledge. Reversely, the economists of the ruling nations claimed that the irredentist networks got rich by cheating the peasants out of their money through charging them high interests and costs, the profits of which then are applied to irredentist propaganda and the maintenance of the irredentist movements.

Economic organizations can be legitimized or criticized using the vocabulary of this or that ideology, but to consolidate and successfully operate these institutions it takes people

³⁵ Albrecht, Catherine: Nationalism in the Co-operative Movement in Bohemia before 1914, in: Lorenz, Torsten (ed.): Cooperatives in Ethnic Conflicts: Eastern Europe in the 19th and early 20th Century, Berlin 2006, 215-228.

dedicated to the task. People, on the other hand are moored in society, once again fastening the economic institutions – co-ops – to social groups, roles, strategies.