

УДК 376:43

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DOI: 10.32702/2306-6792.2018.24.14

THE INFLUENCE OF SOCIO-ECONOMIC AND POLITICAL FACTORS ON FORMATION OF CO-OPERATIVE MOVEMENT IN EASTERN GALICIA IN THE NINETEENTH AND THE BEGINNING OF THE TWENTIETH CENTURIES

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ВПЛИВ СОЦІАЛЬНО-ЕКОНОМІЧНИХ ТА ПОЛІТИЧНИХ ФАКТОРІВ НА ФОРМУВАННЯ КООПЕРАТИВНОГО РУХУ В СХІДНІЙ ГАЛИЧИНІ В МОДЕРНИЙ ЧАС

The co-operative movement in Eastern Galicia is a specific phenomenon in economic and social life that contributed greatly to the cultural and political development of Western Ukraine in the nineteenth century. The development of co-operative movement is studied by many prominent scholars in Ukraine and worldwide. However, less attention is paid to various factors that caused the organization of the first co-operatives. Thus, this paper is an attempt to give a full picture of Galicia in the nineteenth century and to analyze the reasons to establish co-operative organizations. It was established that the cooperative movement in Galicia which developed in the last third of the nineteenth century and acquired a mass character in modern times, became a widespread social phenomenon. Its significance for the processes of nationalization and self-organization of Ukrainian society has not been properly evaluated yet. It is the development of agricultural co-operation that has become one of the important factors in the economic and national revival of the region. It was discovered that the cooperation that had arisen before the First World War and intensively expanded its capacities in the interwar period developed most dynamically among all sectors of cooperation of Galicia. The peculiarities of development and importance of the Ukrainian credit cooperation of Eastern Galicia in modern times are analyzed. It is noted that credit cooperation was almost the only means of creating a national capital and organizing a rational loan for Ukrainians in the modern period. The lack of its own state, the unfavorable policy of the government, the poverty of most of the borrowers negatively affected its development. The paper outlines several socio-economic and political factors: the reform of 1848-9, the underdevelopment of industry in Eastern Galicia, monopoly of the foreign capitalists in the province, and the results of the factors, such as poverty of Ukrainians in Galicia and their emigration.

У статті розкриваються соціально-економічні та політичні чинники, що стали визначальними у формуванні українського галицького кооперативного руху. Зауважується, що характерним для розвитку сільського господарства у пореформений період стало поєднання феодальних пережитків з елементами капіталістичних відносин, що, на думку автора дослідження, сприяло деформуванню останніх. Констатується, що заходи влади, котрі впроваджувалися в сільському господарстві, були покликані на захист інтересів великих землевласників, при повному нівелюванні прав селян. Акцентується увага на тому, що ці негативні явища в розвитку сільського господарства призвели до його економічного колапсу, котрий в свою чергу призвів до масового розорення селянства та масового еміграційного руху в Східній Галичині у д.п. XIX — п.п. XX ст. Встановлюється, що характерними рисами розвитку промисловості регіону, була відсутність великих промислових центрів, штучне уповільнення промислового перевороту з боку влади та перетворення регіону на сировинний придаток імперії Габсбургів. Розкриваються специфічні риси монополізації промисловості краю з боку австрійського капіталу, що мав на меті поглинання національних підприємств, штучне перетворення існуючих у складову частину власної монополії. Досліджуються специфічні соціально-політичні чинники, котрі справили вплив на формування кооперативного руху, зокрема відзначається, що внаслідок революційних подій 1848—1849 рр. австрійська влада була змушена йти на часткову лібералізацію політичного ладу в імперії, зокрема в 1867 р. було проведено ряд буржуазних реформ, котрі стали поворотним моментом у відході від абсолютизму та переході до суцільно нової політичної кон'юнктури, котра опосередковано призвела до розвитку підда-

них народів. Зауважується, що політичні зрушення стали каталізатором для утворення національних установ, зокрема, що мали економічний характер, завдяки урядовій підтримці вони стали надійною опорою українського селянина, його продукції, джерелом його кредитування та надійним захисним щитом національного бізнесу від іноземних монополістів.

Key words: co-operative movement, Eastern Galicia, revolution; reform, economy, agriculture, nineteenth century.

Ключові слова: революція, реформа, економіка, сільське господарство, еміграція, промисловість, монополія, капітал, закон, влада, розвиток.

PROBLEM STATEMENT

The dramatic social and economic changes, which the Ukrainian society experience today, require a profound reflection on the past. The Ukrainians are facing the challenge of building their prosperous economic system, so there is a necessity to learn a lesson from past failures and successes. One of the main tasks to accomplish is to create free market, but it is extremely difficult to get rid of monopoly in some domains.

However, there is a retrospective example in Ukrainian history how to counteract monopolistic unions. This is the history of the formation of the national co-operative movement in Eastern Galicia in the second half of the nineteenth and the first part of the twentieth centuries. The Galician national co-operatives became a reliable tool to protect its own producers' interests, as they stimulated the industrial development and tried to eliminate legal illiteracy among the peasantry at that time. Therefore, it is relevant to study the factors that led to their emergence. If we draw a parallel between Eastern Galicia at that time and today's Ukraine, one may see many similarities. For example, it concerns two big problems as the process of emigration and monopoly establishment. Thus, it is necessary to analyze the historical phenomena of the past to develop an own Ukrainian national economic strategy nowadays, as it will be more possible to provide efficient measures that will lead to economic stability and prosperity of Ukrainian society at present.

THE SOURCES

It should be mentioned that the problem of the research is a topical issue and it draws attention of the scholars, who study the genesis of the cooperative movement in Eastern Galicia from different sides. The great contribution to the topic was made by the following researchers: S. Babenko, S. Kacharaba, V. Kulchytsky, V. Pashuk. However, it is necessary to highlight that unfortunately, there is no comprehensive study of the cooperative movement in Eastern Galicia. This

fact determines the prospects for further research to create a fundamental study that would reveal the historical origins and peculiarities of the cooperative movement in the region nowadays. Thus, the purpose of the paper is to investigate the socio-economic and political factors that influenced the appearance of the cooperative movement in Eastern Galicia in the second half of the nineteenth century.

PRESENTING OF THE MAIN MATERIAL

The social and economic development of Eastern Galicia was influenced greatly by two factors: events in the political life within the Habsburg Empire and feudal remnants typical for the region. It can be explained by the fact that the authorities, aiming at accelerating the rate of the economic development in other provinces of the empire, hampered artificially the pace of economic growth of the region, and that caused Galicia's turning into a raw-material appendage of the western provinces. That process was characterized by a lack of capital accumulation poorly developed trade, a low level of urbanization, and a profound systemic crisis in agriculture, the development of which was artificially restrained since the reform held by Emperor Ferdinand I in 1848 [9, p. 23].

In the Habsburg Empire, the co-operative movement became an economic platform for the national liberation movements of the subjected peoples, who wanted to create their own national states and gain economic independence. So the main factor in the formation of co-operation was the bourgeois reforms, caused by the revolutionary movement in 1848-9 (also known as 'the Spring of Nations'), which changed dramatically the political and socio-economic existence of the country [7, p. 130]. The first of the most important reforms was a land one, which resulted in the abolition of the corvee, so the peasants gained the civil rights and civil liberties, but that did not lead to the expected improvement of their lives.

As a result of the reform, the landlords hold leading positions, and that caused the economic

stagnation of the region and the preservation of feudal remnants in agriculture. The main economic burden far beyond the peasants' strength was an indemnity payment, the compensation paid by the peasants in favour of their landlords. The price was at 20 times their annual duties, so the peasants had to pay 58.9 guilders in total. Although the Austrian authorities promised to pay off all debts by themselves at the beginning of the reform, the bigger part of the debts was assigned to the peasants in 1853, after the restoration of a strong centralized power and the intensification of the reactionary policy by Franz Josef I [7, p. 130].

The direct and hidden taxes were also added to these expenses. They included the maintenance of educational institutions, and repairing roads. In addition, there was a problem of easements, which are defined as the right to share pasturelands, forests, and arable lands, most of which landlords received. According to the Emperor's patent of 26 April 1848, the peasants had to pay a fixed price to use those places, since the landlords possessed 98% of forests, 32% of pastures, and 25.8% of meadows [14, p. 11].

That intensified the peasants' struggle for their rights in court after the reforms. However, they suffered a defeat in most cases, as they were illiterate and could not defend themselves efficiently. Nevertheless, the most important problem remained was the shortage of arable lands. In the 1860s, the government began liberalizing economic policy that resulted in the following: free circulation of land, its unrestricted parcelling, and permission to impawn and to buy lands. However, those measures deteriorated the situation with the shortage of land. The permission for land parcelling led to further fragmentation of peasants' farms and speculation in the land market, where prices were 25—30% overrated, compared to the market ones.

In 1902, the population census was conducted. It showed a quite precise picture of landlessness in Eastern Galicia. According to that census, 43% of the peasants owned plots of land up to two hectares, 37% possessed plots from two to five hectares. The data show that 80% of households in the province were poor, 15% occupied the middle position, and only 5% of all households owned 10—60 hectares, so they could be treated as wealthy ones [20, p. 5].

In general, an average peasant family owned about 5.6 hectares of land, but that was too little for maintaining a productive economy. Because of their poverty, the Ukrainian Galician peasants were able to buy only 38,000 hectares of land in the post-reform period, while Polish peasants who

lived in other provinces of the empire managed to buy 237,000 hectares. That escalated interethnic conflicts in the province. The Poles considered themselves as 'the people of lords' and treated the Ukrainians as 'the people of serfs' [6, p. 41]. Those negative effects were also deteriorated by the actions of the Polish formations, which were aimed at getting an advantage in the process of parcelling, so they tried to prevent Ukrainians from taking part in it.

Therefore, the large Polish land ownership continued to exist. It accounted for about 40% of all arable land. For example, large land shares in Eastern Galicia were owned by the Potockis (about 60,000 hectares), the Dzieduszycki (20,000 hectares), the Sapiehas (15,000 hectares). A significant number of landholdings in the Eastern Galicia were of the latifundium type. For example, the Lanckoronskis owned 14 manors and 84,000 hectares of land in total. The Potockis had their estates in 37 villages, and the Baworowskis owned 33,000 hectares [5, p. 131]. However, not only the Poles owned a significant part of land. The Jews were also big landowners. For example, G. Aledlas owned 30,000 hectares, R. Galt — 35,000 hectares [15, p. 4]. According to I. Franko, in Eastern Galicia there were 587 Jews landowners, who owned 18% of land. The Ukrainian landlords had quite small plots from 15,000 to 17,000 hectares [2, p. 11].

As a result, the peasants became even more dependent on their landlords and that situation caused further stagnation in the countryside. The system of working off interests spread fast. The peasants had to work off a debt, called a 'portion' or their fines, caused by their violations of the easement laws. The imperial governors denied those facts, but in reality, the majority of the peasants could not survive without the help of their former landlords. That help could be landlords' permission to use pastures or lakes. Therefore, they turned into a source of cheap labour force for landlords' latifundia. Those processes also affected greatly the size of the peasants' wages. The landlords had cheap labour force in excess, so they paid a minimal payment, while the peasants worked for 14 hours a day. In the western provinces of Austria-Hungary, the situation was much better, as there had been an industrial revolution, so labour force was really needed and the payment was significantly higher [15, p. 4].

Franz Josef I admitted the poverty of the region, when he visited Lviv in 1880. He said: 'Yes, I see, people are poor'. However, at the same time, almost nothing was done to change the situation for the better [16, p. 98].

To understand the situation as it was, it is important to highlight that black market existed almost in each village. It was an inn or a tavern, which were places of money lenders and profiteering. V. Navrotsky, analyzing that trend, stated that there were four inns or taverns in every village or settlement. There the peasants pawned their property and belongings and drowned their sorrows in alcohol. Therefore, alcoholism was one of the Galician peasantry's greatest problems [3, p. 2]. In addition, the death rate in the province was the highest in the empire. According to European statistics, it was the highest in Europe. Such a situation was caused by hunger and poor quality of medical care, as one doctor had to serve almost 11,000 people in Eastern Galicia, whereas, there were almost 2000 people for a doctor in Upper Austria [19, p. 4].

All those negative phenomena caused the peasant movement and led to the emergence of the radical party, defending the peasants' rights. At the end of the nineteenth and in the first half of the twentieth centuries, a number of peasant uprisings were recorded, and they were suppressed by the gendarmerie. 1902 was the year of strikes in Eastern Galicia: 253 strikes took place there, and 150,000—200,000 people participated in them. The strikers' demands were fairly simple: the wages increase, the improvement of working conditions, and eight-hour working day [16, p. 98].

To stabilize the social and economic situation in the province, the government introduced free lending, but that only aggravated the economic imbalance, because it provided unrestricted freedom to rural moneylenders, who were the only source for the peasants to take loans. A special type of loans, called 'loans for bread', became widespread, after the issuance of patents that banned usury, since they were a convenient way for farmers to receive money for sowing. There are data on lending in Eastern Galicia in 1893. In the spring, the lenders sold 80 kg of grain for five guilders, and the peasants had to pay back seven-eight guilders to them in the autumn. Thus, the difference was two-three guilders per 80 kg of grain. However, in some areas this difference was 50—100%, and sometimes it was even 200% or more [18, p. 60]. The money lenders aimed at obtaining peasant land for their debts, so they gave loans to poor peasants. They knew the peasants would not be able to repay the debt in the autumn. That practice became quite widespread in the province. The number of lawsuits filed by the moneylenders was about 200 per month [13, p. 2].

At the end of the nineteenth century, a new phenomenon in lending to peasants appeared. It

was the practice of providing loans to the peasants from peasants' bank and pawnshops. After that the government had cancelled the ban on the parcelling of peasant land, many farms were on the verge of bankruptcy because of that mortgage loan. That practice was one of the ways to accumulate capital from banks and individual persons. Its aimed was to concentrate land ownership in the countryside. That is why at the beginning of the twentieth century, the Austrian and Galician banks held significant land and forest expanses in their possession. They parcelled and sold small land plots to peasants, who needed land and were forced to buy those overpriced plots.

An example of such practice was the Lviv Parcelation Bank, which was established by the Polish owners of latifundia supported by Austrian capitalists. The purpose of the bank was to parcel landowners' estates into small plots and to sell those plots to the peasantry on account for five-ten years. The price for those plots was considerably higher than an average price. In 1900, 0.6 hectares cost 1100 crowns, whereas it cost 1800 crowns in 1905 [21, p. 212]. In Western Galicia, 0.6 hectares cost 500 crowns, if land was more fertile, it cost almost twice as much. That trend was beneficial for landowners, as they were receiving extra profits, while that situation was plundering the peasants and reduced supply in land market. In addition, there was another negative tendency: the peasants' debts to banks increased that caused an economic collapse in the region. That is why V. Budzinovsky called Eastern Galicia 'a storehouse of economic absurd', as the majority of peasants were not even able to pay annual interest on a loan [4, p. 50].

From 1870 to 1900, the peasantry's mortgage arrears increased by almost 600 million crowns, 18.5 times, which essentially caused the landowners' total bankruptcy. The statistics on licitation (sale by auction) of the peasants' property was a good example of that tendency [11, p. 186]. From the 1870s to 1894, they were 50,000 of such auctions. On average, 2300 auctions were held per year. As a result, the peasants had to turn into hired labourers and the poor [14, p. 14].

All those things could not but affect the Galician peasantry's mood. For they felt powerless, their social activity reduced. Therefore, at the beginning of the twentieth century, Eastern Galicia's agriculture was extensive and lost its potential export opportunities. At the same time, there was a significant increase of the population in the village, as it rose almost 3 times. As a result, there was overpopulation and shortage of land. It caused an increase by 25—35% in employment in the countryside [4, p. 55].

The economic imbalance in agriculture and industry, and the lack of land caused an oversaturation in the labour market. Trying to avoid dying from starvation, Ukrainians from Galicia sought salvation in migration. According to I. Franko, it was the consequence of the deep systemic economic crisis in the province. It should be emphasized that the cases of migration date back to the 1870s. Brazil, Canada and the United States were the Galicians' destinations. There they went to permanent residence. They also went and to Dnieper Ukraine and to the western provinces of Austria-Hungary, for example to Czech Republic, Hungary and others. The process of migration reached the immense scale at the beginning of the twentieth century [4, p. 56]. To 1914, more than 800,000 people migrated from Eastern Galicia. Although migrants lived in difficult social and living conditions and worked more than 12 hours a day, nevertheless, such conditions were better than those in Eastern Galicia. The most important thing is that the Ukrainian migrants had the opportunity to save some money and send it home. As a result, their relatives, who stayed in Galicia, had an opportunity to buy more land [22, s. 4].

Thus, the post-reform period was remarkable for Eastern Galicia, as its agriculture was dragged into capitalistic relations, but they were deformed, as the remnants of feudalism still flourished. Becoming free as a result of the abolition of the corvee, the peasants remained dependent on moneylenders and creditors, because they needed funds to pay taxes and leases, and so on. In our opinion, the only way out was a national co-operation that would stimulate and help the peasants to manage their own economy.

Analyzing the consequences of the bourgeois reforms for the industrial development in Eastern Galicia, it is necessary to emphasize that it was oriented to the extraction of raw materials and their supplies to industrial centres of the empire. In addition, the government did not consider it expedient to stimulate the industrial development in the region. Therefore, at the beginning of the twentieth century, only 10% of the population was employed in the industry. As a result, the national bourgeoisie was not able to create powerful industrial enterprises. In addition, it was more profitable for them to invest in lending operations, as it guaranteed a sustainable income of up to 500% per year. The industrial revolution that began in the empire after 'Josephinism' did not include Eastern Galicia's industry. Therefore, factories began to form in the region only in the nineteenth century. The most developed industries were wood

and oil industries, concentrated in Borislav oil pool and owned by Austrian and English capitalists. Other branches of industry did not receive any donations from the government and that is why they could not withstand the competitive struggle against the same enterprises from other parts of the empire, so they gradually stagnated.

Analyzing the level of employment in the most developed industries, we should state that at the beginning of the twentieth century, about 300,000 people worked for Austrian and English companies, but only 60,000 were employed in large enterprises, other people worked at enterprises of the handicraft type. The working conditions were difficult, as the working day was 12 hours. In 1885, it was reduced to 11 hours, and in 1905 they worked for ten hours. The level of wages was the lowest in the empire. If a worker received 3.99 crowns in Vienna in 1914, a Galician worker got only 2.39 crowns

Franz-Josef I negatively treated the construction of the railways, as he believed that 'a revolution comes to the empire by railway'. However, the government started a program for their building. Eastern Galicia did not stay aloof, so in the second half of the nineteenth century, the first rail link was built from Eastern Galicia to Vienna, that fact marked the emergence of large industrial objects created for the manufacture of semi-finished goods for the Austrian industry [16, p. 64].

However, before the beginning of the economic crisis of 1900-3, there was a relative increase in the industrial sector: the number of workers almost doubled, the level of urbanization significantly increased (urban population was 21.5%), trade and transport developed. However, only 18% of workers were Ukrainian, the rest were Austrian, Czech and representatives of other ethnic groups, whereas almost 94% of Ukrainian population in the Empire was occupied in agriculture. Such figures can be explained by a number of factors, for example low wages, lack of normal living conditions, high prices in shops for the necessary goods. Even more important reason was the resistance of the landlords, who did not want to lose cheap labour force, and therefore, they were not interested in the development of the industrial potential of the region. In addition, the main problem existed at manufacture enterprises was the strong dependence on retail dealers, who almost completely isolated producers from consumers. Those dealers controlled prices for goods and established their rules on the market. Both small and medium-sized artisanal industry was controlled by the representatives of other ethnic groups, for example by the Jews, Poles and

Russians. That was also a reason why Ukrainians did not live in cities. As an example, let us consider the data, concerning representation of different ethnic groups in Lviv at the beginning of the twentieth century. The majority of population was of the Polish origin. That was 70%, whereas only 15% of Ukrainians lived in Lviv. 7% of the population was German, and 5% were Jews and 3% belonged to other ethnic groups [12, p. 52].

Taking all above mentioned into consideration, it is necessary to highlight that at the beginning of the twentieth century was not a single large enterprise or industrial centre in the region. The employment rate in the industry was only 20%, while in trade it was 22%. However, the number of workers involved in the construction of railways and transport increased, and it constituted a half of the total. In total, 5000 people worked in the industry, 3000 of them were hired workers. Towns turned into a centre of commerce and trade, represented by fairs and markets. There were 1300 fairs and 9000 markets in Eastern Galicia to 1914. Almost 155,000 people worked there. In 1914, that resulted in an increase of the trading companies: from 27,00 in 1897 to 48,900. The Jews were predominantly involved in commerce, as they were mediators between rural population and city dwellers [12, p. 63—64].

In the nineteenth century, it was typical to attract foreign capital to the industrial development in the province. Those foreign capitalists gained monopoly in some branches of industry. For example, they help monopoly in the banking system of the region. The branches of their banks worked in cities (so-called Raiffeisen groups). They invested a great deal of money in industrial objects and other institutions. In 1914, the total amount of investments into the economy of the region amounted 1.3 billion crowns a year. Thus, the capitalists invested in industry and got super profits, because they sold both raw materials extracted in the region, which were the cheapest in the empire, goods of their own production.

Therefore, the Austrian monopolists treated the province as a raw material appendage of the empire, so they did not allow developing the national Ukrainian industry, and small businesses emerged in Eastern Galicia were absorbed by large monopolies of Austrian capital. So in 1907, the Lviv Chamber of Commerce and Industry stressed in the Memorandum that Austrian capitalists hardly ever lent to Ukrainian entrepreneurs, as their main goal was to bankrupt Ukrainian businesses. The same policy was pursued by foreign entrepreneurs, who created artificially the conditions for the bankruptcy of the Galician enterprises. Moreover,

such measures were stimulated by the Emperor government itself, as it systematically imposed big taxes and customs on Ukrainian business, stimulating the development of Austrian enterprises in the region. At the beginning twentieth century, the situation changed for the better, some measures were taken to stimulate local enterprises, lending was developing. So in 1910, the Industrial Bank appeared. Its main goal was to provide financial support to local business, it partly lowered taxes and tariffs, but according to F. Buyak's neat remark, there was in 'a deep and inaccessible sense of the call of industrialization in the industry, which had no understanding in the Galician industrial elite, that was not yet skilful and inconsistent for its economic goals, and therefore was doomed to absorption by a stronger monopolist' [12].

Another important factor played a leading role in the evolution of Ukrainian co-operation, was a kind of social and political development of Galician Ukrainians in the political domain in the Hapsburg Empire. The events of the revolution of 1848-9 were the key to bourgeois transformations in the empire. Moreover, the defeat of the Austrian army in the battle of Koniggratz in 1867 in the war against Prussia posed the question of the existence of a 'scapular empire' So Franz Josef I, in order to save his country, began a series of liberal reforms resulted in serious social and political changes. According to the December patent of 1867, the empire was transformed into a constitutional, its dualism was proclaimed (as a result of which its official name was changed to Austro-Hungary, and the head of the executive branch was the Emperor.

Galicia was part of the influence of the Austrian part of the empire. At the beginning of the twentieth century, 63% of the population of the region was Galician Ukrainians, 34% were Poles, 2% were Germans, 1% — Jews and other peoples. Thus, the Ukrainians were the predominant ethnic group in the province. However, bourgeois reforms only partially caused the political development of the Galician Ukrainians, because the Poles received the dominant position in the region [5, p. 110].

The governor-general of the emperor was appointed only a representative of the Polish elite in the province, and that tended to continue until 1914. The position of the Polish ethnos was defended by the 'Minister for the Affairs of Galicia' in the Reichstag and the government. Therefore, the authorities' actions were primarily directed at defence of interest of the Polish elite. Moreover, the Poles had a majority in the Galician Diet (80%), while only 15% of representatives were of

Ukrainian origin. As they were in the minority, so they could not influence significantly on making important decisions and they could not successfully counteract polonization in the province. Noting the situation of the Austrian-Hungarian Foreign Minister F. von Beust stated that: 'It belongs to the jurisdiction of the Galician Diet to decide to what extent Rusyns can exist'. Therefore, the political situation in the region did not have a strong influence on the development of Ukrainian cooperation. On the contrary, it threw obstacles, developing the Polish cooperative system [6].

Nevertheless, a new political reality had an impact on the development of Ukrainian cooperation. On the 15 November 1867, the 'Law on Societies' was adopted, which enabled the peoples of the empire to unite into various associations. It was this normative legal act that guaranteed different ethnic groups the transition to a qualitatively new stage of their national, cultural and socio-economic development. Due to that law, the potential opportunities for creation of different societies in the province were opened. The national Ukrainian elite fully used it, and, in our opinion, it national societies appeared gradually, and subsequently political parties were formed [8].

In 1873, the law 'On the economic and usury companies' was passed. It regulated the rules of cooperative creation. To set up a cooperative one had to write a statute of the organization, where one described the name and location of the organization, its purpose and the task of establishing and certified it in the local regional trade court. Then, it was necessary to elect the chairman and board members of the cooperative, who could be any citizens of the empire living in the region. The normative act clearly defined and provided extensive autonomous rights to cooperatives and in guaranteed that the government could not interfere with its work. The exception was cases of anti-state agitation and illegal acts. It was also stated that the government guarantees wide ranging grants and privileges in some cases even exemption from taxes [11].

Therefore, that law became the regulatory basis for the formation and functioning of credit unions. The union was supposed to develop social organizations, providing them with organizational, socio-economic assistance, and to fulfil the tasks entrusted to it: to make wholesale purchasing of their products and to sell them, etc. In 1903, the patent was issued to control the activities of cooperatives. It obligated them to carry out audits every two years. Special revisionary unions were created for that purpose.

It should be admitted that those organizations had a significant impact on the formation and development of the Ukrainian Galician cooperation. They conducted audit work, and they helped create new co-operatives, and developed existing ones, through consulting discussions, obtained and analyzed statistical data on cooperative movement, created a system of personnel for cooperative activities.

Moreover, the imperial budget donated significant sums each year to develop of national lending cooperatives, especially the Franz Josef Foundation was created, which provided annual subsidies. Also, a favourable economic climate was created and in the area of the tax system, in particular, according to the patent from 1896, they were exempted from all taxes.

Thus, the political factor played not the last role in the formation and development of Ukrainian Galician co-operation. As a result of socio-political changes, typical for this period, the Ukrainian national elite received the necessary instrument for resolving the economic imbalance in the region, through protection of their entrepreneurship; the peasant got financial assistance and political support.

CONCLUSION

Thus, analyzing the conditions that influenced the formation of the Ukrainian Galician cooperative movement, we can observe that the peculiar features of the economic existence of Eastern Galicia after the abolition of corvée were as follows: the preservation of feudal remnants in the countryside, low-paid labour, land 'hunger', bonded terms of lending to the peasantry on the part of the moneylenders and banks, which caused their ruin, lack of government support, non-taxed taxes. The banking system, representing foreign capital and lending organizations in the province, did everything possible to ruin small peasant farms. All that resulted in the stagnation in agriculture, the active migration of peasants in search of a better life. Analyzing the development of industry in the region, we came to the conclusion that it was not developed and used predominantly manual labour at manufactures. The process was purposely supported by the authorities as they planned to turn Eastern Galicia into a raw material appendage of the empire. In the province, the majority of entrepreneurs was of Austrian origin. They intended to enrich with insignificant capital investment.

The political factor influenced greatly the development of cooperation. It should be noted that the liberal reforms carried out in the Hapsburg Empire at the second half of the nineteenth century

did not lead to the full autonomy of the Galician Ukrainians. Nevertheless, they became the catalyst for the formation of national co-operative organizations, which became the protection of national producers of products, by providing them with financial and legal support, assistance in the struggle against monopolies, and also stimulated the economic sector of Eastern Galicia to introduce new means of production. Thus, due to the emergence of the co-operative movement, there was a real opportunity for Galician Ukrainians to develop gradually their own independent economic platform.

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Стаття надійшла до редакції 05.12.2018 р.