Q. What are the present prices for cattle?

A. Best Hungarian cattle, 100 to 122 crowns per 100 kilos. Galician cattle, 98 to 104 crowns per 100 kilos. Small pigs, 136 to 144 crowns per 100 kilos. Large pigs, 122 to 124 crowns per 100 kilos.

To consumers the best cuts of beef and pork at 2.20 to 2.50 crowns per kilo. Mutton prices range from 70 hellers to 76 hellers per kilo.

RAIFFEISEN SYSTEM IN AUSTRIA.

Evidence of Dr. M. R. von Erve, of the Ministry of Agriculture.

VIENNA.

Q. I should like to know the name of the central society.

A. The Limited Liability Central Cash Office of the Lower Austrian Associations.

Q. How did the central society (central cash office) secure its foundation capital?

A. By the membership shares amounting to 10 crowns for each 25 members.

Q. Does the central organization receive any other foundation capital except membership shares?

A. It receives also subsidies from the country of Lower Austria and from the State. The State appropriates 1,000,000 crowns annually to the ministry of agriculture for subsidies to cooperative agricultural societies and other agricultural unions of a noncommercial character. The State subsidies are devoted to payment of expenses and do not go to build up capital.

Q. Are there any annual membership dues?

A. No.

Q. What power have these subordinate or federated banks in the control of the central body?

A. The subordinate banks are stockholders in the central bank and control it like shareholders would any corporation.

Q. Does each subordinate bank have only 1 vote?

A. Each affiliated bank has 1 vote in the central bank.

Q. What liability has each subordinate bank for the central bank?

A. Each subordinate bank is liable for 20 times the value of its shares. The security of the central association to its creditors is the assets of the association plus 20 times the value of the membership shares paid in by the subordinate banks.

Q. What is the obligation of the central bank to the subordinate ones?

A. This central organization is compelled to extend credit as long as money is available.

Q. What membership constitutes this central organization?

A. Five hundred and forty-seven Raiffeisen societies and 227 cooperative societies for production and distribution. All affiliated associations are equally bound for the liabilities of the central organization.

Q. Is the central organization obligated to use its credit to borrow funds to supply local banks upon their application?

A. The central association is not obligated to extend credit to the affiliated banks beyond the cash in its treasury at the time.

Q. Does this central bank accept notes and securities of the local banks and hypothecate them to other banks to secure funds to loan to that particular bank?

A. It is not so in Lower Austria, but in other provinces such is the case.

Q. What rate of interest does the central association pay on the deposits of its federated societies?

A. According to the by-laws 4 per cent, but at this moment 4½ per cent is being paid.

Q. I have in my hand a statement made by Director Meyer on the 28th of May that the mortgage institute of the country of Lower Austria is paying 5½ per cent for deposits. The commission would like to know how this central association of yours located in Vienna can secure deposits at 4½ per cent when the mortgage institute of the country of Lower Austria, whose liabilities are guaranteed by the country of Lower Austria, is paying 5½ per cent on their deposits.

A. The locals are obligated by their by-laws to dep[illegible] funds in the central organization and are interested in maintaining low rates of interest. They ar[illegible] [illegible]sfied that the funds deposited with the central bank are safe and secure. The moderate claim[illegible] to interest on their deposits appear to be founded on their fidelity to the association res[illegible] [illegible]e training.

Q. What security has the central bank t[illegible]

A. The same security a[illegible] [illegible]y giv[illegible]

Q. What rate of inter[illegible] [illegible]s?

A. Four and three-fourths per cent.

Q. The rate established by the Austro-Hungarian Bank is 6 per cent, and the Austro-Hungarian Bank, I am told, is paying $6\frac{3}{8}$ to $6\frac{1}{2}$ per cent for money in the open market. Now, the question I want to ask again is, Can you explain how your association can loan money at $4\frac{3}{4}$ per cent when the Austro-Hungarian Bank is paying $6\frac{3}{8}$ to $6\frac{1}{2}$ per cent for money?

A. Because we are not borrowing money in the markets, but are loaning the money of our depositors. There was a time when the central association had even a higher rate than the commercial banks. The purpose of the central bank is to equalize the interest rates, and the influence of the Government is to make these rates as low as possible. The result has been a lowering of the interest rates. The local banks have power to accept deposits from all citizens, hence the money deposited in the central association really comes from all classes of citizens of Lower Austria. As a result of this federation the members of the local banks are to-day borrowing money at this very low rate of interest.

Q. What security does this central association demand from a local bank for a loan?

A. The unlimited liability of its members.

Q. What measure of control has this central bank over the local banks as to rates they shall pay on their deposits?

A. No other influence than advice. There are certain concessions made by the Government of the Empire in the rates of taxation if the local bank is able to show a certain fixed difference between the rates paid on deposits and those charged on loans. This difference must not exceed $1\frac{1}{2}$ per cent.

Q. Does this central bank have any control over local banks to check their making excessive loans to any one member?

A. This central bank can influence the board of a local bank to refuse excessive credits.

Q. I find land is rising in value here, wages are increasing, and, generally, the cost of living is increasing. What is the cause of rising prices, in your judgment?

A. The opponents of the farmers believe that the high protective tariff is responsible for the high cost of living. I am not of that opinion. I believe that the producer should be paid the actual value of the products which he sells. This value has kept on increasing, due to a complex of causes, such as the high cost of labor. Moreover, all other expenses of the farmer have gone up in proportion, thereby increasing the cost of raising the various farm products. I believe in eliminating the middleman as much as possible, and that can be accomplished by cooperative associations and consumers' associations. In other words, the farmer is entitled to the value of his products.

Q. In your opinion, has the Raiffeisen system and the mortgage system, as you have it in Austria, which increase the credit of the farmer, had anything to do with this increase in prices?

A. The question is a very important one. I believe that the creation of these Raiffeisen societies and of the other cooperative associations has enabled the producer to obtain the value of his product, plus the profit which enables him to live. In other words, he is not at the mercy of some commission merchant, who would exact the very lowest price in his own interest and then the highest possible price from the public. My conclusion is that while these societies are not responsible for the increased cost of living, yet they do regulate and keep on a constant level the prices of farm products. The cooperative societies have the purpose of protecting the farmers from the spoliation of commission men and middlemen and of not permitting prices to fall below the cost of production.

Q. Have these beneficial results been limited to the producer or have they extended to the consumers?

A. The benefit which the consumer receives is the certainty of pure products. The army now buys its cereals direct from farmers' organizations, the advantage being the elimination of the middlemen. Dr. von Ertl has found from 6 to 12 different profits in the final price of vegetables as they reach the consumers.

Q. What exemption does the individual have from execution (seizure)?

A. Two thousand crowns.

Q. Is there any relation between this central organization and the bank of issue?

A. There are certain relations between these central agricultural associations and the Austro-Hungarian Bank by which this bank extends credit to the central associations, but to an insufficient extent. It is now proposed in a bill before Parliament to create [illegible] cooperative bank for the purpose of extending credit to these federated societies. This question [illegible]ed at Berlin, Germany. Members of this bank will be the different central cooperative [illegible] provinces. They will receive credit from this bank. This bank will be given [illegible] for long-time credits for the special purpose of enabling cooperative societies [illegible] similar undertakings requiring much capital and long-time credit.

RAIFFEISEN BANK OF KREMS.[1]

REPORT OF A SUBCOMMITTEE.

KREMS (NEAR VIENNA).

This credit society was founded in 1893. It seems to have grown out of the needs of the farming community where most of the farmers are engaged in viticulture. They were greatly in need of more capital for short periods and felt that an institution on the Raiffeisen model would greatly facilitate their opportunities for obtaining credit. The initiative really came from the central cooperative society at Vienna.

It appears that there were in Krems in 1893 two Schulze-Delitzsch banks and one land-mortgage bank, but neither of these satisfied the credit demands of the farmers.

At first there were but 20 or 30 members. There are at present 357, representing 7 different communities. The value of shares was made 20 crowns, each member holding one share. The manager affirmed that the usual value of a Raiffeisen share is 10 crowns; but no special reason could be given for the higher value at Krems. There were no founders' shares, of course, and charter members were given no privileges over later members.

MEMBERSHIP—DUTIES AND PRIVILEGES.

Although the bank is chiefly for farmers, it does not appear that occupation has anything to do with the qualifications for membership. The manager or president is a ropemaker, the bookkeeper a clergyman, the cashier is a pensioner; the board of directors is made up of vine growers principally. Each member must buy one share; no member has more than one vote.

Only members may borrow money, and no member of this society may be a member of any other society of similar character. Deposits are received not only from members but from anyone who wishes to deposit.

FOUNDATION CAPITAL.

1. Members' shares, about 50 at 20 crowns, or 1,000 crowns.
2. The society borrowed 10,000 crowns from the central cooperative society at 4 per cent, the same rate at which the local made loans to its members.
3. From 200 to 300 crowns were received from the provincial government as a gift for the purpose of buying books, furniture, etc.

DEPOSITS AND LOANS.

This local receives deposits from farmers and tradesmen in the community, both members and nonmembers, and pays a rate of 4 per cent. At present the deposits exceed the loans, and this is true of 450 out of 500 of the local credit societies in the Central Federation of Lower Austria.

At present loans are made to members at $4\frac{3}{4}$ per cent, which is somewhat cheaper than loans obtained from the Schulze-Delitzsch and other local banks. The official rate (i. e., the commercial rate) is 7 to $7\frac{1}{2}$ per cent on loans. The official discount rate of the Austro-Hungarian bank is 6 per cent on bills of exchange. This is unusually high, however.

Loans to members are made chiefly on three-name paper and this is usually sufficient. The loans are for periods ranging from six months to two years, but in exceptional cases the time may be extended to four years or even more. The unlimited liability feature is the best security for small loans and in most cases for large loans. However, in certain instances, as, for example, when a loan seems to be insecure and a little more surety is wanted, mortgage credit is resorted to. This is said to be exceptional.

Occasionally loans are made for a longer period, say, 10 years, on land mortgages. The repayment of the loan is made by annual payments plus the interest on the unpaid principal. There is no amortization in the strict meaning of the term.

All loans to members must be passed upon by the supervision committee, here composed of nine members chosen by the general assembly of the members for four years, and called the Vorstand. This board (Vorstand) is subject to the board of control (Aufsichtsrat), also elected by the general assembly. The Aufsichtsrat has a sort of general supervision over the administration [illegible] as the activities of the society.

The Vorstand meets every month to pass on [illegible] loans. All bills require two signatures for security.

Loans are limited as to amount. The la[illegible] 20,000 crowns. The average loan is less than 1,000 crowns.

Apparently, members [illegible] borrow on [illegible] of credit. All loans must be secured by two indorsers [illegible]

RELATION TO THE CENTRAL.

1. Most of the local cooperatives are organized by the central society, although the Krems organization was made through the assistance of the provincial government (the officials pointed to this as an exceptional circumstance).

2. The local society is federated with about 500 other banks of Lower Austria in one large central federation of cooperative societies.

3. Each local is entitled to send one delegate to the yearly general assembly of the central federation.

4. Inspection of the local is made yearly by the central and if necessary more frequently. The law gives the central a large measure of control over the affiliated societies.

GOVERNMENT SUPERVISION.

The informant testified that the Government exercised a supervision over the society through a provincial board of examiners.

THE MANAGEMENT.

The three authoritative bodies are the Vorstand, the Aufsichtsrat, and the general assembly. The first two are chosen by the general assembly, which is the court of last resort and has full control of the internal administration of the society.

The general assembly makes public all loans and notes all irregularities. The publicity insures the borrower of any large sum the careful scrutiny of his neighbors as to his financial condition. In case of any irregularity the provincial board may step in to close the bank, although it is not certain that this power is really vested in the provincial government.

The bank is open one day in the week, both for deposits and approved loans. The manager, cashier or bookkeeper, and one director must be present. This is "cashier's day."

LOSSES AND FORECLOSURES.

There have been no foreclosures, but the right of foreclosure is immediate and absolute should there be any failure on the part of the borrower to meet his obligations. There is no period of redemption. The losses have been small, but 200 to 400 crowns in the last 10 years.

FORMS OF ACCOUNTS.

The usual current account (konto korrent) is balanced every six months and differs from deposits (depositen) in that these are larger usually and are generally held on shorter notice. The six months' notice is, of course, for the purpose of safeguarding the funds from sudden withdrawal.

The deposits can be withdrawn on two weeks' notice if they are small; six months, if they are large accounts.

IN GENERAL.

The final source of credit is the Austro-Hungarian bank which up to the present has not granted any favors to the Raiffeisen central in Vienna. There is now on foot a plan to provide for cheaper discounts of Raiffeisen bills of exchange by this Government bank.

Discounts of Raiffeisen bills at banks other than the Austro-Hungarian bank are at a higher rate; hence private banks of discount are resorted to only in extremity.

Union with the federation of Raiffeisen banks is not essential to the life of the Krems local, but it is a source of strength. The federation acts as a supervisory body and a clearing house and gives a certain backing to the local association.

STATEMENT OF THE PRESIDENT.

The Raiffeisen society in Krems is a registered cooperative society with unlimited liability. The membership of this society is unusually numerous [illegible] organization is particularly good. There are at present 357 members, who are located in 7 different [illegible] of the environs. The shares of the members amount to 7,140 crowns. The society owns a bui[illegible] 300 crowns. At the end of last year the account at the Central Cooperative Society i[illegible] of 27,770 crowns. The reserve fund, amounting to 13,340 crowns, is deposited [illegible] its were, at the end of 1912, 533,778 crowns, against loans of 457,294 [illegible] of last [illegible], amounting to 316 crowns, 285 crowns were use[illegible] carried over to the reserve fund. The rate of [illegible] is charged. Considering the normal rate of interest for loans reached at the end of 1912 (more than 7 per cent), the beneficial value of such a society for its members is unquestionable. The working expenses amounted to nearly 3,000 crowns, but it must be noted that in view of the extended business the expenses must necessarily be greater than is the case with a small society. The average working expenses of a Raiffeisen society are estimated at about 500 crowns, or 8.40 crowns per head. In accordance with the regulations of the Raiffeisen system the loans are only available for short periods and according to the statute must not exceed one year. In exceptional cases the board of directors are allowed to extend this limit to a period not exceeding two years in all. Contrary to most Raiffeisen societies the Krems bank grants loans against hypothecary security redeemable in annuities. The amount of the hypothecary loans must, however, not exceed more than half the total working capital of the association.

Current accounts may be opened to members with a large turnover.

EVIDENCE OF OFFICIALS.

Q. What are the chief occupations of the people here?

A. Nearly all are engaged in agricultural pursuits.

Q. Have you any special crop?

A. Practically all grapes for wine making.

Q. Did this institution arise out of the need manifested in the cultivation of the vine?

A. It was founded to secure and to grant loans and to enable the farmer to receive credit.

Q. By whom was the institution founded?

A. The initiative was taken by the provincial government, but the society itself was founded by the inhabitants.

Q. When was it founded?

A. In 1893.

Q. Does this society meet the needs of the cultivators of the vine in this locality?

A. It might do so, perhaps; but, as a matter of fact, there exist two other societies besides ours. One of them is a mortgage bank.

Q. When this society was founded how many members did it have?

A. At first about 20 or 30 members.

Q. Did one share cost 20 crowns in the beginning?

A. Each share cost 20 crowns in the beginning, but the usual price of shares of other Raiffeisen banks is only 10 crowns.

Q. Was this amount paid in full by the members?

A. Yes, immediately; as otherwise a person could not become a member.

Q. Why is a share higher here than is usually the case?

A. There is no special reason for this.

Q. Was there at any time any distinction between founders and ordinary members.

A. No; the rights of founders and other members are the same.

Q. I understand that, in connection with this institution, you have mortgage loans?

A. It is not the aim of this society to grant mortgage loans. It is only done in exceptional cases, as when a loan which has been granted has become insecure, that the society tries to get a security.

Q. Why is it not safe when you have unlimited liability?

A. There is, of course, unlimited liability; but if the borrower gets into financial difficulties then the society tries to avoid a loss. As a rule unlimited liability is a security for the man who deposits his money.

Q. Do I understand that anybody can deposit, but that only members can borrow?

A. That is so.

Q. What arrangements have you for local supervision of your loans?

A. There is a board consisting of from 7 to 9 members and it is really their duty to look into the trustworthiness of the members. The general meeting elects this board.

Q. For how long?

A. For four years.

Q. In the election of this board, or in any r [illegible] ber only one vote.

A. Yes; only one vote.

Q. Is there any supervision of this bank [illegible]

A. The supervision is o[illegible]tory [illegible] are really officials of the Government. There exist [illegible] perative society controls these Raiffeisen ba[illegible]

Q. Do they supervise different matters?

A. No; the same. An examination is made at least once a year.

Q. Does this bank lend money to its members at a cheaper rate of interest than would other banks?

A. Yes, as a rule. The rate of interest charged at the present time by the national Austro-Hungarian Bank is from 7 to 7½ per cent, whereas this bank grants loans to its members at 4¾ per cent.

Q. What is your explanation of this difference?

A. Because there are practically no working expenses. The officers give their services. As a rule public men are elected as officers. At the present time the manager is a rope manufacturer, the bookkeeper a clergyman, and the cashier a pensioner. The other gentlemen are nearly all wine growers.

Q. But do they get any compensation?

A. As a rule only actual expenses are refunded. Frequently, however, the bookkeeper, who has the most work to do, gets some compensation.

Q. How much does the bookkeeper get per annum.

A. From 100 to 600 crowns.

Q. Has this Raiffeisen bank been the cause of other cooperative institutions being established here?

A. Not in this case.

Q. Does the difference between limited and unlimited liability make any difference as to the credit?

A. As a rule it does; because a society with unlimited liability gets more deposits—the people have more trust in it. The deposits here are nearly 500,000 crowns, while the wealth of the members is, perhaps, 5,000,000 crowns.

KREMS AGRICULTURAL DISTRICT SOCIETY.

REPORT OF A SUBCOMMITTEE.

KREMS (NEAR VIENNA).

The Krems Agricultural District Society was founded in 1861 and was reorganized in 1893. The following gentlemen now constitute the board: Director, Moritz Wohlschlaeger, property owner and town councillor; subdirector, Franz Salomon, landowner in Stein on the Danube, in Krems; secretary, vacant; and treasurer, Ludwig Dinstl, property owner in Krems. To the society belong 80 members and 1 honorary member, and 18 clubs in the neighborhood are affiliated with the district society. The aims of the Krems Agricultural District Society include:

(1) The common purchase of agricultural necessities, namely, copper and sulphur for the eradication of pests in the cultivation of the vine and fruit trees and the purchase of artificial manures and agricultural implements and machines for members of the society and affiliated clubs. By purchasing wholesale the goods can be delivered better and cheaper, thus benefiting the middle and small farmer and vine grower and avoiding an intermediary.

(2) The holding of lectures by the society itself, or by the affiliated clubs, on agriculture and on the cultivation of the vine and other fruits.

(3) The holding of district exhibitions, as, for example, for the examination of fruit and the testing of wine. These exhibits show the improvement in the cultivation of fruits and the vine in the district. Innovations in implements and machines are also displayed in order to induce the farmer to take a more active part in improving agriculture in general.

(4) In union with the Provincial Board of Agriculture of Lower Austria to hold yearly cattle shows in the best cattle-breeding districts for the improvement of breeds of bulls and cows. Prizes are here given by the State, the province, or by private persons for the best breeding animals. In this way the agricultural district society also encourages cattle breeding and regulates the buying and selling of useful and valuable breeding cattle.

ORGANIZATION OF RURAL CREDIT IN BOHEMIA.

Address by Dr. F ... cillor of the Provincial Diet.

PRAGUE.

My task is to sketch briefly the ... organization of rural credit in Bohemia and its relations to agricultural produc...

The Kingd ... of 6,709,622 at the end of 1910. Of th ... nts. The number of persons engaged in agriculture in 1912 was 1,618,155. The grain crop amounted in round figures to 29,700,000 quintals, sugar beets 47,000,000 quintals, potatoes 30,000,000 quintals. The grain crop consisted of 4,797,000 quintals of wheat, 9,842,000 quintals of corn, 8,365,000 quintals of barley, 5,345,000 quintals of oats.

Of the farms 142,265 are from 2 to 5 hectares in size, and 107,724 from 1 to 2 hectares. There are also 3,388 farms over 100 hectares in size and 273 over 1,000 hectares.

COOPERATION.

The development of cooperation in Bohemia being of more recent date, differs in several respects from that in Germany and in other sections of Austria. The cause of this is to be sought in the special economic conditions of the agricultural population.

Prior to 1848 the peasantry were under the domination of the great landowners, and the relations between landowner and peasant were in many respects those of master and serf. The landowners exercised all administrative and political powers. Under these circumstances it was impossible for free cooperation to develop, and it took about 40 years for the farming population to acquire the requisite qualities for cooperative activity, although the cooperative principle was familiar to the old rural community and was used, perhaps unconsciously, by the autocratic government of the eighteenth century in the field of agricultural credit. This historical movement deserves brief mention, as it afforded the foundation for an institute of agricultural credit which is still working.

By a decree issued in 1788, all rural landowners were required to bring a part of their grain—one-third of the quantity needed for seed—to a common granary, of which there was one on every domain. From these granaries the grain needed for seed was delivered to landowners at a rate fixed in grain or in money. When the stock of grain in a granary exceeded the seed requirements for the year, the surplus was sold and the money thus realized was loaned to the landowners. With the abolition of serfdom in 1848 these grain funds were transformed into loan funds, which were converted by a law of the Diet in 1863 into credit banks for every domain; and, by a further law of 1883, these credit banks for each district were united into a rural district loan bank.

COOPERATIVE CREDIT.

There are 167 such banks in Bohemia. Their capital, derived historically from the eighteenth century, amounts to 17,000,000 crowns. The credit they afford is either personal short-term credit in the form of promissory notes or mortgage credit for land improvements and land purchase.

The owners of the original farms which were required to contribute to the above-mentioned granaries are now part owners of the funds in a ratio proportionate to the value of their farms; and, when their farms are divided and sold, these shares are divided proportionately. The part owners participate in the profits of the credit banks in like proportion. The credit banks grant loans to the part owners and to other landowners of the district.

Individual short-time credit is regularly granted on promissory notes running for six months, guaranteed by two sureties. At the end of the first six months these notes are often renewed and paid off in the autumn.

LONG-TIME CREDIT.

Credit for purposes of improving and purchasing land is granted on the security of a mortgage given on the land. The funds available for granting such mortgage credit consist (1) in the capital belonging to the rural district credit banks; (2) in the savings deposits made by the public, for which savings-account books are given; and (3) those funds which the bank can secure on its credit. The rural district credit banks secure credit by discounting the notes of their members with various banks and, in some cases, directly with the Austro-Hungarian Bank. The rural district credit banks are required by law to invest their own capital and half of their deposits in mortgage loans, while the remainder may be loaned on promissory notes.

Loans are made up to two-thirds of the value of the land mortgaged as valued by the board of directors. The loans are subject to recall on three months' notice, bu[illegible] right is very seldom exercised; they are repayable by amortization at the rate of 1 per cent.

At the end of 1911 the loans granted on note[illegible] [illegible]rity amounted to 75,000,000 crowns; those on mortgage security to 98,000,000 crowns. [illegible] [illegible]unted to 207,000,000 crowns. The banks had themselves borrowed 6,000,000 cr[illegible] [illegible]eir own notes, and the reserve funds amounted to 7,000,00[illegible] [illegible]owns. D[illegible] [illegible]rrowed 15,000,000 crowns

INTEREST RATES.

In 1911 the rate of interest charged on loans varied from 4 to 6 per cent, 4½ per cent as a rule for mortgage loans and from 5 to 5½ per cent for loans on promissory notes and personal security. During the critical year 1912, when the discount rate of the Austro-Hungarian Bank rose from 5½ to 6 per cent, the rate of interest on loans made by the rural district credit banks stood at 5 to 6½ per cent on promissory notes and at a maximum of 5½ per cent on mortgage loans. These banks are audited and inspected by the executive committee of the Diet.

Another institution founded in the days of absolutism which affords an important source of rural mortgage credit is that of orphans' trust funds. These funds are administered by the district police courts. By an imperial decree in 1858 these funds may be invested in mortgage loans especially on rural property. The mortgage loans granted out of these funds amounted at the close of 1906 to 120,000,000 crowns at an interest rate of 4 per cent. The rural district credit banks and the orphans' trust funds supplied the credit needs of the small farmers in the second half of the nineteenth century.

MORTGAGE CREDIT BANK.

The development of agriculture and the need felt for capital led to the establishment in 1895 of the Land Mortgage and Credit Bank under the patronage and with the guaranty of the Kingdom of Bohemia. This bank was established not only to serve large and small landowners, but also to grant mortgage loans on town buildings.

Another government bank, operating under guaranty of the Kingdom of Bohemia, supplies credit for land improvement purposes; it is the Bank of the Kingdom of Bohemia, which issues bonds for this special purpose. At the end of 1912 the value of the bonds issued amounted to 21,796,000 crowns. It must also be remembered that rural mortgage credit is granted also, as in Germany, by the savings banks in the towns.

RISE OF RAIFFEISEN CREDIT SOCIETIES.

The agricultural credit afforded by the rural district credit banks, the mortgage credit bank, the savings banks, and the orphans' trust funds was soon inadequate to meet the growing needs of intensive farming, and the lack of capital was more and more keenly felt by the peasants, who were obliged to apply for money to the professional money lender. The grievances arising from this state of affairs were recognized by all economists and attempts were made to find a remedy. One of the attempted remedies was the idea of a physician named Kronpelsch, who in 1861 elaborated a scheme for rural loan banks for every parish. This project was not carried out, but in 1888 this idea found its way into Bohemia. The first German Raiffeisen cooperative bank was established in Bohemia in 1888; the first Czech one in 1890. The Diet of the Kingdom assisted in the establishment of such banks by granting small loans free of interest.

OTHER COOPERATIVE SOCIETIES.

When these cooperative loan banks had prepared the way and secured the necessary funds, cooperative activity was extended to agricultural production and distribution. Cooperative dairies, distilleries, starch factories, and flax mills were established, and the cooperative loan banks and other associations connected with them commenced the cooperative purchase of fertilizers and cattle feeds. Then came cooperative corn-selling and granary societies and cooperative societies for the purchase and use of farm machinery.

FEDERATIONS OF CREDIT SOCIETIES.

The cooperative loan banks, and with them the other cooperative societies, were soon associated in two unions, one organized in 1895 and the other in 1896. These unions not only act as advisory boards and boards of audit, but they also perform the functions of a central bank for the cooperative societies and of a wholesale center for the supply societies.

[illegible]NT AID.

The Diet of the Kingdom and [illegible] the cooperative societies for production and distribution by granting them lo[illegible]rest. At the end of 1910, government loans amounted to 593,000 crow[illegible]owns; while the Diet loans and subsidies were for 829,000 and 960,0[illegible] also [illegible] establish a central cooperative bank for [illegible] for the protection of small agricultural p[illegible] loans, have not yet been fully carried [illegible]

Summarizing the present system of agricultural credit in Bohemia, there are in the villages and often in the small country towns Raiffeisen loan banks for personal credit and cooperative associations for production and distribution closely connected with the former. In the district towns rural district loan banks afford mortgage and personal credit; savings banks and orphans' trust funds furnish mortgage loans. In Prague, the capital of the Kingdom, there are the Bohemian and German unions of the cooperative organizations, the mortgage credit bank, the Bank of the Kingdom of Bohemia, which affords credit for land improvement, and, finally, the public credit fund for the protection of small farmers established by the Diet to support the cooperative societies by affording them loans, which extends its activity by assisting the rural district loan banks.

AGRICULTURAL MORTGAGE CREDIT IN BOHEMIA.

Dr. Hugo Müller, Assistant Secretary of the Mortgage Bank of the Kingdom of Bohemia.

STATEMENT.

Prague.

With the introduction of the economic use of money into the agricultural industry the existing credit organizations could no longer satisfy the credit needs of the peasantry. It was not, however, a question of credit in general, but of a credit which would serve the peculiar needs of agriculture. The question had to be separated into personal or short-time credit as well as into foundation or ownership credit. The needs of foundation credit or capital can only be provided for in large measure through the form of mortgage credit, for it should be on long time, and, as in land investments, it should be amortizable, naturally cheap, not subject to call, the interest rate fixed, although the borrower is offered the possibility of taking advantage of a fall in the rate of interest. Only the mortgage bond answers these conditions, since it permits a complete mobilization of the land.

The mortgage bond originated in Prussia during the time of Frederick the Great, and it has passed through many transformations. Only the more modern forms of the mortgage bond will be discussed here.

The bank institute pledges itself to pay interest on the mortgage bond to the holder named therein, and, in case of loss, to pay the nominal value. Loans are granted on such mortgages to their nominal value, but not in ready money. The mortgage bonds are handled on the exchange, and there they can at any time be exchanged for cash. This may occur in the following ways:

1. For the obligations which the issuing institute assumes toward the holder the entire property of the institute is liable, and, as a rule, such creditors have a preferential right above all other creditors to the rights acquired under the mortgage. The register of landed property is conclusive on this point as to all institutions.

Moreover, the land is held for these obligations. On this account the greatest possible security is required and by this course of action no unnecessary risk is taken. The institutes can thus charge the lowest rates of interest which are permissible according to current rates. Therefore, according to existing statutes, the debtor has to pay the bank no higher rate of interest than the bank pays the holder of the mortgage bond, and this is the greatest possible guaranty of the cheapness of these mortgage-bond loans.

2. The holder of the mortgage bond has no inclination to wish for its payment. There is really no need for it, since the mortgage bond can be sold by him at any time. He has no claim to repayment within a very long term, say 57 years, unless his bond is drawn by lot for payment.

For that reason an issuing institution has no need to take into consideration the rising value of money, as is the case with banks of deposit; for it can, with a few exceptions, forego the right of notice of payment against debtors. It is sufficient if the loan has been paid back within the designated time.

It is therefore the fact that the long-time loan not only makes possible the plan of amortization, but also justifies the necessity of it; so that as long as the mortgage bond is in circulation, if the interest is paid on it, the amortization plan guarantees that the rate of interest can not be increased thereon.

3. Should the customary rate of interest fall, it is shown by an increased exchange value of the mortgage bond, even above par. In this case the institute can issue a mortgage bond at a lower rate of interest and the loan can be changed; that is to say, it can call in the [illegible] nominal-rate, higher-interest-bearing mortgage bond and issue one for a similar amount [illegible] the debtor pays to the bank this lower rate of interest, and thus takes advantage of the [illegible] rate, while a rise in the rate of interest does him no harm. Herein lies an important [illegible]

The advantages of these arrangements [illegible]

(1) By a rise in the customary [illegible] the exchange value of the mortgage bond falls, [illegible] loss in exchange.

Yet he makes this good in the course of a few years through the lower interest rate. Besides, he can at any time make extraordinary payments in mortgage bonds, and the bank must take these mortgage bonds at their nominal value.

(2) The farmer frequently can not do much with a mortgage bond. He must dispose of it, because he needs money. Therefore, the debtor must authorize the banking house to dispose of the mortgage bond for him on the exchange. The farmer, as a matter of fact, gets practically the net proceeds. At the same time the institution also has an influence upon the rate of exchange and employs it in hindering any sudden rise or fall in exchange values.

(3) In order to prevent losses which might arise should the mortgage bond not be carefully considered, the mortgage institute must be very cautious and must advance credit thereon only within narrow limits proportionate to the size of the mortgage. This approaches very close to the other organizations which have been described in the other papers.

Now, the institutions in Bohemia which are engaged in the business of issuing mortgages and making loans in mortgage bonds are, besides a few savings banks which are engaged in the business of making cash loans, the public land-mortgage banks. They are established in the country districts and are engaged in every kind of banking business.

The first of these banks was established in Galicia in 1841, where it served as a credit society of registered landowners. The first land bank which was organized, not only as a public legalized bank, but on the basis of the unlimited liability of the members, was founded in Bohemia in the year 1864. Almost all of the Austrian provincial banks came later.

Naturally the whole need of agricultural first-mortgage credit has not at any time been covered by the mortgage-bond institutes. The total, however, surpasses the cash loans of the savings banks which, operating in all parts of the country, come in close touch with the population. On the other hand, mortgage-bond credit also plays an important rôle in supplying credit upon city properties.

In the year 1908 the mortgage claims were as follows:

	Crowns.
The savings banks	3,442,200,000
The country banks	1,208,000,000
The mortgage departments of the savings banks	190,300,000
Total amount	4,840,500,000

The mortgage bank of the Kingdom of Bohemia shows at the present time a total of outstanding loans of 322,606,297 crowns.

Of course, the importance of these facts lies in this, that the competition of other banks tends to lower the rate of interest. While naturally this is not a full recital of the facts, it is not possible to say more in the short time at our disposal.

QUESTIONS.

Q. Are the bonds issued by the Bohemian Land Mortgage Institute guaranteed by the Government?

A. The Land Mortgage Bank is a government institution and the Government guarantees the bonds in the last resort, and this is inserted as a clause in the bond.

Q. How are these bonds floated?

A. The bonds are sold in the open bourse.

Q. How does the farmer receive the loan obtained on mortgage security—in cash or in bonds?

A. In bonds which are negotiable. Their present market value is 92, and they bear 4 per cent interest. The bonds of the Bohemian Land Mortgage Bank are quoted higher than those of the other provinces of Austria. At the present time the money market is abnormally low. In normal times they often sell above their face value, at 101.

Q. Suppose the title of a certain tract of land is vested in Jones; Jones applies to the land-mortgage bank for a loan, offering this land as security, and on it a bond is issued. But afterwards some other claimant to the land comes along, and Jones's title is found to be defective. What is done? What recourse has the bank?

A. In replying to this question it must be [illegible] in mind that two different relations have to be considered with regard to these bonds, those of the de[illegible] bank, and those of the bank to the bondholder. The bondholder has nothing to do with the m[illegible] the loan from the bank. The bank is responsible to the bondholder, and behind the ba[illegible] Government.

Q. Yes, but what is the relati[illegible] to the bank?

A. The landown[illegible]

Q. But in case [illegible] resp[illegible]ble to the bank for the loan made on the land[illegible]

A. The bank only makes the oan to borrower Jones when it has learned by reference to the land register that Jones is the rightful owner of that land.

Q. Then the inscription in the land register practically amounts to a judgment?

A. Yes.

Q. How is a title inscribed on this land register?

A. The records are kept by the law courts and guaranteed by the Austrian Government.

Q. By the Imperial Austrian or by the provincial government?

A. By the Imperial Austrian Government. Property can be acquired either by inheritance, purchase, or donation. If acquired by inheritance the court investigates and, when all formalities have been duly conformed with, registers the transfer. If the land changes hands by purchase or donation, this must be certified by a deed or contract drawn up by a notary and duly attested; on the strength of this contract the court orders the inscription on the land register of the transfer by purchase or donation.

Q. Does the Government then guarantee the title?

A. The Government guarantees the fulfillment of all these formalities. It is possible for a dispute as to title to arise, when it would then be settled by recourse to law; but the inscription in the land register would be final evidence.

Q. If the title is subject to lawsuits, where is the security of the bond?

A. The possessor of the bond has nothing to do with the owner of the land; he is secured by the bank and in last resort by the Government.

Q. Yes; but the security offered by the bank can be no better than the security offered by the landowner to the bank. In case of nonpayment, can the bank foreclose the mortgage without recourse to a lawsuit?

A. Yes; the bank seizes the land without recourse to a lawsuit.

Q. And the title must be recorded in the land register and when so recorded is final?

A. Yes; after 30 days from the date of inscription of title in the land register, if no objection has been raised, the title is final.

Q. Has the Government any system for associating these land-mortgage banks?

A. There is no general law. These banks are recognized by the Government, but their statutes are not the same. The Bohemian banks only have to do with Bohemia.

Q. Suppose a borrower fails to repay his loan, is it necessary for the bank to sue him?

A. The borrower is obliged to pay only certain sums, which include interest and amortization. If he does not pay the annuity, then the bank can foreclose the mortgage and take possession of the land. The bank is not compelled to begin a lawsuit, but can immediately take the property. It can seize the property because it has the mortgage in its hands.

Q. Suppose the man in actual possession of the property was not the borrower, the borrower having disappeared, who has to pay the mortgage?

A. In Austria every piece of land is registered in a land register, and it is impossible to get a title to such land without having it entered in this book. The land register is public and its entries are accepted as final and can not be questioned.

Q. Does the Government guarantee the title to the land?

A. All the property on which mortgages are held forms the collective security for the bonds. Should there be a deficit, then the bank is liable with its funds; and should the bank be unable to pay, then the country is responsible. There has been a very small number of failures. The Government does not guarantee the title, but it does guarantee the bonds. There is no direct relation between the holder of the land mortgaged and the owner of the bonds.

AGRICULTURAL COOPERATION AND GOVERNMENT AID IN AUSTRIA.

Dr. Moritz Weden, At[illegible]y at Law.

Prague.

Without doubt Austria has been the land [illegible] operation. In foreign countries there prevails an altogether erroneous idea concern[illegible]n in Austria as well as concerning the influence of the Government in its de[illegible] with reference to the opinion which is held concerning ag[illegible]ultural co[illegible]

Long ago in Austri[illegible] savings and loan credit societies of the R[illegible] here agriculture is no less developed, where the cooperative idea has found its first embodiment in business and ecônomic cooperation, and where savings and loan credit societies were established very much later.

These savings and loan credit societies of the Raiffeisen type, however, were organized without any aid of the Government and without governmental or official recognition; they were established by the initiative and judgment of the people themselves. They have never received aid from public sources nor made a demand for it. But they are the foundation, the beginning, and the end of agricultural cooperation in Austria. The savings and loan credit societies have organized the agricultural industry into economic cooperative societies and also provided the means for their foundation and management. They have also developed and instructed persons for the management of agricultural and economic cooperative societies and have taught these cooperative societies how to guide and to manage themselves.

As a matter of fact the Government, at the beginning of the cooperative movement in Austria, did not take a specially favorable view of it, as was also the case in Germany. It was feared that some unfavorable political results might follow the organization of societies among the common people. But as soon as the great significance of cooperative societies for the economic and social development of the people was recognized, the Government slowly became friendly toward them under this new economic form, and some time later even recognized its duty by furthering the establishment of cooperative societies and their development. So that by means of this awakening on the part of the Government, intelligent and judicious men in the governmental central office interested in the condition of the middle-class population found themselves in a position to think out a governmental program which should give the cooperative movement a wise and profitable impetus through governmental authority.

This applies particularly to the agricultural cooperative societies, which had found a warm friend and advocate in the imperial minister of agriculture. This also had an influence on the welfare of the country, as it had already been recognized by the governmental authority that agricultural cooperative societies must be established and aided not alone in the interest of the farmers, but also of the whole rural middle class.

It is, then, altogether erroneous to assume that the agricultural cooperative movement in Austria and in Bohemia has ever stood on government patronage. For that matter, government aid on our part restricts itself to carrying out those great responsibilities which the Government feels compelled to promote on natural grounds for their advancement and extension among wider circles of the population and into broader departments of social and political economy.

Government aid is solicitous for a progressive and not regressive legislation in behalf of the development of cooperation; so that the Government, without undue taxation, believes in a good law relating to cooperation which shall take into consideration the economic power of the cooperative societies as well as the security of the governing authority. But up to the present time the self-government of the agricultural cooperative societies has not been disturbed by any of the existing legal enactments, nor have the societies even been deprived of functions relating to organization and management by government authority. Government aid concerns itself further by ordering that government officials should not hinder the formation and management of cooperative societies, that bureaucratic officials learn to treat with respect the rural situation, and that the development of cooperative societies should be heartily promoted through administrative measures.

Government aid also assists in the cooperative movement by establishing lecture courses in all schools of the Kingdom, from the high school down to the agricultural intermediate and winter schools, and chiefly through the support given to the agencies which extend the knowledge concerning cooperative principles and their economic value, even if, as a matter of course, this activity can not yet be spread everywhere.

The Government also gives its support to the federations of agricultural cooperative societies by means of contributions for propaganda purposes, for administration, for the holding of lecture courses, for the publication of information, for the instruction of auditors and other cooperative officers, for investigating commissions, etc. But even so the amount which the Government grants toward the general expenses of these associations is altogether insignificant.

In Bohemia the rural administrative service has established its own department for the agricultural cooperative movement; and this service, as an independent, instructive, and revisionary activity, concerns itself exclusively with business and economic cooperati[illegible]ties without at all encroaching upon their independent management and activity.

The representative assembly has [illegible] which newly organized Raiffeisen credit societies can secure a redeemable loan as high [illegible]ble loan the payment of which can actually be demanded, and this loan is a good [illegible]

This activity of [illegible] set forth in the foregoing paragraphs as the method of g[illegible] with[illegible] cause it is a necessary prerequisite of ever[illegible]

This subject has also been considered in America. Ex-President Taft has set in motion in the United States an inquiry concerning the position of agricultural cooperation and rural credits in other countries, seeking by the aid of this inquiry to bring about important economic and profitable arrangements.

Not only the Government but also the rural administrative service has given certain material support for the purpose of advancing the agricultural cooperative movement, and the governmental and district budgets annually contain certain items of money for credit which are intended for the promotion of the agricultural cooperative movement. The governmental sums for credit in the whole Kingdom amount to about 1,000,000 crowns, while the district sums for credit in Bohemia amount to about 300,000 crowns; insignificant amounts, it is true, in contrast with the mighty strides political economy has taken in Austria through the agricultural cooperative movement and in contrast with the increase of power and efficiency which has accrued to the Government through the extension of economic forces.

This money was granted as a so-called subsidy or as a noninterest-bearing loan in behalf of agricultural selling and producing cooperative societies, if these at their organization stood in need of a large initial capital, as in the case of cooperative stores, dairies, and similar societies. But the farmers can not be entirely relieved of the burden of these initial costs; only by a rational system of self-help can they aid themselves through partial payment of part of their debt. This reimbursement, by means of the annual payment of full interest and amortization by one of the new cooperative enterprises would leave it far from a condition of prosperity, even if its annual financial statement shows a profit. It could only altogether, partly through the subsidy and partly through the noninterest-bearing loan, reimburse anywhere from 30 to 40 per cent of the initial cost.

At the present time one concerns himself with results, with looking back over the deepening of the cooperative principles and the resultant development of the agricultural cooperative movement, and over the increased business knowledge of the peasantry without, however, seeking to ascribe such results to the aid of Government.

This direct government subsidy has in reality only been given at present in order to accelerate the cooperative movement, and this aid, on account of the dire need of agriculture, must be regarded as the only practical means of securing more rapid growth.

The efforts made in Austria to bring about a centralization of the clearing houses of the agricultural cooperative societies by means of the establishment of an imperial central cooperative bank, and thereby to bring the agricultural population into close touch with the general money market, have hitherto been without results. But what has been aimed at in this direction by the Government in previous bills has not been to limit in any manner the independence of the agricultural cooperative societies. So strong are the organizations of these societies, that they would know well how to resist such an attempt with success.

The provincial advisory councils are, because of the independent election of their members, a sort of honorary corporation whose instructive and advisory activity makes them no part of the system of government aid.

The agricultural cooperative movement in Austria is based on the whole upon the fundamental principles of cooperation, namely, self-help, self-government, and self-sufficiency. It has made such a brilliant and wonderful improvement in the efficiency of the whole rural population that it has by this means strengthened the foundations of the State.

From this point of view one can very well say of it that the cooperative movement, for the government aid which has been rendered to it, has in turn rendered abundant cooperative aid to the Government.

QUESTIONS.

Q. What cooperative societies are there in Bohemia for the marketing of products?

A. There are warehouse associations, dairies, etc.

Q. Are the warehouse associations organized under a charter, or is there a law governing the association?

A. There is a general law governing all cooperative associations.

Q. How do you organize a warehouse?

A. A man who is recognized as an organizer goes to the village on request and calls a meeting of the farmers. He convinces them of the importance of the association.

Q. What is the next step?

A. The members are asked how much grain they can furnish. Of course, on the basis of the quantity of grain to be delivered they make an estimate of how large a building will be required, how much it will cost, etc. An estimate must be made of how much working capital they want. The working capital is often large and the shares paid by the members cover only a small part of it. In that case they must ask a bank for money, and the limit of liability must be comparatively large. But if they pay a large amount the liability is small. The members' liability is constituted by the total amount which the society owes. As a rule the farmer brings his produce to the warehouse and he receives about 70 per cent of its value in cash. Of course, the grain of the different farmers is graded. When the grain is sold the proceeds go to the warehouse. It makes an estimate of how much is owing to the different farmers. They all receive 70 per cent of the value of their produce when they bring it to the warehouse, and of course the remaining proceeds are divided according to the amount delivered by each man.

Q. How is the grain handled?

A. When the grain reaches the warehouse it is graded; after being graded and cleaned the good grain may amount to but 95 per cent of the amount delivered. The 5 per cent of waste is returned to the farmer and he gets credit for the 95 per cent delivered to the warehouse. The grain is paid for according to grade.

Q. What does the warehouse get for handling this grain?

A. There is one warehouse that charges 3 per cent and others 4 per cent. The receipts are used to cover expenses, repay loans, establish a reserve fund, and at the end of the year the rest is given back to the members, according to the amount of produce they deliver.[1]

Cooperative dairies are founded on the same principle as the warehouses; many of them produce only butter. There may be 100 to 800 members in such associations, as compared with 300 to 1,000 in warehouse associations. The dairymen are nearly all members of these associations and they like them.

It is obligatory upon the members to send all their produce for the first five years to the dairy, warehouse, or other organization to which they belong.

As a rule the membership of the dairy associations does not enlarge, because the people all joined in the beginning. The membership of the other associations is on the increase. The original fee for joining was 2 crowns; now it is 30 crowns. Shares remain at the same value, since they are not marketable.

BOHEMIAN RAIFFEISEN BANK OF STRANSNICE.

REPORT OF A SUBCOMMITTEE.

PRAGUE.

Strasnice is a suburb of Prague, entirely independent in civil affairs, and connected with Prague by an electric car line. Its population is about 5,000. The inhabitants are small tradesmen and workmen of one sort or another in Prague or vicinity, and in addition a number of farmers, who have been growing wealthy by converting some of their farm land into building lots. The price of land has gone up very much recently, and the landholders have benefited accordingly. The village is prosperous and the school building very fine.

ORIGIN AND ORGANIZATION.

This bank was organized in 1902 by the present president (Sandskal) for the purpose of extending credit to and receiving deposits from farmers and small tradesmen, day laborers, and others of the working classes.

The membership at present is 104, consisting of 25 farmers, 75 small tradesmen and mechanics, and 4 day laborers. The day laborers borrow little, but they are all depositors.

The Raiffeisen principles prevail; liability is unlimited; each shareholder has a vote; the services of all the officials except the cashier or treasurer are without remuneration; any member may borrow money on the security of two approved indorsers, the amount of the loan being limited by the committee on loans or the committee of control.

Security other than personal is occasionally accepted, and some loans secured by land are made. It does not appear that land mortgages are used, however.

[1] In associations which are well managed, 3 or 4 per cent is always paid to the farmers as dividends. A nonmember can buy from the cooperative warehouse, but may not sell to it. Three or 4 per cent interest is paid to shareholders. Dividends are not paid to shareholders until all the other expenses have been met and the necessary amount has been set aside for the reserve fund. The managers receive a fixed salary, but have no interest in the business.

The 30 per cent balance due to the farmers on the grain which they deliver to the cooperative warehouses for sale is paid to them after the grain has been sold, generally after an interval of six or eight weeks. Money is obtained by the warehouses from the local banks or from the Central Raiffeisen Association, which is in possession of a considerable amount of liquid money, and is, of course, anxious to assist the warehouses. The usual rate for money on open account is 4½ per cent, rising sometimes to as high as 6½ per cent in poor districts, such as Moravia. These loans are secured on the members' liability, limited to five times the value of their shares in the association, and the assets of the society are also mortgaged to the central.

The local societies also borrow from the central their initial capital—that is, as much of it as is not covered by the members' shares, etc.—for building purposes, etc. If the central will not furnish these local societies with sufficient money on the ordinary current terms, they then borrow on the amortization plan. The usual rate of amortization is 2 per cent on buildings, while 10 per cent must be written off on machinery and nearly 50 per cent on transit equipment, etc. Interest is charged at the rate of 4[illegible] per cent.

The central association also buys fertilizers, farm machinery, and implements for its members, but may not sell these at a profit to members.

The amount of credit granted by the Central Raiffeisen Bank depends upon the management and trustworthiness of the board of the warehouse association.

INTEREST RATES, ETC.

The usual rate of interest paid on deposits is 4 per cent, but recently the rate has risen to 5 per cent. The rate charged on loans (six months to five years) is usually 5 per cent, now 6 per cent. On money borrowed from the central federation of rural banks the rate charged this society is 5¼ per cent. Practically all of these loans are borrowed from the Central Association of Agricultural Cooperative Societies in Bohemia, headquarters at Prague. In general this society has more loans than deposits.

LOANS.

The personal security of the members and their unlimited liability is sufficient security for the central association, from whom this society borrowed 85,000 crowns last year.

It appears that the normal amount which any member can borrow is fixed by the central from time to time, depending more or less on the amount of funds at the disposal of this central. The borrowing normal of 1913 is 200 crowns per individual member; in 1912 it was 400 crowns. This year 31,000 crowns were borrowed (according to the local bank officials, the central borrowed last year 10,000,000 crowns from the Austro-Hungarian bank of issue).

The loans thus made are on special bills or notes signed by the local and secured by the personal liability of the entire membership of the borrowing local and, further, by the limited liability of all the locals federated n the central association.

Loans to members run from 20 to 10,000 crowns, the average lying between 500 and 1,000 crowns. Most of the loans are made to tradesmen; the farmers borrow very little.

The duration of a loan is from two to four years usually. Some few are made for six months, and loans may be extended to five years.

LOSSES.

There have been none whatever during the 11 years of the society's existence. Four times during the 11 years the indorsers have been called upon to pay the loans made by their principals. In one instance the default was due to death; in another the defaulter failed in business owing to severe competition.

INTERNAL ORGANIZATION.

The share capital consists of 104 shares, at 10 crowns each. On this a yearly dividend of 4 per cent is paid. This dividend is not returned to the individual members, however, but the accumulated dividends form a fund which is applied to educational and benevolent purposes, such as the purchase of books for children, subscriptions to papers and magazines, assistance to the needy, and other charities and benevolences.

The board of directors is made up of three farmers, one teacher, and one small tradesman.

The office of the society is in the public school building, one room being set aside, rent free, for the use of the bank. This is in consideration of the fact that in case of dissolution the assets of the society revert to the treasury of the local civil district to be used for educational purposes, provided a new credit society is not formed within 10 years, in which case the assets of the dead society are transferred to the coffers of the new organization.

The books of the bank and some of the funds are kept in a safe in the room. Save for a few record books and blanks, a table, and some chairs, there is no other furniture belonging to the society. The head master of the school is president of the board of directors. The total value of the books, furniture, and equipment is perhaps not more than $100, including the safe.

Financial statistics, June, 1913.

	Crowns.
Capital, from shares	1,040
Reserve fund	1,800
Loans, last year (total)	108,000
Deposits (90,000 at present)	80,000
Profits this year	730

Expense account, year ending December, 1912.

	Crowns.
Stationery, papers, etc	260
Central association paper and newspapers, adv	140
Treasurer's remuneration	450
Sundries	110
Total	96[illegible]

The officers stated that the bank p[illegible] or did the members pay any tax on in[illegible] accounts and (b) 265 savings accou[illegible]

OTHER ACTIVITIES.

The membership of the bank represents two interests, somewhat divergent. The tradesmen are the borrowers, and make more use of the bank than the farmers, except for deposits. But the rural element has used the bank for the purpose of purchase and sale. The articles purchased are coal, wood, seed, phosphates and sulphates for fertilizer, and a few other articles in general use.

Last year seed potatoes were scarce and dear. Those grown in the neighborhood were not reliable, consequently the society began to import seed potatoes from without the province. In all about 4,000 crowns' worth of potatoes was brought in and distributed at practically cost price to the potato-growing farmers.

Some wheat belonging to members is occasionally stored for a short time or is sold by the local for the members, either through the central organization or through a middleman. This branch of business is not very important and seems to be much less used than the credit facilities.

A children's savings department was added, and up to the present 5,000 crowns have been received from this source. A great many children deposit small sums. The proximity to the public school makes it possible to develop this form of savings account very rapidly.

The bank is open Monday of each week for two hours.

RESULTS.

In general, the bank has encouraged thrift and reduced the cost of money to members. Men who could not otherwise borrow have been enabled to procure money for productive purposes. Careful supervision by the central and wise and intelligent local management have given the bank a reputation for safety and security, so that farmers with surplus money do not hesitate to deposit. The bank has been of great assistance to small tradesmen, who are the principal borrowers.

GERMAN CENTRAL ASSOCIATION OF COOPERATIVE AGRICULTURAL SOCIETIES IN BOHEMIA.

REPORT OF A SUBCOMMITTEE.

PRAGUE.

This central was founded in 1895 by a political organization and was not very successful, partly because of the very loose form of organization, partly owing to severe competition. In 1896 it was refounded as a limited liability cooperative association, the liability being six times the shares held.

The form and purpose of the association were taken from the German association. Stephen Richter, a man of high political and social standing and some business ability, was the moving spirit in its reorganization. Competition was sharp at first. The association in 1896 comprised something more than 50 local Raiffeisen societies. The Schulze-Delitzsch credit societies were already in the field and several other credit banks were endeavoring to hold the business at higher rates. Since 1896, however, the association has continued to increase. At present about 650 local Raiffeisen societies are members.

ACTIVITIES OF THE C[illegible]TRAL.

These are threefold: First, the handling of the mo[illegible]y of local Raiffeisen banks. This is, perhaps, the chief function; the central is a sort of clearing house for the loans and deposits of these banks.

Second, the central acts as a wholesale [illegible]ying and selling agency for the locals, whether these are distinctively productive and distributive societies or are organized chiefly for credit.

Third, the central supervises, inspects, and, to some extent, controls the activities of the locals.

CREDIT ACTIVITIES.

The first object is to provide the locals with money. Because of lack of funds the central was for a time obliged to borrow money. Now, however, the deposits exceed the calls for loans. In 1912 the central had actual deposits in commercial banks am[illegible]8,000,000 crowns previous to the war scare, and an additional 6,000,000 crowns invested in securit[illegible] association is not a bank and can not do a banking business. Unti[illegible] recently the banking [illegible] was all done by commercial banks or by cooperative savings ban[illegible] of the Schulze-D[illegible]

[illegible]NK.

In 191[illegible] [illegible]tral to r[illegible]ive the surplus deposits of the central or[illegible] [illegible]he bank is still in the process of finding [illegible] [illegible] cooperative credit banks