



From Business to Central Planning: Cooperatives in Czechoslovakia in 1918–1938 and 1948–1960*

Jan Slaviček

Institute of History of the Czech Academy of Sciences

slavicek@hi. cas.cz

The paper focuses on cooperatives—seen as business enterprises—in the First Czechoslovak Republic (1918–1938) and the period of 12 years after the communist putsch (1948–1960). It compares the functions of cooperatives, the limits placed on their (semi-)independent business activities, and their chances to decide for themselves in the market economy and the centrally planned economy. Drawing on the methods of business history and economic history, the study seeks to answer the following questions: 1. Were the cooperatives in the First Czechoslovak Republic really fully independent companies running their business on a free market? 2. Were the cooperatives in the Stalinist and early post-Stalinist Czechoslovakia really subordinated subjects in a centrally planned economy? 3. Are there any real connections in the functioning of cooperatives in these two eras? In other words, is it possible that something of the independent cooperatives survived and that the traditional interpretations (according to which the two eras were completely different and even contradictory) can be seen in new and more accurate ways?

Keywords: Business history, centrally planned economy, cooperatives, Czechoslovakia, economic history, free market economy, 1918–1938, 1948–1960

Cooperatives were very important economic subjects both in interwar and postwar Czechoslovakia. Their origins go back to the second half of the nineteenth century. Cooperatives played important cultural and national roles in the modernization of society, but they were not major factors in economic development or growth in the less developed regions of East-Central European countries after the 1860s.¹ In contrast, in Bohemia, Moravia, and Silesia cooperatives were key players in economic development and in the process of economic modernization. In the interwar period, the cooperative network was widespread both in cities and in smaller towns and rural settlements. The membership base reached several million, and cooperatives had enormous

* The study was realized as a part of the Czech Science Foundation's grant [Grantová agentura České republiky] project Nr. 20-15238S "Družstevnictví a politika za první Československé republiky" [Cooperative movement and politics in the First Czechoslovak Republic].

1 Lorenz, *Cooperatives in Ethnic Conflicts*, 24.

assets. Nobody really questioned the fact that cooperatives were an important component of the Czechoslovak economy.

After World War II, the economy of Czechoslovakia was of a mixed type. It was a strongly regulated market economy in which the state authorities interfered and which had a huge share of state-owned enterprises (especially the industrial ones). The cooperatives experienced a big revival in 1945–1948, successfully finding their position in the new era. The communist coup d'état in February 1948, however, created an entirely new situation. With the centrally planned economy on the rise, the roles of the cooperatives as businesses and enterprises were significantly reduced or absolutely eliminated. Nevertheless, even in 1948–1960, the cooperatives played important roles in the Czechoslovak economy and Czechoslovak society.

According to the traditional, “classic” interpretations of the history of cooperatives (which are only rarely found in the secondary literature, as almost no serious scholarly inquiries were done about cooperatives after 1989), the cooperatives were independent enterprises which functioned in a free market without any major state or political interferences during the First Czechoslovak Republic (1918–1938). On the other hand, the period of the centrally planned economy (since 1948) has been seen as an era of absolute state dominance over the economy, in which nothing remained of the autonomy of cooperatives, which are seen as having been absolutely subordinate instruments of state economic policy.² I am certainly not going to question the fundamental systemic difference between the two eras. However, in this paper, I am going to ask whether this general view is entirely correct or whether one sees traces of some similarities or even continuities between these two eras. In other words, is it possible that something of the traditional, allegedly independent cooperatives survived in the Stalinist period (1948–1953) or in the early post-Stalinist period (1953–1960) in Czechoslovakia?

The choice of the two periods under comparison is based on a standard periodization of Czech economic and social history.³ In 1918–1938, the First Czechoslovak Republic established a liberal-democratic regime (seen as liberal-democratic from the perspective of the conditions of the interwar period)

2 Hůlka, *Třicet let*; Täuber, *Dílo družstevní svépomoci*; Němcová and Průcha, *K dějinám družstevnictví*; Němcová, *The Cooperative Movement*; Němcová, *Vybrané kapitoly*; Smrčka, *Vývoj družstevnictví*. I do not draw on the secondary literature from the communist era (1948–1989) here, because its ideological character makes it useless for my research goals.

3 E.g., Průcha, “Glosses.”

with a free-market economy. The Second Republic (1938–1939), following the shock of the Munich Agreement, was a very different political and economic system. The starting point of the second period is the communist coup d'état in February 1948. Although the drastic changes in cooperative policy didn't start immediately (the newly established regime obviously had to deal with other, more important problems), the putsch in February opened the way to these changes. The second period ended in 1960, when a new constitution was adopted. It stated that the process of “establishing and building socialism” had been successfully completed.⁴ From the economic point of view, this statement was at least partially true, because the vast majority of property was in the hands or under the direct control of the state, and the economy was centrally planned.⁵

To answer the questions I have posed in this paper, I use traditional approaches of business and economic history. I compare the cooperative laws and principles, their organizational structure, and the forms of state control, regulation, and interference. I also use official statistical sources to analyze the important role of cooperatives in the economy. While these data have been available and published before, they have never been used to analyze the cooperative part of the Czechoslovak economy in this way.⁶

4 *Constitution*, 25, Declaration: “The social order for which whole generations of our workers and other working people fought, and which they have had before them as an example since the victory of the Great October Socialist Revolution, has become a reality in our country, too, under the leadership of the Communist Party of Czechoslovakia. Socialism has triumphed in our country! We have entered a new stage in our history, and we are determined to go forward to new and still higher goals. While completing the socialist construction of our country, we are proceeding towards the construction of an advanced socialist society and gathering strength for the transition to communism.”

5 As the shortcomings of the strict centrally planned economy became more and more obvious in the 1950s, the first Czechoslovak economic reform (named after Kurt Rozsypal, the vice-director of the Central Planning Office) was started in 1958–1959. However, after the failure of the 3rd Five-Year Plan in 1961–1962, the economic system based on strict central planning was reestablished. For details, see e.g., Průcha, *Hospodářské a sociální dějiny*, vol. 2, 378–82.

6 I do not analyze the efficiency of particular types of cooperatives because this is not among the goals of this paper. Similarly, I do not compare the profitability of cooperative types, because different types had different members, goals, business strategies, etc. Finally, it would not, in my assessment, be useful to compare the profitability of efficiency criteria in the two eras under discussion, because the rules for cooperative work and the space for independent activities of cooperatives (which are the topic of this study) were drastically different.

Cooperatives in the Market Economy of the First Czechoslovak Republic

In the First Czechoslovak Republic, the cooperatives continued to grow, much as they had in the 1870s, 1880s, and 1890s (depending in part on cooperative types, as the rapid development of credit cooperatives, for instance, started about 10 or 20 years before the growth of others). The rapid prewar growth resulted in a complex network with almost 12,000 cooperatives of various types.⁷

There is broad consensus according to which the First Czechoslovak Republic met the following two criteria: it was a liberal-democratic political regime (at least in the context of Europe in the 1920s and 1930s)⁸ and the economy was based on the principles of free market capitalism.⁹ Thus, the new state was a sort of “playground” not only for cooperatives but also for many other types of businesses. In this playground, the cooperatives built up strong positions, as the data presented below illustrate (Table 1).

Table 1. Cooperatives in Czechoslovakia in 1937

Type	Cooperatives	Members	Assets (mil. Crowns)
Agricultural	3,861	597,156	.
Housing	691	104,590	.
Consumer	1,541	1,100,069	.
Production (Workers)	609	32,694	.
Sales and Purchasing (Traders)	229	50,283	.
Others	467	89,416	.
<i>Non-credit total</i>	<i>7,398</i>	<i>1,974,208</i>	<i>8,058,8</i>
<i>Credit</i>	<i>7,392</i>	<i>2,189,197</i>	<i>22,239,8</i>
<i>District credit</i> ^{10 **}	<i>656</i>	<i>471,462</i>	<i>4,828,2</i>
<i>Total</i>	<i>15,446</i>	<i>4,634,867</i>	<i>35,126,8</i>

7 There were 11,812 cooperatives in 1919/1920, of which 6,163 were credit cooperatives. The rest were non-credit cooperatives of the following types: consumer, housing, agricultural, and other. The agricultural cooperatives were furthermore very diverse in typology, providing specific services for the rural population. The most important were: 1. warehouse, wholesale, and purchase, 2. machinery, 3. electrification and powerplant, 4. cattle breeding and pasture, 5. processing and other cooperatives. For details see *Peněžní ústavy 1920*, 59, 79, 154–59, 167–68, 192; *Družstva neúvěrní 1919*, 3–219; *Zprávy státního úřadu statistického 1927*, vol. 8, 459.

8 Pánek and Tůma, *A History*, 395–434; Cabada and Waisová, *Czechoslovakia*, 26–43.

9 Průcha, *Hospodářské a sociální dějiny*, vol. 1; Kubů and Pátek, *Mýtus a realita*.

10 District credit cooperatives were a unique type that developed only in Bohemian Lands. They evolved from an ancient institution of the so-called Contribution funds. These were created by a law passed in 1788

* For Slovak cooperatives deposits instead of assets (which are not available¹¹)

** In 1936

Sources: *Statistická ročenka Republiky Československé 1948*, XV, 159–60, 199; *Statistisches Jahrbuch der ČSR 1938*, vol. 5, 186–87; *Zprávy Státního úřadu statistického 1937*, vol. 18, 221–24, 1104–5, 1166–67; *Zprávy Státního úřadu statistického 1940*, vol. 21, 32, 261, 507.

As Table 1 shows, the cooperatives were very important for the Czechoslovak economy. There were 15,446 cooperatives which had more than 4.5 million members. However, the number seems to be much higher because of two factors: usually, only one family member was an owner of a share in a cooperative and many people were members of more than one cooperative (e.g. a farmer might be a member of a credit cooperative and an agricultural cooperative, or a worker might be a member of a housing cooperative and a consumer cooperative). Assuming that the average family had approximately five members and that every person was a member of two cooperatives, we can estimate the real number of all “customers” or “users” of cooperatives to approximately 11.5 million people, which was more than 80 percent of Czechoslovakia’s population (14,428,715).¹²

(but had voluntarily been created perhaps even as much as 100 years before that) in order for the country to be ready for a war or in case of a natural disaster. The peasants were obliged to store some amount of grain according to the law. If the grain was not used, it could be sold, and the financial gains were saved in the fund to be used as assistance for members (peasants, farmers) or as financial support in the state of emergency. In the nineteenth century, the funds were gradually transformed into district credit cooperatives (finally enshrined in law in 1882). They differed from other types a lot. First, they were subject to public law, and their capital stock belonged to municipalities instead of to members. Membership was bound to the particular estate. The goals of district cooperatives, as stipulated by the law, were to provide inexpensive credit, encourage people to keep savings, and help them obtain tools and sources necessary to run agricultural businesses. Since 1920s, the savings in district credit cooperatives were guaranteed (partially or fully) by district municipalities. Therefore, their business strategy was much more conservative than the business strategies of the other types of cooperatives (which were a lot more conservative than other financial institutions). They were very restricted in providing credit and accepting savings, for example, and they were the safest (but generally also the least profitable) financial institutions for the rural population. Basically, they were not cooperatives from their origins or by law, but they fulfilled many economic functions of credit cooperatives and had a similar manner of doing business. In accordance with the contemporary literature, we classify them as a part of the system of credit cooperatives. They were very strong, and they flourished in Bohemia, especially in districts in which the majority population was Czech (they were called District Saving Banks or “Okresní hospodářské záložny” there), while in Moravia and especially in Silesia they were much weaker and less important. See *Okresní Záložny Hospodářské 1882–1932*; Vencovský, *Dějiny bankovníctví v českých zemích*, 171; *Peněžní ústavy 1920*.

11 According to my research (which has not yet been published), the deposits and assets of credit cooperatives in interwar Czechoslovakia were almost the same (the difference was not bigger than 15 percent, and it was usually between 5 and 10 percent). The deposits of Slovak credit cooperatives in 1937 were 1,423 million crowns. That means that even if the difference between deposits and assets was 15 percent, the change of the total number would be very small, roughly 0.6 percent.

12 *Historická statistická ročenka ČSR*, 62.

The assets controlled by cooperatives, which came to more than 35 billion crowns, were about 48.7 percent (!) of Czechoslovakia's GDP in 1937.¹³

The legislation passed by the First Republic respected the business and operational independence of cooperatives. It was based on the cooperative law of 1873, which at the time it was passed was outstanding and which remained effective until 1954. The founding of cooperatives was quite simple. The statutes had to be made and the cooperative had to be registered. The cooperative had to report all changes in statutes and all new people on the board of directors, which was elected by the general assembly, where all members could participate (directly or indirectly through delegates), vote, and be elected. The principle of voting was interpreted differently. In some cases, each member had one vote (generally in consumer cooperatives), while in others, the number of votes depended on the individual's number of shares (generally in other cooperatives). Issues of liability were different for members and for the leadership. Members had liability with all the property (cooperatives with unlimited liability) or with the sum, which was a multiple of the member's cooperative share. The sum was defined by statutes, and it was at least the same as the share. That meant that a minimum member's liability was the share plus the same sum. On the other hand, the board of directors always had liability with all their property.¹⁴

The cooperative law of 1873 did not regulate the business activities, property, or distribution of profits among members. These matters were subject to the decisions reached independently by each cooperative. In the subsequent decades, only one important regulation was added. The law of 1903 forced the cooperatives to submit to a financial examination every two years. The examination (called "revision") was done by state inspectors or by the cooperative union (see below).¹⁵

From the point of view of the state, cooperatives were seen as useful businesses which helped raise the standard of living of members of the lower social classes. Therefore, the cooperatives were subject to different taxes. While other companies generally paid 8 percent income tax, cooperatives paid only 2 per thousand tax on authorized capital yearly, which was an immensely low or, rather, *de facto* negligible amount. However, this tax rate applied only to

13 In 1937, the estimated GDP of Czechoslovakia was 72,2 bil. Crowns. See Kubů and Pátek, *Mýtus a realita*, 50.

14 "Gesetz Nr. 70/1873."

15 "Gesetz Nr. 133/1903."

cooperatives that restricted their business activities to members only.¹⁶ In other words, the taxes were low if the cooperatives worked as self-help companies which provided services to their members. However, if they acted as open business enterprises and provided services for everybody, they had to pay the same taxes as regular trade companies.

This created a lot of space for clashes between cooperatives and other types of companies. As one would have anticipated, the cooperatives frequently violated this regulation and provided their services to non-members. Their business competitors often made complaints on this matter, and the Czechoslovak authorities then had to deal with these complaints. The cooperatives, however, offered a simple defense in response to these accusations. They contended that the non-members for whom they had provided services were related by familial ties to members of the cooperatives and that the rules thus had not been violated. If this argument did not work, they claimed the problem was merely a mistake which had been made by particular employees (or cooperative officials). The authorities usually accepted this defense and fined the employees, and the cooperatives then compensated the employees for the fines. Obviously, this did not solve the problem. However, it was almost impossible to prove that any particular case was the result of the deliberate action of a cooperative. Generally, the cooperatives had an advantage in such cases. Often, however, the cooperatives and other business companies had good relations and collaborated. For example, in the process of market syndicalization in the 1920s and 1930s, the cooperatives made deals with other businesses to divide the markets.¹⁷

The organizational structures of the cooperatives were very complicated and hardly transparent in the First Republic. As early as the 1890s, the cooperatives had founded central cooperative unions to represent and advance their interests. Various unions existed even before 1918, and their numbers increased in the interwar era. Four important factors divided the cooperative movement:

1. Some cooperatives were organized on a professional basis, e.g., the cooperative of Živnostenská banka's (the biggest bank in Czechoslovakia) employees. Such cooperatives usually joined apolitical cooperative unions.

¹⁶ "Zákon č. 76/1927 Sb.," § 68, 75, 83.

¹⁷ SoaPraze, Krajský soud obchodní, podnikový rejstřík, Družstvo hospodářských lihovarů pro prodej líhu v Praze, Protokol zápisu z valné hromady Družstva hospodářských lihovarů, 22. 6. 1931. The deal from 1928 between cooperative and non-cooperative distilleries divided the market in a ratio of approximately 46:54. In 1931, the ratio changed to about 53:47. Moreover, both sides declared that even in the case of state intervention, they promised each other internally to respect this ratio.

2. In the multinational state of Czechoslovakia, the national cleavage was important in most advocacy (pressure) groups, including labor unions, as well as in the cooperative movement. Czech, Slovak, German, Hungarian, Polish, and Ruthenian cooperatives therefore joined particular unions defined by the nationality (language) of their members.
3. Some cooperative unions consisted of only particular types of cooperatives. As a result, there were exclusive cooperative unions, e.g., for traders' cooperatives.
4. Finally, the cooperative unions were often components of a bigger framework of pressure groups led by political parties. Every important political party organized one or more cooperative union. This was typical for Czech, Slovak, and German cooperatives. In contrast, smaller national groups in Czechoslovakia did not split their strength and organized their cooperatives almost exclusively on the national principle.

There was a total of 85 (!) cooperative unions in Czechoslovakia in 1935 as a result of this diversity.¹⁸ The most important were the party-oriented ones. Of the 16,832 cooperatives, 13,399 (approximately 80 percent) were members of only eight of the biggest party-oriented unions (of the Czech and German social-democratic, Czech national-socialist, and Czech and German agrarian parties).¹⁹ We can assume that other party-oriented unions had a very significant share of the other cooperatives as members.²⁰

The influence the political parties exerted over cooperatives was therefore quite extensive. However, there is no hint in the archival sources or in the secondary literature so far indicating that the cooperatives were submitted to any significant influence by the political parties in an entrepreneurial way. Their business strategies remained independent.²¹ However, the political parties often appointed their officials to leadership positions of big cooperatives or cooperative unions (these officials had to be elected by general meetings, which was not a problem because of the connections between the cooperative/union and the

18 *Zprávy Státního úřadu statistického 1937*, vol. 18, 785.

19 *Zprávy Státního úřadu statistického 1937*, vol. 18, 515, 786–89.

20 The structure of cooperative unions changed very often. They were merging and splitting, and their names were not stable. On the basis of the existing secondary literature, it is not possible to identify all the unions which cooperated with political parties. This subject is the focus of a scientific project currently underway.

21 Even in the case of the communist cooperative Včela the Communist party did not directly interfere in its economy and business strategy. See SoaPraze, Krajský soud obchodní, podnikový rejstřík, Družstvo Včela, Protokoly zápisů valných hromad Družstva Včela.

party). Among the members of the union leadership bodies (boards of directors or control boards), we often find senators, members of parliament, or even ministers, as well as important individuals with considerable public influence. Moreover, sometimes even the lower posts in cooperatives and unions were given to people who were close to the party's leadership (their relatives or friends).²² These people were “rewarded” by the party through “good jobs” in cooperatives (much as the party's VIPs were “rewarded” by being given posts on the board of directors in companies or high official posts in public administration). Indeed, giving (and taking) such “sinecures” was believed to be “normal” practice (or at least usual practice) in the First Republic.

There was, however, one more way for political parties to influence and even directly use the cooperatives. The cooperatives sometimes provided organizational and even financial support for a party's (or its satellite organizations') events. Once again, the research on this topic began only a year ago, but some particular findings have already been made. For example, the consumer cooperative Včela (the biggest cooperative in interwar Czechoslovakia, running its business in Prague and Central Bohemia and, after 1929, under the direct influence of the Communist Party) provided the communist “mass” organizations (such as a labor union, a sports union, a youth union, etc.) with more than 700,000 crowns (approximately 0.5 percent of its yearly retail sales) in the single business year of 1931–1932 (i.e., in the middle of a deep economic crisis!).²³ When the parties did not influence the cooperatives' businesses directly, they were nonetheless able to hinder their profitability (and thus influence their business strategies) indirectly.

The free business activities of cooperatives were limited in one more way. The unions (most probably regardless of their political profile, i.e., the apolitical cooperatives included) were aware of the fact that the cooperative network was sometimes too dense and that cooperatives were fighting one another. The unions tried to regulate the cooperatives, forcing them either to merge or to respect one another's areas. Thus, they created de facto cartels.²⁴ While this was definitely useful for smaller and less effective cooperatives (which were then

22 For example, in the archival fund of the cooperative union “Ústřední jednota českých hospodářských družstev úvěrních Brno” [Central Union of the Czech credit and agricultural cooperatives in Brno] one finds various letters by important officials of the People's Party (to which this union was tied) asking for assistance finding jobs for their relatives or VIPs. Moravský zemský archiv v Brně, H 288 Korespondence svazu z let 1936–1937.

23 Slaviček, *Spotřební družstvo Včela*, 110.

24 For the rules of cartelization in consumer cooperatives and its possible impacts compare Škatula, *Dvacet let*, 93; Slaviček, *Spotřební družstvo Včela*, 93–94.

protected against competition), for the bigger and more effective cooperatives, it was a restriction. The syndicates were quite usual in Czechoslovakia in the 1930s.²⁵ The cooperative market was no exception in this way. On the other hand, this was still more a regulation than it was a means of controlling the cooperatives, which remained fully independent enterprises in other ways.

Cooperatives in the Centrally Planned Economy of the Stalinist and the Post-Stalinist Czechoslovakia (1948–1960)

The communist coup d'état in February 1948 marked the beginning of the 41 years of communist dictatorship in Czechoslovakia. Drastic changes in the economy started almost immediately. The mixed economy of the Third Republic (1945–1948) was replaced with a centrally planned one after 1948. The period between 1948 and 1953 saw the introduction of the first five-year plan, during which the Czechoslovak economy was increasingly transforming into a Soviet model (with the closest match coming in 1953–1958, when the new planning system, inspired heavily by Soviets, was introduced, according to which the whole economy was seen as a single “super-company”).²⁶ This meant the drastic restructuring of Czechoslovak economy and society. Heavy industry (especially machinery, including the arms industry) was highly prioritized, and the primary and tertiary sectors were suppressed or not addressed at all. The whole economy was “nationalized” or “socialized.” Owners were expropriated and were given no compensations (indeed, they were often criminalized). Society started to be seen from the point of view of hereditary class struggle.

In this new context, the “playground” for cooperatives in communist Czechoslovakia in 1948–1960 had the following characteristics: 1. It was a totalitarian regime (although it got a little “softer” after 1953, especially regarding the intensity of terror as a practice used by the police state).²⁷ 2. The economy was of a Stalinist centrally-planned type. Despite the slight “liberalization” of the political regime after 1953, Stalinist central planning in the economy survived in its most rigid

25 Průcha, *Hospodářské a sociální dějiny*, vol. 1, 277–85; For syndicalization in partial sectors of the economy see e.g., Minařík, *V národních barvách*, 294–97, a recent publication by Tomáš Gecko, *Nástroj prospěšný, či vražedný?*

26 Průcha, *Hospodářské a sociální dějiny*, vol. 1, 378.

27 There is no agreement in the Czech secondary literature concerning the paradigm of totalitarianism. However, most authors (excluding those who reject this paradigm categorically) agree that at least until the 1960s, the Czechoslovak regime was of a totalitarian type. See e.g., the monothematic issue of *Soudobé Dějiny* (Czech Journal of Contemporary History): “Existoval v českých zemích totalitarismus?”

form until 1958.²⁸ However, after the monetary reform and the subsequent riots and strikes in June 1953,²⁹ the “New Course” in the economy was announced. The most violent practices were brought to a halt and emphasis shift to some extent from heavy industry to light industry (including consumer products). After 1955, with the start of the second five-year plan (1956–1960), the “New Course” was abandoned, and the new wave of heavy industry build-up began.³⁰

Table 2. Cooperatives in Czechoslovakia in 1937 and 1946

Type	1937		1946	
	Cooperatives	Members	Cooperatives	Members
Credit	7,392	2,189,197	5,002	1,609,323
Agricultural	3,861	597,156	3,571	794,000
Housing	691	104,590	465	77,507
Consumer	1,541	1,100,069	1,439	1,057,548
Production (Workers)	609	32,694	539	40,355
Sales and Purchasing (Traders)	229	50,283	327	80,032
Others	467	89,416	325	110,572
<i>Total</i> ³¹	<i>14,790</i>	<i>4,163,405</i>	<i>11,668</i>	<i>3,769,337</i>

Sources: *Zprávy Státního úřadu statistického 1940*, XXI, 507; *Statistická ročenka Republiky Československé 1948*, XV, 159–60; Smrčka, *Vývoj družstevnictví*, 211.

If we want to analyze the quantitative development of cooperatives in 1948–1960, it is worth pausing for a moment to consider their situation in the Third Republic (1945–1948). While the cooperatives were more or less suppressed and restricted during the period of Nazi occupation (1939–1945), in the Third Republic, they experienced a new revival. Their typology was very similar to the typology of the cooperatives in the prewar era. The most important figures in 1937 and 1946 are in Table 2. While the other cooperative types remained approximately at the same numbers, the number of credit cooperatives dropped substantially. Taking into account the drastic decline in the Czechoslovak population in 1939–1945 (ca 20 percent),³² the situation seems reversed: in the

28 Průcha, *Hospodářské a sociální dějiny*, vol. 2, 378.

29 Jirásek and Šůla, *Velká peněžní loupež*.

30 Průcha, “Glosses,” 70.

31 Without district credit cooperatives, therefore the numbers differ from Table 1.

32 According to the official estimations, the population of Czechoslovakia reached 15,186,944 in 1935 and 12,164,661 in 1946. The reasons for the decline were obviously the losses in the war and the loss of the territory of Ruthenia, though the most significant cause for this drop in population was the forced

relative numbers, the strength of credit cooperatives was about the same, while the other types of cooperatives (as well as the whole cooperative movement) were significantly better off.

Inspired heavily by developments in the USSR in the 1930s and 1940s and sometimes under the strict influence of Soviet “advisors,”³³ the roles of cooperatives had fundamentally changed during the few years after the communist putsch. Their traditional business, cultural, educational, and other roles were suppressed or even eliminated. The typology of cooperatives was reduced drastically. Credit cooperatives were “nationalized,” restricted in development and activities, and finally dissolved as part of the monetary reform of 1953. The broad variety of agricultural cooperatives was destroyed and only one type existed. The new collective farms (“United Agricultural Cooperative,” *Jednotné zemědělské družstvo*, JZD) focused on collective production and served as a crucial tool in the “collectivization” of businesses run by private farmers. Housing cooperatives survived, but they were submitted to strict state control, and any autonomous business activities were strictly forbidden. Consumer cooperatives seemed to grow, but this was an illusion created by the “socialization” of private traders and businesses. Their activities were fully controlled by the state. Production (workers) cooperatives were growing, due not only to the support of the state but also to the “socialization” of craftsmen. Sales and purchasing cooperatives were mostly dissolved, and those that remained were integrated into consumer or workers’ cooperatives. The same was the fate of the last group of “other” cooperatives.

As a result of these changes, generally, only four types of cooperatives existed in communist Czechoslovakia: collective farms, consumer, housing, and workers’ cooperatives. Based on the quantitative parameters only, the cooperative system seems to have remained relatively stable. The numbers of cooperatives and of their members in 1966 did not differ dramatically from the numbers in 1946 (Table 3).³⁴ Moreover, if we take the dissolution of credit

displacement of German (and some of the Hungarian) population after the war. *Statistisches Jahrbuch der ČSR 1938*, V, 21; *Statistická ročenka Republiky Československé 1948*, XV, 19.

33 The influence of (outdated) Soviet models can be demonstrated clearly for consumer cooperatives or collective farms in 1950s. The roles of Soviet advisors were analyzed in the 1990s in the secondary literature. See Slaviček, *Ze světa*, 69–72; Swain, “Eastern European Collectivization Campaigns Compared, 1945–1962”; Kaplan, *Sovětská poradci v Československu 1949–1956*; Janák and Jirásek, *Sovětská poradci a ekonomický vývoj*, “K příchodu.”

34 Statistics of cooperatives were no longer published after the communist putsch in 1948. The first available statistics (regarding the current state of research) are from 1970 and refer to 1966. It is probable

and traders' cooperatives into account, the other types of cooperatives seemed to have been growing. However, this growth was mostly artificial and therefore illusory. Hundreds of thousands of people (or maybe millions) did not join the cooperatives voluntarily. They were more or less forced to join, either to avoid being persecuted or accused of a crime or to have a better chance of keeping the rest of their property. Some people were violently forced to join cooperatives during the "collectivization" of agriculture (the creation of collective farms) and "socialization" (a de facto expropriation) of small businesses.

However, recent research has revealed that a traditional paradigm according to which the cooperatives were helpless victims which were forced by the regime to participate in "socialization" of private property is not entirely accurate. At least in the case of consumer cooperatives, some of them were very active in this process, sometimes even more active than one would have expected.³⁵ It is plausible that the situation in workers' and housing cooperatives could have been similar. After all, the cooperatives were traditional competitors of private businesses, and as noted above, relations between the cooperative and private business ventures were often near to hostile. It is possible (and probable) that many members of cooperatives may have felt that the process of "nationalization" and the creation of a socialist society represented a "final" and well-deserved victory (the fact they were wrong and the cooperatives would not be able to function as independent businesses under the new regime is another matter).

Table 3. Cooperatives and their members in Czechoslovakia in 1946 and 1966

Type	Cooperatives	Members	Cooperatives	Members
	1946		1966	
Consumer			105	1,885,498
Workers			421	149,123
Housing			2,410	312,410
JZD			6,464	866,381
<i>Total</i>	<i>11,668</i>	<i>3,769,337</i>	<i>9,400</i>	<i>3,213,412</i>

Sources: Jelínek, *20 let JZD*, 50; Archiv Muzea družstevnictví, Družstevní asociace ČR, Statistická ročenka Ústřední Rady Družstev, 1970.

that the figures did not change significantly in between 1960 and 1966, and it is therefore reasonable to use the statistics from 1966.

35 Slaviček, *Ze světa*, 212–25.

The cooperative legislation was based on two laws. The first was the law about collective farms (JZDs) from 1949, which separated the agricultural cooperatives from other types for four decades. The most important goals of the JZDs were to contribute to the fulfillment of the central economic plan and to unite the lands of individual farmers.³⁶ The law about “people’s cooperatives” from 1954 annulled the law from 1873 and created a new basis for cooperative activities. The goals of the cooperatives were now primarily to help build socialism and raise the living standards of the members of the cooperatives and all “working people.” Their activities were put under the strict control of the state, including the obligatory division of profits (not primarily among members).³⁷ These two laws clearly show the communist perception of the functions of the cooperatives: They were not seen as businesses, but as tools in central planning and a new social and economic policy.

The organizational structure of the cooperative movement was extremely simplified during World War II, and only a few cooperative unions remained in operation.³⁸ After the communist coup d’état in February 1948, these unions were dissolved, and all cooperatives were subordinated to the Central Cooperative Union (Ústřední rada družstev, ÚRD).³⁹ In the subsequent years, the consumer cooperatives were forced to abandon cities (and sell products only in smaller towns and rural areas), and their organizational structure after 1956 followed the administrative division of the country (districts or *okresy*). This is why, by 1966, there were only 105 huge cooperatives. Similarly, the traditional small workers’ cooperatives were forced to fuse into conglomerates (although not district-based). In contrast, the collective farms originally created were often too small and therefore in many cases not sustainable. Bigger collective farms were founded, either by founding new farms or by merging several cooperatives into one, but only after 1955.⁴⁰ This meant that the organizational structure was

36 “Zákon č. 69/1949 Sb.,” § 1–2.

37 “Zákon č. 53/1954 Sb.,” § 1, 28–31.

38 A total of five cooperative unions were founded in the Protectorate Bohemia and Moravia in 1942 (two of these unions were for agricultural cooperatives, separately for Bohemia and Moravia). All of the traditional unions were dissolved, and all cooperatives had to join these new unions. A new top institution, the Central Cooperative Union (Ústřední rada družstev, ÚRD), emerged in May 1945. Formally apolitical, it was dominated by the Communist Party. Although the ÚRD was not confirmed by law until spring 1948 (i.e., until after the February putsch), it was de facto accepted as a top representative of all cooperatives in Czechoslovakia. See “Vládní Nařízení č. 242/1942 Sb.,” Slaviček, *Ze světa*, 52–56.

39 “Zákon č. 187/1948 Sb.,” § 12.

40 Smrčka, *Vývoj družstevnictví*.

artificial, without any trace of a free development. In other words, the structure was crafted by the state/regime in the hopes that the new cooperatives would be able to fulfill their new roles.

It took the new regime some time to consolidate after 1948. Once it had done this, it started to reorganize the economy into a centrally planned one (as mentioned above). The room for independent or autonomous business activities of cooperatives was quickly shrinking. After 1950, there was generally no room left at all. The cooperatives became state-controlled instruments of the centrally planned economy. They could not plan even the simplest activities on their own. Moreover, they became part of a system of political indoctrination. In 1948–1953, almost all decisions were made on the basis of the state ideology. The “old” leaders were removed, and the new ones were installed into the cooperatives. The most important qualification of these new leaders was not expertise. It was membership in or loyalty to the Communist Party.⁴¹ The productivity and profits of cooperatives suffered a drastic setback, and the situation only began to improve since the 1960s.

There were several reasons for the destruction of cooperatives as independent enterprises. First, central planning was supposed to work better than the market economy (this proved an illusion, of course). Second, independent businesses were elements of the capitalist world, which the communist regime claimed to have “defeated.” Third, profit and effectiveness (fundamental for traditional business strategies) were no longer important economic factors. Instead, production was crucial. There was, however, at least one more reason that is often overlooked in the secondary literature. The reason was the practical application of the communist ideology. The cooperatives (as well as all other companies) were submitted to central planning not only in their activities. Importantly, the plan also expected them to be only marginally profitable. The regime did not want highly profitable companies, since according to communist ideology, profits would only have created a new “bourgeoisie,” i.e., a new class enemy.

Even in rare cases when the old leadership of a cooperative could have kept its position or the new leadership consisted of experts, this leadership quickly found itself struggling with the bureaucratic system of central planning, which was dominated by ideology. Despite their expertise and arguments, the leaders

41 Slavíček, *Ze světa*, 295–302; On the general problem of the lack of expertise among the communist “cadres,” see Jančík and Kubů, “Zwischen Planbefehl und Markt,” 97.

lost the disputes and had to comply. The best they could have achieved was to delay some of the decisions that were extremely disadvantageous for the cooperative (and this was possible only if the leaders were important members of the Communist Party and therefore had a strong “political background”).⁴²

On the other hand, it is plausible that cooperative leaders were trying to find some new “quasi-business” strategies, for instance cooperating with other companies, to get better (“softer,” i.e. based on lower figures) plans for the cooperative, etc. This “quasi-market behavior” was quite common in industry, and some of the cooperatives may have used these kinds of schemes too. However, the secondary literature has not yet turned up any sources buttressing this assumption. To summarize, the cooperatives in the first decade of the communist regime were no longer independent businesses. On the contrary, they were de facto instruments of the state-controlled, centrally planned economy. Basically, they were no longer cooperatives. They had the legal form of cooperatives and were called so, but they had almost nothing common with traditional cooperatives. To the extent that there were exceptions, these were little more than oversights or individual gaps in the system.

Conclusions

In 1948–1960, the “playground” for cooperatives in Czechoslovakia was extremely different than it had been in 1918–1938. In the First Czechoslovak Republic, cooperatives were independent businesses which freely chose their business strategies. They experienced continual growth and their economic power was enormous. Their organizational structure was independent of the state and was therefore complex and even chaotic (over 80 cooperative unions existed in the 1930s). In contrast, after the communist coup d’état in February 1948, the cooperatives were not only subjugated by the state but became state-controlled instruments in a drastic restructuring of the economy and society. They were submitted to the centrally planned economy, which left no room for independent business activities.

The general description given above is no doubt valid in broad strokes. However, when seen from a closer view, the situation of cooperatives looks a little more diverse. First, the cooperatives in the First Czechoslovak Republic were under the strong influence of political parties, which sometimes forced

42 Slaviček, *Ze světa*, 270–76.

them to support their activities (which created costs for cooperatives). Second, the cooperative unions tried to restrain the cooperatives' areas, thus forcing them to establish some sorts of cartels (or better, syndicates). While this offered some protection for the weaker and less profitable cooperatives, the successful ones were limited in their activities (they could nevertheless always leave the union). And third, it is possible that even in the Stalinist era of 1948–1953 there was some very limited room for cooperatives, in which they could develop some sort of “quasi-market” business strategies of an informal character. However, there is no doubt that this room was very small, and trying to function in these “gaps in the system” was very risky. Further research will perhaps reveal the extent and limits of these activities.

One conclusion is undeniable: though there were some restrictions on cooperatives in the First Republic and there was also some (limited) room for autonomous actions by cooperatives after 1948, the economic and political systems in which they functioned in these two periods were qualitatively different. The cooperatives after 1948 were no longer free businesses. They were “socialist enterprises,” or in other words, tools of centrally planned production, trade, and agriculture, which were organized and controlled by the totalitarian state.

Archival Sources

Archiv Muzea družstevnictví [Archive of the Cooperative Museum]

Družstevní asociace ČR [Cooperative Association of the Czech Republic]

Statistická ročenka Ústřední Rady Družstev, 1970 [Statistical yearbook of the Central Cooperative Union, 1970]

Moravský zemský archiv v Brně [Moravian regional archives]

H 288: Ústřední jednota českých hospodářských družstev úvěrních Brno [Central Union of Czech Credit Cooperatives in Brno]

Korespondence svazu z let 1936–1937 [Business correspondence of the Union], n.d.

Státní oblastní archiv v Praze (SoaPraze) [State Regional Archives in Prague]

Krajský soud obchodní [Regional Business Law Court], podnikový rejstřík [Business Register]

Družstvo hospodářských lihovarů pro prodej lihu v Praze [Cooperative of distilleries for the sale of alcohol in Prague]

Protokol zápisu z valné hromady Družstva hospodářských lihovarů [General meeting minutes of the cooperative of distilleries], 22. 6. 1931.

Družstvo Včela Praha [Cooperative Včela Praha]

Protokoly zápisů valných hromad družstva Včela, [General meetings minutes of the Cooperative Včela], 1918–1938.

Bibliography

Primary sources

Constitution of the Czechoslovak Socialist Republic. 2d edition. Prague: Orbis, 1961.

Družstva neúvěrní v Republice Československé v roce 1919 [Non-credit cooperatives in the Czechoslovak Republic in 1919]. *Československá statistika*. Ř. X, Družstva neúvěrní, Sv. 10, seš. 1. Prague: Státní úřad statistický, 1926.

“Gesetz Nr. 70/1873 über Erwerbs- Und Wirthschaftsgenossenschaften.” In *Reichsgesetzblatt 1849–1918*. <https://alex.onb.ac.at/cgi-content/alex?apm=0&aid=rgb&datum=18730004&seite=00000273&size=45>

“Gesetz Nr. 133/1903 betreffend Die Revision Der Erwerbs- Und Wirtschafts-genossenschaften Und Anderer Vereine.” In *Reichsgesetzblatt 1849–1918*. <https://alex.onb.ac.at/cgi-content/alex?aid=rgb&datum=19030004&seite=00000409>

Historická statistická ročenka ČSSR [Historical statistical yearbook of Czechoslovakia]. Edited by Vladimír Mička. Prague: SNTL–Bratislava: Alfa, 1985.

Peněžní ústavy v Republice Československé roku 1920 [Financial institutions in the Czechoslovak Republic in 1920]. *Československá Statistika*. Řada IX, Peněžnictví, seš. 1. Prague: Státní úřad statistický, 1924.

Statistická ročenka Republiky Československé [Statistical yearbook of the Czechoslovak Republic]. Vol. 15. Prague: Státní úřad statistický, 1948.

Statistisches Jahrbuch Der Českoslovakischen Republik. Vol. 5. Prague: Orbis, 1938.

“Vládní nařízení č. 242/1942 Sb. ze dne 3. července 1942 o svazech výdělkových a hospodářských společenstev” [Statutory instrument no. 242/1942 about cooperative unions]. *Nové zákony a nařízení Protektorátu Čechy a Morava* [New laws of the Protectorate Bohemia and Moravia], [vol.] 4. (1942): 1069–77.

“Zákon č. [Law no.] 53/1954 Sb. o lidových družstvech a o družstevních organizacích” [Law no. 53/1954 about peoples’ cooperatives and cooperative institutions]. *Sbírka zákonů a nařízení republiky Československé* [Czechoslovak Government Gazette], [no.] 34, 1. 12. (1954): 203–12.

- “Zákon č. 69/1949 Sb. o jednotných zemědělských družstvech” [Law no. 69/1949 about collective farms]. *Sbírka zákonů a nařízení republiky Československé* [Czechoslovak Government Gazette], [Nr.] 22, 15. 3. (1949): 207–209.
- “Zákon č. 76/1927 Sb. o přímých daních” [Law no. 76/1927 about direct taxes]. *Sbírka zákonů a nařízení státu československého* [Czechoslovak Government Gazette], [no.] 37, 1. 7. (1927): 513–602.
- “Zákon č. 187/1948 Sb. o Ústřední radě družstev” [Law no. 187/1948 about Central Cooperative Union]. *Sbírka zákonů a nařízení republiky Československé* [Czechoslovak Government Gazette], [no.] 67, 3. 8. (1948): 1328–31.
- Zprávy Státního úřadu statistického Protektorátu Čechy a Morava* [Announcements of the Statistical Office of the Protectorate Bohemia and Moravia]. Vol. 21. Prague: Státní statistický úřad, 1940.
- Zprávy Státního úřadu statistického Republiky Československé* [Announcements of the Statistical Office of the Czechoslovak Republic]. Vol. 8. Prague: Státní úřad statistický, 1927.
- Zprávy Státního úřadu statistického Republiky Československé* [Announcements of the Statistical Office of the Czechoslovak Republic]. Vol. 18. Prague: Státní úřad statistický, 1937.

Secondary literature

- Cabada, Ladislav, and Šárka Waisová. *Czechoslovakia and Czech Republic in World Politics*. Plzeň: Vydavatelství a nakladatelství Aleš Čeněk, 2006.
- “Existoval v českých zemích totalitarismus?” [Has the totalitarianism ever existed in the Bohemian lands?]. *Soudobé Dějiny* 16, no. 4 (2009).
- Gecko, Tomáš. *Nástroj prospěšný či vražedný? Proces monopolizace na trhu stavebních hmot Předlitavska a meziválečného Československa* [A beneficial or a murderous instrument? The process of monopolization of the building materials market of the Cisleithania and the inter-war Czechoslovakia]. Prague: Univerzita Karlova, nakladatelství Karolinum, 2021.
- Hůlka, Rudolf, ed. *Třicet let české zemědělské družstevní práce* [Thirty years of the Czech agrarian cooperative work]. Prague: Ústřední jednota hospodářských družstev a příčleněných kampeliček a družstev, 1928.
- Janák, Dušan, and Zdeněk Jirásek. *Sovětsí poradci a ekonomický vývoj v ostravsko-karvinském revíru* [Soviet advisors and the economic development in the region of Ostrava-Karviná]. Opava: Slezský ústav Slezského zemského muzea v Opavě, 1996.
- Jančík, Drahomír, and Eduard Kubů. “Zwischen Planbefehl und Markt: Der Diskurs der Zweiten Tschechoslowakischen Wirtschaftsreform.” In *Sozialistische Wirtschaftsreformen. Tschechoslowakei und DDR im Vergleich*, edited by Christoph Boyer, 63–123. Frankfurt am Main: Vittorio Klostermann, 2006.

- Jelínek, Adolf. *20 let JZD* [20 years of collective farms]. Prague: Výstavnictví MZVŽ, 1969.
- Jirásek, Zdeněk. “K příchodu sovětských hospodářských poradců do Československa” [To the arrival of Soviet economic advisors into Czechoslovakia]. *Acta historica et museologica Universitatis Silesianae Opaviensis, series C*, 5 (2000): 324–28.
- Jirásek, Zdeněk, and Jaroslav Šůla. *Velká peněžní loupež v Československu 1953, aneb 50:1* [The big monetary robbery in Czechoslovakia in 1953–50:1]. Prague: Svítání, 1992.
- Kaplan, Karel. *Sovětské poradci v Československu 1949–1956* [Soviet advisors in Czechoslovakia in 1949–1956]. Prague: Ústav pro soudobé dějiny AV ČR, 1993.
- Kubů, Eduard, and Jaroslav Pátek. *Mýtus a realita hospodářské vyspělosti Československa mezi světovými válkami* [The myth and the reality of the level of Czechoslovak economic development between the world wars]. Prague: Karolinum, 2000.
- Lorenz, Torsten, ed. *Cooperatives in Ethnic Conflicts: Eastern Europe in the 19th and Early 20th Century*. Frankfurter Studien Zur Wirtschafts- Und Sozialgeschichte Ostmitteleuropas 15. Berlin: Berliner Wissenschafts-Verlag, 2006.
- Minařík, Martin. *V národních barvách: akcionářský pivovar na Smíchově v letech 1869–1945* [In national colors: The stockholders’ brewery in Smíchov in 1869–1945]. Pelhřimov: Nová tiskárna Pelhřimov, 2017.
- Němcová, Lidmila, ed. *The Cooperative Movement in Historical Perspective. Its Role, Forms and Economic, Social and Cultural Impact: Twelfth International Economic History Congress, Sevilla 1998: Session B 13*. Studie z Hospodářských Dějin 2. Prague: University of Economics, 1998.
- Němcová, Lidmila. *Vybrané kapitoly z českého družstevnictví* [Chapters about the Czech cooperative movement]. Prague: Družstevní asociace ČR, 2001.
- Němcová, Lidmila, and Václav Průcha. *K dějinám družstevnictví ve světě a v Československu* [To the history of the cooperative movement in the world and in Czechoslovakia]. Prague: Vysoká škola ekonomická, Národohospodářská fakulta, 1999.
- Okresní Záložny Hospodářské 1882–1932* [District credit cooperatives in 1882–1932]. Prague: Svaz okresních záložen hospodářských, 1932.
- Pánek, Jaroslav, and Oldřich Tůma. *A History of the Czech Lands*. Prague: Karolinum, 2009.
- Průcha, Václav. “Glosses to the Periodization of the Economic History of Czechoslovakia after World War II.” In *“Discourses”: Essays for Mikuláš Teich & Alice Teichová*, edited by Gertrude Enderle-Burcel, Eduard Kubů, Jiří Šouša, and Dieter Stiefel, 67–72. Pelhřimov: Nová tiskárna Pelhřimov, 2008.
- Průcha, Václav. *Hospodářské a sociální dějiny Československa 1918–1992* [Economic and social history of Czechoslovakia in 1918–1992]. Vol. 1. Brno: Doplněk, 2004.

- Průcha, Václav. *Hospodářské a sociální dějiny Československa 1918–1992* [Economic and social history of Czechoslovakia in 1918–1992]. Vol. 2. Brno: Doplněk, 2009.
- Škatula, Emanuel, ed. *Dvacet let Ústředního svazu československých družstev: 1908–1928* [Twenty years of the Central Union of Czechoslovak Cooperatives: 1908–1928]. Prague: Ústř. svaz čsl. družstev, 1928.
- Slavíček, Jan. *Spotřební družstvo Včela mezi podnikáním a politikou v letech 1905–1938, aneb Pevnost proletářů v Praze* [Včela consumers' co-operative between business and politics in 1905–1938: The “proletarian fortress” in Prague]. Prague: Národohospodářský ústav Josefa Hlávky, 2019.
- Slavíček, Jan. *Ze světa podnikání do světa plánované distribuce: proměny spotřebního družstevnictví v letech 1945–1956 na příkladu severních Čech* [From the world of business to the world of planned distribution: Czech consumer cooperatives between 1945 and 1956 (northern Bohemia region)]. Prague: Filozofická fakulta Univerzity Karlovy, 2017.
- Smrčka, Ladislav, ed. *Vývoj družstevnictví na území ČSFR* [Development of cooperative movement in the region of Czechoslovakia]. Prague: Svépomoc, 1992.
- Swain, Nigel. “Eastern European Collectivization Campaigns Compared, 1945–1962.” In *The Collectivization of Agriculture in Communist Eastern Europe: Comparison and Entanglements*, edited by Arnd Bauerkämper, and Constantin Iordachi, 497–534. Budapest: CEU Press, 2014.
- Täuber, František, ed. *Dílo družstevní svépomoci* [The work of cooperative self-help]. Prague: Ústřední svaz československých družstev, 1933.
- Vencovský, František, ed. *Dějiny bankovníctví v českých zemích* [A history of banking in the Bohemian lands]. Prague: Bankovní institut, 1999.