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**Peasant Economy in Interwar Slovenia
– Policies of Income Diversification**

Introduction

The present article deals with the diversification of sources of income in the peasant economy of the interwar period. It discusses the strategies and practices used to maximise income, wherein peasants complement their agricultural activities with services and production of items that fall outside the narrow scope of agriculture. This was done to obtain additional income and overcome mere subsistence farming on small farms or to improve living conditions and allow for investments. These strategies and practices could be termed as integrated peasant economy, signifying the mixing of agricultural and non-agricultural activities in modern-era peasant economy. These processes are complex, extremely complicated and not at all straightforward, and, last but not least, take a very long time. The interwar period is characterized by a duality of these diversification processes. We see that they are both spontaneous and state regulated through encouragement of certain activities, e.g. lacemaking. In this respect, the interwar period witnesses the continuation of the dynamics that had existed in previous periods. In the geographical sense, the analysis deals with the "Yugoslav Slovenia", to use Vasilij Melik's term, that existed as Slovenia joined the new state and its social and economic context in 1918.

However, no discussion of the peasant economy and agriculture, as well as of the diversification of sources of income in this respect, is possible without a general introduction of the situation among the peasantry. Such a general introduction will serve as a foundation for the understanding of the peasants' strategies and practices of income source diversification used to mitigate the risks posed by a one-sided income structure. The interwar period is namely the time when policies of income diversification were becoming an increasingly important part of the agricultural policies of Slovene authorities. They were now supposed to help overcome the poverty in the rural areas of Slovenia. Our mention of Yugoslavia above is another important point in the discussion, as the creation of the joint state had significant

consequences for the peasantry as well. As Slovenia joined Yugoslavia, intersectoral ratios of relative prices changed to favour industrial activities. In turn, this resulted in a change of the macro-economic circumstances in agriculture. In combination with the international reality of falling prices, Slovenian agriculture was going through a crisis even before the Great Depression of the 1930s.

1. Structural problems

While the creation of the Yugoslav economic area spurred industrial development in Slovenia, results in agriculture were less impressive. In this regard, we should also note that due to the consensus between Slovenian political parties, the Slovenian agricultural policy prior to World War II, did not change with administration change after elections. Slovenian agricultural policy of the interwar period can be summarized in a few simple bullet-points: increasingly well-educated peasantry, utilization of all internal reserves and gradual subsidized specialization and introduction of new crops and technology that would allow for an eventual increase of commercial viability as well as the quality, quantity and profitability of agricultural production. In addition to these activities, the authorities supported agricultural co-operatives and tried to establish their importance with the central authorities in Belgrade.

Although the reasons for the constant crisis of agriculture cannot be ascribed solely to agricultural competition within the new economic area or to the general economic conditions unfavourable to agriculture, they should still be taken into account. First and foremost, we should bear in mind that the two decades prior to World War II saw further intensification of the internal conflicts within Slovenian agriculture. These conflicts, which were a major obstacle to directing the Slovenian peasantry towards intensive production demanded by the times, were reflected by the peasants' high degree of indebtedness.

It is common knowledge that Slovenia was still a predominantly agricultural region in the interwar period, with as much as 60% of the population subsisting on agriculture (Ilešič 1940, 68). At the same time, Slovenia was dominated by small farms, with almost 60% of them consisting of less than 5 hectares of land. On the other hand, the number of large farms, i.e. those with over 50 hectares of land, was conspicuously low. These represented just over

one percent of all farms, but the reader shouldn't presume these were large estates, as most of them covered up to 100 hectares of land (Bilimovič 1939, 5).

The unfavourable land-holding structure was again compounded by overpopulation of the countryside. In his comprehensive study, Svetozar Ilešič found that the density of the peasant population was among the highest in Yugoslavia, as an average square kilometre of cultivated land was populated by 190 people, compared to the Yugoslav average of 144. Furthermore, population density on arable land was among the highest in Europe as well, with a similar ratio only to be found in Switzerland and, to some extent, in Italy (Ilešič 1940, 62–63). The density and percentage of the farming population was particularly high in the Styrian and Prekmurje districts of Eastern Slovenia, followed by those in Bela Krajina (Southern Slovenia). It should be noted that the farmland in these regions also tended to be the most fragmented (Statistični godišnjak 1939, 98).

The overpopulation of the Slovenian countryside was the result of the poor development of other sectors as well as technological improvements and increased productivity in an industry that could no longer employ all the "surplus" population from the countryside. Additionally, foreign countries were closed to these people, forcing them to stay at home. Overpopulation of the countryside also had an adverse effect on the farming technology, as the abundance of capable workers meant that there was no stimulus forcing the peasants to modernize (Grafenauer 1970, 218). Slovenian agriculture thus remained dominated by manual work, with farmers consequently facing great physical demands (Maister 1938, 93–116), which is attested very evidently by Erjavec's data from 1925 on the equipment of Slovenian farms with agricultural machinery and implements used, which was, to put it mildly, very modest (Erjavec 1928, 37).

The low level of mechanization of Slovenian farms, not to forget the insufficient use of chemical and other fertilizers, resulted in an inefficient and unprofitable production clearly reflected by low crop yields, especially in terms of the general European environment. While it is true that Slovenian agriculture was much more productive than the Yugoslav average, its results were still poor when compared to agriculturally and otherwise developed countries of Western Europe.

This will be illustrated by the example of wheat, the most important crop at the time. In the interwar period, Slovenian farmers managed to increase their wheat yields by approximately 15% (from 8.4 to 9.6 q/ha) and thus to decrease Slovenian food supply deficits (Erjavec 1928, 17–34). Nevertheless, they were still far from the average yield in Europe, which was 16.5 q/ha. Slovenia remained at the bottom of the scale, in the company of Spain, Portugal, Romania, Bulgaria, Greece and Turkey. The middle part of the scale included Eastern European countries, while Central and Western European countries occupied the top of the scale. By way of example, we may note that Denmark, the Netherlands and Belgium, the countries with previously highest crop yields in Europe, managed to increase these even further in the 1930s. Specifically, wheat yields in Denmark were 29 q per hectare (Bilten 1937).

As indicated above, the structural inconsistencies of Slovenian agriculture were also reflected by the high indebtedness of the farming population, which was also the result of the destructive consequences of the Great Depression that saw agricultural prices decrease by up to 50 percent. The indebtedness was a reflection of the Slovenian agriculture in general, as the ranks of the indebted were dominated by small farms that were unable to meet the standards of a market economy. That is to say, the indebtedness was an indication of the market-driven size optimization of Slovenian farms.

Looking at the data on the holdings of indebted farms, we see that over 60% of all indebted farms held less than ten hectares of land. The percentage becomes even more significant once it is accompanied by the conclusions of the cost-effectiveness analysis. The economic survival of farms with less than five hectares of land in the 1920s was impossible, which forced the owners to look for other sources of income. As the crisis broke out, this category expanded to include farms up to ten hectares in size, which had previously, in the first decade of the Yugoslav state, been able to cover all their expenses exclusively through farming. The data of the 1931 census, clearly showed that slightly over 20% of all farms only pursued farming as a secondary activity (Maister 1938, 94). This share is numerically quite similar to the percentage of indebted farms with less than ten hectares of land. We can thus conclude that the optimal size of a farm, allowing for specialization of production and not

only for survival but also, to a certain extent, for accumulation, already exceeded ten hectares in the 1930s.

Naturally, such trends threatened great economic, social and political upheavals, with the true extent of the problem being revealed by the telling fact that as much as three quarters of all peasants in the Slovenian countryside sustained their families on farms with less than ten hectares of land. Moreover, this was certainly a population much too large for the government to remain indifferent and not intervene. Intervention was made even more necessary by the fact that these multitudes could not emigrate or seek employment in industry. The promulgation of the Peasants' Protection Act (*Zakon o zaščiti kmetov*) and the moratorium on agricultural debts in 1932 and subsequent legislation essentially preserved the existing fragmented land holding structure (Lazarević 1994).

We must ask ourselves, however, whether a different outcome was even possible. A large number of unsuccessful auctions in the 1930s indicates that even large holdings, whose income had decreased by up to a half due to the crisis, did not possess sufficient funds to purchase these bankrupted farms. The creation of large agricultural holdings that could compete on the market was thus hardly possible. Further borrowing was not an option either, as the farmers' creditworthiness was seriously undermined in 1930s.

2. The goals of agricultural policy

The dilemma thus faced by the state agricultural policy makers was how to ensure that Slovenian agriculture with its fragmented nature would become market-oriented and achieve higher levels of production, both in the sense of quality and in the sense of yields, which would translate into higher income for the farmers and a subsequent living standard increase for all people employed in agriculture. Many human lives and the day-to-day quality of life of the majority of the population depended on the answer to this fundamental dilemma. These agricultural dilemmas were presented to the Slovenian public by Anton Pevc (1924, 5) who did not mince words: "Slovenia will either have to increase agricultural production or reduce the agricultural population by a half." He was certain that this would happen on its own and claimed one should try to prevent such an outcome through agricultural policy measures that

would transform Slovenian agriculture by increasing farm size and the cost-effectiveness of production.

As we have already pointed out, Slovenian agricultural policy was based on three main points: education of farmers, use of internal reserves and the gradual and subsidized modernization of technology in order to increase productivity. From a business standpoint, this process should have resulted in the peasants turning into entrepreneurs and the farm becoming nothing more than a business unit producing for the market. In order to achieve this, it would have been necessary to monitor cash flow in agriculture by instituting farm accounting. In this process of conceptual and technological restructuring, farmers would also be helped along by co-operatives as a means of adapting to the capitalist economy. Co-operatives were supposed to make it possible for farmers to enter the market by overcoming the limitations and drawbacks of individual entering into market relationships. Farmers were supposed to enter the market as a connected social and economic group (the co-operative), not as individuals.

Such an agricultural strategy was not unreasonable. Its main objective, the conceptual and technological transformation of agriculture, was formulated for the long term. It was decided that the transformation should involve mid-sized and large farms, as these were the ones that fulfilled the necessary conditions for the transition to an entrepreneurial approach. These farms were expected to be able to leverage their economy of scale or increase production and thus justify the investments needed for the restructuring. Such measures were also compatible with the reality of the countryside and with the structure of the agricultural sector. Analyses showed that farms could generally be classified into two categories according to their principle of operation. Anton Jamnik thus wrote about "subsistence farms", small farms that aimed only to provide for the survival of the family, who were also the only workforce. Family members faced heavy, even excessive physical burdens. Market participation of such farms was sporadic and occurred only inasmuch as necessary to satisfy urgent monetary needs (Jamnik 1931, 10). Anything more was virtually impossible, as these were small, even tiny farms that dominated the agricultural land holding structure at the time. Market-directed production at such farms was essentially impossible; there were no funds to invest in order to increase productivity, and even if there had been, such investments might

not have been justifiable. Owners and their families were caught in a kind of a vicious circle of poverty, i.e. of low productivity, low income, low savings and investments and slow accumulation of capital (if any).

The other type of farms according to Jamnik included those involved with "monetary economics", i.e. those predominantly or at least partly market-oriented. This category includes mid-sized (over 10 ha of land) and large farms. In the predominantly fragmented agricultural holding structure, however, such farms were in the minority. Nevertheless, these farms were supposed to lead the transition to the entrepreneurial system of operation. Jamnik's assessments set the bar extremely high. According to him, this second category included few agricultural establishments, since

such a farm needs the owner to be much more competent and educated, both in general and in the specific matters of his business, the owner needs to be able to delegate work, to rationalize production, to have enough money and be capable of speculation and entrepreneurship, to be able to create complex plans for the intensive use of all production capacities and resources, to be familiar with agricultural economic prospects, to understand and be able to produce high-quality, easily marketable goods (Jamnik 1931, 12).

Although Jamnik presents two generalized and idealized types of farms, two ends of the spectrum, his analysis underlines the depth of the economic issues faced by the agricultural sector and the social strife faced by the peasants. Let us again point out that as much as 60% of farms at the time had less than 5 ha of land. Yields of such farms were very low. Detailed ratios are presented in table 1.

Table 1: Estimated average income of farms in the 1930s in dinars

	Up to 2 ha	2–5 ha	5–10 ha	10–20 ha	20–50 ha	Over 50 ha
Fields	1,150	3,700	7,100	10,700	14,000	31,000
Meadows and pastures	240	1,430	2,800	5,300	11,000	41,500

Vineyards	540	1,246	1,500	1,850	2,020	8,000
Gardens	180	432	750	1,020	1,380	8,000
and orchards						
Forest	45	240	420	2,080	5,240	36,600
Total	2,155	7,048	12,570	20,950	33,640	125,100

Source: Uratnik 1938, 61

While profitability was low on farms with up to 10 ha of land, there were significant differences between various types of farms. Profitability increased steeply as farms approached or exceeded 10 ha of land. Profitability of the farms becomes even more telling and tangible if we compare it to the average industrial worker's salary at the time. In the late 1930s, the workers' average monthly pay was about 9,000 dinars (Kresal 1995, 13). The numbers speak for themselves and offer a glimpse of the depth, extent and class structure of poverty in Slovenian countryside. We further approach a realistic assessment of countryside poverty if we also take into account the average family size. It was estimated at the time that the average peasant family had slightly upwards of five members (Maister 1938, 94). Small farms were thus unable to provide anything more than bare subsistence and even that was often in question.

In light of the data presented above Anton Pevec called for the abolishment of a half of all farms in Slovenia, as they were supposedly not economically viable. Vinko Möderndorfer added that, due to their dependence on extra-agricultural work, the position of small farmers, particularly those with less than 2 ha of land, already approached that of wage workers (Möderndorfer 1938, 155). Möderndorfer stated that because of the impossibility of surviving just on agriculture, members of peasant families should have an opportunity to find employment in industry or in the service sector. And that is what happened in the interwar period. In a relatively short time, industrial capacity and the number of jobs in industry doubled. As elsewhere in Europe, textile industry was at the forefront, and the scales of domestic product, or income, had already tipped in favour of non-agricultural activities. Such a course of events contributed greatly towards the mitigation of social issues, as the 50,000 to

60,000 new industry jobs (Križanič 1996, 39) helped resolve the existential problems of 250 to 300,000 people. Many members of peasant families found employment outside their farms, and their income often contributed towards the subsistence of their families. Close to industrial centres, the practice of daily commuting to industry jobs became quite common. In the case of Ljubljana, there are documents indicating daily commuting to work from towns and villages up to 20 km away, mostly those close to railways (Lazarević 2014, 354). In spite of the progress and the numerous employment options outside agriculture, however, the issue of the peasantry was not yet resolved. In fact, to let it be resolved before World War II, as many new jobs would have been needed as they already had been, since the 1930s data on peasant indebtedness indicated that at least 250,000 people in the Slovenian countryside still remained on the path to bankruptcy (Lazarević 2009, 106–121). Measures were necessary that would also help the situation of the peasantry in the short term.

3. Reality: Three farm-cases

By way of example, we present three cases of farm management at three completely different farms in terms of holding and income structure. These cases, reflecting the fundamental dilemmas of agricultural management, illustrate the effectiveness of managing small and mid-sized farms. The broader context of the study is thus complemented by a case study indicating the economic practices of individual farms. The comparison of income and expenses is more than telling and indicates the fundamental dilemmas of agriculture during the interwar period.

The first case is a small farm based in Drašiči in Bela krajina (Pirc 1938, 87). The farm had four hectares of land in total, two ha of which were fields, 16 acres were vineyards and the rest were meadows and forests. The farm offered subsistence to seven people, two of whom were children below seven. In 1936/37, their yield was worth 8,780 dinars. The farm produced wheat, barley, millet, buckwheat, potatoes, beans and wine; however, this was still not enough – they had to buy additional bread flour. Two thirds of the yield were used by the family; the rest was sold. Products sold by the farm were mostly wine, fruits and eggs. The farmers also raised a pig that they had bought for this purpose, as well as chickens, but food

scraps and their own corn yield were insufficient to feed the livestock, forcing the family to buy additional feed.

Recurring costs primarily included the costs of clothing and footwear, which amounted to as much as a quarter of all expenditure. Add to this all other food-related expenditure, which amounted to half of all quantified expenditure, and we find that the family subsistence costs represented as much as three quarters of all expenditure of a small Bela krajina farmer. Understandably, some money also had to go towards the production or purchase of Bordeaux mixture, a fungicide needed in the vineyards. Very little was thus left for miscellaneous needs of the family. Interestingly, a significant item of the latter category are tobacco costs, which were higher than the costs of salt, lighting and soap put together. Another item of interest is the subscription to *Domoljub* ("The Patriot"), a farmers' magazine.

A comparison of income and expenditure of the farm shows a negative balance, as costs significantly exceed the income. Specifically, costs were higher than income by three quarters. This of course raises the question of how the deficit was covered. There were only two ways to do this – either borrow or find other sources of income. The family in question used both ways. Day's labour for other farmers and handicraft work covered most of the deficit, while the rest of the money was provided by the farmer's brother, which can be understood as a kind of borrowing. The case illustrates that an establishment of this size was not even able to produce enough food for the family, much less to use the income for agriculture production to expand. The very existence of family was ensured by increasing employment outside of agriculture.

The second case we consider is from Bela krajina as well (Pirc 1938, 88–89); however, the structure of the farm in this case is different. In total, the farm had 9 ha of land, 3 ha of which were fields, while the rest were other types of land, of which vineyards were the most prominent. The farm provided for seven people, with the children already grown up and able to help out. The main product of the farm was wine, while other agricultural activities served primarily to satisfy the nutritional needs of the family. The family raised livestock as well, having a couple of cows and pigs. The total value of the farm's production was 23,708 dinars. Of this, 12,421 dinars' worth of goods were sold (wine, spirits, potatoes, beans, two pigs, one steer). This was supplemented with further income from work at a vine nursery in the amount

of 3,600 dinars, which represented a quarter of the entire farm's net income. Work outside the farm was thus a significant source of income.

Expenses are dominated by clothing and footwear expenditure (almost half of the total amount) and various household expenses (salt, petroleum, sugar, coffee, chicory, etc.). Investment expenditure includes Bordeaux mixture and other accessories for the vineyard, as well as the purchase of livestock for rearing. Farmhands are one interesting aspect within this expenditure category. They were seasonally hired to help in the vineyard as well as with other labour in the fields. This farm did not need to purchase additional foodstuffs; they sold most of the wine and spirits they produced, as well as 40% of potatoes and a significant amount of beans. Another item of interest is insurance, which the small farm described above lacked and which reflects the financial differences between the two farms, as well as different ideas of management.

The columns of expenses and net income from production show that the budget of the farm in question was perfectly balanced. The farm's yields kept the family supplied with foodstuffs and clothing, thus ensuring their survival. The surplus evident from the balance sheet was the result of economic activity outside the family's own agricultural establishment. These were the only funds available for potential investment in new technology or new methods of production or consumption.

The third case is a mid-sized farm as well, but this one is not located in Bela krajina but rather in Slovenske gorice, near the town of Ptuj (Bratko 1938, 396–397). The farm had 13 hectares of land and was home to a family of six, four of whom were children. The amount of work was such that the family was unable to do everything by themselves. Unlike the first two, this farm was specialized and market-dependent, as its principal activity was livestock rearing. The farm thus owned four cows, two oxen, a couple of calves, a number of pigs, a horse and additionally some chickens. The largest part of the farm's income came from livestock rearing, particularly from the sale of milk, animals and eggs. In 1936/1937, income from livestock rearing represented as much as 70% of all income. All other activities at this farm were ancillary and essentially only served to satisfy the needs of the family. With regard to crops, the farm mostly sold potatoes, as well as some wheat, cabbage and beans. We can make similar conclusions regarding fruit cultivation and wine-making – the family only sold a

small part of what they produced. The farm from this example is the one best suited to illustrate the destructive effects of the collapse of prices of agricultural products during the economic crisis – in the pre-crisis year of 1929, the farm's income with the same sales structure was 40% higher. The differences between incomes are particularly significant in the sale of livestock, milk and wine.

Comparing this to the income and expenditure sheet from 1936/1937, the farm's budget remains balanced despite the collapse of prices; but there is no surplus either. However, if we had noted a more or less complete absence of costs of future production in the previous example, this is not the case here. Such expenditure is already included here, representing over a sixth of all expenses of this mid-sized farm (fertilizers, tools). The most prominent items among household expenses, which amounted to one seventh of the expenditure total, were lighting (petroleum!), sugar and items for personal hygiene. We should also note that the farm was not buying any additional foodstuffs – the family not only produced enough for their needs, but also was able to sell the excess to Ptuj. This family also spent a lot of their money for clothes and footwear, almost a third of their expense budget. Although the farm owner was moderately indebted, the payment of annual instalments did not present too much of a burden; the owner also had insurance, probably for the house and other farm buildings.

If we sum up all the expenditure items and compare them to the income, it turns out that the farm should have been making a loss. The expenditure would have exceeded the income by 7%. We are presenting this merely as a hypothetical, though, as the expenses include pay of hired farmhands in cash, while they were actually paid in kind. For their work, the farmhands received food or were leased some land. Others still, the farm owner compensated by tilling their fields or hauling their wood from the forest.

If we compare the three farms, we see that the share represented by the basic subsistence costs, i.e. of food and clothing, is inversely proportional to the size of the farm, decreasing by almost a half as we move from the smallest farm to the middle one. At the second presented farm, family members were thus no longer able to do all the work and additional hands were hired during the season. In spite of their low hourly wages, expenses for their pay were significant. Expenses of mid-sized farms also include insurance premiums. It

seems that at such farms the extent of cultivation and the amount of funds available made it possible for the owners to insure buildings and perhaps even part of the livestock. The owners apparently realized that unpredictable weather and other variables necessitated taking out insurance for the crops, livestock and buildings.

These cases reflect the logic of farm management on the one hand, focused mainly on providing for the farm's inhabitants, and the insufficiency of funds for the necessary investments that would increase agricultural productivity on the other. The cases also highlight the various strategies used by farmers to maximize their income. It is clear in all three cases that the basic agricultural activity could not provide the financial basis for increased investment activity at the farm, or could only do so to a minor extent. The missing funds had to be acquired in a different manner. It was necessary for the farmers to diversify their sources of income. Small farms, which dominated the Slovenian countryside, tended to need additional sources of income to ensure their bare survival, with agricultural production barely being sufficient to feed the family. At mid-sized farms, on the other hand, the households faced a different issue that was just as problematic. After the Great Depression nearly halved agricultural incomes in global terms, mid-sized farms were in fact unable to achieve the surplus income necessary for the increase of production through specialization and introduction of new technologies, and the resultant increase of income and improvement of the living standards of the farming population.

4. Different ways of peasant income diversification

In the process of short-term alleviation of the problems faced by small farms, we can discern three strategies used to increase income and diversify its sources. These approaches were not new, as they had already been tested before World War I and documented in the time of the Habsburg Monarchy. One could define these strategies as general methods of overcoming the factors limiting the profitability of small farms. However, there is another phenomenological characteristic that should be pointed out. As a rule, strategies for the diversification of sources of income were part of the informal economy; initiatives and practices were spatially dispersed, rarely taxed and not included in statistics. The

diversification of income had a significant impact on the alleviation of day-to-day troubles of the peasantry and helped with the balancing of the budgets of agricultural establishments.

The methods of income diversification consisted of temporary work at other farms, seasonal migrations abroad, and participation in various "cottage industries", i.e. the home production of various items. At this point, we can state with some certainty that these strategies were about the commercialization of the existing working ability, free time, experience and skills (either previously existing or newly acquired), as well as local resources. Cottage industry was based on low-level technology that required little or no skill to operate. People generally adapted to such handicrafts easily and could usually learn them through practice. However, the items produced in such a manner were low-cost, resulting in the work being poorly paid as well. Peasants generally had few problems entering such additional working relationships, provided that other conditions had been met, e.g. demand for the items or commercial channels connecting producers with consumers.

Farm work for hire was widespread method of acquiring additional income. There were plenty of options. On the one side, there were farms with over 10 ha of land that needed additional manpower during the peak of seasonal activities, as family members were not able to do everything by themselves. On the other side, there was rural overpopulation, with small farms in particular being able to provide ample additional workforce. However, due to the lack of data, it is hard to quantify the extent of this phenomenon. According to the 1938 study by Filip Uratnik, the only author to have dealt with these issues, the late 1930s saw about 50 to 60 thousand people supplementing their income by working at other farms, usually in their immediate neighbourhood. In global terms, this amounted to about a tenth of all rural population. In line with the low average profitability of the agricultural sector, wages of hands for hire were low as well. Here, Filip Uratnik comes to our rescue again, estimating that the average daily wage of a farmhand amounted to half of the daily wage of an industry worker (Uratnik 1938, 12, 62–76).

Another way of seeking additional income was through "seasonal migration". It was precisely seasonal agricultural migration that was the most common type of migration before World War II. In the spring, a significant part of the population took off to work at farm estates of Western Europe, returning in the autumn when the crops had been harvested.

Seasonal migration was common in the eastern parts of Slovenia, particularly Prekmurje, where the overpopulation was the highest and land holdings were the most fragmented (Lazarević 1994, 74).

The third method of income diversification was through various cottage industries, i.e. production of items within the household, utilizing the experience, skills and the working ability of the family. As an introduction, let us quote the impassioned words of Ivan Mohorič (1950–51, 25):

Cottage industries unite tens of thousands of busy hands under the roofs of thousands of rural homesteads in silent labour, in a fight for survival and in the noble effort of improving one's living conditions. Statistics cannot measure these hard-working multitudes that surpass the most powerful industrial conglomerates. They remain invisible, nowhere advertised but ever active. Just as their creative powers and kinds are inexhaustible, their dynamics are lively and pervasive ... in their complexity, they have become an indispensable part of the national income and well-being".

These were the words Mohorič, who did not hide his enthusiasm for the industriousness and creativeness of the peasantry, used to underline the various phenomena of economization of agricultural establishments. In Slovenia, "handicrafts" (domača obrt) and "cottage industry" (hišna industrija) are terms, or rather concepts, usually used to describe the methods of operation of Slovenian farms.

In this regard, however, we must also take into account the complexity of managing a farm, which in itself involves a combination of different complementary skills and experience. This complexity offers peasants a starting point for various economic initiatives, provided there are opportunities to allow for them. As any other activity, farming is not one-sided. Farms and the village council as a community are a microcosm of interwoven relationships between economies and sectors, of social relations, different views and conflicting material aspirations (born of necessity or desire to own) as well as social interests. The implemented policies of diversification of the peasants' sources of income involved the peasantry and individual peasants in the world of capitalist economy, allowed for the world to be conceived through the peasants' social self-sufficiency and cleared the path for social modernization. This all occurred spontaneously, automatically and gradually.

In this regard, a study by Anton Markun from 1943 is very useful, showing in detail the interwar economic situation in the Velike Lašče district. In the first volume of his work, Markun describes agricultural activities, while the second volume is dedicated to a detailed presentation of handicrafts and trade. In the context of this article, we are primarily interested in the second volume, which provides a list and descriptions of non-agricultural activities in the countryside, specifically in the district of Velike Lašče. The list presents a wide array of possible economic initiatives and relationships either unconnected to agriculture or stemming from agricultural activities. In this way, Markun gives us insight into the range of possibilities that the peasants had to diversify their income; the range of possibilities for parallel economic activity. Markun had thus documented the following economic activities of peasants: canvas making, hat making, straw plaiting, tailoring, production of fur clothing, butchery, tanning, shoemaking, joinery, carpentry, wheelwrighting, saddlery, cooperage, milling, key cutting, bucket coopering, sieve making, toothpick production, production of baskets, rakes and pitchforks, production of dormouse fur hats, sawmilling, smithing, mob cap making, lime production, masonry, charcoal burning, tree tapping, potash production, production of clothes hangers, basket weaving, production of toys and dolls, production of musical instruments, clogs, rope and brushes. Among trade activities, Markun lists mixed goods trading, peddling, selling at fairs, trading in wild birds, forest fruits, herbs, dormouse fur, treen, and, last but not least, smuggling.

Markun remains at the level of detailed ethnographic description that is somehow on the surface, and is not interested in the issues of operating a farm as a complete economic unit. In spite of this, he notes that peasants felt it natural to engage in all activities listed above, though usually not continuously but rather in parallel to agricultural activities. Markun paints a picture of a village and farm management in the Velike Lašče area (south of Ljubljana), dominated by fragmented land holdings, as a multidisciplinary economic space where the chosen type of economic activity parallel to agriculture is dictated by necessity and the expected benefits. In the background of his description, one sees an idea of farming households in which peasants pragmatically take up different activities to increase and diversify their income, wherein they are willing not only to work and learn but also to intervene in sales organization. That is, the peasants are trying to at least partly manage their

position by reducing the distance between production and consumption. However, Markun goes a step further. His descriptions of individual craft and trade activities indicate that the very concept of the peasants' world already includes the dynamics of change. Markun thus records the ascent and decline of individual handicrafts practised by peasants as determined by the broader social and economic context in a long period of time.

In order to understand the comprehensiveness of the context of income diversification in farming households, we should add that in the interwar period (and before), the income from handicraft activities was untaxed, provided that these were being pursued only by family members, i.e. provided that there were no other employees, and that their extent was limited. Handicrafts were defined as activities whose operators did not meet the requirements for a craft licence and did not have a dedicated workshop but worked in their own homes (Mohorič 1950–51, 19). In the countryside, such production was widespread, although not all types were distributed evenly or even present. The picture was extremely diverse as well as dispersed, determined by local economic and social features and initiatives. We will only list a number of selected examples of handicraft, as we are interested in the system, i.e. the mechanism of operation, the influencing factors and the consequences of the existence of the historic phenomenon of handicraft activities for the society in general.

Furthermore, any discussion of handicraft must differentiate between two types, the more sophisticated handicrafts and the less demanding ones. The first type featured aesthetic elements as well and could even be somewhat artistic; the second was characterized by its utilitarian nature. Lace-making may thus be classified among the former type, while the latter type would include production of all sorts of wood products (buckets, crates, toothpicks, spoons, sieves, etc.), straw products (baskets, coasters, etc.) or pottery, to name but a few. It is clear that the second type of handicrafts was based on materials that were easily accessible, cheap and plentiful in the countryside, obtainable either at the farm itself or in the immediate vicinity. After all, forests covered over 60% of Slovenia at the time. Clay was likewise available throughout the area. Finally, the straw was a side product, as cereals were the most prominent agricultural crop. As early as the late 19th century, production of straw hats thus began in Domžale near Ljubljana. After World War I, the production increased, giving

numerous peasants in central Slovenia the opportunity to become straw hat weavers (Moder 1962, 73, 84).

The cottage industry was coupled with a system of distribution, and functional division of labour occurred automatically. The role of local traders as intermediaries between peasants/producers and consumers was indispensable. While there were a number of cases of peasants' craft co-operatives (Mohorič 1950–51, 23), which were supposed to operate a joint marketing system and increase the products' prices, the results were not encouraging in spite of governmental support and examples of good practice. Such co-operatives, which were all too often limited to their local environment, failed to achieve the necessary economy of scale for their existence and operation to effect any changes in the established distribution and pricing relationships. Furthermore, in the 1930s, the co-operatives were mainly concerned with their own operation, as illiquidity was always looming. It is documented, however, that peasants marketed their products on their own, particularly at fairs; despite the latter's ubiquity, however, their economic significance in the interwar period was already declining (Zdovc 2006, 95–103). On the other hand, peddling was still practised. In the broader sense, peddlars were local agents for the distribution of goods and part of the cottage industry system of the division of labour. One traditional example are the peasants from the Ribnica area who travelled from village to village or fair to fair, selling treen directly to consumers (Trošt 1950–51, 28–67). In the interwar period, potters from Prekmurje kept the tradition alive as well (Novak 1950–51, 130). Production of ceramics, i.e. pottery, was widespread in the eastern parts of the country. Potters were numerous, as entry costs were low, and cheap and easily accessible raw materials plentiful (Karlovšek 1950–51, 87–111; Novak 1950–51, 111–130). However, pottery is a typical example of an activity facing tough times, as home-made stone- and earthenware were being replaced by metal and porcelain dishes. This is only a single example of a general trend of industrial progress reducing the number of marketing opportunities for cottage industry products. Cottage textile industry was another such case, virtually disappearing by World War II, leaving only a few exceptions, as shown by the well-documented case of Bela krajina (Račič 1950–51, 142–158).

On the other hand, those handicrafts with added aesthetic or even artistic value, e.g. lace-making, continued to thrive. Lace-making was spreading geographically and production

was on the increase. The activity had a tradition of being supported by the authorities through dedicated training and provision of samples, as well as organized marketing (Kravos-Lombar 1938, 212–214; Račič 1938, 235–243). Lace-making had a long history and production and sale were well-established; in the interwar period, the activity spread to the Gorenjska region as well. In a sense, lace-making was a regulated cottage industry, as lace-makers were provided with samples and patterns created by experts in accordance with the modern aesthetic and artistic criteria and market demand. Artists and professional lace-making teachers were all part of a process of stimulating the production, design and marketing of lace, all with significant support from the authorities. With some reservations, the case of weaving was similar and shows the long-term effectiveness of the peasants' strategies and practices of income diversification based on local initiatives, availability of raw materials and state support. Cases from around Ptuj and Radovljica certainly seem to indicate so (Ogorelec 1938, 233–234; Patik 1938, 251–256). It was also possible for a handicraft to disappear, as was the case with the cottage textile industry, for example, or a new one to emerge, which is what happened with toy-making around Velike Lašče after World War I. Toy-making was started deliberately, on the initiative of a couple of enterprising traders who organized production at farms, provided samples and then sold the toys on the Yugoslav market (Markun 1943, 62).

Cottage industry was thus an important part of the peasants' extra-agricultural activities, but with certain regional and class differences. Realistic estimates for the interwar period indicate that cottage industry involved at least 25,000 people working either part-time or full-time (Spominski zbornik 1939, 391), i.e. approximately 5% of all peasant population. Add to that the work for hire and seasonal migrations, and we can further estimate that the living standard of at least a quarter of all peasant population strongly depended on additional income from extra-agricultural activities. Such income was extremely important in order for farms, smaller ones in particular, to be able to balance their budget. By encouraging additional education of peasants through various professional courses, the authorities effectively supported the processes of income diversification (Pretnar 1938, 257–260). In this respect, we need to point out another aspect of the various policies of income diversification in the agricultural sector: that is, the process featured a significant participation of women. Contemporaries had estimated that women were the majority both in cottage industries and in

work for hire. In combination with activities aimed to improve household work and encourage on-site processing and marketing of agricultural products (Gosak 1939, 433–437), this fact reshaped the perception of the economic value of women's work, subsequently resulting in the social emancipation of women in the context of the traditional ideology of relations between the genders and gender-based distribution of labour in agricultural households.

Conclusion

To conclude, we can say that in the persisting circumstances the diversification of income sources was an economic and social must for the peasants. In many aspects the characteristics of the peasant economy in Slovenia in the interwar period show remarkable analogies with the 19th century, and even with the early-modern preindustrial times. The above-presented practices of income diversification, as well as the factors promoting them, recall very closely the “integrated peasant economy” system, although major changes in the market and industrial economy had taken place, facing the peasants with new challenges besides the old ones. Due to enduring causes, diversification of sources of income in fact remained indispensable in the interwar period as well, since the fragmented land holding structure precluded peasants from covering the living costs of themselves and their families solely with the income from agricultural activities. This was particularly true for farmers who owned less than 5 hectares of land. On the other hand it is important to note how peasants worked to diversify their sources of income not only from necessity but also from the desire to improve the stability and quality of their families' living standard.

In this regard, the historical change of government and the legal system in 1918 didn't bring a radical change in comparison with the 19th century Habsburg Austrian framework. Policies supporting income diversification lived on, as did the awareness of their necessity. State and local authorities recognized the seriousness of the situation and actively supported the policies of the peasants' income diversification through professional courses that offered peasants the opportunity to acquire or improve handicraft skills and experience. At the same time, owners of large farms were expected to lead the way and transform agricultural production according to the entrepreneurial model. The organizational structure that provided support for income diversification had already been in place under the Habsburg Monarchy.

Slovenian authorities in the context of Yugoslavia simply continued using the tested models of political, economic and social measures to provide support for income diversification, particularly based on cottage industries as an important factor of the economic and social stabilization of agricultural households in the interwar period.