cattle are mostly bred for export or draught purposes. The cumbrous wooden carts which afford the sole means of transport in many districts are generally drawn by oxen, although buffaloes may be seen in the south. The native horses, though strong, are, like the cattle, of small size.

*Land Tenure.—*More than four-fifths of the Servians are peasant farmers; and the great majority of these cultivate the land be- longing to their own families. Holdings are generally small, not exceeding an average of 20 acres for each household. They cannot be sold or mortgaged entire; the law forbids the alienation for debt of a peasant’s cottage, his garden or courtyard, his plough, his last six *yutara* @@l of land and the cattle necessary for working his farm. Besides the small farms there is the *zadruga,* a form of community which appears to date from prehistoric times, and mainly survives along the Bosnian frontier, though tending to disappear everywhere and to be replaced by rural co-operation. Under the zadruga system, each homestead or cluster of cottages is occupied by a group of families connected by blood and dwelling together on strictly communistic principles. The association is ruled by a house-father *(domanyin* or *staryeshina)* and a house-mother (*dοrnanyitsa)*, who assign to the members their respective tasks. The *staryeshina* may be the patriarch of the community, but is often chosen by the rest of the members on account of his prudence and ability; nor is his wife necessarily the *domanyitsa.* In addition to the farm work, the members often practise various trades, the proceeds of which are paid into the common treasury. The community sometimes includes a priest, whose fees for baptism, &c., augment the common fund. The buildings belonging to the homesteads are enclosed within an immense palisade, inside which a large expanse of fields is mostly planted with plum, damson, and other fruit-trees, sur­rounding the houses of the occupiers. In the midst of these is the house of the *staryeshina,* which contains the common kitchen, eating hall, and family hall of the entire homestead. Here all the members assemble in the evening for conversation and amusement, the women spinning, while the children play. The houses are mostly very small wooden structures, serving for little else but sleeping places. But that of the *staryeshina* is often of brick, and is invariably of better construction than the rest. The houses are often raised on piles, above the level of the floods which occur so frequently near the Save and Drina. Zadrugas were very prosperous, as they had always a sufficient number of hands at command, and their members combined to obtain implements and cattle. But with the establishment of order and security, the zadrugas began rapidly to disappear, a further cause of their dissolution being the fact that members could legally acquire private property *(osobina).* A new stimulus was given to agriculture by the encouragement which King Alexander personally extended to the establishment of rural co-operative associations on the Raiffeisen principles. The object of these associations is principally to facilitate the acquisition of improved implements and better breeds of cattle. No fewer than 100 of such credit societies were founded between 1894 and 1899. The total number of agricultural co-operative societies exceeded 500 in 1910; each has its tribunal (*Conseil* *des Prud'hommes),* which arbitrates in disputes; and all together, with the state-aided Co- operative Caisse, which lends money to the smaller societies, form a single great organization known as the General Union.

Small holdings were in themselves a hindrance to Servian agri- cultural progress, inasmuch as small farmers cannot afford the cost of scientific farming; hence the great success of co-operation. As a rule, also, the lots of ground belonging to one household or family do not lie together, but are dispersed in different, very often distant, parts of the village land. To meet this difficulty, a farmer with more crops than he can reap unaided will summon his neighbours to his assistance, supplying them with food, but no money, and binding himself to repay the service in kind. This form of voluntary co- operation is called *moba.* Another serious drawback to the economic position is that Servia has no seaboard, and that it is far from the nearest export harbours (*e.g.* Galatz, Salonica, Fiume). In such a situation the country is at the mercy of hostile tariffs.

*Manufactures and Commerce.—*The scarcity of labour prevents the growth of any great manufacturing industries. There is no native artisan class; for except in very rare cases, the people value their independence too highly to work in factories, or even to enter domestic service. A large proportion of the artisans throughout Servia are Austro-Hungarians or gipsies. The chief manufacturing industries are those for which the country supplies raw material, notably meat-packing, flour-milling, brewing, tanning, and the weaving or spinning of hemp, flax and wool. There are also iron-foundries, potteries, and sugar, tobacco and celluloid factories. A law of 1898 authorizes the government to grant concessions on very favourable terms to foreign capitalists willing to promote mining and manufactures in Servia; but in 1910 the number of large industrial establish-

ments in the kingdom did not exceed 6o, nor the number of hands employed 5000. There are a few domestic industries, such as the manufacture of sandals *(opanke),* and of the hand- woven carpets and rugs made at Pirot, which are popular throughout the Balkan Peninsula.

*Commerce.—*The following table shows the value of Servian im­ports and exports for five years:—

|  |  |  |
| --- | --- | --- |
| Year. | Imports. | Exports. |
| 1904 | £2,437,000 | £2,486,000 |
| 1905 | 2,224,000 | 2,879,000 |
| 1906 | 1,773,000 | 2,864,000 |
| 1907 | 2,823,000 | 3,259,000 |
| 1908 | 3,025,000 | 3,019,000 |

Cotton and woollen fabrics, leather, salt, sugar, iron and machinery are the principal imports, and come chiefly from Austria-Hungary, Germany and Great Britain. Large quantities of prunes, grain, meat, raw hides, eggs and copper are exported, chiefly to Austria-Hungary, Germany and Turkey.

*Finance.—*Up to 1878 the principal revenues were derived from the customs, excise and a sort of poll-tax. The government required the town and village communities to pay into the state treasury £1, 4s. per head of the able-bodied citizens living in the community, and the municipal board made repartition of the total amount due to the government from its citizens according to their estimated wealth or earnings. That system yielded without the slightest difficulty about £750,000 annually. But the Berlin Treaty (1878) stipulated that Servia should construct part of the international railway to Constantinople and to Salonica, and should pay the Turkish landowners an indemnity for the estates which had been taken from them and divided among their Servian tenants. This and the necessity of indemnifying the people from whom, during the wars with Turkey (1876-1878), requisitions had been taken and money borrowed, forced the government to enter the European financial markets. Up to that time (1881) Servia had practically no public foreign debt, although it owed Russia about £240,000 lent privately for war preparations, and to its own people about £320,000 taken by a forced loan for war purposes. The first public loans were made in 1881 by French banks at for 5% bonds, and the expenditure had to be immediately increased to £1,240,000. The introduction of new taxes and the reorganization of the financial administration of the country could not keep pace with the increase of public expenditure, chiefly because the skupshtina was for some time reluctant to replace the old system of direct taxation by a more modern system. When in 1884 the new Jaw of taxation was adopted, the situation became so serious that in 1895 a new scheme was adopted by which the government gave to the bondholders additional securities, the bondholders at the same time accepting the new unified bonds in exchange for their old 5% bonds. The following table gives an analysis of the national debt on the 1st of January 1909:—

Russian debt of 1876 (5%) . . . £150,000

Lottery loan of 1881 (2%) . . 989,000

Loan of the Uprava Fondova (5%) . 291,000

Primary loan of 1888 .... 367,000

Unified loan of 1895 (4%) . . . 13,516,000

Railway loan of 1899 (5%) . . 192,000

Monopoly loan of 1902 (5%) . . 2,300,000

Loan of 1906 (4i%) .... 3,767,000

Total .... £21,572,000

The chief sources of revenue are customs duties, the state monopolies of salt, sugar, tobacco, matches and petroleum; national property, *e.g.* forests, railways, postal service; direct taxes, of which the most important are the poll-tax and the land taxes (graduated according to the quality of the land). The heaviest charges are for the service of the national debt and for the army; each of these items exceeded £1,000,000 in 1909. The estimated revenue and expenditure for five years are shown below:—

|  |  |  |
| --- | --- | --- |
| Year. | Revenue. | Expenditure. |
| 1905 | ₤3,522,000 | ₤3,505,000 |
| 1906 | 3,595,000 | 3,566,000 |
| 1907 | 3,618,000 | 3,615,000 |
| 1908 | 3,832,000 | 3,830,000 |
| 1909 | 4,145,000 | 4,132,000 |

*Banks and Money.—*The National Bank of Servia, founded in Belgrade in 1883, has a nominal capital of £800,000 (£260,000 paid). The Mortgage Bank *(Uprava Fondova),* founded in 1862, is a state institution which lends money for agricultural operations, &c. The Export Bank, founded in 1901, is a private bank under state super­vision, with branches in Budapest, Vienna, Berlin, &c. Its chief object is the furtherance of Servian foreign commerce.

@@@1 One *yutro* is the area which two oxen can plough in a day.