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Source: *Agricultural History*, Summer, 2004, Vol. 78, No. 3 (Summer, 2004), pp. 317-345

Published by: Agricultural History Society

Stable URL: <https://www.jstor.org/stable/3744709>

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Rural Banks and Czech Nationalism in Bohemia, 1848–1914

CATHERINE ALBRECHT

Rural credit in the Bohemian crown lands of the Habsburg monarchy became available on a wide scale only after the abolition of serfdom in 1848. Although organized to serve municipal interests, savings banks and Schulze-Delitzsch credit cooperatives initially provided rural credit, primarily in the form of mortgage loans. Such local financial institutions embraced a social mission of aiding the poor and promoting small producers, while seeking to encourage economic modernization and Czech national revival. Strengthening the economic position of small agricultural producers fit in with both the socioeconomic and national motives of local financial institutions in the 1860s and 1870s. With the agricultural depression of the 1880s, however, agrarian leaders criticized credit cooperatives and savings banks for promoting urban interests over those of their rural customers, and new financial institutions, particularly Raiffeisen-type cooperatives, were founded in the 1890s and 1900s to better meet the credit needs of small farmers. These new cooperatives contributed to the growing political and economic integration of the peasantry into the Czech national life.

WITH A POPULATION that by 1900 was 37 percent German and 62 percent Czech, Bohemia was the site of intensive national conflict. It was also one of the most advanced provinces of the Habsburg monarchy, experiencing rapid industrialization and urbanization during the late nineteenth and early twentieth centuries. At the same time, however, agriculture remained

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Agricultural History, Vol. no. 78, Issue no. 3, pages 317–345. ISSN 0002-1482; online ISSN 1533-8290. © 2004 by Agricultural History Society. All rights reserved. Send requests for permission to reprint to: Rights and Permissions, University of California Press, 2000 Center St., Ste. 303, Berkeley, CA 94704-1223.

Table 1. Percent of Population in Agriculture
in Bohemia and Austria, 1846–1910

| <i>Year</i> | <i>Austria</i> | <i>Bohemia</i> |
|-------------|----------------|----------------|
| 1846 | | 64.4 |
| 1850 | 71.7* | |
| 1869 | 67.2 | 48.6 |
| 1890 | 62.4 | 40.6 |
| 1900 | 58.2 | 45.6 |
| 1910 | 43.1 | 32.2 |

SOURCE: David F. Good, *The Economic Rise of the Habsburg Monarchy, 1750–1914* (Berkeley: University of California Press, 1984), 47.

* Percent of agricultural labor force in economically active population

a vital component of the province’s economy (see Table 1). Its agricultural resources extended from poor land in the Sudeten Mountains in the northwest and the Šumava Range in the southwest, to rich soil in the fertile central regions of the province. Agricultural holdings ranged from small parcels of less than two hectares to some of the largest entailed noble estates in all of Europe. In addition to grain crops—especially rye, barley, and wheat—Bohemia farmers grew a variety of industrial crops, including potatoes for starch and alcohol, beets for sugar, and hops for beer. Intensive production of livestock, fruit, and vegetables for the growing urban market increased by the early twentieth century, as did the use of fertilizers and the mechanization of planting and harvesting.

The viability of small peasant farms was a significant social and national issue for the Czechs in the second half of the nineteenth century. The abolition of serfdom in 1848 gave peasants ownership of the land they farmed, although they had to compensate the former landlords. The Austrian government and the new peasant proprietors jointly bore the cost of the distributed land. The peasants paid their new obligations and taxes over a period of forty years. Some of the new landowners were able to exploit the possibilities of market-oriented production; others, especially smaller landowners, were unable to prosper and lost their land. This led to increased labor migration to manufacturing areas and rural land speculation.¹

Beginning in the 1850s local communities founded savings banks and credit cooperatives to provide credit in local markets. These institutions

offered loans to peasant proprietors and helped finance the modernization of agriculture from the 1850s through the 1870s. With the advent of an agricultural crisis in the 1880s, however, many farmers found that their debts exceeded their assets, and they were forced to default on their loans. In response, savings banks and credit cooperatives began to withdraw from the rural lending market. The crisis, lasting through the 1890s, provoked investigations by the Austrian government, a spate of recommendations from leading agricultural experts, and criticism of the terms on which savings banks and credit cooperatives lent money to farmers. By the time the market for agricultural produce began to recover around the turn of the century, new financial institutions provided agricultural credit to small producers, and savings banks and credit cooperatives reoriented their lending business toward the urban market.

The late nineteenth-century development of distinct financial institutions serving rural and urban markets paralleled a growing differentiation in Czech political life. At the same time new interest- and issue-based parties emerged to challenge the claims of the Old Czech (National) and Young Czech (National Liberal) Parties to represent the interests of the nation as a whole. By the early twentieth century the Young Czech Party represented the interests of the urban bourgeoisie to the exclusion of other social groups, leading to the emergence of an independent Agrarian Party in 1899.

Divergent economic interests underlay the political separation of rural from urban voters. Within the Agrarian Party itself, other divergent interests threatened to undermine the alliance of large estate owners, agricultural industrialists, middling farmers, and smaller, more marginal peasants. Regional differences also led to tensions, as the needs and priorities of peasants in poorer areas, such as the Šumava Mountains in southwestern Bohemia, differed from those in the richer central districts of the province.²

Changes in the structure and function of rural credit in Bohemia in the late nineteenth century reflected all of these tensions. The Czech nation saw an economically viable peasantry that linked it with its native traditions as vital. However, Czech political and economic leaders embraced a modern vision of their nation, which increasingly came to focus on a technologically advanced urban economy. Peasants had their own interests in which financial stability and prosperity remained most important. This led to conflict over the allocation of financial resources during the 1870s

and 1880s that was resolved only with the creation of new financial institutions and cooperatives devoted to agricultural interests in the 1890s and 1900s.

The status of the Czech peasant evoked national interest for several reasons. Most Czech national leaders were born and reared in rural areas of Bohemia and Moravia. They had migrated to urban centers for secondary and university education as well as to pursue careers in political life, business, or state service. However, their origins ensured that rural concerns were never absent from Czech national discourse. Prominent Czech politicians like the Old Czech Party leader, František Rieger, retained their rural property (in Rieger's case, his father's mill), while living and working in Prague and Vienna. Both Old and Young Czechs often held leadership positions in local credit cooperatives and municipal savings banks. Some political leaders such as Old Czech Karel Matuší even began their careers as directors of small-town cooperatives and banks before moving to the provincial capital to become involved in national affairs.³

Cultural icons that portrayed the peasant as the backbone of Czech life and others that showed romantic images of Czech mythological and historical figures set in a kind of rural paradise, bolstered these emotional, familial, and economic ties to rural roots and the land. These included the rural influences on the music of composers such as Leoš Janáček and Antonín Dvořák, and also the intense public interest shown in exhibits of folk art and rural handicrafts and tools at the Jubilee Exhibition of 1891 and the Ethnographic Exhibit of 1895.⁴

In addition to a romantic attachment to their rural roots, Czech national leaders had practical reasons for believing that the economic viability of agriculture was essential for strengthening the nation. As early as 1848 Václav Vondra argued that the prosperity of the individual farmer was linked to the future of both the social group and the nation. For him, as for contemporary and later agrarian advocates, social and national concerns were linked. As Alfons Štátný (1831–1913), founder of the Farmers' Union (*Selská jednota*), argued, the middling peasant was the backbone of Czech national society. He saw improving the status of poor farmers as essential to the national future.⁵

In Vondra's estimation, peasants need two things to succeed: education and money. Without them, the specter of the proletariat loomed larger each day. Responding to these needs, the number of popular agricultural

newspapers and journals expanded rapidly in the late 1850s and 1860s, while towns in the richest agricultural regions of Bohemia were among the first to organize credit cooperatives. This local financing effected a breakthrough in agricultural productivity in the decades before the agricultural crisis. As the diary of Jan Antonín Prokůpek, later a leader in the agrarian movement, reveals, money was essential to his continual efforts in the late 1850s and 1860s to improve the technical aspects of agricultural production on his farm. Following this line of thought, national leaders supported rural development programs to provide appropriate forms of credit to Czech farmers and peasants; encourage more modern approaches to agricultural production through education, outreach, and cooperation; and develop agricultural processing industries.⁶

Rural issues came to the fore in Czech politics with the agricultural depression of the 1880s. Historian Peter Heumos has argued that the decade of the 1880s represents the crucial period during which Czech and German peasants began to see themselves as having distinct, and different, national interests. Until that time, regional issues—crop differences, size of holding, and market relations—predominated over national ties. In the late 1880s, however, the nationalist Young Czech Party mobilized small-town and rural voters to challenge the dominance of the Old Czech Party.⁷

Both parties relied on networks of small-town confidants and organizers, but the Young Czechs developed a large umbrella organization that encompassed rural associations. Young Czechs dominated the management of savings banks and credit cooperatives, which provided both short- and long-term credit to small farmers. The party also used voluntary associations and the institutions of local government as springboards to political power. They employed a combination of nationalist rhetoric and attention to the economic concerns of the peasantry to mobilize voters, focusing on issues like the 1887 renewal of the customs union with Hungary that had wide appeal to rural voters. The Young Czechs (and German nationalists) also sought to use their influence to divide both local farmers' associations and the province-wide Agricultural Council (*Landeskultur-rat; Zemědělská rada*) into separate German and Czech sections.⁸

By cultivating the rural electorate as part of a broad base of support, the Young Czech Party won the majority of the Czech vote in elections to the provincial diet in 1889 and the Austrian parliament in 1891. Once in power, however, the Young Czechs focused more on the urban economy

than on reforms designed to improve the viability of small farms. This displeased the rural electorate, which grew with the electoral reforms of 1897 and 1907, leading to the emergence of an independent Agrarian Party in 1899.⁹

Concern about the national effects of the agricultural crisis provoked ongoing interest in rural issues among Czech national leaders. High rates of peasant migration, both overseas and from rural areas to industrial centers, seemed to threaten the goal of establishing and maintaining a Czech presence along the so-called “language border” in northern Moravia and north and west Bohemia. From a political point of view, the Czech national program of state’s rights argued that the Bohemian crownlands were a political unit whose autonomy had to be respected within the Habsburg monarchy. To support this goal, Czech nationalists sought effective control over the territory through a policy of “inner colonization” of regions with a German majority. National defense associations like the North Bohemian National Union (*Národní jednota severočeská*) or the Czech National Council (*Národní rada česká*) argued that adequate rural credit could stem Czech migration from key agricultural regions along the language border and make Czech farmers more competitive.¹⁰

In 1900 concerned politicians founded the Czech National Council, an umbrella organization encompassing all Czech “national” political parties and associations. Its members devoted considerable time and expertise to studying the interrelated problems of land ownership, rural credit, and emigration. They linked “depopulation” of the countryside to economic stagnation and identified lack of agricultural credit as a prime culprit undermining efforts to colonize German areas of the province with Czech farmers. Thus, the economic status of Czech farmers remained a central political issue for national leaders in the early twentieth century.¹¹

While national defense associations and political parties linked the social and economic status of the peasantry to national well being, peasants themselves were more concerned with practical matters. Small farmers demanded credit on easy terms to finance their lives and farms; national considerations were of less immediate importance in their economic decision-making. Regardless of politicians’ efforts, peasants and farmers often felt they had more in common with each other, regardless of ethnicity, than they did with urban co-nationals.¹²

Likewise, even though they explicitly linked rural economic prosperity

to national political aims, rural banks reacted more to financial than national considerations. At the same time, however, local banks and agricultural cooperatives did help integrate peasants into the national community. Concurrently with this financial integration, social and economic tensions encouraged Agrarian leaders to seek their own banks, cooperative associations, and political representation. Thus, a complex constellation of political, economic, and social considerations influenced the relationship of rural debtors to local financial institutions in the late nineteenth and early twentieth centuries.

The nature of rural credit also influenced the relationship between farmers and their financial institution. Traditional sources of rural credit included funds collected by villages, estates, and monasteries, as well as short-term credit available from individual lenders such as millers, brewers, and bakers. The two most important local sources of credit by the early nineteenth century were orphans' funds and the agricultural funds located on estates. Some of these funds—established as early as the sixteenth century—collected money, others grain. Loans of grain typically were more expensive (ranging in the eighteenth century from 6 to 25 percent per annum), and the terms of the loans usually required them to be repaid in cash rather than in kind. Emperor Joseph II stipulated in 1788 that all estates and district towns found granaries to hold a one-year supply of grain and seed to protect citizens and to support soldiers in case of war. These granaries also provided grain loans. This law was in effect until 1848.¹³

In 1863–64 the remaining grain funds in Bohemia and Moravia were converted to a monetary basis and reorganized as cooperatives. These new cooperatives were not effective in providing rural credit, since the founding capital and managerial commitment varied tremendously from cooperative to cooperative. A new law passed in 1882 centralized the older funds into district agricultural credit cooperatives (*okresní záložny hospodářské*). These could accept deposits and provide mortgages for small farmers, competing with both municipal savings banks and other sorts of credit cooperatives.¹⁴

Long-term credit for small property owners was almost nonexistent before the advent of municipal savings banks. The establishment of local savings banks and credit cooperatives, the organization of agricultural societies, and economic expansion in general provided a basis for growing

prosperity in the agricultural sector in the 1860s and early 1870s. Rural land values increased rapidly, spurred both by increases in the prices for foodstuffs and by speculation.¹⁵

Savings banks began to be founded in Bohemia in the 1850s. Their statutes were based on the savings bank regulation of 1844, which noted that savings banks existed to “improve the condition of the poorer classes of society” by offering a means by which savers could increase their savings, thereby promoting a spirit of industry and thrift among depositors. The regulation also specified that savings banks should invest their deposits in the safest possible investments: particularly mortgages, government securities, and short-term loans. It stated that savings banks would help alleviate usury by providing loans at low rates of interest. Thus, from a political perspective, savings banks had both humanitarian aims and economic objectives. The savings bank regulation, which remained in effect until the end of the monarchy, was amended by model statutes published in 1853, 1855, 1872, and 1892.¹⁶

These model statutes stipulated that towns should found savings banks, using a guarantee in the form of real estate or state securities. This provision greatly facilitated the banks’ establishment, since it was easier for a town to raise the necessary funds than for individuals to join together to contribute the founding capital. In addition, the municipal guarantee reassured depositors that their funds were safe. Savings banks became an important element in municipal self-government, as the mayor of the town automatically sat on the supervisory committee of the bank and some of the profits from savings bank transactions were donated to or invested in municipal projects. By the late nineteenth century, towns often relied heavily on their savings banks to supplement their finances. Because of their local orientation in small towns throughout Bohemia, savings banks offered financial services in markets, isolated from the financial centers of the monarchy.¹⁷

Despite this local focus, most municipal savings banks had a national, as opposed to regional, orientation from their inception. Towns founded them when they were beginning to gain self-government. Municipal elections in the 1860s resulted in town councils affiliated with political parties that had an explicitly Czech national or German liberal orientation. The savings banks’ supervisory councils and boards of directors mirrored this national and political affiliation. The rhetoric of political life spilled over

Table 2. The Number of Savings Banks Founded in Bohemia, 1850–1905

| <i>Years</i> | <i>German</i> | <i>Czech</i> | <i>Total</i> |
|--------------|---------------|--------------|--------------|
| Before 1850 | 1 | 0 | 1 |
| 1850–59 | 7 | 1 | 8 |
| 1860–69 | 23 | 22 | 45 |
| 1870–79 | 24 | 8 | 32 |
| 1880–89 | 24 | 18 | 42 |
| 1890–99 | 34 | 32 | 66 |
| 1900–05 | 15 | 16 | 31 |
| Total | 128 | 97 | 225 |

SOURCES: Cenek Klier, *Česke spořitelnictví do roku 1906* (Prague: Svaz českých spořitelén, 1906) and Heinrich Rauchberg, *Die deutsche Sparkassen in Böhmen* (Prague: J. G. Calve, 1905).

into banking as well. Both German and Czech savings banks emphasized their importance for the local economy. Czech banks, however, adopted more explicitly nationalist slogans, promoting self-help and economic development for the nation.¹⁸

Initially, Czech towns resisted establishing savings banks because they were suspicious of the government’s motives in supporting them and wanted to avoid the strict government oversight to which such banks were subject. Instead, in the 1850s and 1860s, Czech communities opted to establish credit cooperatives. In mixed communities where German-speakers controlled municipal government, Czechs created credit cooperatives to compete with municipal savings banks. Once the usefulness of savings banks was established, however, Czech communities began to establish them in greater numbers (see Table 2). National conflict in turn enhanced the position of small financial institutions by creating strong political support for their activities. Local banks became the focus of national pride, as reflected in the nationalist decorations adorning their buildings, nationalist slogans in annual reports, and support for local charities that had a nationalist identity.¹⁹

By 1880, in addition to this dense network of municipal savings banks throughout the province of Bohemia, there were also two large banks located in Prague. The *Böhmische Sparkasse* was founded in 1825 as an

Table 3. Mortgage Loans of Bohemian Savings Banks,
1870–1910 (thousands of Gulden)

| <i>Year</i> | <i>Mortgages</i> | <i>Deposits</i> | <i>Mortgage/Deposits</i> |
|-------------|------------------|-----------------|--------------------------|
| 1870 | 63,077 | 94,339 | 65.8 |
| 1880 | 157,188 | 243,111 | 64.7 |
| 1890 | 272,277 | 297,956 | 68.4 |
| 1900 | 425,663 | 583,417 | 72.9 |
| 1910 | 632,566 | 1,003,115 | 63.0 |

SOURCES: *Statistisches Jahrbuch* and *Österreichische Statistik*.

independent association. Although it had both Czech and German customers, German-oriented nobility and business leaders dominated its management. The town council founded the Prague Municipal Savings Bank in 1875. It was explicitly Czech in its orientation. Both of these banks developed relationships with country banks, providing rediscounting services and making deposits to bolster the capital resources of smaller banks.²⁰

Savings banks invested most of their funds in mortgage loans on rural and urban property, which also helped the rural population (see Table 3). The 1844 savings bank regulation limited the rate of interest on mortgage loans to 5 percent; this legal restriction was lifted in 1865. The law limited savings bank loans to one-half of the value of a house or building and two-thirds of the value of land. Determining the value of agricultural property was not easy, and savings banks used a variety of sources to make their estimates.²¹

Small-town banks also financed agriculture indirectly by buying mortgage bonds issued by other banks and by investing in agricultural industry. During the boom years of the late 1860s and early 1870s, savings banks and credit cooperatives provided short-term credit to joint-stock farmers' sugar factories. Most of them, such as the savings banks in Leitmeritz (Litomeřice), Kutná Hora (Kuttenberg), Plzeň (Pilsen), and Hradec Králové (Königgratz), experienced serious losses after the stock market crash of 1873. The savings bank in Budweis provided large short-term loans each year to the Schwarzenberg sugar factory. After the worldwide collapse in sugar prices in 1884, the Bohemian governor's office questioned the propriety of the loans, which appeared on the balance

sheet as credit on current account, and insisted that the bank suspend the business. Savings banks also provided mortgages on industrial properties, including mills, breweries, and sugar factories. In general, banks would approve a mortgage secured by land and a factory building, but not by machinery or inventory.²²

An alternative to the banking systems, the first credit cooperatives were organized in Bohemia to serve the interests of craftsmen, but they quickly extended their services to farmers and others who sought short-term credit. Many commentators recommended establishing support organizations to supplement or replace the guild structure that had been eliminated in 1859. Since most saw lack of credit as the main factor causing the descent of artisans into poverty, credit unions offered a solution by providing craftsmen with the means to organize their production more effectively. Bankers usually required artisans to put property up as collateral for loans, so new ideas centered on the need for unsecured personal credit. In addition, because traditional lenders usually loaned money for very short periods of time, credit cooperatives were to provide funds for six months.²³

The first credit cooperative in Bohemia was organized by Emanuel Zdekauer (1802–75), who came from an influential family of Bohemian bankers. To raise the founding capital, Zdekauer held a lottery, guaranteed by his own wealth, in 1849. Others could not mimic this, so a new method of founding a cooperative was needed. The Prussian social thinker Hermann Schulze-Delitzsch (1808–83) provided one. Schulze-Delitzsch began his cooperative activities in the late 1840s. His first credit cooperative opened in 1850. He urged that credit cooperatives adopt unlimited liability to make their members more responsible to the cooperative as a unit and force them to evaluate loan applications more carefully. As a liberal, Schulze-Delitzsch encouraged artisans and workers to combine their resources to increase their economic freedom and compete with industrialists. Schulze-Delitzsch ultimately wished to reorganize all of society on a cooperative basis. The first and most successful step in this plan—the credit cooperative—was the only aspect of Schulze-Delitzsch's plan that was adopted directly in Bohemia, although association for other economic ends emerged later in the century.²⁴

Schulze-Delitzsch's ideas spread to Bohemia through two means. First, the German-inhabited areas of Bohemia, closest to Saxony, were

Table 4. Assets and Liabilities of Schulze-Delitzsch Cooperatives in Bohemia, 1898 (Gulden)

| | <i>Number of Cooperatives</i> | <i>Number of Participants</i> | <i>Deposits</i> | <i>Mortgage Loans</i> |
|---------------------|-----------------------------------|-----------------------------------|-----------------|-----------------------|
| German | | | | |
| Limited Liability | 52 | 14,194 | 6,319,000 | 2,980,000 |
| Unlimited Liability | 131 | 33,494 | 61,718,000 | 38,636,000 |
| Subtotal | 183 | 47,688 | 68,037,000 | 41,671,000 |
| Czech | | | | |
| Limited Liability | 231 | 135,654 | 112,045,000 | 58,759,000 |
| Unlimited Liability | 68 | 50,545 | 40,847,000 | 19,874,000 |
| Subtotal | 299 | 186,199 | 152,892,000 | 78,633,000 |
| Total | 482 | 233,887 | 220,929,000 | 120,250,000 |

SOURCE: *Österreichische Statistik*, vol. 58.

influenced directly by his organizational activities. Following Schulze-Delitzsch, the German population of Bohemia embraced self-help primarily for its economic and social benefits, but it did not have the strong national and political connotations it held for the Czechs (see Table 4). Overall, credit cooperatives were less important for the Germans than for the Czechs, and Germans were more likely to found savings banks than cooperatives. The German population was more urbanized and more prosperous than the Czech population of Bohemia, and German communities were better able to fund savings banks.²⁵

Second, articles written by František Šimáček (1834–85) in his popular journal, *Posel z Prahy*, which began publication in 1857, introduced Schulze-Delitzsch’s ideas to Czech readers in Bohemia. Šimáček saw the potential of economic means to bring political power to the Czechs in Bohemia. The motto of *Posel z Prahy* was “By mutual efforts, work brings power and strength.” Šimáček’s articles described the benefits of credit cooperatives and outlined a form for their organization. He was interested in the practical effects of cooperation and anticipated that an increase in economic strength would lead to political benefits for the Czech nation. Making short-term personal credit available was a first step toward full economic self-sufficiency, and cooperation would strengthen the ties binding the nation together.²⁶

Cooperatives quickly became a part of Bohemian rural credit. The first Schulze-Delitzsch cooperative in Bohemia was founded in the Czech town of Vlašim (Wlaschim) in 1858. Artisans in Reichenberg (Liberec) founded the second one the same year. Two more were established in 1859 in the Czech towns of Časlav and Písek, communities that had rejected savings banks. The Časlav cooperative became very important and a savings bank was not founded there until 1899. After this beginning, the number of cooperatives grew rapidly. By 1865 there were 159 Schulze-Delitzsch cooperatives in Bohemia and Moravia.²⁷

In 1873 the Austrian parliament passed a law regulating cooperatives, which recommended that they adopt unlimited liability. Cooperatives could accept deposits from non-members but were supposed to restrict their loans to members. Many cooperatives, however, ignored the latter provision altogether or reduced its effectiveness by opening membership to all depositors. Thus, many cooperatives evolved de facto into small banks.²⁸

Several efforts were made to adapt this successful cooperative idea to the meet the credit needs of agriculture. In 1863–64 Jan Rudolf Demel (1833–1905) of Moravia proposed founding agricultural cooperatives along the lines advocated by Schulze-Delitzsch. These cooperatives would use the funds remaining from the orphans' funds as a financial basis. Membership would be restricted to farmers, and personal credit could be obtained for up to one year instead of just six months. The first such cooperative was established in Moravia in 1867, but Demel's plan was not followed in Bohemia.²⁹

The major problem the early cooperatives faced was lack of access to provincial or imperial credit markets. The Czech cooperatives were more isolated financially than their German counterparts, since no Czech commercial bank had been established. The first credit unions relied exclusively on their own capital, but as their business expanded, they needed better contacts with other financial institutions to facilitate rediscounting of loans. To solve this problem, delegates from Czech cooperatives held a general meeting in Hradec Králové in 1865. At a second meeting later that year in Prague, the delegates agreed to found a joint-stock bank, open to the widest possible public participation. The statutes for the *Živnostenská banka* (Manufacturing Bank) were approved in 1868, and the bank opened in 1869. The initial stock subscription was limited to

cooperatives, which also elected half of the management committee. The Živnostenská banka quickly grew into the most important Czech commercial bank.³⁰

Credit cooperatives invested in many different sorts of loans prohibited for savings banks. Because they could purchase stock issued by industrial firms and make loans against the security of that stock, a number of Czech cooperatives helped finance joint-stock farmers' sugar factories in the late 1860s and early 1870s. Most of these firms, which were seriously undercapitalized, collapsed following the stock market crash of 1873. Larger German firms then bought their assets at discount prices. Similar financial problems arose after the sugar crisis of 1884. Because early cooperatives often lacked experienced managers, mismanagement and fraud were not uncommon. The Živnostenská banka occasionally provided funds to support ailing cooperatives or founded a branch office to take over its business.³¹

Although savings banks and credit cooperatives were organized on different legal bases, their financial activities and justification overlapped. Savings banks were subject to a much greater degree of governmental supervision than were credit cooperatives. In addition, municipal concerns directly influenced savings banks. Savings banks also differed from cooperatives because, legally, they were not profit-making institutions. At the same time, however, the financial activities and nationalist orientation of savings banks and credit cooperatives were similar. Credit cooperatives invested approximately 50 percent of their assets in mortgage loans (compared with about 65 percent for savings banks) and 30 percent of their assets in short-term loans (compared with 5 percent for savings banks).³²

Other sources of agricultural credit existed. Several large banks in Prague also specialized in credit for agricultural production. The Provincial Mortgage Bank (*Böhmische Hypothekenbank* or *Hypoteční banka*) and the *Böhmische Bodencreditgesellschaft*, both founded in the 1860s, provided loans for large estates and agricultural industry. The *Bodencreditgesellschaft* was heavily involved in financing the production of sugar, and it fell in 1884 as a result of the collapse in the sugar industry.³³

By the 1870s, then, a wide variety of financial institutions had been established in Bohemia. With their spheres of activity not yet clearly differentiated, smaller banks and cooperatives, in particular, tended to compete for the same sources of capital and investment opportunities. The

industrial depression of the 1870s and the agricultural depression of the 1880s restricted the number and variety of profitable and safe investments, and only in the 1890s did Bohemian banks begin to specialize.³⁴

Despite overlapping in terms of services offered, these institutions were segmented along national lines. Although a few of the larger banks were *utraquist*, in the sense that both Germans and Czechs participated in the management of the bank, smaller institutions tended to be affiliated with one or the other nationality. Even though farmers generally applied for loans at banks that used their native language, in mixed areas Czech-speaking farmers sometimes applied for (and received) credit from German banks, and German-speaking farmers occasionally applied for (and received) loans from Czech banks. Nonetheless, Czech banks embraced a rhetoric of national uplift that tied economic prosperity with national achievement. As a result, commentators interpreted the inability of rural banks to meet the credit needs of peasants during the agricultural crisis in the 1880s not only as an economic problem, but also as a failure to support national goals.³⁵

The crisis affected the relationship between farmers and their financial institutions. Small-town savings banks noted that one of their main goals was to provide inexpensive credit to agricultural producers. When the agricultural crisis began in the 1880s, however, rural property owners began to see the terms by which savings banks granted loans as unfair. The decline in interest rates starting in 1873 initially benefited farmers, but during the 1880s agricultural prices fell more sharply than interest rates. Peasants found their plots overly indebted. Local conditions kept interest rates higher in rural areas of the province, so savings banks had to purchase many properties in foreclosure sales because no buyer would offer the value of the mortgage, which had been limited to two-thirds of the assessed value of the land (see Table 5).³⁶

Rural customers and agrarian politicians complained about four main aspects of local bank policies. The first was interest rates, which they viewed as too high for loans to small producers. Second, rural debtors complained about the administration of mortgage loans. Third, agrarian leaders debated what form of credit would be most appropriate for agricultural producers. And finally, they sought to reduce the loss peasants experienced as a result of foreclosure sales, which took all of a peasant's property and therefore made it impossible for the family to continue farming.

Table 5. Agricultural Mortgage Foreclosures in Bohemia, 1870–1900 (Gulden)

| <i>Year</i> | <i>Number of Foreclosures</i> | <i>Value of Foreclosures</i> | <i>Average Value</i> |
|-------------|-----------------------------------|----------------------------------|--------------------------|
| 1870 | 1,715 | 4,625,000 | 2,703 |
| 1875 | 1,559 | 4,590,000 | 2,870 |
| 1880 | 3,300 | 8,451,000 | 2,561 |
| 1885 | 3,505 | 6,809,000 | 1,942 |
| 1890* | 4,635 | 8,932,000 | 1,927 |
| 1895 | 2,410 | 4,964,000 | 2,060 |
| 1900 | 2,286 | 6,274,000 | 2,744 |

SOURCE: J. Kožaný, *Knihovni zadlužení a exekuční prodeje nemovitosti v Čechách, na Moravě a ve Slezsku za dobu 35 let, 1869–1902* (Chrudím: St. Pospíšil, 1906).

* Agricultural foreclosures peaked in 1889–90.

Nominal interest rates fell after the stock market crash of 1873. Thanks to the deflation that followed, however, real interest rates remained high through the 1880s and into the mid-1890s. Credit cooperatives charged a slightly higher rate of interest than did savings banks, and competition between cooperatives and savings banks for deposits kept interest rates higher in towns that had both types of institution. As a result of these trends, rural debtors perceived interest rates as high in the 1880s (when prices for agricultural goods were decreasing), even though nominal interest rates were falling (which led local banks to argue that they could not reduce interest rates any further).

In 1879 the Ministry of Agriculture undertook a study of mortgage interest rates in all of Austria. It found that rates were still quite high, as high as 20 percent for some individual loans. The interest rate on mortgage loans in Bohemia averaged 6.6 percent, although savings banks generally issued loans at lower rates (they averaged 6.1 percent for all of Cisleithania in 1879). In 1881 the Ministry of the Interior sent a request to the Bohemian governor's office suggesting that, in the interest of agricultural producers, savings banks should lower their mortgage rates voluntarily to 5 percent. The governor's office and the Provincial Agricultural Council reiterated this request several times from 1882 to 1886.³⁷

Czech savings banks responded negatively to the suggestion, insisting that it was unrealistic to expect them to reduce their mortgage interest

Table 6. Real and Nominal Interest Rates on Savings Deposits
in Austria, 1875–1910

| <i>Year</i> | <i>Nominal Rate</i> | <i>Real Rate</i> |
|-------------|---------------------|------------------|
| 1875 | 5.17 | 6.82 |
| 1880 | 4.78 | 5.61 |
| 1885 | 4.32 | 7.41 |
| 1890 | 4.08 | 2.55 |
| 1895 | 3.88 | 5.21 |
| 1900 | 4.02 | 4.81 |
| 1905 | 3.89 | 0.03 |
| 1910 | 4.05 | 0.43 |

SOURCE: *Österreichische Statistik* and David F. Good, “The Cost of Living in Austria, 1874–1913,” *Journal of European Economic History* 5 (1976): 394–95.

NOTE: Real interest rates were constructed by adjusting nominal rates for changes in the cost of living, using a three-year moving average based on the cost-of-living index constructed by David F. Good.

rates, given intense competition for deposits from neighboring credit co-operatives, district agricultural cooperatives, and other savings banks. The controversy involved few German savings banks because interest rates in the more urban areas inhabited by Germans were already lower than in the agricultural areas of the province inhabited by Czechs. Interest rates for loans in Czech areas were somewhat higher because Czech banks were newer and more likely to be located in less-developed markets isolated from other financial services (see Table 6).³⁸

The savings banks in Domázlíce (Taus), Opočno, and Mladá Boleslav (Jungbunzlau) wrote that they had lowered their interest rates in 1885 or 1886 but had been forced to raise them again to stem the outflow of deposits. The directors of the savings bank in Chrudím noted that lower interest rates would reduce deposits and thus force the bank to adopt stricter policies toward mortgage debtors whose payments were overdue. With higher interest rates, many banks could afford to wait two or more years before starting legal proceedings against delinquent debtors. The directors of the savings bank in Mladá Boleslav chastised the Provincial Agricultural Council for overlooking the importance of local conditions in determining interest rates. They also used the opportunity to criticize the district agricultural cooperative for offering an excessively high rate

of interest in order to attract deposits. The directors complained that the government was responsible for establishing the district cooperatives, which could not help farmers if they continued to charge such high rates of interest.³⁹

Nominal interest rates began to rise around the turn of the century, but savings banks were not able to take advantage of this increase, since they were locked into long-term, low-interest loans. The increase in interest rates lagged behind the rise in prices that began in the mid-1890s, and real interest rates therefore declined in the early twentieth century. Credit co-operatives had more flexibility to respond to changing financial conditions since they relied more heavily on investments in short-term loans.

Complaints about the high up-front costs of mortgage loans paralleled concerns about interest rates. In addition to the assessment charge, the bank deducted the first year's interest and principal from the loan before it was given to the debtor, who often had to wait three to six months before receiving the money, even though interest was charged from the day the loan was approved. The repayment schedules adopted by savings banks suited the interests of the bank, not the debtor. These technical issues gained in importance with the onset of the agricultural depression.⁴⁰

A final issue of concern to agrarian leaders and peasants alike was the high rate of foreclosure on rural mortgages in the 1880s and 1890s. A new law issued in 1896 addressed the problem of underpricing at foreclosure sales by making it illegal for a small estate to be sold for less than two-thirds of its assessed value. Homes could not be sold in foreclosure sales for less than one-half of their assessed value. In addition, the farmer would no longer lose all of his property. Furniture and tools could not be sold to meet the peasant's mortgage obligation. The Prague Municipal Savings Bank noted one consequence of the new law: rural loans issued after 1896 were smaller than before. The government brushed aside criticism of the new law, saying that savings bank directors were more concerned with their own interests than with those of their rural customers.⁴¹

Critics accused savings banks of luring peasants into higher debts than they could manage. They argued that farmers should use mortgage credit only to expand production or introduce new techniques or crops. The overall indebtedness of agricultural property was quite high. One observer estimated total mortgage indebtedness at 53.8 percent of the value of all Bohemian property in 1875. Banks continued to issue additional

Table 7. New Agricultural Mortgages in Bohemia, 1880–1910 (Gulden)

| <i>Year</i> | <i>Number of Mortgages</i> | <i>Total Value of Mortgages</i> | <i>Average Value of Mortgage</i> |
|-------------|----------------------------|---------------------------------|----------------------------------|
| 1880 | 45,354 | 43,569,000 | 960 |
| 1885 | 44,082 | 52,745,000 | 1,196 |
| 1890 | 36,983 | 37,322,000 | 1,009 |
| 1895 | 37,582 | 50,297,000 | 1,338 |
| 1900 | 33,589 | 67,649,000 | 2,014 |
| 1905 | 38,280 | 55,297,000 | 1,444 |
| 1910 | 37,331 | 75,768,000 | 2,209 |

SOURCE: *Österreichisches Statistische Handbuch*.

agricultural mortgage loans, reaching a peak around 1885 (see Table 7). Carl Grabmayr of Tyrol recommended that savings banks be prohibited from issuing mortgage credit, which could then be limited to provincial banks. Josef Hattingberg, director of the Provincial Mortgage Bank in Lower Austria, put forward a more moderate plan, proposing that mortgage lending by savings banks be regulated more closely and that provincial banks adopt a more active policy to protect the interests of small farmers. Both suggestions stirred opposition among savings banks.⁴²

Alfons Št'astný of the Bohemian Farmers' Union argued that municipal savings banks and Schulze-Delitzsch credit cooperatives failed to serve the interests of the population as a whole because they subjugated the interests of their rural constituents to those of their urban customers. Št'astný and other Agrarian critics claimed that savings banks were acting like profit-making institutions to raise money for municipal projects. Farmers deposited their savings in municipal banks at unfairly low rates of interest, received loans that seemed relatively high priced, and had no influence on bank policies. Št'astný urged the Czech nation to protect the interests and well-being of farmers by regulating mortgage credit. He contended that peasants relied too heavily on mortgage credit to cover their short-term production and consumption costs. Instead, Št'astný suggested that mortgage credit should be used only for the purchase of property or to pay for long-term improvements. For immediate needs, Št'astný advised peasants to obtain loans from *kampeličky*, which expanded very quickly in Bohemia after 1890.⁴³

Table 8. Number of Czech and German Raiffeisenkassen in Bohemia, 1890–1904

| <i>Year</i> | <i>German</i> | <i>Czech</i> | <i>Total</i> |
|-------------|---------------|--------------|--------------|
| 1890 | 9 | 2 | 11 |
| 1895 | 73 | 32 | 105 |
| 1900 | 349 | 377 | 726 |
| 1904 | 505 | 822 | 1,327 |

SOURCE: Rauchberg, *Die deutsche Sparkassen in Böhmen*, 12–13.

The German Wilhelm Raiffeisen (1818–88) had proposed this new form of agricultural credit cooperative in the 1860s. The first news about *Raiffeisenkassen* (or *raiffeisenky*) was reported in the Czech press by K. F. Procházka at the end of the 1860s in an article in *Agricultural News* (*Hospodářské noviny*). More influential were the ideas of František Cyrill Kampelík (1805–72), who advocated the creation of small agricultural cooperatives, which became known as *kampeličky*. *Kampeličky* and *Raiffeisenkassen* began to be founded in the late 1880s and 1890s in Bohemia (see Table 8). These cooperatives were much smaller than Schulze-Delitzsch cooperatives and based on unlimited liability. Unlike other local banks, they did not hire office help but members staffed them on a volunteer basis instead. This helped keep costs and interest rates low (sometimes as low as 1.5 percent for personal loans) and increased the personal commitment of members, thereby reinforcing the community aspect of cooperation. *Kampeličky* provided unsecured personal credit to members, whose creditworthiness was well known to fellow members (who were also neighbors).⁴⁴

Nationalist organizations such as the North Bohemian National Union picked up on the idea of using *kampeličky* for both national and economic ends. Because of their small size and the ease with which they could be organized, *kampeličky* were particularly well suited for the border regions of the province, where Czechs were a minority and farmers poorer and more isolated. In 1889 Jiří Bouček published an article in which he described the establishment and management of these small credit cooperatives and printed model statutes. The article received wide publicity, and three *kampeličky* were founded in 1889 in direct response to Bouček's article.⁴⁵

The Provincial Agricultural Council also pressed for the establishment of a Provincial Bank (*Zemská banka* or *Landesbank*) that could provide funds for the improvement of rural property. The recommendation to found a Provincial Bank was put forward by Czech politicians. In 1887 the Bohemian diet held hearings to discuss the proposal. Savings banks feared the competition a Provincial Bank might offer and opposed the proposal unless the new bank limited its loans to agricultural amelioration; public bodies like towns, districts, or provinces; or public works. The bank was created in 1890 as the result of a compromise negotiated between German parties and the Old Czech Party (legislative approval of the bank was one of the last accomplishments of the Old Czech Party before it was ousted from power in provincial elections in 1889). The Provincial Bank provided agricultural mortgage loans and issued bonds to pay for improvement of agricultural land (*Meliorationsrente*). It also rediscounted bills of exchange presented by agricultural cooperatives, particularly *kampeličky*.⁴⁶

Thus, by 1890 new banks and cooperatives devoted to agricultural credit were beginning to be founded. Like savings banks and Schulze-Delitzsch credit cooperatives before them, the new *kampeličky* had both a national and an economic intent. The differentiation in the credit system did not reflect a rejection by farmers of the nationalist orientation of the earlier banks, but an integration of national concerns with the specific social and economic concerns of farmers. Both *kampeličky* and other types of agricultural cooperatives served as sites for the education of farmers in technical, financial, political, and national cultural affairs.

By the early twentieth century, this expansion of the credit system and the rise in prices made it easier for farmers and other debtors to obtain and repay loans. Small-town savings banks faced competition for both deposits and good-quality loans not only from credit cooperatives but also from a range of other local institutions, including district agricultural credit cooperatives, *kampeličky*, the post office savings bank (established in 1883), and branch offices of commercial banks located in Prague. Their rigid statutes prevented them from responding effectively to these challenges, although they did expand their municipal loans and urban mortgage business to take advantage of the growth in the size and responsibilities of towns.⁴⁷

The proportion of rural mortgage loans dropped as a result of the agricultural depression (see Table 9). In 1905 the Ministry of Agriculture, in

Table 9. Percentage of Agricultural Mortgages among New Mortgages Contracted in Bohemia, 1880–1910 (Gulden)

| Year | Total Value of New Mortgages | Percent Rural |
|-------|---------------------------------|------------------|
| 1880 | 47,956,000 | 90.1 |
| 1890 | 47,271,000 | 79.0 |
| 1901* | 82,716,000 | 65.3 |
| 1910 | 125,525,000 | 60.4 |

SOURCE: *Österreichisches Statistische Handbuch*.

* Values for 1900 were judged to be in error.

conjunction with the Ministries of Finance and the Interior, sent a questionnaire on the composition of their loans to all mortgage-lending institutions. The unpublished results of this inquiry provide a guide for the assessment of agricultural and urban savings bank loans. One hundred seventeen out of two hundred thirteen Bohemian savings banks responded to the questionnaire. Rural property secured a total of 38.3 percent of their mortgage loans. Among Czech banks, 48 percent of mortgage loans was secured by agricultural property, compared with only 32 percent of German banks' mortgages (including the *Böhmische Sparkasse*, which lent money mainly to the owners of noble estates, not small farms). A few small banks declared that agricultural property secured 100 percent of their mortgage loans.⁴⁸

Anecdotal information provided in annual reports also shows that the percentage of rural mortgages declined during the late nineteenth century. The savings bank in Plzeň, for example, had 48 percent rural mortgages in 1862 and 15 percent in 1905. The savings bank in Brüx (Most) had 74 percent rural mortgages in 1862 and 59 percent in 1889. The *Böhmische Sparkasse* had 69 percent rural mortgages in 1869 (mostly in large estates) and 36 percent in 1905. According to Pavel Smutný, by 1931 agricultural loans made up only 19.8 percent of all Czechoslovak savings bank mortgages. In a sample of 768 mortgage loan applications submitted to nine Czech savings banks between 1880 and 1910, the proportion of applications in which the collateral was listed as a "farm" or "field" decreased from 26 percent in 1880 to 7 percent in 1910. The same sample shows that savings banks invested more heavily in urban housing devel-

opment in the early twentieth century. This represents a significant shift in their investment strategies, a result of both the poor performance of agricultural mortgages during the 1880s and early 1890s and the growing opportunities for secure investments in urban housing in 1900s.⁴⁹

The influence of the Agrarian Party led to the foundation of other sorts of agricultural cooperatives in the late nineteenth and early twentieth centuries ranging from warehouses and consumer cooperatives; milk and livestock cooperatives, agricultural processing cooperatives such as mills, bakeries, and canning facilities; to cooperatives providing machinery and electricity to farmers. Thus, the financial isolation of rural communities, which had made them dependent on savings banks and Schulze-Delitzsch cooperatives for their needs, was overcome by the extension of a whole system of rural cooperation by the early twentieth century. These cooperatives, which had both an economic and a political purpose, tied farmers to the Agrarian movement and helped strengthen national sentiments in rural areas.⁵⁰

After 1900 savings banks, credit cooperatives, and agricultural cooperatives began to organize into central associations that could represent their interests to the general public and to legislative bodies. German and Czech savings banks formed associations that founded central banks in Prague. Agrarian interests also began to organize central associations in the late nineteenth and early twentieth centuries. In the financial sector, two new agricultural banks were founded, the Moravian Agrarian and Industrial Bank (*Moravská agrární a průmyslová banka*) in 1908 and the Agrarian Bank (*Agrární banka*) in 1911. Like other central banks, these had both an economic and a national purpose. A private joint-stock Land Bank (*Pozemková banka*) was founded in 1910 to help finance the purchase and subdivision of large estates. The public rhetoric of the central banks was more explicitly nationalistic than that of local banks. A hierarchy of expressions of national sentiment existed, from local banks (where the use of a national language did not preclude collaboration of Czechs and Germans) to national associations (whose rhetoric emphasized the national importance of their financial activities). Despite the escalation in nationalist rhetoric, however, financial considerations continued to be the most important factor in determining the investment decisions of both local and central banks.⁵¹

Although local banks provided essential access to both short- and

long-term credit for rural proprietors from the 1850s until the 1880s, criticism of their lending policies increased with the agricultural depression and led to the creation of more specialized institutions to meet the financial needs of small farmers. Even though local banks embraced a mission to aid both rural and urban constituents, rural debtors criticized them for failing to address their needs. The original intent, legal structure, and political orientation of municipal savings banks and Schulze-Delitzsch cooperatives limited their ability to meet the credit needs of small agricultural producers.

From the farmers' perspective, economic needs dominated over nationalist concerns. At the same time, however, the dense network of local banks and agricultural cooperatives introduced national concerns into local financial markets. This nationalism was reinforced by the central associations, national defense associations, and large banks in Prague, all of which sought deliberately to strengthen the Czech or German national community through their lending policies in rural areas. Thus, the national intent and ideology associated with financial services was an explicit concern of central organizations, which had close ties with the leadership of political parties and national defense associations. For their part, however, Czech and German farmers were mainly interested in receiving credit on good terms.

Although savings banks and credit cooperatives reduced their agricultural loans, the new agricultural financial institutions provided alternative sources of credit for farmers in the early twentieth century. With the founding of the Czechoslovak Republic in 1918, the Agrarian Party sponsored the adoption of an extensive program of land reform, which had a combined social and national intent. Although the land hunger of Czech peasants was satisfied, high mortgage debt and lack of access to appropriate forms of rural credit continued to be serious problems. During the Great Depression, the political aim of promoting a strong, independent peasantry as the basis of a Czech national society foundered yet again on the financial reality of the agricultural economy.

NOTES

1. Christoph Stolz, *Die Ära Bach in Böhmen: Sozialgeschichtliche Studien zum Neoabsolutismus, 1848–1859* (Munich: R. Oldenbourg, 1971), 110–11; Roman Sandgruber, *Österreichische Agrarstatistik, 1750–1918* (Munich: R. Oldenbourg, 1978), 186, 193.

2. Daniel E. Miller, *Forging Political Compromise: Antonín Švehla and the Czechoslovak Republican Party, 1918–1933* (Pittsburgh: University of Pittsburgh Press, 1999), 17–22. Miller describes the Agrarian party as a mass political movement and analyzes Švehla's ability to hold the divergent interests of party members together in one mass movement.

3. Miroslav Hroch's conclusions about the social background of Czech national leaders remain valid in this regard. Hroch, *Social Preconditions of National Revival in Europe: A Comparative Analysis of the Social Composition of Patriotic Groups among the Smaller European Nations*, trans. Ben Fowkes (Cambridge: Cambridge University Press, 1985), 44–61; Bruce M. Garver, *The Young Czech Party, 1874–1901, and the Emergence of a Multi-Party System* (New Haven: Yale University Press, 1978), 98–102.

4. On the Jubilee Exhibition, see Catherine Albrecht, "Pride in Production: The Jubilee Exhibition of 1891 and Economic Competition between Czechs and Germans in Bohemia," *Austrian History Yearbook* 24 (1993): 101–18. On the Ethnographic Exhibition, see Stanislav Brouček and Jan Pangrač, *Mýtus českého národa aneb Národopisná výstava ceskoslovenská 1895* (Prague: Littera Bohemica, 1996).

5. Jiří Šouša, "Dvě generace představitelů agrárního hnutí-Jan Antonín a Adolf Prokúpkové" *Politická a stavovská zemědělská hnutí v 20. století* (Uherské Hradiště: Studie Slováckého muzea, 5/2000): 180–92. See also Josef Volf, *Z paměti starého českého sedláka: Kus selské historie z 2. poloviny XIX. století* (Hradec Králové: Krajská organizace zemědělského a malorolnického lidů, 1932).

6. Josef Nožička, "Počátky rolnického spolčování," *Časopis pro dějiny venkova* 26 (1939); Josef Nožička, *Hospodářský a měnový vývoj našich zemí* (Prague: Orbis, 1946), 179.

7. Peter Heumos, "Interessensolidarität gegen Nationalgemeinschaft deutsche und tschechische Bauern in Böhmen, 1848–1918," in *Die Chance der Verständigung: Absichten und Ansätze zu übernationaler Zusammenarbeit in den böhmischen Ländern, 1848–1918*, ed. Ferdinand Seibt (Munich: R. Oldenbourg, 1987), 87–99.

8. Ibid., 87–99. Rural producers sought protection from the import of cheap Hungarian grain. On the Agricultural Council, see Jiří Šouša, *K vývoj českého zemědělství na rozhraní 19./20. století (česká zemědělská rada, 1891–1914)* (Prague: Univerzita Karlova, 1986).

9. Until 1907 five curia of voters, each organized on the basis of the taxes voters paid, elected parliamentary delegates. Direct, universal manhood suffrage was introduced for parliamentary elections in Austria in 1907; the curial system of voting remained in place for provincial and local elections until the end of the monarchy.

10. The National Council commissioned Alfred Mayer to undertake a study of the economic measures that would help strengthen Czech peasantry in the borderlands and reduce emigration. Letter to Alfred Mayer, Apr. 14, 1911, inv. no. 407/1, Národní rada česka, Státní Ústřední Archiv, Prague, Czech Republic [hereafter SÚA]. See his report, "O čista českých krajích od německé držby prozemkové," published in *Obzor národohospodářský* 16 (1911): 449–54.

The need for rural credit and economic development was a common theme for national defense organizations. See, for example, Ant. Hubka, *Menšinová práce. K jubileu dvaceti-letého trvání "Národní jednoty pošumavské"* (Prague: Národní jednoty pošumavská, 1904), 164–82.

11. Sociální otázka, 1911, inv. no. 410/1, Národní rada česka, SÚA.

12. Peter Heumos, *Agrarische Interessen und nationale Politik in Böhmen, 1848–1888: Sozialökonomische und organisatorische Entstehungsbedingungen der tschechischen Bauernbewegung* (Wiesbaden: Franz Steiner, 1979).

13. For an in-depth study of rural credit on one estate, see Josef Křivka, *Zadlužení poddanského zemědělství na roudnickém panství v 18. století* (Prague: Academia, 1986). On early sources of credit, see Ivo Plecháček, "Vývoj českého lidového peněžnictví" (PhD diss., Charles University, Prague, 1978), 87–94.
14. For a history of district agricultural cooperatives, see *Okresní záložny hospodářské, 1882–1932: Almanach vydany na paměť padesátí letého jejich trvání* (Prague: Svaz okresních záložen hospodářských, 1932). Plecháček, "Vývoj českého lidového peněžnictví," 94–107; Ivo Plecháček, "Zdroje zemědělského úvěru v českých zemích ve druhé polovině 19. století," *Hospodářské dějiny* 12 (1984): 321–77.
15. Volf, *Z paměti starého českého sedláka*, 83.
16. The savings bank regulation is reprinted in Friedrich Thausing, *Hundert Jahre Sparkasse: Anlässlich des hundertjährigen Bestandes der ersten Österreichische Spar-Casse, 1819 bis 1919* (Vienna: Gerold, 1919), 260–66. The model statutes from 1853 and 1855 are reprinted in *150 Jahre Sparkassen in Österreich*, vol. 1, *Geschichte* (Vienna: Sparkassenverlag, 1972), 266–81.
17. Catherine Albrecht, "Savings Banks in Bohemia, 1852–1914: The Politics of Credit" (PhD diss., Indiana University, 1986), chapter 2.
18. Albrecht, "The Decision to Establish Savings Banks in Bohemia, 1825–1870," in *Economic Development in the Habsburg Monarchy and in the Successor States*, vol. II, ed. John Komlos (Boulder: Eastern European Monographs, 1990), 71–83.
19. Albrecht, "Nationalism and Municipal Savings Banks in Bohemia Before 1914," *Slovene Studies* 11 (1989): 57–64.
20. Albrecht, "Savings Banks in Bohemia." Rediscounting occurs when a bank presents a bill of exchange to another financial institution for credit. A bill of exchange is an obligation presented from one business to another. If the credit of both firms is good, the bill can be taken by its holder for discounting at a bank, where the holder receives credit from the bank for what he is owed (the discount refers to the interest). Discount loans were usually issued for three to six months and provided working credit to businesses.
21. The value of agricultural property was defined by the land values government officials recorded as the basis for loans and transfers of property in the *Grundbücher* (for peasant plots) and *Landtafeln* (for large estates). Because the records were updated only at irregular intervals, however, the property values listed in them bore little relation to the changing values in the late nineteenth century. The government based its own assessment of the taxable value of land on old tax lists or cadasters. These registered the traditional crops grown on the property and the expected earnings. Such land registers also contained information on liens against property, including both old obligations to contribute a certain sum annually to the upkeep of roads or to local grain funds, as well as new obligations such as mortgage loans. Only loans recorded properly in the *Grundbücher* had legal standing. Savings bank directors also relied on current indicators, such as purchase price, current taxes or rents, and professional assessments of the property. In the 1860s and 1870s, savings banks usually calculated the value of agricultural land as twenty times the net income recorded in the cadaster. By the end of the century, the multiplier had been raised to twenty-four or twenty-five times the net income, reflecting the rise in rural property values. The savings bank in Kolín, established in 1894, set an unusually high limit of thirty times the cadaster value for agricultural property located in the fertile Labe (Elbe) valley. At the other extreme, the savings bank in Budweis (České Budějovice) in southern Bohemia issued directives in 1888 limiting rural property assessments to sixteen times the net worth recorded in

the cadaster. "Knihy pozemkové," in *Ottův obchodní slovník* (Prague: J. Otto, 1912–13); Antonín Randa, *Přehled vzniku a vyvinu desk čili knih veřejných, hlavně v Čechách a na Moravě* (Prague: Edv. Grégr, 1870); Friedrich Nemethy, "Das österreichische Grundbuchs- und Executionsrecht von 1848 bis 1898," in *Geschichte der österreichischen Land- und Forstwirtschaft und ihrer Industrien, 1848–1898* Vol. I (Vienna: Moritz Perles, 1899), 356–467; Anton. Edg. Graf, *Das Spareinlagen- und Hypothekar-Darlehens-Geschäft unserer Sparkasse dargestellt auf Basis der Control-Buchung* (Brno: Hypothekar-Abtheilung der Ersten mährischen Sparkassa, 1895), 81–83.

22. Folder 34/190/17 (Budweis), Carton 5017, České Mistodržitelství, (1884–1900), SÚA. The Böhmsche Sparkasse was particularly active in this area. In 1879 the bank compiled a list of industrial loans. The outstanding debt totaled 2,908,263 fl in 39 loans, or 5.3 percent of the bank's total mortgage assets. Správní záležitosti—Stanovy pro hypotekární obchody, 1825–1912, "Verzeichnis jener Hypothekarforderung welche für die Böhmsche Sparcasse auf Fabriksrealität vesichert sind," Nov. 10, 1879, inv. no. 60/52, Böhmsche Sparkasse, Prague, Czech Republic.

23. Albrecht, "Savings Banks in Bohemia," chapter 3.

24. Emanuel Zdekauer, *Über die Organization von Handwerker- und Arbeitervereine* (Prague, 1848); Rita Aldenhoff, *Schulze-Delitzsch: Ein Beitrag zur Geschichte des Liberalismus zwischen Revolution und Reichsgründung* (Baden-Baden: Nomos, 1984).

25. Albrecht, "Savings Banks in Bohemia," chapter 3.

26. Šimáček published *Posel z Prahy* 1857 to 1860 and again after 1863 under the pseudonym Vojtěch Bělak. It was designated the official journal of Czech credit cooperation in 1867. See the article published in issue 4 of the journal: "Založní spolky, ústavy k pomoci stavu pracovnímu, čili cesta k nabytí zamožnosti."

On Šimáček, see Josef Schreyer, *Dějiny svépomocných záložen českých* (Prague: Jednota záložen v Čechách, na Moravě a ve Slezsku, 1891); Adolf Srb, *František Šimáček, jeho život a působení* (Prague: František Šimáček, 1910); Plecháček, "Vývoj českého lidového peněžnictví," 42–47.

Several other leaders of the Czech national movement also advocated the establishment of credit cooperatives. Among them was Filip Stanislav Kodym (1811–84), who promoted mutual aid societies in a series of articles published in 1859 in *Hospodářské noviny*. Kodym's articles described credit cooperatives in other countries and provided practical suggestions for adapting the cooperative idea to Bohemia conditions. Although he did not delve into the potential relationship between credit unions and the Czech national movement, Kodym's discussion did popularize the idea of mutual self-help. F. S. Kodym, *Spolky na vzájemné pomáhání* (Prague: Kober a Markgraf, 1860); Plecháček, "Vývoj českého lidového peněžnictví," 47–48.

27. Jan Hájek, "Počátky a rozmach českého záloženského hnutí ve třetí čtvrtině 19. století," *Hospodářské dějiny* 12 (1984): 265–316; Plecháček, "Vývoj českého lidového peněžnictví," 49; Schreyer, *Dějiny záložen*, 9, 12, 19–21; Klim Čermak, *Dějiny záložny časlavské po čas trvání od roku 1859 až do konce roku 1884* (Časlav: Záložna Časlavská, 1884).

28. Apr. 9, 1873, RGBI 70; František Šimáček, *Zákon o svépomocných spolicích, zéjmen o záložnách* (Prague: n.p., 1873). Josef Schreyer complained about the practice of opening membership to all customers, which he felt undermined the cooperative principle, and turned credit cooperatives into small banks. *Statistika záložen českých v Čechách, na Moravě, ve Slezsku a ve Vidni* (Prague: Jednota záložen v Čechách, na Moravě a ve Slezsku, 1890), iv.

29. Fr. Wenzl, *Profesor Jan Rudolf Demel, 1833–1905: První průkopník družstevnictví na Moravě* (Brno: Ústřední svaz, 1935). Fr. Wenzl, *Dějiny založen a ostatního družstevního podnikání na Moravě do r. 1885* (Prague: Centrokooperativ, 1937).

30. Josef Horák, *Živnostenská banka v Praze, 1869–1918* (Prague: Merkur, 1919); Schreyer, *Dějiny založen*.

31. On farmer's joint-stock sugar factories, see František Dudek, *Vývoj cukrovarnického průmyslu v českých zemích do roku 1872* (Prague: Academia, 1979); Dudek, *Monopolizace cukrovarnictví v českých zemích do roku 1938* (Prague: Academia, 1985); Horák, *Živnostenská banka*, 34.

32. Albrecht, "Savings Banks in Bohemia," chapter 5.

33. Josef Horák, *Přehled vývoje českých obchodních bank* (Prague: Merkur, 1913).

34. Ibid.

35. Alfons Šťastný, *O zachování selského stávu v Čechách* (Prague: Český odbor rady zemědělské pro království české, 1909); Albrecht, "Savings Banks in Bohemia," chapter 5.

36. František Lom, *Soukromá ekonomika v době zemědělských kríží 19. stol. v Čechách* (Prague: Zemědělský ústav účetnicko-správovědný, 1930); Albrecht, "Savings Banks in Bohemia," chapter 5.

37. *Statistische Nachweisung über den Zinsfuß der Hypothekar-Darlehen in den im Reichsrath vertretenen Königreiche und Ländern im Jahre 1879* (Vienna: K.k. Hof- und Staatsdruckerei, 1881). Degree of the Ministry of the Interior, Dec. 5, 1881, Folder 34/190/1/8, Carton 5009, (1884–1900), SÚA. For early correspondence on the issue, see Folder 34/19/1 (general), May 17, 1880, Carton 1747, (1856–83), SÚA. See also the letter of Sept. 23, 1880, from the Chamber of Commerce in Eger to the savings bank in Brůx (Most), Folder 34/19/11 (Brůx), Carton 1750, (1856–83), SÚA. *Zpráva o činnosti zemědělského rady pro království české podaná koncem roku 1885* (Prague: František Šimáček, 1886), 7. See also draft of letter from the governor's office to the Ministry of the Interior, Dec. 25, 1885, Folder 34/190/1/8, Carton 5009, (1884–1900), SÚA.

38. Heinrich Rauchberg, *Die deutsche Sparkassen in Böhmen* (Prague: J.G. Calve, 1906), 83–88, 155–58.

39. Folder 34/190/1/8, Carton 5009, (1884–1900), SÚA.

40. Interest and principal were due twice a year, in June and December, a schedule that did not correspond to the income cycle of the farmer, who needed credit in the spring and could most easily repay a loan in the fall. Volf, *Z paměti starého českého sedláka*, 221–22; Alfons Šťastný, *O zachování selského stávu*.

41. J. Kožaný, *Knihovni zadlužení a exekucní prodeje nemovitosti v Čechách, na Moravě a ve Slezsku za dobu 35 let, 1869–1902* (Chrudim: St. Pospíšil, 1906), 15, 21; Zprávy ke schůzím výboru, May 17, 1899, inv. no. 45, Prague Municipal Savings Bank, Prague, Czech Republic.

42. J. Winckler, "Realitätenverkehr und Realitätenbelastung im Jahre 1875," *Statistisches Monatschrift* 2 (1876): 547–58. For a later study that assesses the difficulty of estimating total debt, see Pavel Smutný, "Co víme o velikosti zadlužení v Československu," *Statistický obzor* 14 (1933): 435–48. For suggestions on how to reduce or eliminate mortgage debt, see Jan Auerhan, "Regulace pozemkových dluh," *Zemědělská politika* 1 (1902): 281–303. Josef v. Hattingberg, *Die Gemeinwirtschaftlichen Credite der oesterreichischen Landwirthe* (Vienna: Franz Deutick, 1900). Albin Bráf, "Dvě staré návrhy na odklizení dluhu pozemkových," in *Život a dílo*, Vol. 3, ed. Josef Gruber, (n.p.: n.p., n.d.), 26–37. This article, originally published in 1895, discusses plans for the alleviation of rural mortgage debt put

forward in the 1840s and 1850s by Albrecht Tebeldi and Karl Rodbertus-Jagetzow. *Spořitelní obzor*, Dec. 15, 1903.

43. Štátný, *O zachování selského stávu*.

44. "Čeho lze spolčováním docíliti." See Ivo Plecháček, Nikolaj Živný, and Josef Gross, *Archiv městské správy státních spořitelů v Praze: Archiv krajské správy státních spořitelů v Praze* (Prague: Hlavní správa státních spořitelů, 1967). On Kampelík, see Jan Novotný, *František Cyrill Kampelík* (Prague: Melantrich, 1975); Marie Kadecková, *František Cyrill Kampelík: Soupis jeho díla a literatury o něm: Vyběrová bibliographie* (Hradec Králové: Krajská knihovna, 1973). František Obrtel, *Zemědělské družstevnictví v Československu* (Prague: Nakladem vlastním, 1928), forward.

45. Josef Nožička, *Jak vznikly naše kampeličky* (Prague: Ústřední jednota hospodářských družstev, 1939). Jiří Bouček, *Potřeba osobního úvěru pro rolnictvo a záložny raiffeisenovy* (Prague: Nákladem Národní jednoty severočeské, 1889).

46. *Zpráva o činnosti zemědělského rady pro království české podaná koncem roku 1886* (Prague: František Šimáček, 1887), 7; Albín Bráf, "O zemské bance království českého, učinil na schůzi 'Jednoty obančů pražských' konané dne 18. února 1889" in *Co vykonáno na sněmu království českého v šestiletí od 1883–1889?* (Prague: n.p., 1889), 3–28; "Jaké výhody kynou rolnictvu našemu z nově zřízené zemské banky král. českého?" *Český stráž*, Mar. 29, 1890.

For opposition to the Provincial Bank see, *Zprávy ke schůzím výboru*, May 7, 1887, inv. no. 38, Prague Municipal Savings Bank, Prague, Czech Republic. Although it was a public institution, German Bohemians never ceased to refer to it as a Czech bank. The Young Czechs also contested the creation of the bank, which they referred to as a "cavaliers' bank," since its director was the Old Czech Karel Mattuš and its management council included noble allies to the Old Czech party.

For further information on the founding and purpose of the Provincial Bank, see Folder XIX/8-1 and Folder XIX 13-1, Carton 8902, Zemský výbor (1874–1928), SÚA.

47. The literature on efforts to reform the savings bank regulation and model statutes to make savings banks more competitive is extensive. See, for example, Jan Slavík, *Spořitelny a jeho snahy oprávnění* (Prague: Politika, 1908).

48. For the survey data, see, PZ 25179/07, July 4, 1907, K.k. Ackerbauministerium, Österreichische Staatsarchiv, Vienna, Austria.

49. Smutný, "Co víme o velikosti zadlužení." This somewhat underestimates the number and value of agricultural loans made each year, since the collateral for an additional 15 percent of loans was listed as "land," "land and cottage," or "land and house," which could refer to either urban or rural property. The data were collected from the savings banks in Kladno, Kolín, Kralupy, Mladá Boleslav, Pečky, Příbram, Rakovník, Sedlčany, and Velvary.

50. Obrtel, *Zemědělské družstevnictví v Československu*.

51. The *Zentralbank der deutschen Sparkassen* was established in 1901, and the Central Bank of Czech Savings Banks (*Ústřední banka českých spořitelů* or *Sporobanka*) was founded in 1903. German cooperatives likewise banded together to form a central bank, the *Kreditanstalt der Deutschen*, in 1911. Jiří Novotný, "Agrární banka v letech 1911–1929: Přehled vývoje agrárního kapitálu do vypuknutí hospodářské krise" (PhD diss., Charles University, Prague, 1975); Novotný and Jiří Šouša, *Banka ve znamení zeleného čtyřlístku: Agrární banka 1911–1938 (1948)* (Prague: Karolinum, 1996).