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Article 24: The dissolving of the cooperative as decided by the assembly, fusions, bankruptcies of cooperatives, dissolving of cooperatives by decision of the state authority which approved their foundation, the process of dissolution, the use of the assets of a cooperative dissolved either by disbanding or by bankruptcy.

Article 33: The qualifications of auditors, their rights and duties, auditing procedures, the method of handling auditing reports, manner of payment for auditing.

Article 34: Fines. The preamble formulates the reasons for the enactment of the law: "To strengthen and to accelerate the provisions of the Constitution (Article 17) on special care and assistance to people's cooperatives,

"To strengthen and accelerate the development of cooperatives in order to make them into a strong support of the State for the protection of the interests of the working people,

"To utilize the economic potential of agriculture and small trades beneficially by use of cooperative organizations, in order to integrate them into the general national economic plan,

"To give special protection to small and to poor peasants,

"To reorganize properly the supply of the broadest mass of the people."

The law defines the types of cooperatives as follows:

"Cooperatives are voluntary economic organizations of the working people, which by their cooperation toward developing the national economy link the farm families with the trades, and develop the spirit of enterprise of the broadest mass of people in the country and in the cities for organizing, supplying, and distributing goods.

"By realization of these tasks, the cooperatives support the State in its program of increasing the wealth of the broadest sections of the people.

"The cooperatives are a support of the State in carrying out its economic plan and in strengthening the union between urban and rural workers. They are an instrument of the spirit of general enterprise of the people, of accounting, and of control in the economy."

The law also recognizes the existence of cooperatives with limited and unlimited liability, and joint liability for cooperative obligations. In addition to cooperatives with shares, there are also those without shares, but they are not defined more closely.

The law recognizes cooperatives in the following spheres of activity: supply, sales, consumption, production, processing, agricultural production, credit, housing, and health. A special subgroup of the agricultural production and processing cooperatives are the farm work cooperatives, which carry out joint cultivation of the land. Since they are covered by a number of special regulations, they will be discussed in detail below.

Founding of a Cooperative

For the purpose of founding a cooperative, the founders must submit the draft of the statutes to the executive committee of the District Peoples' Council. If the draft is approved, a constituent assembly of the cooperative is called for the

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purpose of approving the statutes, as approved by the authorities, and for election of the administrative and supervisory committees. This means that the law has instituted a system of licensing cooperatives, for constituent assembly of the cooperative may not exercise unlimited freedom in the drafting of the statutes, and would have to request approval by the authorities again if it were to make any changes in the draft approved by the authorities. The regulations on the content of the statutes of cooperative are determined by the individual Federative Republics.

Legal Status of Cooperatives

Although the law nowhere gives the cooperative the legal status of a person, the law could be interpreted in this sense. The law restricts itself to the clause:

"A cooperative becomes a legally authorized organization and is allowed to begin its activities as soon as it has been entered in the register of cooperatives."

This clause was supplemented in the Official Gazette of 24 Jan 1947 by the interpretation:

"Provided that the activity of cooperatives develops within the scope of their approved statutes, special permission for carrying out such activities is not required."

Membership

While the regulations covering the admission and release of members are left to the individual Federative Republics, the basic law states that membership is to be on a voluntary basis and that members are all to enjoy equal rights. It is also necessary, in order to become a member according to the law, for an applicant to be over 18 years of age and to be in possession of full political and civil rights. The law, like that of 1937, recognizes three types of loss of membership: voluntary resignation, death, and expulsion by decision of the administrative committee.

Shares

Only Articles 11 and 13 contain regulations covering this subject. The former states, "on entry into a cooperative with shares, members must sign for at least one share, the amount of which is determined by the statutes. While they are members, the shares may not be returned or mortgaged or used as collateral for the liabilities of the members."

Article 13 stipulates, "shares are returned to members whose membership has expired only after their liability for the liabilities of the cooperative has expired."

Liability

The law gives no definite regulations on this subject. Liability is mentioned only as a basic concept, according to which a distinction is made between cooperatives with limited and unlimited liability, as in the above Article 13, covering payments of shares pending the settlement of liabilities. The law does not contain any specific regulations on the legal status of liability, its nature, or when it is to be invoked.

Organs of Cooperatives

The law of 1946 recognizes the same three organs as the law of 1937. The regulations covering the meetings, the administrative committee, and the supervisory committee are, on a whole, only a shortened version of the equivalent.

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portions of the 1937 law. The reason for the condensation of these regulations is probably the fact that Articles 18 and 20 of the 1946 law state that the details of these regulations are left to the discretion of the Federative Republics. The principles, however, are the same as those of the 1937 law.

Bookkeeping

Article 21 covers the financial records of the cooperatives. No mention is made in the law of the manner in which administrative records are to be kept. Article 21 also gives a short resume of the manner in which the annual statements are to be made out.

Profit and Loss Funds

The net profit is treated according to the same principles as in the 1937 law. The only difference is the fact that the regulations are now all covered in one single article, Article 4, while the same references were distributed in the 1937 law throughout several articles. Otherwise, there is no change whatsoever.

Article 22 orders the establishment of a reserve fund, but does not establish a minimum rate of endowment for this fund, as was the case in the 1937 law. Like the 1937 law, this law permits the establishment of other funds, delegating detailed legislation on this point to the individual Federative Republics.

Dissolution of Cooperatives

This subject is discussed in Article 22. The following methods of dissolution are possible, according to law: (a) by decision of the meeting of the cooperative, (b) fusion, (c) bankruptcy, (d) legal order of dissolution issued by the authority which gave permission for the founding of the organization. Instances (a) through (c) are not discussed in detail. Instance (d) is not discussed in as much detail as it was in the 1937 law, but is covered only by the statement, "the State authority which first gave approval for the foundation of the cooperative may also decide to dissolve the cooperative for reasons according to law." (Article 23).

The "reasons according to law" are left to the individual Federative Republics.

Farm Work Cooperatives

Special attention is given to this type of cooperative. The law makes reference to them in 12 of its 48 articles. These cooperatives are a creation of the new Yugoslav economic system, and did not exist previously, either in practice or in law. Membership is restricted by law. A farm work cooperative may be founded only by "persons whose main occupation is agriculture," while the law stipulates that "farmers who permanently cultivate their land by hired labor may be accepted as members of a farm work cooperative only upon the decision of the assembly of a cooperative which is already in existence." (Article 9).

As distinct from the principles governing membership in other cooperatives, members are accepted and expelled not by the administrative committee, but by the assembly of the cooperative. A two-thirds majority of the members is required for expulsion (Article 10). A member may not resign on his own initiative unless he has belonged to the cooperative for three years (Article 12). The members turn over as their share to the cooperative their livestock, their equipment, and all their land, "with the exception of their lodgings, consisting of a minimum of

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0.25 hectares and a maximum of one hectare, the living quarters, and the utility buildings required for maintaining their personal household." (Article 11).

The land may also be turned over as rented land or as the basis for the distribution of income.

All transfers of land, livestock, and equipment, and all dealings with state authorities are completely tax-exempt. The cooperative may return the land belonging to former members to them, but it is not under obligation to do so (Article 14). In contrast to the principle that the management of the cooperative is an honorary office, the law permits the payment of compensation to the chairman and to the secretary of the administration committee of farm work cooperatives (Article 19).

In case a member of the cooperative decides to sell his plot of land, the cooperative is to be given the first chance to purchase, according to law. This right applies to the plot which the member brought into the cooperative (Article 41).

The right of the cooperative to a plot for building the cooperative center is also recognized by law. This plot is to be turned over gratis to the cooperative by the State. In case the State does not own real estate suitable for this purpose, "a building site owned by a third party may be donated by the State to the cooperative, in which case the owner of the site will be compensated by being given another plot belonging either to the State or to the cooperative, of equal value, and at a different location." (Article 42)

The law also guarantees preference to the farm work cooperatives in carrying out soil improvement work and similar operations. The cooperative is also permitted to perform such work on land not its own property, if it guarantees to pay the owner of the land for any damages resulting from this work (Article 43).

The most important regulation is Article 44, dealing with the consolidation of plots of land. This regulation provides for the formation of blocks of cooperative-owned land "suitable for mechanical cultivation." They are to be formed particularly where most of the land of cooperative plots is located. Such blocks should be created preferably by an agreement between the owners of the land and the cooperative. Should it be impossible to reach an agreement, an exchange of land is to be carried out by a commission made up of an agronomist appointed by the Ministry of Agriculture of the Federative Republic, and by one member each of the local and of the district council. The commission is to decide the technical questions involved in the exchange, and to determine any monetary payments to be made for exchanges in which the value of the plots to be exchanged does not differ by more than 10 percent. However, it should not, under any circumstances, prevent the formation of the block. The commission is to take the interests of the individual into consideration, but the interests of the cooperative, which are emphasized in the law, are to be given first consideration.

Associations of Cooperatives

The regulations covering the organization of associations of cooperatives differ considerably from the principles laid down in the law of 1937. These differences are evident from the relationship between individual associations, and from the types of associations, which have been considerably increased. They are as follows:

- a. Local associations. Their jurisdiction covers the same area as that of lowest administrative unit.
- b. Regional associations. They combine several local associations into one economic region.

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c. Provincial associations. Their activity covers entire autonomous areas of a Federative Republic.

d. Republic associations. They cover the entire area of one or more Federative Republics.

Although the law does not specify this point, these associations are doubtless considered to be business associations. Their foundation and the draft of their statutes must be approved by the proper ministry of the Federative Republic, or the ministries of several Federative Republics, in whose territories these associations are to operate (Article 27).

A transition between cooperatives and business associations is accomplished in this law by the creation of "main cooperatives", which are the business offices of their member cooperatives. (Article 25)

Article 25 contains the regulations covering auditing associations as follows: "All cooperatives and main cooperatives and all business associations must be members of the main cooperative association of the Federative Republic as the sole auditing association in the territory of the Federative Republic." This is supplemented by Article 26: "All main cooperative associations of the Federative Republics are members of the main cooperative association of the FPRY (Federative People's Republic of Yugoslavia)."

According to this, there are today in Yugoslavia a total of seven main cooperative associations or auditing associations, and one main cooperative association proper for the entire country, "the association of all auditing associations".

According to Article 28, the statutes of the main cooperative associations are approved by the governments of the respective Federative Republics, while the statutes of the main cooperative association of FPRY are approved by the federal government at Belgrade.

Relation Between Associations and Cooperatives

The law lays down the main principles for the relations between the auditing associations and the member cooperatives. As far as the auditing functions are concerned, the law merely stipulates that the cooperatives are required to make all their books and business files available to the main association for auditing purposes. All other dealings between the individual organizations fall within the jurisdiction of the Federative Republics. Although there are no specific regulations covering the auditing procedures to be followed, there are really no major differences on this point between this law and the 1937 law. The dealings between the cooperatives and the business associations are also to be regulated by the Federative Republics (Article 33).

Relation Between the State and Cooperatives

In this respect, the law fundamentally differs from the 1937 law. The influence of the state on the affairs of the cooperatives begins with their inception, for the system by which the individuals have a free hand in the foundation of cooperatives has been replaced by a kind of licensing system, as explained above. The cooperatives in Yugoslavia have become a government apparatus for the execution of the economic policies of the State. This relation holds both for government and cooperative institutions, representing not a control from above, but a condition of authority from above which demands obedience from its subordinates, instead of the relation of an independent popular movement to a superior popular institution, the State itself. In contrast to the 1937 law, the courts have no jurisdiction whatsoever over cooperatives. Nowhere in the law is there any mention of any court examination of the legality of decisions made by cooperatives.

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Accordingly, as it is pointed out in the law, control can be exercised only by the administrative authorities. This control is not concentrated in the hands of one authority, but distributed among all administrative authorities. The control begins with the local People's Council, and continues through the srez and district People's Council, or rather through their executive committees. The next higher control authority is the provincial People's Council, and above this, the ministry of the Federative Republic which has jurisdiction over the cooperative, depending on its nature. As Article 31 states, "the ministries supervise the work plans of the cooperatives and charge them with economic and other tasks."

The main point of this method of control and the measures resulting therefrom are discussed in Article 44 as follows:

"The State organs which are charged with the supervision of the cooperatives and the cooperative associations are entitled to annul decisions made by cooperatives or cooperative associations and to stop their activities, if these decisions or activities do not conform to the law, the statutes, or the orders of the State authorities, or if they do not agree with the regulations of State planning and with the production tasks with which the cooperatives are charged."

The highest control authority is the Commission for Cooperative Affairs in the Presidium of the Government of the FPRY. This body was first created by an order of 28 October 1945 under the name of Commission for Cooperative Affairs in the Economic Council, but this latter organization was dissolved by an order of 16 Feb 1946, and its jurisdiction was transferred to the former. Its jurisdiction covers the following points: to coordinate the methods whereby the individual federal ministries handle all questions regarding cooperatives and their organization; to coordinate cooperative propaganda; to supplement the personnel of the cooperatives; to propose to the Federal Government all measures necessary for the integration of cooperatives into the general State economic plan; to handle all matters delegated to the commission by the Federal Government.

The Commission consists of the chairman, a vice-chairman, a secretary, and an indefinite number of members, and is directly supervised by the Economic Council of the Federal Government.

By order of 27 Jan 1948, the name of the Commission was changed to Committee for Cooperative Affairs of the Government of the FPRY. The only other changes in the order were of a technical nature, while the basic principles remained the same as those laid down in 1946.

The relation between the State and the cooperatives became even more clearly defined when the law for the Five-Year Plan went into effect. The Committee for Cooperative Affairs was charged with the following tasks:

"Realization of the directives of the Federal Government for assisting, developing, and strengthening the cooperatives and cooperative institutions,

"Planning work resulting from the relation between the State and the cooperatives, and support of the cooperatives in carrying out such work,

"Supplying the cooperatives with technical equipment, especially for the mechanization of agriculture.

"Instruction on work procedures and supervision of the cooperatives and cooperative organizations."

The composition of the committee remained the same as that of the two commissions which had been operating previously. As was the case with the latter, the committee also has branches in each Federative Republic. Each president of the Federative Republics has a committee for cooperative affairs.

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However, these bodies are not mutually independent, but are controlled by the committee in the Federal Government at Belgrade. The Institution is federal only in its appearance, while in reality it is run on a strictly centralized basis.

Cooperative Registers

The registers are not defined by law and their form is not specified; neither does the law stipulate what entries are to be made in the register. It only determines what bodies are to keep the register. They are:

The local executive committee of all cooperatives, and the local and regional business associations; The executive committee of the main cooperative association of the autonomous area and of the business association of the autonomous area; The commission or the committee for cooperative affairs of the main cooperative association of the Federative Republic and the business association of the Federative Republic; The commission or the committee for cooperative affairs of the government of the FPRY, of the main cooperative association, and of the cooperatives' business associations whose activities cover an area larger than one Federative Republic.

Privileges

The law, like the 1937 law, contains a section dealing with the creation of a fund for the support of cooperatives. The difference between the corresponding sections of the two laws is the regulation in the new law in which the jurisdiction over these questions is assigned to the Minister of Finance of the Federal Government, who is charged with "regulating the establishment and the handling of these funds and their disposition" (Article 40).

The privileges are restricted by Article 35 to only "Those cooperatives which by proper cooperative activity according to the statutes and by their contribution to the performance of the general State economic plan fulfill the tasks and the role assigned to cooperatives."

The privileges accorded to cooperatives by law are the following:

1. Obtaining of cheap credits for the purchase of equipment, and expert guidance of the key personnel of the cooperative by the State (Article 35).
2. Priority for payment over all other creditors from debtors' possessions in receivership (Article 36).
3. Exemption from use as collateral for other debts of goods purchased on credit from the cooperative, until the cooperative has been paid for them (Article 37).
4. Exemption from all fees charged for founding a cooperative, approval of its statutes, and certification of its books (Article 39).
5. Tax exemption for farm work cooperatives.
6. Regarding cooperatives' property as public property, making offenses committed against cooperatives' property (theft, embezzlement, willful damage, etc.) liable to prosecution under the law for the protection of public property.

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Offenses, Fines, and Legal Procedures

The law covers this subject only by placing cooperatives' property on an equal basis with general public property. The offenses and their classifications are covered by the legislation of the individual Federative Republics.

All other legislation referring to cooperatives was superseded by this law, as of the date of effectiveness of the new law. All cooperatives had to be adapted to conform with the new law within six months of that date. Those that did not were to be dissolved. The Committee for Cooperative Affairs of the Government of the FPRY was given jurisdiction over the disposal of the properties of cooperatives dissolved according to this regulation.

II. THE PRESENT SITUATION AND THE DEVELOPMENT OF THE COOPERATIVES

The war had an equal effect on the general economic situation, on the social structure, and on the cooperative system in Yugoslavia. The casualties included many leaders of cooperatives and the cooperatives came out of the war with their ranks considerably thinned. Furthermore, the law of 1937 would have enabled the cooperatives to double in number and in membership, had the war not interrupted a peaceful development of 4 years. This development, had it continued, would have been more dynamic and much more far-reaching than anything which had taken place during the previous 2 decades.

The changes brought about by the Communists in Yugoslavia were just as thorough in the field of the cooperative movement as they were in all other sections of society, because these changes were accomplished by revolutionary means. The cooperatives, weakened materially and in manpower by the war, could not resist to the extent which was expected on the grounds of their ideological basis. First of all, like all the rest of Yugoslavia, they were caught by surprise, and secondly, it is doubtful whether any resistance against the Communists with their well-known tactics and practices would have amounted to much under any conditions.

The Attitude of the Regime Toward the Cooperatives

The declaration of 9 March 1945 by the Federal Government was the first indication of its cooperative program:

"Special attention will be given to the cooperatives, which will have a great task in the reconstruction of the country."

This statement was reformulated in the Federal Constitution of November 1945:

"The State will give special attention to the People's cooperative organizations and will give them special support and privileges." (Article 17).

The difference between the two statements is that the latter speaks of "People's cooperatives". In present-day Yugoslavia, cooperatives are divided into "People's" and "non-People's" cooperatives, the former being those organized by the regime, the latter being those which are trying to remain politically neutral. As Karielj stated:

"Although we took a number of measures right from the start, we still had to fight a heavy battle against the supporters of capitalist tendencies within the cooperatives. Still today, and probably for quite some time to come, we shall be fighting continuously against such capitalist tendencies in the cooperatives."

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At the time the above declarations were made, the 1937 law was still in force. Administrative measures and application of force were not always successful in replacing the cooperative tradition of half a century with the new order. To avoid violating Lenin's principle that "there is nothing more nonsensical than the use of force against the economic activities of the middle peasants," such measures were generally avoided, and the new law was expedited instead. The spirit of this law, except for the portions which formally prescribe voluntary membership and democratic processes within the organization, shows that the Yugoslav cooperatives can no longer operate as politically neutral, independent institutions, can no longer expect to realize the ideals of the cooperative movement, and can certainly not entertain any hopes for autonomy and freedom. Instead, the cooperatives must expect to be nothing but the executive organ of the State for the tasks assigned to them. According to Kardelj, this is to be followed, after the realization of the Five-Year Plan, by turning them into collective enterprises.

One of the most important points of the new law is the stipulation that cooperatives may no longer be founded at will, but must have the approval of the authorities. Cooperatives have always considered the privilege of free organization of their enterprises the basic precept for the proper and ~~unimpeded~~ development of cooperative systems as a whole. The new "licensing system" introduced in Yugoslavia is not progressive, nor can it encourage progress.

A good indication of the regime's intentions is shown by the provisions of the law for the Five-Year Plan which relate to cooperatives:

"Trade cooperatives are to be given material and organizational support (Article 1).

"The existing and newly created farm work cooperatives are to be given material support and advice. Their organization is to be strengthened. Production and financial plans, a regulated wage system, and a system for the distribution of profits are to be introduced, and the organization of work is to be strengthened. All measures necessary to turn the farm work cooperatives into model enterprises are to be carried out (Article 2).

"The development of consumers' cooperatives in town and country is to be encouraged. The expert knowledge and the efficiency of their personnel are to be raised to a higher level. The consumers' cooperatives in the country are to be enabled to engage in the purchasing of agricultural produce and in supplying the population with industrial products" (Article 6).

This shows clearly that the regime is aiming at reducing the cooperatives to the position of ordinary public organs. At present, they still form a special sector, the "cooperative economy sector," but both this sector as a whole and the external forms, which give the illusion that the Yugoslav cooperatives are a special sector outside of the system of State capitalism, will disappear as soon as the provisions of the Five-Year Plan have been fulfilled.

This is further pointed out in Kardelj's speech on 25 April 1948: "What is required is the universal development of agricultural cooperatives, from the lowest to the highest forms, in which the small and the middle peasants should work, but not the rich of the village, as used to be the case in the past and still is the case in some instances. Only a regulated development of the agricultural cooperatives can create the necessary basic conditions for far-reaching mechanization and the application of agrotechnical measures in our agriculture."

The actual, every-day behavior of the authorities toward the cooperatives is progressively hostile. One example is the order issued by the government of Slovenia for the dissolution of all 641 credit cooperatives in Slovenia, on the grounds that "the most important sources of the political influence of reactionaries on the peasantry are hidden within these institutions."

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It seems that the cooperatives in Yugoslavia are not so much in conflict with the attitude of the State as embodied in the official program, but rather with these day-to-day manifestations of ill will as they appear in the Five-Year Plan regulations and in the actions of the authorities toward the cooperatives. A detailed description of this struggle cannot be given, because the cooperative organizations of Yugoslavia and their members are not given an opportunity to express their feelings about the changes which have been enforced and about the violation of traditions. Quotations from speeches and writings of government officials provide the only indication.

For instance, Kardelj in "Agricultural Cooperatives in Planned Economy" claims that these changes were essential for the complete rebuilding of the State economic and social structure:

"We could not permit a continuation of the independent development of the cooperatives, but we had to set up the prerequisites for the cooperatives' fight against the capitalist tendencies in their own midst."

The changes include the following, according to Kardelj: The cooperatives are to be a real support for the small peasant; They have been freed from the danger of becoming capitalistic and should assist the State in its fight against remnants of capitalism; They serve to prevent the hoarding of agricultural produce by capitalist elements, making it available instead to the "working peasantry."

This exposition, at the same time, is a criticism of the trend of development of the cooperatives in prewar Yugoslavia, from a Marxist point of view. The cooperatives before the war are accused of having been a tool of capitalism, and of having served the village bourgeoisie and not the small peasants. Thus, Kardelj added, it was required to exercise control over the cooperative movement, because this movement could not be expected to change spontaneously from a capitalist to a socialist attitude.

On the whole, Marxists consider the cooperative movement as it has developed in the whole world and also in Yugoslavia a capitalist device to mislead the workers. According to Marxist teachings, the only organizations which have a justification for their existence are those which subordinate themselves to the principle of freeing the working class from capitalist exploitation. Thus the existence of a nonpolitical cooperative movement is not to be tolerated, and the cooperatives are a treasonable alliance against the interests of the working class.

The agricultural cooperatives were and still are the most numerous in Yugoslavia, and the regime is thus paying special attention to them. As already mentioned, the present regime believes that the cooperatives in prewar Yugoslavia favored the village bourgeoisie. Kardelj quotes Lenin and Stalin as stating that small-scale production requires the cooperation of capitalism and the bourgeoisie, spontaneously and on a large scale. "Spontaneous," here, is equivalent to "natural," although Kardelj charges that this is false reasoning in a socialist system. These two precepts, combined, imply that the favoring of the village bourgeoisie by the cooperatives is a natural process of development brought about by the existence of cooperatives.

In contrast to the basic principles of the cooperative movement, which include political neutrality, Yugoslavia today considers the cooperatives in the role of an active political factor, and the economic features of the movement are subordinated to political considerations. Accordingly, "the cooperative movement should become an active political factor of the People's Front for safeguarding the accomplishments of the people's fight for liberation and for the development of Federative Democratic Yugoslavia."

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On the whole, the State in its attitude toward the cooperative movement has followed the principle of tactical advance and of moving in step by step. For tactical reasons, the cooperatives were not immediately faced with the true aims of the State. As in all other sectors, control was achieved only gradually, but any conclusions that the procedure violated in any way the teachings of Marx, Lenin, and Stalin are false. On the contrary, the above exposition of the Yugoslav government's attitude toward the cooperative movement is sufficient proof that all these actions were taken in accordance with strict Marxist doctrine.

Development of Cooperatives in the Communist State

Although the attitude of the present regime in Yugoslavia toward the cooperatives is hostile, the regime did not abolish them along with the other private enterprise institutions. This is a consequence of Lenin's statement: "The cooperatives are the only institution of the capitalist order whose utilization is our duty . . ."

It is significant that Lenin spoke of "utilization", indicating that Marxism did not regard the cooperatives as an economic organism of permanent value, but only as a temporary institution which should be used to advantage until it can be considered superfluous and thus be abolished. The cooperatives are thus just part of a stage in development, a stage which may last a long or a short time. If the cooperatives in Yugoslavia have been accorded a place of honor in the economic structure, next to the State-controlled sector of the economy, the reason is not that the Yugoslavs have discarded the above principle, but merely that they feel, as Kardelj stated:

"They present the easiest method and the method most easily understood by the peasant for the consolidation of our economy."

Economic and Political Tasks of Present-Day Cooperatives

The Directive for the Sale of Agricultural Produce which was issued shortly after the passage of the new law charged the cooperatives with the purchase of such produce for the State. The directive made the cooperatives only the technical executive organ acting on behalf of the State. The purchasing system went through many modifications, but the cooperatives were not allowed to perform the functions directly. These functions were handled by various State enterprises that could, but were not obliged to, empower the cooperatives to act as their executive organs. In that respect, no changes have been made in the system at any time, not even when the system of fixed prices was introduced. The Ministry of Commerce and Supply stated on 27 March 1948:

"Agricultural cooperatives may purchase these products at fixed prices only if they have been given permission by the primary enterprises" [authorized State enterprises].

This is again an example of the "licensing system", except that the licensee in this case has no right to refuse the license offered to him, since such an act would amount to "economic sabotage". If the cooperative is not considered a "People's cooperative", it can be excluded from such transactions.

The Directive for Supplying Agriculture With Industrial Products developed in two stages. The first stage did not regard the cooperatives entirely as the distributing organ of the State sector of the economy, and need not be discussed here.

The second stage, known by the term "trade at fixed prices," started on 1 March 1948, on the basis of an order issued by the Federal Government on 14 February 1942. The main difference from the first stage lies in the new method of distribution.

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During the first stage, the purchasing agencies bought the agricultural produce and issued certificates and circular checks of the Ministry of Finance or of the National Bank for it, while now the entire operation is concentrated in the cooperatives. They receive the agricultural products, compute their value according to "purchasing prices" (maximum prices), and issue State certificates for the amount. The peasant may use these certificates to purchase the necessary industrial products at the cooperative sales agencies at so-called "lower prices," but only in the amounts required for his own household. This is supposed to provide agricultural produce for the urban population more quickly and efficiently. This solution of the problem was adopted after all propaganda and all compulsory measures had failed to do the job. In this system, if the peasant does not supply agricultural produce he will not get the industrial products he needs. In reality, the system is nothing but a refinement of the old-fashioned barter system. In a speech on 25 April 1948, the Ministry of Commerce and Supply demanded an increase in the number of sales agencies from 12,000 to 16,000 by the end of the year.

The cooperatives are limited by two factors in the performance of these tasks: first, the regulations of the Five-Year Plan, and second, the above transaction involves only such agricultural produce as peasants have left to them after the sale of the compulsory delivery quota. They may not exercise any initiative of their own, but have to take orders from the local People's Council.

The Ministry of Commerce and Supply has instructed all organizations of the People's Front and all authorities to try to popularize this system among the population. It also has pointed out that the peasants themselves should put pressure on the cooperatives to make them obtain the necessary industrial products.

In the whole matter, the cooperatives themselves have little to say. It is a political rather than an economic affair, and they have to observe the directive of the Minister of Commerce and Supply, Blazevic, who wrote in a newspaper article on 26 March 1948: "Comrades: It is very dangerous for you to become involved in attempts to evaluate what should be done and what should not be done. Your task in the economy is not one of philosophizing and theorizing. The experience of the old-type businessmen does not conform to the requirements of the present time."

Farm Work Cooperatives

According to the Directives for Agricultural Production, the present regime in Yugoslavia is pressing the creation of and an increase in the number of farm work cooperatives, in order to be able to use them as a means for reorganizing agriculture for the purpose of industrializing the country.

The first farm work cooperatives were formed by agricultural laborers in the Vojvodina who rented the land on the confiscated large estates from the Administration of the People's Property. This process was successfully repeated during the second half of 1945, when Church estates and villages inhabited by Germans were confiscated and settled by colonists from other parts of the country. These regions have remained the centers for development of the farm work cooperatives. A report of June 1948 states that 80 percent of all farm work cooperatives in Serbia are concentrated in the Vojvodina.

The government has attempted to prove that these cooperatives are a result of the new times and the new order, but this claim is not supported by the facts. Similar organizations existed before World War I, the chief difference being that the former did not operate on a community basis of life and work, and were not of as permanent a nature as the present organizations of this kind.

In regard to the legal relationship between the cooperative as a legal person and the members, four types of farm work cooperatives are recognized in Yugoslavia: (1) cooperatives operating on land rented from their members or nonmembers;

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(2) cooperatives using the land brought into the organization by the members as a basis for the distribution of their income; (3) cooperatives into which the members have brought their real estate, livestock, and equipment; (4) cooperatives founded by colonists or persons with agrarian interests.

In the first two types, the members remain owners of their land, while in the last two types, which are considered as "higher forms" of cooperatives, the cooperative becomes the legal owner of the land and of the livestock and equipment. There are two kinds of membership, individual and collective. In the latter case, all members of the family belong to the cooperative. In collective membership, those under 16 years of age have no voice in the economic management of the cooperative, but have equal rights and duties in the performance of the work and the distribution of the profits. Every member has a "work book," in which all work performed and all other data are entered. These entries are used for determining the rights and the share of profit of the member.

The work is organized on the basis of the so-called "brigade and squad" system. The main point of the system is the establishment of "brigades" of 30 to 40 persons, including all members of the cooperative. These brigades are charged with a definite task for the following 3 or 4 years, such as field cultivation, vegetable gardening, etc. Each brigade is led by a "brigadier" appointed for one year by the administrative committee. The brigades are further subdivided into "squads" made up of six to eight cooperative members.

Standards are set for the work performed by the members. Just as in industry, they are based on the output of a "shock worker", not on that of an average worker. The norm is used to compute the work days, i. e., the unit on which the share in the profits of each member is based. This is done by the following formula: $\text{norm} = \frac{y}{1,000}$; work performed y times = number of work days.

The manner of distribution of the profits depends on the type of cooperative. In type 1 the share of the members is determined by deducting expenses such as rent, etc. and the endowment for the cooperative fund from the gross profit, while in type 2 the same procedure is followed, except that the expenses do not include rent. In types 3 and 4 the procedure differs in that the members are also paid a minimum interest for the real estate brought into the cooperative.

There is some similarity in principle between these cooperatives and the old communal lands and the frontiersmen's property associations. The "cooperative economies" were formed from these in 1948 in Croatia, Slovenia, and the Vojvodina, since the farmers' cooperatives were forming slowly and since the government was very eager to speed up the process of collectivization. It is apparently planned to achieve this aim by turning over the property rights to these assets to the cooperatives, so that these "cooperative economies" will become the basis for the kolkhozes and sovkhoses of the future. However, since those two terms are very unpopular in Yugoslavia, they are never mentioned officially. In reality, the transfer of property rights to the cooperatives does not mean anything, because the cooperatives' management is not in their own hands, and because they are only executive organs of the State. It is thus just a formality.

On the whole, these "cooperative economies" are a new experiment, which is the subject of much discussion in Yugoslavia. Only time will tell whether or not this experiment will succeed.

In addition to the farmers' cooperatives founded on former large estates or in villages formerly inhabited by Germans, cooperatives also are formed sometimes by the consolidation of small village economies in other parts of the country. These, however, are of secondary importance, and not nearly so numerous. Instances of consolidation have shown up also in the case of estates and German villages.

The 1946 law, as already stated, accorded a number of privileges to this type of cooperative, such as priority of the cooperative's interest in case of consolidation or improvement of land, priority on the purchase of land brought into the

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cooperative, and the guarantee of government assistance in the building of cooperative centers. The statement by Dr. Neskovic, President of the Federative Republic of Serbia seems to bear out this fact:

"Our people's regime supports and will continue to support the farm work cooperatives. But it demands in return that these cooperatives perform their duties toward the State. Among those duties are the required delivery of surplus grain, and the purchase of agricultural produce for export purposes."

The Five-Year Plan calls for the development of all farm work cooperatives into model enterprises, and for their becoming the centers of all People's Democratic organizations in the rural areas.

The president, the secretary, and the accountant of the cooperatives are paid officials. For the past 2 years, courses for these positions have been given. This would make good sense in the case of accountants, who are, after all, clerical workers requiring special qualifications, but it seems strange that these courses are also held for presidents of cooperatives, who hold an elective office.

The number of households belonging to a cooperative and the area of the land differ. The average number of member households is 18, or 72 cooperative members, and the average cultivated area is 90 hectares. The average area of land brought into the cooperative by each household was 5.3 hectares in 1946, and 5.43 hectares in 1947. According to official data there were 313 cooperatives with 23,740 households and 98,933 hectares of cultivated area on 31 December 1946, and 808 cooperatives with 40,642 households and 208,308 hectares of cultivated area on 1 December 1947.

Most of them are in Serbia (Vojvodina); the others are in Croatia, Slovenia, Macedonia, Bosnia and Herzegovina, and Montenegro, in that order.

In Kardelj's words, the farm work cooperatives are "an action of only the most progressive element of our peasant population . . . the highest type of producer cooperatives, and the most powerful and most progressive form of organization in our agriculture."

Kardelj and other high officials probably feel that the farm work cooperatives are the best means toward the development of large-scale agriculture, but they will not say so openly for tactical reasons. The farm work cooperatives, according to Stalinist doctrine, will eventually have to become kolkhozes, but in order to accomplish this without committing tactical mistakes, the peasantry will first have to be reeducated, until it will accept this trend as its ideal. The cooperative system in itself offers the best means of reeducation along those lines.

Cooperative Centers

The cooperative system cannot perform its tasks unless provided with the proper facilities. In 1947, the People's Front issued an appeal calling on all its organizations to participate actively in the building of cooperative centers during the coming year. The appeal was very successful. According to official data, 4,000 such centers were built during 1948.

The project of building these cooperative centers was divided into four stages. The first stage comprised all forms of propaganda, by press, radio, public meetings, etc. The second stage was the "mobilization of the broadest possible mass of people and setting up a directing apparatus". Administrations for the construction of cooperative centers on a local, district, and provincial basis were set up; construction committees for each individual cooperative center to be built were formed, charged with keeping records on the distribution of labor and on consumption and procurement of materials, and assigned the task of providing housing for the labor brigades. The Ministries of the individual Federative Republics selected the plans for the centers. The plans were worked out free of charge, as a contribution to this national project. In the third stage, the organizations of the People's Front,

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the peasants, and the cooperative members assumed the responsibility for building the cooperative centers. These duties included providing labor, money, real estate, construction material, etc. As in all other construction projects in Yugoslavia, the youth do the main share of the work, operating in work brigades, gratis, and up to the point of exhaustion. Only specialist workers receive pay for such projects. In case these means are not sufficient, others are also employed, such as collecting contributions, issuing pins and certificates, etc. State assistance is provided only after all other means have been exhausted. The fourth and final stage was to be the construction itself. The work was to be completed before October 1948, and the following number of centers was to be built:

Serbia	1,080
Vojvodina	225
Croatia	1,150
Slovenia	540
Bosnia and Herzegovina	500
Macedonia	300
Montenegro	110

The same system of competition, including the proclamation of shock workers, etc., was used as in all other popular undertakings. The centers are to contain the business offices of the cooperative, conference and meeting rooms, libraries, and reading rooms.

The original aim of the cooperative center, cultivating community spirit, self-help, solidarity, and humanitarianism, was also the original aim of Yugoslav cooperatives. However, under the new system they are to be centers of political, cultural, and economic life. Thus they are not centers of the cooperative spirit, but centers which should further the reeducation of the masses along Marxist principles.

The following should give an idea of the attitude of the members of the cooperatives and of the entire people.

As stated before, all 4,000 centers were to be finished by October 1948. In reality, this plan was accomplished only on paper. Of the 1,150 centers in Croatia, only four were completely finished by the deadline date, while 128 were under roof. The ground was prepared for 948 centers, and some of them were built up to one or two stories. By 18 September 1948, four of the 500 cooperative centers in Bosnia and Herzegovina were completed, while the interior equipment of 19 was being worked on, and the ground floor or the second floor of 199 centers was under construction. For the remainder of the centers planned, the foundations had been built or the ground had been broken. Of the 300 in Macedonia, five were finished by the deadline date, another 28 were under roof, and the roof was being put on another 44. In the Vojvodina, where 225 centers had been planned, three were completed by the deadline date, 38 were nearly completed, and 19 were partially roofed. The Vojvodina is the center of the farm work cooperative movement.

These data are from official sources. Whether or not they are completely accurate is beside the point. The data demonstrate the attitude of the people toward "common popular enterprises," and also indicate that the Five-Year Plan must be behind schedule.

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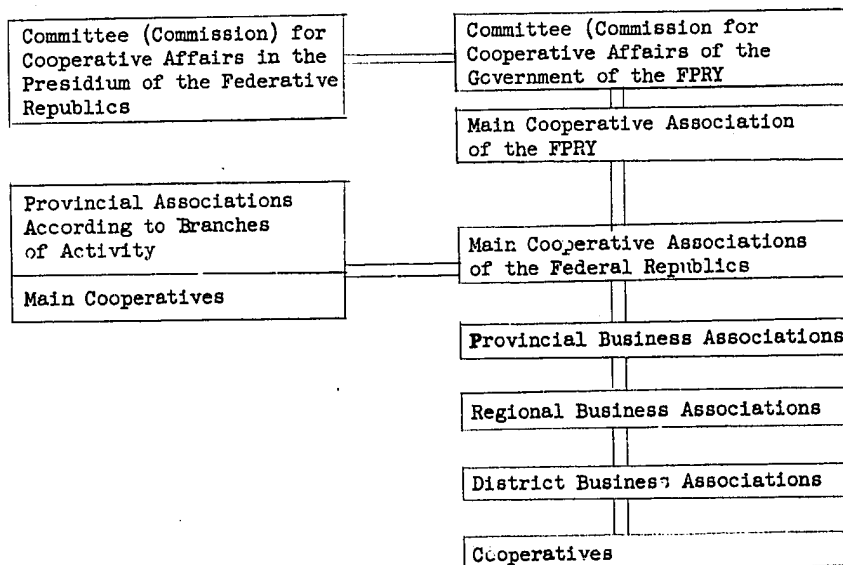
The Organization and Latest Reorganization of the Cooperative System in Yugoslavia

The government has tried to keep the worker-consumer cooperatives alive by merging them with the employee-consumer cooperatives, which were associated with the general association of consumer cooperatives of civil servants in Belgrade and had become a powerful organization. Not even this measure could give the workers any controlling influence in the organization.

The new regime now charged the cooperatives with specific tasks, and also encouraged and demanded an increase in the number of cooperatives. Those who now became members did not do so because they favored the ideas of cooperative enterprises, but only because they had no alternative. The peasants joined the cooperatives because they had no other way of gathering their harvest and of obtaining the industrial products which they needed.

Under those conditions, it is obvious why the number of cooperative members increased so greatly. In 1946, there were 1,816,000 members and 9,300,000 consumers; in 1947, there were 2,220,000 members and 10,000,000 consumers, i. e., 80 percent of the population of Yugoslavia, as consumers, are supplied through the cooperatives. According to some reports there are towns and villages where 95 percent of the population belong to cooperatives.

The present-day cooperative organization in Yugoslavia follows the scheme below.



The entire structure and the law itself show that the cooperatives are organized on a strictly centralized basis.

Until the fall of 1948, no unusual types of cooperatives existed, with the exception of the farm work cooperatives. It is important to note, however, that there is a tendency in the cooperatives to standardize all existing types. To quote Kardelj again: "The best and most useful

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method is to develop a standardized type of cooperative in our villages, which will include all kinds of activity, i. e. the functions carried out at present by the consumer, credit, and processing cooperatives and all other forms of cooperative activities which are contingent upon the general economic and geographical conditions under which the individual cooperatives are operating."

These cooperatives he calls standardized, and objects to the term "single-type." According to Kardelj, the standardized cooperatives are those which include only the cooperatives whose development is assured by the local geographical conditions, while the "single-type" cooperatives are those which have the same number of branches everywhere and which are engaged in the same kind of activity. Fundamentally, there is not much difference, since both types are forms of cooperatives which have been centralized to an extreme degree.

This insistence on terminology seems to be another proof that the Yugoslav regime wants to conceal its true intentions toward the cooperatives as long as possible. A further proof was given by the reorganization of the cooperatives in August 1948.

Purely from the point of view of organization, this measure means the introduction of the "single-type" cooperative throughout the country. This is to be accomplished either by the consolidation of cooperatives which until now were of different types, or by the founding of new cooperatives of that type. In reality, this means that there can be no more than one cooperative in one location, and that all departments (purchasing, production, sales, credits, etc.) will be combined in it. The number of these departments will depend on the local requirements, or on the number of cooperatives previously active in that location. Ultimately, the matter is decided by the local People's Council. The opinion and the wishes of the members of the cooperative therefore will not have any effect on the decision which determines the field of activity of their organization.

This reorganization is the most striking proof of the fact that there is no freedom in the Yugoslav cooperatives. For this reorganization was not carried out spontaneously, on the basis of the conviction of the members of the cooperatives that such a step was necessary, nor was it the consequence of any requirements of the cooperatives. The only reason was of a purely political and Marxist ideological nature, and the reorganization was ordered by the federal government. Upon the issuance of this order, the Committee for Cooperative Affairs of the Government of the FPRY worked out regulations for making all cooperatives in the country of one single type. The cooperatives were not allowed to express any opinions or voice objections concerning these regulations. The extraordinary assemblies of the cooperatives, which had to convene according to law to take the appropriate measures, were only a formality since they could do nothing but formally approve or acknowledge the regulations, and had no right to make revisions or amendments.

The most important point in the reorganization of the cooperatives is their task of promoting the collectivization of all land in Yugoslavia. Among other indications of this, there is the order according to which all of these "single-type" cooperatives are to have "committees for joint cultivation of the land." The regime has realized that collectivization by means of the formation of farm work cooperatives would be too slow a process, and is now using these committees as a better means of realizing this point of the Communist program, a means which is, furthermore, much better camouflaged. As indicated by the title of these committees, their aim is to manage all property of the cooperative members by joint use of labor, livestock, and equipment. The basic idea of the reorganization is the emphasis on agricultural production, with all other activities previously performed by the cooperatives relegated

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to a secondary position. A semiofficial report on the aim of the reorganization states: "The agricultural cooperatives thus can be operated according to a plan, and they will thus be able to furnish considerable contributions toward further success in our industry and in other branches of the economy. Besides, in the course of its development, the agricultural cooperative will acquire the higher forms of cooperative activity and will thereby become an active factor in socialist land development."

The ruling circles of Yugoslavia, convinced that the reorganization will have the desired results, are already speaking of collectivization and dismiss criticisms by claiming that "collectivization ensures a better life for the working peasant." This is an additional proof that the reorganization is intended solely to accelerate the collectivization process in Yugoslavia.

The cooperatives in Yugoslavia could hardly accomplish all the tasks assigned to them by the government with their own financial means, because the credit cooperatives have been abolished in part of the country (Slovenia), and because these institutions can no longer undertake any large-scale financing since the repeated currency reforms. The financial resources of the cooperative organizations did not even suffice at any time for the purchase of agricultural produce, a task with which they were charged by the government even before this reorganization. For that reason, the federal government found it necessary, simultaneously, to issue an order for the "Founding of State Banks to Provide Credit for Agricultural Cooperatives."

This order requires the founding of one state bank in each Federative Republic. These banks are controlled by a central office at Belgrade, operating in the Federal Ministry of Finance and called Administration of Financing and Credit of the State Cooperative Banks. The banks are empowered to establish branches in the more important centers of their economic activity. They are to maintain contact with the district business associations of the cooperatives, either through the branches or directly. These state banks are to fulfill the following functions: (1) to make available to the cooperatives, as the state organs for the purchase of agricultural produce and distribution of industrial products, the required amount of money as operating capital; (2) to supply credits for agricultural investments; (3) to carry out the financial plans of the cooperatives, i. e. to concentrate at the bank all financial transactions of the cooperatives and their organizations; (4) to operate as a state control authority over the financial transactions of the cooperatives and their institutions.

The banks, according to the regulation, are to mobilize the following resources for obtaining the necessary money for these undertakings:

1. Endowments of land and equipment by the Federal Government and by the governments of the Federative Republics.
2. Annual endowments from the budgets of the Federative Republics.
3. Use of credit of State Financial Institutes (National Bank, State Investment Bank, Bank of Industry).
4. Available financial assets of the cooperatives and their institutions.
5. Cooperative funds of all kinds.

Since these State banks were set up by decree, it is difficult to give an exact and reliable evaluation or to predict their fate. This order seems to be much more reactionary than the law on agricultural credits of 1925. It is hard to predict whether these banks will share the fate of the

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Main Administration for Agricultural Credits, which was set up under this latter law, but which did not come up to expectations and was short-lived. In 1925, the drafters of the law were charged with the institution of a cooperative system operating according to decrees from above. The new order does not pursue this aim, but rather is designed to eliminate once and for all every trace of independent management of economic matters by the cooperatives and by the cooperative system of Yugoslavia as a whole, and to turn them into ordinary executive organs of the present Communist regime.

Most likely, the last stage is at hand, in which the farm work cooperatives will be consolidated with those combined into "single-type" cooperatives by the reorganization order. The "single-type" cooperatives with their committees for joint cultivation of land, the state banks for supplying credit, and the cooperative centers as the rural political centers (if and when they are built) all represent one single state-controlled organism and have the task of accomplishing the collectivization of the land during this final stage. This would be an exact parallel to the final development which the Russian cooperatives have undergone.

III. CONCLUSIONS

We may divide the development of the cooperatives in Yugoslavia into three periods. The first period covers the years from 1890 to 1918, the second period extends from the end of World War I to the invasion of Yugoslavia in World War II, and the third period covers 1944 - 1949.

In the first period, one feature was striking. In no other country was a cooperative movement a continuation of a similar, already existing institution, as is the case in present-day Yugoslavia, where the cooperatives originated from the remnants of the family cooperatives of the Serbs and Croats. Wherever in Yugoslavia such family cooperatives split up at an early date, the cooperative movement developed most quickly. The connection between these two phenomena is not quite clear, but it seems to be simply a case of there not being any room for economic cooperatives where family cooperatives were still in existence, and vice versa. The cooperatives developed exclusively in the rural areas, whereas the family cooperatives were a regular feature of the structure of society.

During this first period of the cooperative movement among the Serbs, Croats, and Slovenes, the nationalist movement (except in Serbia itself) played an enormous role, and national liberty was one of the driving forces of the movement. This attitude conflicted in no way with the other principles of the cooperative movement. The cooperative movement thus also enabled the people to maintain their national characteristics, their national conscience, and their national pride. This applies in particular to the Slovenes, while the Serbs and Croats were more intent upon maintaining the characteristics embodied in their former family cooperatives.

The peoples of Yugoslavia are indebted to the cooperative movement for the fact that they could shift from one economic system to another one without having to suffer the dislocations experienced by other European nations. The cooperatives contributed greatly to the fight against the impoverishment of the rural population, and achieved better results than all other attempts combined. The introduction of agricultural machinery, selection of cattle and of seeds, the use of artificial fertilizers, and better prices for agricultural produce (although those prices were still below fair prices) are successes resulting from the cooperatives in present-day Yugoslavia.

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After the cooperatives had recovered from World War I, they united in the Main Association of Cooperatives. The cooperative movement did not succeed in achieving the economic unity which it would have required for accomplishing its final aim. The greatest obstacle was probably the political friction in the country, and only one step would have been needed to eliminate this last obstacle also. Even so, the cooperatives, including at that time 82 percent of Yugoslavia's population, not only were a social enterprise of first class proportions, but also served to propagate unified opinions in a country where the political views were so widely divergent.

During the 23 years since World War I the Yugoslav cooperative movement had to pass through a number of crises: the disastrous crash of agricultural prices after the war, followed by the world economic crisis, whose effect was increased by the crisis in Yugoslavia's credit apparatus, and finally the period of the economic sanctions and of World War II. Thus the cooperatives never had the opportunity to show their true worth. However, the crises showed the vitality of the system, and proved that the peoples of Yugoslavia possess all the characteristics necessary for the establishment of a vigorous cooperative movement. Its progress during that period was shown not only by the steady increase in membership, but by the development of progressively more complex forms of cooperatives, which began to flourish just before World War II and seemed to indicate the arrival of a new era. The Yugoslav cooperatives also pioneered in the development of health cooperatives, which became model organizations.

The Yugoslav cooperatives did not always receive the support from the state which they deserved and which they needed. This support would not have been in the form of subsidies, but in the form of adequate credits made available to the cooperatives. Until the Privileged Agrarian Bank was set up, the cooperatives received very few credits. On the other hand, they performed a number of tasks which would have had to be done by the State otherwise, such as the work performed by the health and by the irrigation cooperatives, so that the payment subsidies by the State would not necessarily have been a violation of the cooperatives' principle of self-help.

The economic and social importance of the cooperatives in the period between the two World Wars is best shown by the fact that in Yugoslavia 82 percent of the population were engaged in agriculture, and that 86 percent of the members of the cooperatives were peasants. The credit cooperatives had nearly as great a share in the financing of agricultural enterprises as all other financial institutes and enterprises combined. The Yugoslav cooperatives were also instrumental in selling agricultural produce, and thus were important when considering the trade balance of the country.

The unification of the laws on cooperatives allowed further developments, as shown during the first few years following World War I. While hoping for great success and protected by this legislation, the cooperatives of Yugoslavia were hit by the most frightful crisis of their existence, World War II. During that crisis, despite fearful losses, the system proved its powers of resistance. In 1944, when most of the country was still a theater of war, 5,140 new cooperatives were founded.

In Yugoslavia a process is under way to build a purely Communist political structure or a structure of State capitalism in the economic field. What, then, are the similarities between Marxian socialism and cooperativism, and what is the mutual relationship of the two movements?

The two movements are mutually exclusive. Cooperativism is based on freedom and mutual understanding; it is anchored in religious and moral principles and community spirit; self-help and evolutionary development are its

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methods, while its only weapons are those of the word, the setting of examples and actions. Marxism, on the other hand, aims at the eradication of freedom and its replacement by an abstraction; it is contingent upon unconditional obedience, permitting no discussion and no objections, and explaining everything in terms of materialism. It is antireligious and refutes all moral principles on which the world is built; it is based on hatred and builds its teachings on the hate-filled principles of class struggle. It is destructive, because it must create social unrest to achieve its purposes; it must destroy all free-thinking people, not only before and during the revolutionary period itself, but in all stages of the Communist state after its establishment.

These contrasts are also shown in the aims of the two movements. While the aim of Marxism is the dictatorship of the proletariat and the realization of a system of State capitalism, the cooperative movement does not aim at the establishment of a dictatorship of any kind. In its ideal aim, the property-holding individual is not an abstract concept; the means of production are transferred from the ownership of individuals to the community represented by the cooperative and each member is co-owner of a fixed share of the community property. There is a certain similarity in this aspect between cooperativism and socialism, but they are by no means the same thing.

These fundamental, tactical contrasts underlie the mutual relationship between the two movements. The Marxists at first paid no attention to the cooperative movement until the latter took root in the working class and also began to penetrate into the ranks of the peasants, and thus became an obstacle to the Marxists. They then changed their tactics, and tried to transfer it to their own camp in order to use its financial resources. The cooperative movement reacted by strict political neutrality and by the refusal to take part in the class struggle. This led to attacks by the Marxists on the grounds that the cooperatives were opportunist, because they gave the workers the illusory idea that capitalism could be eliminated from the economy by evolutionary means. This hostile attitude is expressed sometimes more strongly, sometimes less so, but it is never absent. In the countries where the Marxists succeeded in obtaining the full political power, they camouflaged their hostility only because of their more immediate intentions, in accordance with Lenin's principles of using the cooperatives as a means toward the more rapid accomplishment of their own aims.

Considering the ideology and the aims of the cooperatives, one must ask whether they should be integrated into a planned economy at all, and if so, what position they should be accorded within such a system. It has been pointed out by authors, including such contemporary British theoreticians as Laski, that they can be employed in a planned economy. In order to run a planned economy along those lines, however, private enterprise must be left in existence, and furthermore, should be given a wide field of activity. The Yugoslavs today are doing the exact opposite. They have not only reduced the sphere of activity of private enterprise, but it has no place at all any more in the national economy of that country. Everything has been concentrated in the hands of the state, which means in the hands of the Communist Party. Obviously, this is not the kind of planned economy of which Western European writers are speaking, but collectivist system administered by force.

Does the cooperative system have any place at all in this type of economy? The contrasts in principles, tactics, and aims indicate quite clearly that the answer must be negative. There is no room for a cooperative system in an economy which is run by sheer force.

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The Communist Party of Yugoslavia has to use false fronts for hiding its true intentions. The cooperatives are one of the fronts behind which the true aims of developing State capitalism can be hidden. It carries the name "cooperative system" only as a formality - and it is doubtful that even that name will remain for much longer. Actually it no longer has anything in common with the genuine cooperative system. Once the cooperative system has been deprived of its foundations of freedom, solidarity, and neutrality in politics and class struggle, all its ground has been cut from under it. All that remains are the organizational apparatus and a name without the original meaning, in other words, an empty shell. Such a thing no longer deserves to be called a cooperative movement.

Such is the situation of the Yugoslav cooperatives of today. And even in this present situation, they are here only on sufferance. The Yugoslav cooperative movement has been sentenced to complete extinction, in a country where the conditions for the realization of its high ideals were once excellent.

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