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# ETHNIC-GERMAN COOPERATIVES IN EASTERN EUROPE BETWEEN THE WORLD WARS: THE IDEOLOGY AND INTENTIONS BEHIND AN ETHNIC ECONOMY

BERND ROBIONEK

Hitherto, German cooperative historiography touching on the interwar period has shown little awareness of ethnic-German cooperatives abroad. Only in the Polish case has there been a closer and focussed, albeit biased, scientific examination since 1945.<sup>1</sup> However, a re-assessment of cooperation activities in Eastern Europe did take place in studies on “Cooperatives in Ethnic Conflicts” conducted by Torsten Lorenz and his fellow researchers. But the issue of ethnic-German cooperatives in Eastern Europe between the World Wars has not really been addressed in this context. It is, however, useful to fit ethnic-German cooperatives in the East into the scheme of periodisation as laid out by Lorenz. This allows us to point to the mutual influences on the field of cooperative life between those groups who, from the 19<sup>th</sup> century to almost the mid-20<sup>th</sup> century, can generally be regarded as adversaries. In a second step, the ideological background attributed to the ethnic-German cooperatives will be highlighted, followed by an outline of the differing developments in various regions of Eastern Europe. The next chapter explains the policy of subsidies from the German Reich to ethnic-German cooperatives in the East.

## **1. Reciprocal Influences between Germany and the West Slavic People**

Until now the existing literature has mainly defined the concept of ‘ethnic economy’ in the context of immigrant societies. According to the various definitions, co-nationals in an ethnic economy tend to establish exclusive

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<sup>1</sup> Jan Majewski, *Drogi i bezdroża niemieckiej spółdzielczości w Polsce 1919-1939*, Poznań 1989.

ties among each other.<sup>2</sup> Up to the end of the Second World War, ethnic economies in Eastern Europe mostly manifested themselves, however, as cooperatives and agricultural cooperatives in particular. Ironically enough, in a specific situation cooperatives became an instrument of German interwar post-imperialist policy based on ethnic minorities abroad, although the cooperative movement had generally a strong internationalist background. In 1930, the International Co-operative Alliance represented over fifty million households organized in various cooperatives in one of forty member countries.<sup>3</sup> Despite the international influences of the cooperative movement, in many cases the members of cooperatives were people belonging to the same ethnic group. To what extent ethnically homogeneous cooperatives could be regarded as a result of the “existence in the diaspora” or even as an advantageous form of grouping due to the reduction of the potential for cultural frictions within the organizations,<sup>4</sup> remains open to scholarly debate. Anyway, in order to complete the picture it is necessary to note that the ethnic exclusivity of cooperatives was a frequent model not only in Eastern Europe.

Cooperatives of the modern type as a means of solidary self-aid spread across the rural population of Europe throughout the second half of the 19<sup>th</sup> century. For this development the principle of the loan bank, as it had been established by Friedrich Wilhelm Raiffeisen (1818-1888), very often served as a role model. In Eastern Europe the members of cooperatives gathered along ethnic lines. This exclusivity made it possible for cooperatives to become instrumental in the national struggle of the West Slavic people. Analogous to Miroslav Hroch’s three phase model of the prevailing modern nation-building pattern in Eastern Europe, Torsten Lorenz has set up his own scheme of cooperative development as a parallel factor in East European nation-building processes.<sup>5</sup> According to this model, the initial phase of the dissemination of the contemporary cooperative concept and its step-by-step application among the peasantry, which got under way from the mid-19<sup>th</sup> century, was followed by the segregation of professional sectors into national divisions, beginning

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<sup>2</sup> Cf. Antoine Pécoud, What is Ethnic in an Ethnic Economy?, in: *International Review of Sociology* 20/1 (2010), pp. 59-76, p. 60.

<sup>3</sup> Johnston Birchall, *The International Co-operative Movement*, Manchester; New York, NY 1997, p. 53 f.

<sup>4</sup> Georg Draheim, *Die Genossenschaft als Unternehmungstyp*, Göttingen <sup>2</sup>1955, p. 29.

<sup>5</sup> Torsten Lorenz, Introduction. Cooperatives in Ethnic Conflicts, in: idem (ed.), *Cooperatives in Ethnic Conflicts: Eastern Europe in the 19<sup>th</sup> and early 20<sup>th</sup> Century*, Berlin 2006, pp. 9-44.

around 1870. Affirmative legislation (1867 in Prussia, 1873 in the Habsburg Empire) helped to strengthen this development. At this time, the “organic work”, which was designed as a constructive strategy providing an alternative to (failed) rebellions, emerged in Poland. Towards the end of the 19<sup>th</sup> century, while recovering from economic depression, ethnic-political mass mobilization gained ground. The commonly increased demand for short term credits was a contributing factor in this process, as it generally was for the establishment of Raiffeisen’s concept of cooperation.

In the economic periphery, however, this development did not take place. In rural Russia and in South Eastern Europe, cooperative-founding activities on a larger scale did not begin until the early 20<sup>th</sup> century. In those countries, loans distributed within the memberships primarily, however, supported consumption requirements and thus hardly contributed to an overall modernization of agriculture. In Poland, on the other hand, the cooperative system emerged as a powerful instrument for countering economic confrontation of the Prussian elites. One protagonist of the “organic work” was Maksymilian Jackowski, a member of the *szlachta*, the Polish nobility, in Prussia. After the failure of the uprising in 1863/64, he pursued the strategy of reaching national aims by economic means. In 1873 he was appointed to the chair of the Poznan-based Central Economic Society (Centralnego Towarzystwa Gospodarczego, CTG), a federation of peasant societies which had been founded in 1861. Jackowski developed the CTG into a powerful organization numbering some 10,000 members in more than 200 local circles at the turn of the 20<sup>th</sup> century.<sup>6</sup> From 1886 onwards the Bank Ziemiński, founded as a reaction to the Prussian settlement law, became another agent of “organic work” because it proved successful in acquiring land and distributing it to Polish recipients.<sup>7</sup>

After the First World War, there was a structural inversion of the situation and the descendants of German-origin settlers in Eastern Europe turned into ethnic minorities within the framework of the newly formed (supra)national states. While on all sides the mobilization of ethnically-defined groups was in full swing, the (supra)national states in Eastern Europe carried out land reforms, leading to dissatisfaction among ethnic-German farmers who were widely excluded from the allocation.<sup>8</sup> Above

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<sup>6</sup> William W. Hagen, National Solidarity and Organic Work in Prussian Poland, 1815-1914, in: *The Journal of Modern History* 44/1 (1972), pp. 38-64, p. 49 f.

<sup>7</sup> Leo Wegener, *Der wirtschaftliche Kampf der Deutschen mit den Polen um die Provinz Posen*, Poznań 1903 [Diss. Heidelberg 1900], p. 23-26.

<sup>8</sup> The degree of exclusion of the ethnic-German population from the redistribution of land varied between the different countries. Whereas, for example, the

all, this fuelled the agenda of minority politicians or, as we can call them, ethnic entrepreneurs (Milton J. Esman). The inversion of the political situation gave way to the next level of mutual Slavic-German influences in ethnic economics. In the middle of the 19<sup>th</sup> century, pioneers of the Polish cooperative system had, for example, maintained personal relations with the German cooperatives founder Hermann Schulze-Delitzsch (1808-1883).<sup>9</sup> His ideas had also been adopted by activists in Bohemia who were working for the establishment of a Czech national state.<sup>10</sup> Now, after the First World War, the ethnically exclusive cooperatives of the West Slavic people became a role model in theory and praxis for the economic organization of “Germandom” outside the Reich’s borders. Leo Wegener (1870-1936), for instance, rose to a high position in the management of the Union of German Cooperatives in Poznan after he had finished his doctorate on *The Economic Struggle of the Germans with the Poles for the Province of Poznan* (published in 1903) and revealed the reciprocal influences between German and Polish cooperatives in the nationalist confrontation. In 1925, he was succeeded by Friedrich Swart (1883-1958).<sup>11</sup> Proceeding on these grounds, the ethnic-German cooperatives in Eastern Europe developed into an organizational cornerstone of “Volkstumsarbeit” (work for the ethnic community) abroad.

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“Swabians” in the newly formed Southslav kingdom received almost no land from the state, the Germans (“Sudetendeutsche”) living in Czechoslovakia were fairly treated. Cf. Jaromír Balcar, Instrument im Volkstumskampf? Die Anfänge der Bodenreform in der Tschechoslowakei 1919/20, in: *Vierteljahrshefte für Zeitgeschichte* 46/3 (1998), pp. 391-428, p. 402 f.; Nikola Gaćeša, The Germans in the Agrarian Reform and Land Ownership Patterns in the Voivodina Province during the Period from 1919 to 1941, in: Života Anić et al. [eds.], *The Third Reich and Yugoslavia 1933-1945*, Belgrade 1977, pp. 145-170, esp. p. 155.

<sup>9</sup> Ludwig Bernhard, *Die Polenfrage. Das polnische Gemeinwesen im preußischen Staat*, Leipzig <sup>2</sup>1910, p. 100.

<sup>10</sup> Catherine Albrecht, Nationalism in the Cooperative Movement in Bohemia before 1914, in: Lorenz, *Cooperatives in Ethnic Conflicts*, pp. 215-227, p. 216.

<sup>11</sup> Richard Blanke, *Orphans of Versailles. The Germans in Western Poland 1918-1939*, Lexington, KT 1993, p. 75: „The highly successful Polish co-op movement of the pre-1914 period served Wegener and Swart as an example of how a national minority might survive and prosper even under hostile political conditions.”

## 2. Ideologists Explaining the Ethnic-German Cooperative System in Eastern Europe

Organized “Volkstumsarbeit” became popular among the public in the Weimar Republic. Associations like the “Verein für das Deutschtum im Ausland” (Association for Germandom Abroad, VDA), which had 3,200 local groups on the eve of the National-Socialist takeover,<sup>12</sup> gained broad support among politically active members of society in Germany.<sup>13</sup> According to Hans Steinacher, the president of the VDA until fall 1937, “Germandom abroad” comprised more than thirty million people. More than ten million were said to live overseas, 16 million “bordering Germandom” (Austria included) and four million “without a territorial link to the compact area of the Reich”. Steinacher held that the decisive criteria for “Germandom abroad” was “rootedness in the soil”, represented by a “rooted-to-the-soil lower social strata”.<sup>14</sup> The peasantry was designated to provide the solid basis for the cooperative-run “Volkstumsarbeit”. An article of the VDA-paper “Deutsche Arbeit” in its issue of August 1928 read:

Generally, farmers’ colonies are the ones that were able to counter denationalization most easily, while urban settlements or single trade emigrants had in many cases forgotten about their [original] ethnic identity [“Volkstum”] by the next generation. This can be explained by the fact, that farmers’ colonies satisfied their economic needs from their own [economic] operations [and] that other requirements were for the most part satisfied by craftsmen and businessmen who were organically bounded up with the settlements.<sup>15</sup>

As a result of its supposed native persistence, a non-urbanized “rooted in-the-soil Germandom” was chosen to be the upholder of an ideal ethnic economic policy beyond the borders of the German state; this was to be

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<sup>12</sup> Hans Adolf Jacobsen, *Nationalsozialistische Außenpolitik 1933-1938*, Frankfurt/Main; Berlin 1968, p. 165.

<sup>13</sup> E.g. Karl-Heinz Grundmann, *Deutschtumspolitik zur Zeit der Weimarer Republik. Eine Studie am Beispiel der deutsch-baltischen Minderheit in Estland und Lettland*, Hannover-Döhren 1977.

<sup>14</sup> Bundesarchiv (BA) NL1184/101: Memo Steinacher (Volksdeutscher Rat), [1935].

<sup>15</sup> Quoted in Bernd Robioneck, *Zwischen Anspruch und Wirklichkeit. Das deutsche Genossenschaftswesen in der Vojvodina (1922-1941)*, in: *Jahrbuch des Bundesinstituts für Kultur und Geschichte der Deutschen im östlichen Europa* 20 (2012), pp. 519-527, p. 521.

achieved through an “everlasting holy marriage” with “its soil”.<sup>16</sup> Moreover, discrimination against national minorities in the process of land re-distribution through the agrarian reforms of the new post-war (supra)national states provided a projection screen for ethno-nationalist scenarios of menace.<sup>17</sup> Ethnic-German minorities were drawn into a post-imperialist compensation strategy conceptualized by right-wing intellectuals and tackled by leading political figures in the Reich. As long as the borders defined by the (sometimes scattered) ethnic-German settlements remained in force, reasoned ethnic ideologists, the international post-war state borders were not finalized. As late as the mid-1930s, Steinacher expressed this linkage in a drastic manner: “Were our enemies to succeed [...] in destroying or assimilating a piece of compact ethnic-German soil [Volksboden], which they had snatched from us, that would show that ethnic borders can be surmounted by aggressor states.”<sup>18</sup>

The alleged irreversibility of ethnic decline hung like the proverbial sword of Damocles over the future success of German foreign policy in Europe.<sup>19</sup> After 1918, Europe’s ethnic minorities were increasingly used as bargaining objects at international peace treaty negotiations. The Treaty of Versailles stripped Germany of 13 percent of its territory and 10 percent of its population as well as important economic resources. Most of the ceded territory lay in the East. The province of Poznan, Eastern Pomerania and a share of Eastern Prussia became parts of the young Polish republic. Plebiscites were carried out in the east of Upper Silesia and for south-eastern Prussia.<sup>20</sup> The partitioning of Upper Silesia after the voting in March 1922 and the violence that followed served as an example of how crucial the presence of the German population was in upholding claims to a specific region.<sup>21</sup>

Purely ethnic-German cooperatives promised appropriate means of preserving and strengthening German settlements in the East. Through the

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<sup>16</sup> Erhard Gottfried Bürger, *Volksdeutsche Bildungsfragen des deutschen Landstandes*, in: *Deutsche Arbeit* 32/11-12 (1933), p. 316.

<sup>17</sup> Cf. Martin Broszat, *Die völkische Ideologie und der Nationalsozialismus*, in: *Deutsche Rundschau* 58/1 (1958), pp. 53-68, esp. p. 60.

<sup>18</sup> BA N 1184/101: Memo Steinacher (Volksdeutscher Rat), [1935].

<sup>19</sup> Cf. Norbert Krekeler, *Revisionsanspruch und geheime Ostpolitik der Weimarer Republik. Die Subventionierung der deutschen Minderheit in Polen*, Stuttgart 1973, p. 88.

<sup>20</sup> Gottfried Niedhart, *Deutsche Geschichte 1918-1933. Politik in der Weimarer Republik und der Sieg der Rechten*, Stuttgart; Berlin; Cologne 1994, p. 51.

<sup>21</sup> T. Hunt Tooley, *National Identity and Weimar Germany: Upper Silesia and the Eastern Border, 1918-1922*, Lincoln 1997.

personal and direct involvement of its members, in the eyes of ethnic enthusiasts exclusively German cooperatives abroad represented a “stronghold for an ethnic economic life of its own”.<sup>22</sup> Credit cooperatives on Raiffeisen lines seemed to offer ideal conditions for the pursuit of ethnic aims because they were based on the principle of shared liability among their members.<sup>23</sup> Predicated on ethnic homogeneity, cooperatives “inevitably took on the task of economically maintaining the ethnic group” by supporting the individuals included.<sup>24</sup> Apart from the political sphere of the minority parties, cooperatives seemed to offer an additional stable organizational structure. In comparison with these modest economic associations, cultural and political organizations were targeted to a much greater extent by restrictive measures taken by the authorities in the new (supra)national states. In the worst case scenario of an official ban on cultural or political organizations, pointed out ethnic commentators, cooperatives remained on stand-by to keep the members of an ethnic group attached to an institution surrounded by the ethnic boundary.<sup>25</sup> Therefore, the common interest of economic activities had the advantage of a “stronger force” to replace the “public compulsory organization”.<sup>26</sup> In principle, German cooperatives were designed “to secure the ethnic living space [“den völkischen Lebensraum”] in its physical, economic and spiritual aspect”.<sup>27</sup> German ethnic ideologists believed that the village communities of ethnic minorities, practising a kind of pre-capitalist autarchy in the form of their cooperative lives,<sup>28</sup> should generate common

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<sup>22</sup> Günter Wehenkel, *Genossenschaft und nationale Minderheit*, in: *Nation und Staat* 3/5 (1930), pp. 293-301, p. 294.

<sup>23</sup> Otmar Richter, *Wirtschaft und die deutsche Minderheit in Siebenbürgen* [Diss.], Cologne 1936, p. 42.

<sup>24</sup> Rüdiger Müller-Stock, *Volkstum und Genossenschaftswesen*, Stuttgart; Berlin 1938, p. 10.

<sup>25</sup> On the concept of ethnic boundaries see Fredrik Barth (ed.), *Ethnic Groups and Boundaries: The Social Organization of Culture Difference*, London 1969. A newer approach can be found from Andreas Wimmer, *The Making and Unmaking of Ethnic Boundaries: A Multilevel Process Theory*, in: *American Journal of Sociology* 113/4 (2008), pp. 970-1022.

<sup>26</sup> Herbert Kniesche, *Das Volk in der Wirtschaft. Ein Versuch vom Standpunkt volkstheoretischer Wirtschaftsbetrachtung – an Beispielen aus dem wirtschaftlichen Nationalitätenkampf*, Jena 1937, p. 221.

<sup>27</sup> Müller-Stock, *Volkstum und Genossenschaftswesen*, p. 38.

<sup>28</sup> Gerhard Stapelfeldt, *Der Imperialismus. Krise und Krieg 1870/73 bis 1918/29*, vol. 1: *Politische Ökonomie*, Hamburg 2008, p. 555.

<sup>28</sup> Müller-Stock, *Volkstum und Genossenschaftswesen*, p. 4 f.



investment funds for purely “extra-economy”,<sup>29</sup> i.e. ethnic-political, purposes.<sup>30</sup> Furthermore, the ethnic-German cooperatives in the East had a specific significance not only within the context of regional minority issues, but also for external relations. It was said that they built “the organizational bridge which enabled access to the economic life of East European Germandom”, thus opening auspicious “possibilities for the export-oriented industries of Germany proper”.<sup>31</sup>

According to statements made by activists of the “Volkstumsarbeit”, the ethnic functions of the German cooperatives in Eastern Europe can be summarized as follows:

1. By embracing the ethnically-defined target group, they would, by their mere existence, bring along economic cooperation alongside political and cultural organizations, which cooperatives would have to replace should cultural or political activities be subject to restrictions.
2. They were assigned the strategic task of preserving and expanding the “ethnic land” (“Volksboden”) by improving the economic capacity of ethnic-German farmers.
3. At an advanced stage, they were to generate financial means in order to support the political and cultural “work for German“Volkstumsarbeit” in their region.
4. They were to provide the connection between state-run and private agencies in Germany and “rooted in-the-soil Germandom” (“bodenständiges Deutschtum”) abroad.

### **3. A Regional Outline of the Development of Ethnic-German Cooperative Systems**

At the beginning of the 1930s, members of German minorities in Eastern Europe ran an estimated 7,000 economic associations of different kinds, most of them credit cooperatives.<sup>32</sup> Not surprisingly, the extent of cooperative development varied between the regions. The “Germandom of the borderland” (“Grenzlanddeutschtum”) in the Polish province of

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<sup>29</sup> Günter Wehenkel, *Deutsches Genossenschaftswesen im osteuropäischen Raum*, in: *Der Auslandsdeutsche* 14/6 (1931), pp. 182-185, p. 182.

<sup>30</sup> Müller-Stock, *Volkstum und Genossenschaftswesen*, p. 4 f.

<sup>31</sup> Wehenkel, *Deutsches Genossenschaftswesen*, p. 185.

<sup>32</sup> It is hard to determine whether this figure given by Günter Wehenkel includes only cooperatives which were associated with the cultural and/or political leadership of the German minorities in the East.

Poznań and in Bohemia, Czechoslovakia, had already reached a high organizational level before the First World War. The exterritorial areas of German settlements underwent a more heterogeneous process. For the Baltic States, Latvia took the lead while the German cooperatives in Estonia lagged behind. The population of the “dispersed Germandom” (“Streudeutschtum”) of the East did not start to set up ethnically exclusive cooperatives until the 1920s. After the division of the Banat between the South Slav kingdom and Romania, the cooperatives of the western part were cut off from their centre in Temesvar, making room for initiatives from the headquarters of the ethnic-German entrepreneurship in Novi Sad, the capital of the Vojvodina. Romania was, as Elisabeth Weber, points out in her contribution to this volume, in terms of regions with a compact density of ethnic-German settlements, definitely the most diversified country. Transylvania (Siebenbürgen) with its centre Sibiu (Hermannstadt) was the most developed area in the field of cooperatives. Whereas eastern Banat had a tradition of cooperative life dating back to the pre-war era, Bukovina and especially Bessarabia were relatively new grounds for the establishment of German cooperatives.<sup>33</sup>

The relations between ethnic-German cooperative unions within a state often followed a hierarchical pattern of centre and periphery. This could be observed in Poland, where the regions of Poznan and Pomerania were strongholds of the pre-war German cooperative system. Officials from these centres contributed to the strengthening of ethnic-German cooperative activities in the former non-Prussian parts of the country (i.e. the area of post-1815 Congress Poland, Galicia and Volhynia).<sup>34</sup> The credit co-ops in Galicia, for instance, received fresh money from the union in Poznan in order to maintain their operations. The headquarters in Poznan also stimulated the expansion of the ethnic-German economy in Volhynia.<sup>35</sup>

The union located in the Lodz area, whose foundation in 1918 had been supported by agencies in Germany, joined the union of Poznań at the end of 1933, merging 4,715 members into the new umbrella organization. Of more than one million ethnic Germans in Poland, an estimate indicated, some 35,000 persons were members of at least one of the ethnic-German

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<sup>33</sup> Wehenkel, *Deutsches Genossenschaftswesen*, pp. 182-185. For a more detailed account on Romania see Günter Wehenkel, *Deutsches Genossenschaftswesen in Rumänien*, Tübingen 1929 [Diss. Rostock].

<sup>34</sup> Cf. „Die wirtschaftl. Organisation der Deutschen in Polen“, in: *Deutsches Volksblatt* (Novi Sad), June 1, 1922, p. 6.

<sup>35</sup> Sepp Müller, *Das deutsche Genossenschaftswesen in Galizien, Wolhynien und im Cholm-Lubliner Gebiet*, Karlsruhe 1954, p. 43 and p. 124.

cooperatives.<sup>36</sup> Finally, following new Polish legislation on cooperatives in 1934, the two biggest unions in Poznań and Pomerania remained as the only auditing centres (out of a previous five). Both headquarters were entitled to include already existing local co-ops if they had at least two-thirds ethnic Germans among their members or newly founded local sections including at least three-quarters of German ethnicity.<sup>37</sup>

The ethnic-German cooperative system of Transylvania, which was established in the course of the last two decades of the 19<sup>th</sup> century, directed capital from urban investors to the “Saxonian” peasantry of the region. At the heart of the cooperative system, modelled on the example of Raiffeisen, was the General Savings Bank of Hermannstadt (Hermannstädter Allgemeine Sparkassa) in Sibiu. Carl Wolff (1849-1929) was a driving force in the founding process. In the early 1930s, of the officially 224,000 ethnic-Germans, who were living in the area of the southern Carpathians and whose economic fate is discussed by Elisabeth Weber in her contribution to this book, nearly 25,000 individuals were organized in one of the cooperatives which belonged to the union of Savings Banks.<sup>38</sup>

Bessarabia provided an interesting example of ethnic economies, because Jewish and German cooperatives were operating in the same vicinity. More than 30,000 clients were organized in Jewish cooperative banks, 3,600 of them farmers.<sup>39</sup> If we proceed on the assumption that a household was made of at least four persons, half of the Jewish population in Bessarabia, totalling over 200,000 at the beginning of the 1930s, belonged to cooperatives, since only the heads of families officially joined them. Influenced by the colonist drive, they had taken over from a time when Bessarabia under Russian rule had provided exceptionally accessible land for settlement in the early 19<sup>th</sup> century, Jewish cooperatives, receiving aid from organizations abroad, started buying land just like their German counterparts, which were supported by their “motherland” Germany.<sup>40</sup> On the other hand, ethnic German consumers’ associations (Konsumvereine) in the region, which numbered 29 at the end of 1934, were said to be directed against Jewish-dominated trade, whereas the 14 regional German people’s banks (Volksbanken) had supposedly been set up in order to

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<sup>36</sup> Cf. Müller-Stock, *Volkstum und Genossenschaftswesen*, pp. 12-20.

<sup>37</sup> Majewski, *Drogi i bezdroża*, p. 199 f.

<sup>38</sup> Müller-Stock, *Volkstum und Genossenschaftswesen*, p. 21 ff.

<sup>39</sup> Moskovich, Wolf: Bessarabia, in: *The YIVO Encyclopedia of Jews in Eastern Europe* (URL: <http://www.yivoencyclopedia.org/article.aspx/Bessarabia>, August 20, 2012).

<sup>40</sup> Mariana Hausleitner, *Jewish Cooperatives in Bessarabia between 1901 and 1940*, in: Lorenz, *Cooperatives in Ethnic Conflicts*, pp. 103-118.

avoid dependence on Jewish creditors,<sup>41</sup> although at least some of the members seemed to have kept up business contacts with Jewish cooperatives.<sup>42</sup>

One of the most dynamic ethnic-German cooperative systems of the interwar period was definitely the “Agraria” in the Vojvodina and several of its offspring sections which had been established for banking in 1927 (the *Landwirtschaftliche Zentral-Darlehenskasse*) and for the marketing of animal produce in the early 1930s. The “Agraria” also followed the centre-periphery scheme since, in the latter half of the 1920s, the few scattered ethnic-German credit cooperatives in Bosnia affiliated with the controlling department in Novi Sad (Neusatz) after they had received loans from Germany channelled through the “Agraria”. Obviously the regionally most homogeneous ethnic-German cooperative system could be found in Czechoslovakia. The Credit Agency of the Germans in Prague, founded in 1913, was regarded as the biggest cooperative bank in Europe in the late 1930s. Until late 1934, almost 2,100 single cooperatives had joined the union of ethnic-German agrarian associations in Prague.<sup>43</sup> The German policy of granting financial aid had given rise to a strong impulse for foundations and the organizational concentration of exclusively ethnic-German cooperatives in Eastern Europe.

#### **4. Ethnic-German Cooperatives as Channels for Financial Aid to the Minorities in the East**

Erich Kraemer-Möllenberg (1882-1942), president of the semi-official Deutsche Stiftung (German Foundation)<sup>44</sup> and one of the most influential figures in this field, was an early advocate of the “Volkstumsarbeit” ideology. Ethnic-German cooperatives in the East were recognized as essential for the maintenance of the minorities. As early as autumn 1924, loans amounting to 200,000 Reichsmarks went to German agricultural banks in Poznań, Bydgoszcz (Bromberg) and Gdańsk (Danzig). This financing rested on the effort to prevent the further emigration of Germans

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<sup>41</sup> Müller-Stock, *Volkstum und Genossenschaftswesen*, p. 27 f. Cf. Arno Oebser, *Das deutsche Genossenschaftswesen in den Gebieten der ehemaligen Tschecho-Slowakei, in Rumänien, Südslawien und Ungarn*, Stuttgart, Berlin 1940.

<sup>42</sup> Cf. Wehenkel, *Deutsches Genossenschaftswesen in Rumänien*, p. 112.

<sup>43</sup> Müller-Stock, *Volkstum und Genossenschaftswesen*, p. 24.

<sup>44</sup> The German Foundation, as a „disguised department“, had been established in November 1920 with the task of „redressing the sequels of the peace treaty“ and administering financial allowances to ethnic-German organizations abroad (BA R43 I/545: „Die Organisation der Deutschtumpflege“, June 1925).

from Poland. Between 1918 and 1926, 85 percent of the Germans in the cities that now belonged to Poland left. In the rural areas, where settlements with a majority of Germans existed, 45 percent remained.<sup>45</sup> Thus, the emigration scheme assisted in creating the preconditions of the loan allocation in two aspects: It provoked a politically motivated reaction and changed the structure of the population so that it seemed advantageous to focus on the peasantry. The mobility of the rural population was considerably lower than that of the urban population.

At the end of 1924, Krahmer-Möllenberg issued the directive that the ethnic-German cooperatives should be treated as the only recipients of financial aid for German agricultural businesses outside the Reich. This principle stimulated the spreading and strengthening of ethnic-German cooperative systems. A corresponding formation of an elite of ethnic entrepreneurs could first be observed in Poland, the country which, for strategic reasons of power politics, was the initial main focus for subsidies from the “motherland”. A committee of five, then later nine prominent officials belonging to the regional “Volkstumsarbeit” was in charge of distributing considerable sums of financial support.<sup>46</sup> Undoubtedly, this economic support reinforced the political positions of the representatives who were involved. The procedure of granting loans to ethnic-German economic organizations in Poland, originally planned as an ad-hoc initiative, developed into a continuous credit flow. Tadeusz Kowalak refuted the one-sided accounts of West German authors, who often had been personally involved with the German “East Policy” of the interwar period, and described the character of the ethnic-German cooperative system in Pomerania, where more than 100,000 Germans remained after the post-war emigration wave, comprising over 10 percent of the population in the region, while 23 percent of the regional land estates remained divided among ethnic Germans:

The Pomeranian Germans had not only to maintain, but also to strengthen and develop their possessions and extend the scope of their economic and political influence on the Polish population in these territories. [...] The main aim of the German financial means that flowed abundantly into Pomerania through the German cooperatives was not to assist the cooperative movement as such, but to give direct financial aid to the German farms and [...] enterprises. In distributing these funds, German

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<sup>45</sup> Blanke, *Orphans*, pp. 44-49.

<sup>46</sup> Krekeler, *Revisionsanspruch*, pp. 70-75.

cooperation assumed the character of an instrument helping to carry out the broader political programme of the German imperialists.<sup>47</sup>

The 20,000 Reichsmarks earmarked for the “back up of the German peasants in Volhynia” in September 1925 attests to the extent to which ethnic-German cooperative foundations in the ethnic-German periphery were stimulated. As a precondition, the decision-makers in Germany demanded the establishment of regional cooperatives.<sup>48</sup> This example illustrates how the scope of the apparatus for the activation and distribution of subsidies soon expanded to regions without a direct territorial link to the German state, taking into account the idea that ethnic fault lines prevented the realization of the post-war state borders. What started as an improvised strategy for preventing an increasing influx of refugees from the ceded territories in the East and evolved after 1924 into a revisionist countermeasure against a threatened takeover of ethnic-German land by their ethnically diverse compatriots,<sup>49</sup> soon gained significance on the level above the non-governmental actors of the “Volkstumsarbeit”. A short-term surplus in the state budget laid the basis for the institutionalization and expansion of the credit policy towards minorities abroad. Foreign minister Gustav Stresemann (1878–1929) selected ethnic-German cooperatives outside the Reich to serve as a channel of financial aid to the endangered minorities, as he put it in his secret “Memo concerning the provision of 30 millions of RM for the granting of credits to the rooted-to-the-soil Germanism in the European foreign countries” of March 26, 1926:

Because the economic basis of the German minorities almost entirely consists of agriculture, the struggle that had been triggered by the actions of the host peoples is, nearly everywhere, a struggle for soil; by expropriation, by ruthless exploitation of the omnipresent necessity for credits and other economic difficulties, the host peoples seek to lay hands on the ground and soil of the German minorities in order to destroy the cultural cohesion and political influence of the German minorities. [...] Therefore, German policy has to try to secure the independence of the mostly centuries-old national status of possession and the cooperatives as well as similar economic organizations of the German minorities; all

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<sup>47</sup> Tadeusz Kowalak, *Spółdzielczość niemiecka na pomorzu, 1920-1938*, Warsaw 1965, p. 379, cf. p. 23 f.

<sup>48</sup> Krekeler, *Revisionsanspruch*, p. 83.

<sup>49</sup> Krekeler, *Revisionsanspruch*, p. 55.

losses sustained by the Germandom in its struggle for soil and other economic positions are in most [sic] cases totally irrevocable.<sup>50</sup>

While Krahmer-Möllenberg, the man behind most of Stresemann's memo, remained in his position as the chief executive officer of the German Foundation, he also became member of the board of executives of the newly founded "Ossa"-society, now the organisational centre for the clandestine monetary means channelled to the Germans in the East. The lion's share was granted to the Polish parts,<sup>51</sup> but just one week after the foundation of the Ossa, Krahmer-Möllenberg demanded an additional 10 million Reichsmarks in order to include the Danubian states. In principle, the Finance Ministry approved the proposal but objected on grounds of financial shortages and proposed supplying the South-East with temporarily guaranteed funds. Until late 1926, the Ossa provided 800,000 Reichsmarks to various recipients in South Eastern Europe. In 1927, 3 million RM was allocated to the South-East.<sup>52</sup> The strategy to prevent a further influx of refugees from ceded territories and to underpin revisionist claims on the economical level was consolidated by a third motive: As early as 1922, Foreign Minister Walther Rathenau (1867-1922) expressed the idea that financial support for a German minority could assist in keeping it economically afloat and secure a promising market for German exports.<sup>53</sup>

Accordingly, even regions as remote as Bessarabia became recipients of German development aid. In the early 1930s, the German state credit agency provided 1.5 million Reichsmarks to be distributed in 140 ethnic-German communities of Bessarabia.<sup>54</sup> The geographical extension of the

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<sup>50</sup> Quoted in *Akten zur deutschen auswärtigen Politik. 1918-1945. Series B, vol. 1,1*. Ed. by Hans Rothfels, Göttingen; Baden-Baden 1966, p. 431.

<sup>51</sup> Throughout both decades of the interwar period, the area of Greater Poland alone was subsidized with more than 200 million Reichsmarks. Additionally, there were debt relief measures of the "Osthilfe". Cf. Ingo Loose, *Kredite für NS-Verbrechen. Die deutschen Kreditinstitute in Polen und die Ausraubung der polnischen und jüdischen Bevölkerung 1939-1945*, Munich 2007, p. 46.

<sup>52</sup> Krekeler, *Revisionsanspruch*, p. 101.

<sup>53</sup> Jochen Oltmer, "Heimkehr"? "Volksdeutsche fremder Staatsangehörigkeit" aus Ost-, Ostmittel- und Südosteuropa im deutschen Kaiserreich und in der Weimarer Republik, in: *Europäische Geschichte Online (EGO)*, ed. by Institut für Europäische Geschichte (IEG), Mainz 2011-06-01. URL: <http://www.ieg-ego.eu/oltmerj-2011-de> URN: urn:nbn:de:0159-2011050904 [2012-02-29].

<sup>54</sup> BA R8136/2419: „Kredite an die deutschen Bauerngemeinden in Bessarabien von rd. RM 1.500.000,-.“ („Vertraulich!“), Reichs-Kredit-Gesellschaft an Pontus, Berlin, November 30, 1931.

financial measures was based on a principle laid out by the ethnic-German ideologist Erhard Gottfried Bürger, who maintained that the further the ethnic-German group [“Volksgruppe”] was from the state borders of the Reich, the more important the corporations of the peasantry became for fostering its “Germandom”.<sup>55</sup>

## Conclusion

Ethnically motivated long-distance subsidies were not unique to Germany. The case of Croatian immigrants in North America, who in 1936 collected money in order to help the “passive districts” of their “homeland”, which had been affected by a drought the year before, is well documented. The agricultural cooperative of the Croatian Peasant Party, the *Gospodarska sloga*, was in charge of distributing the donations.<sup>56</sup> Founded in 1935, it soon enjoyed broad support from the Croatian peasantry.<sup>57</sup> The example of funds supplied by Jews in the United States and awarded to Jewish cooperatives in Bessarabia has been mentioned above. These attempts followed the pattern of long-distance nationalism: emigrants or people of a diaspora felt a responsibility towards co-ethnics in the Old World.<sup>58</sup> The effect of strengthening the positions of the political intermediaries on the receiving side was similar to the German case. But there was one crucial difference. The state, in elevating the external homeland nationalism (Rogers Brubaker) to the level of an official (though hidden) policy, was clearly a more powerful actor. Whereas Croatian or Jewish organizations only occasionally donated funds, the German government did so continuously and on a large scale.

As shown by the cited authors of the “*Volkstumsarbeit*”, the ideology of a state border-transcending “Volk” was, however, distinct from the state-based revisionist aims of the Weimar Republic.<sup>59</sup> Nevertheless, both political currents – (semi)governmental implementers and theorists of the “*Volkstumsarbeit*” – worked towards the same end and thus complemented each other. As various statements by the authors of the “*Volkstumsarbeit*” suggest, they provided a catalogue of ethnic demands,

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<sup>55</sup> Bürger, *Volksdeutsche Bildungsfragen*, p. 316.

<sup>56</sup> Ivica Šute, „Amerikanski fond dr. V. Mačka“ i pomoć *Gospodarske sloge*, in: *Časopis za suvremenu povijest* 40/3 (2008), pp. 1045-1066.

<sup>57</sup> Ivica Šute, *Slogom slobodi! Gospodarska sloga 1935-1941*, Zagreb 2010.

<sup>58</sup> Cf. Zlatko Skrbiš, *Long-distance Nationalism: Diasporas, Homelands and Identities*, Aldershot 1999.

<sup>59</sup> Cf. Rogers Brubaker, *Nationalism Reframed. Nationhood and the National Question in the New Europe*, Cambridge 1996, p. 123.



functions and finally political meaning attributed to the ethnic-German cooperatives in the East. Addressing the issue of ethnic-German cooperatives in Eastern Europe, we have to bear in mind that it was not a foregone conclusion that the enterprises connected to the minority politicians would achieve a hegemonic position within the economy of the minority. With the setup of the “Agraria” in the Vojvodina, for instance, local cooperatives of the Raiffeisen-type did not vanish overnight. In some settlements, only temporary cooperatives established for a specific purpose met the requirements of their members. Often there was a lack of active participation on a grassroots level in the local branches of the “Agraria”.<sup>60</sup> The ties fostered by the “Agraria” with the Party of the Germans, the German-Swabian Cultural Association (Schwäbisch-Deutscher Kulturbund) and, above all, with the agencies in Germany, ultimately gave it a dominant position. After the “Agraria” had achieved this position through its banking department, other cooperatives, not necessarily from the agricultural sector, which formerly had operated independently from the “Agraria”, joined its union. As a result, the “Agraria” and its offspring have often been described as ethnic-German cooperatives par excellence.<sup>61</sup>

How is German subsidizing policy to be judged in view of the National Socialist takeover in 1933? Ingo Loose supports the conclusion that without this policy, hardly anything would have remained of the German population in Poland. He emphasizes that German East Policy (“Ostpolitik”) remained consistent after 1933.<sup>62</sup> Accordingly, the funding scheme as established until 1926 and carried on throughout the 1930s enabled Hitler’s aggression in 1939 against Poland. On the other hand, we have to take into account that the financial assistance granted to organizations of German minorities generally decreased after the mid-1930s due to a tight currency regulation introduced in order to help achieve the goal of German rearmament.<sup>63</sup> Did the cooperatives really succeed in generating their own monetary means for the “Volkstumsarbeit” on their doorsteps, as ethnic-German ideologists wanted? How did their managements adapt to National Socialism? Norbert Krekeler argues that, on one hand, the financial assistance created a dependency on Berlin among minority politicians and thus reinforced the influence it could exert over regional

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<sup>60</sup> Andreas Dammang, *Die deutsche Landwirtschaft im Banat und in der Batschka*, Munich 1931, p. 170.

<sup>61</sup> Hans-Ulrich Wehler, *Nationalitätenpolitik in Jugoslawien. Die deutsche Minderheit 1918-1978*, Göttingen 1980, p. 18 f.

<sup>62</sup> Loose, *Kredite für NS-Verbrechen*, p. 48.

<sup>63</sup> Ingo Eser, “Volk, Staat, Gott!“ *Die deutsche Minderheit in Polen und ihr Schulwesen 1918-1939*, Wiesbaden 2010, p. 153.

leaderships in terms of German foreign policy aims. On the other hand, the inclusion of the conservative leaders, who generally took an affirmative stance towards the National Socialist government, in the financing scheme had strengthened their positions and thus made it more difficult to replace them by younger supporters of the National Socialist ideology, who could be more easily controlled.<sup>64</sup> Finally, the adjustment of ethnic-German cooperatives to anti-Semite leanings must be given a closer look. These questions deserve systematic examination. Each case has to be explored according to its specific characteristics, thereby allowing for a comparative perspective.

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<sup>64</sup> Krekeler, *Revisionsanspruch*, p. 150.