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# A Comparative Synthesis of 20th Century Agricultural Cooperative Movements in Europe\*

by

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## Abstract

To ignore the historical perspective of socio-economical phenomena while looking ahead to the future in an attempt to raise expectations and set new challenges, can prove a risky move when approaching the cooperative movement as a whole. This is particularly so in the case of the European agricultural cooperatives. We expect them to play a relevant role in the overall panorama of a globalized world. The aim of this article is to trace the origins of the agricultural cooperative movement in seven European countries (Belgium, Denmark, France, Italy, The Netherlands, Portugal and the United Kingdom) and discuss the coincidences and differences which account for common problems with a view to avoiding them in future joint ventures. Some issues discussed here are, among others, the legal framework, the public institutions concerned with the promotion and development of cooperatives, promoting social groups, the underlying values involved, and finally the various types of cooperatives and the important role they play in specific economic sectors. The analysis includes a comparative synthesis as a point of departure for new challenges in the near future.

**Key-words:** economic history, history of micro enterprise, cooperative enterprise, agricultural markets.

## Introduction

If the goal of the European cooperative movement, and the agricultural in particular, is to be able to play a relevant role in the world of globalization by looking ahead to

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the future, making proposals and planning challenges, it must also look historically into its own origins, beyond the merely quantitative and statistical elements (Mignot *et al.*, 1999).

In the present article we provide an account of the initial period of the agricultural cooperative movement in several countries (Belgium, Denmark, France, Italy, The Netherlands, Portugal, United Kingdom) in the search for coincidences and differences that may account for, and possibly avoid, problems of joint actions in the coming years.

Two main parameters have been distinguished in the development of the cooperative movement. On the one hand, a number of countries like France, Italy, Portugal and Belgium have been considered, where the ideological-utopian-cooperative project seems to promote the initiatives of the various social groups in favor of its development. On the other hand, there are other countries like Denmark and Holland where the development of a joint action can be explained, to a great extent in the light of a spontaneous liberal logic of the market, rather than from the standpoint of ideological principles as a valid framework.

The elements of analysis are, among others, the legal framework, the public institutions of promotion and development, the social groups that encourage them, the underlying values and the type of cooperative entities that characterize them, and finally the sub-sector where they play a more relevant role.

This piece of research work has been broken out into three aspects: in the first the cases of Italy, France, Portugal and Belgium are discussed from an ideological utopian logic. Then we approach the Danish, Dutch and British models from the viewpoint of a spontaneous and liberal movement, and lastly we draw some conclusions.

## The ideological utopian logic

### France

The cooperative model in French agriculture is shaped out in agreement with the rules of workers' trade unions. After the 1884 law, the *boutique* trade unions increased their number and orientated their activities towards the stocking and marketing of production, both cases being forms of pre-cooperative actions.

The agricultural credit also helped to develop the cooperative movement through the new cooperative bank societies. In 1885 the Agriculture Credit Society of Poligny was created where the farm-workers got their personal credit with the only guarantee of their trade union membership.

In 1890 Meline proposed the creation of the *crédit agricole* in rivalry with the Union of Rural and Workers' Bank Societies, created 3 years later by Durand in the line of the Raiffeisen network.

On the eve of World War I the cooperative movement, the credit and the mutual

benefit societies had already a recognized legal status, co-existing with various associational forms: the *boutique* trade unions were part of the *Union Centrale des Syndicates Agricoles* (UCSA), whereas the regular trade unions, cooperatives, credit and insurance societies had not achieved as yet a nation-wide organizational structure (Gervais *et al.*, 1976).

After World War I the cooperative movement was seen as a promoting element of agricultural development, and through it the credit and mutual benefit societies were boosted as complementary means.

The great period of cooperative success is that between the two world wars, where a specialization of the associations can be seen, aiming at defending the specific interests of agricultural workers. It is during that period that the spreading of wine-growing and dairy cooperatives took place.

With the German occupation the *Corporation Nationale Paysanne* started. The implementation of this cooperative project meant the transference of the representative power to the new corporative trade unions (Boussard, 1980)

The *Corporation* transformed the cooperative societies, the credit banks and the mutual benefit societies into actual economic organisms. The *Caisses Nationales de Reassurances* were taken up by the *Caisses Centrales* and the federations of cooperative societies and of credit banks. The mutual benefit societies were taken up by the *Fédération Corporative de la Mutualité Agricole* (Confédération Nationale de la Mutualité, Coopération et Crédit Agricoles – CNMCCA, 1987).

The process of democratic reconstruction of the agricultural associative movement began in 1943, in the *Congrès National de la Mutualité, de la Coopération et du Crédit Agricole*, that was held in Algiers, organized by the recently created *Confédération Générale de l'Agriculture* (CGA).

The CGA established a dividing line between credit, mutual benefit and cooperation by re-structuring them into different federations. In contrast with credit and mutual benefit societies, cooperatives did not enter the CGA as one federation, but were rather split into two: *Fédération Nationale de la Coopération Agricole* (FNCA) and the *Confédération Générale des Coopératives Agricoles* (CGCA). In 1966 both were merged in the CFCA (*Confédération Française de la Coopération Agricole*). Owing to the internal conflicts in the CGA it became an utopian project.

In the 1960s production overcame consumption, thus giving way to the *Sociétés d'Intérêt Collectif Agricoles* (SICAs), entities that are complementary to the cooperative societies and whose legal status allows them freedom of action in the marketing process. The cooperatives became agro-food, vegetable food, stocking and polivalent industries. In the 1980s the era of the creation of cooperative societies seemed to have come to an end.

## Italy

During the 1960s and 1970s of the 19<sup>th</sup> century, the agricultural regions of the North and the South reacted against the crisis with associative formulas like the following:

- 1) Agricultural “circles”, promoted by the land-workers aiming at spreading among the hired farming hands their revolutionary ideas. They would teach and educate, carry out trading activities, and finally became *magazzini* (stores);
- 2) Local taverns, where the small owners, rentees and tenant-farmers would strike to giving life to “social taverns” (cooperative cellars), dairy cooperatives and “social baking ovens”;
- 3) *Consorti agrari*, devoted to the common delivering of raw materials (De Marzi, 1987). The first *consortium* originated in Italy in 1866 was the “Friulian agricultural association”, with the aim of importing new species of silk-worms. Then they would develop activities concerned with agricultural credit, and also insurance and machinery renting;
- 4) *Braccianti* cooperatives, based on hired farming hands, would come up whenever there was a chance of public work contract. They fought for employment and laid the foundations of socialist ideals aiming at controlling the work offer in local markets (Anca-Lega, 1986; Vallauri, 1987);
- 5) Collective land-renting (*conduzione*), collective associations, a reflection of the socialist power in the rural context (Allewa *et al.*, 1988). These societies represented an experiment in common use of land.

During the “Giolittianian” period cooperatives had an outstanding quantitative and qualitative development<sup>1</sup>, but owing to lack of common actions and objectives, caused by their heterogeneity and deep differences between North and South, two opposed trends stood out: the socialist or “red cooperatives”; and the catholic or “white cooperatives”. The predominant type were still the great consumption cooperatives in urban centres, though they were also notable in the rural areas through the *braccianti* societies. In the *Lega Nazionale delle Cooperative e Mutue (Lega)*, the red cooperatives were predominant.

The *consorzi agrari* also received great encouragement through benefits from a more favorable legislation. The elements of greater modernity and administrative efficiency in Italian agriculture were then represented by those *consorzi agrari*, whose national federation (the *Federconsorzi*) included, already in 1911, over 100 organizations and 22,000 members. In 1913 the *Istituto Nazionale di credito della Cooperazione* was created, as an entity providing financial means to cooperatives. The consumption and agricultural cooperatives could have access to initial credits so as to carry out their investment actions.

On the eve of World War I, Italian cooperatives had already acquired the features of a mass movement, even if deficiently organized. With the outbreak of war the reaction of cooperation, aimed at giving an adequate response to the state of war, was the task of starting an internal re-structuring that would allow them to integrate in the mobilization apparatus of the State. The relations between cooperatives and the State

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<sup>1</sup> According to Stupazzoni (1984), there were in 1902 as many as 4,000 cooperatives with 1,000,000 members.

were intensified, and this provoked strong debates within the movement itself. The social base of the *Lega*, predominantly working class oriented, claimed its hallmark as a working class movement and demanded the adoption of a non-collaborative position with capitalist interests, thus coming closer in their discourse to the anti-war socialist party. The restructuring of the cooperative movement had a vertical character, as national federations of the sector were created within the *Lega* for the various categories of cooperatives: work, production, consumption and agricultural. Though each federation reached a different degree of development, a common feature in all of them was that they originated as a response to the needs of the cooperative movement to break with their traditional isolation (Vallauri, 1987).

In spite of the fact that many cooperatives disappeared during the war, cooperatives as such came out stronger than before, since they had shown their efficiency in unfavorable circumstances. Cooperatives were then presented as one of the key elements of the economic re-structuring of the country. In less than two years the production cooperatives doubled, those of consumption remained the same in number whereas those of credit and agriculture<sup>2</sup> were re-dimensioned.

In 1921 the *Banca Nazionale dell'Agricoltura* was created on *Federconsorzi*'s initiative, as a specialized section of the *Istituto Nazionale dei Cr diti per la Cooperazione*. The granted credits were devoted to financing the investments for the improvement of farms and were used for encouraging the export of agricultural products and the construction of factories of agro-industrial processing. These were most useful for the more modern sectors of Italian agriculture with a view to neutralizing the growing expansion of urban industry. The procedural line of the *Federconsorzi* stressed the interest of supporting big and medium size farms.

Then the old polemic between socialists and catholics on the role to be played by cooperatives reappeared. It proved more and more difficult for the *Lega* to continue to play the leading role it had played until then, thus giving way to cooperatives like the Catholic Confederation of Cooperatives, the Federation of Ex-servicemen Cooperatives, the National Trade Union of Cooperatives or the Italian Trade Union of Cooperatives of fascist tendency.

The catholic current of opinion, so far included in the *Lega*, founded its own cooperative centre, named *Confederazione delle Cooperative Italiane* (*Confcooperativa*-CCI), which embodied the traditional aspiration of catholic cooperatives to have an independent representation to counter the power of the *Lega*, ruled till then by the socialist current of thought. By the 1920s, the catholic cooperatives equalled those of the *Lega* (some 8,000 centres each), thus creating a balance between both currents and a struggle for hegemony, in turn generating a situation of conflict and antagonism that, extrapolated to the socio-political level, would be used by Fascism to reach the central power of the State.

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<sup>2</sup> More concretely, in the agricultural sector, the *Federazione Nazionale delle Cooperative Agrarie*, based in Bologna and legalized in December 1918, increased the number of associated cooperatives from 81 to 176 (Vallauri, 1987).

The main goal of Fascism was to control the cooperative movement. In 1922 a violent wave broke out that caused fires, plunder and looting of the cooperative premises, both socialist and catholic, and led many of their leaders to jail and exile. In 1924 the leaders of the two great cooperative currents attempted to coordinate their actions in order to oppose Fascism on a common front, but their mutual distrust hindered that project.

In 1925 both the socialist *Lega* and the catholic CCI were declared illegal, their base cooperatives being now compelled to be integrated in the cooperative organisms ruled by fascism (Stupazzoni, 1984). This integration was in the *Ente Nazionale delle Cooperative* (ENC), a corporative body that, under the direct rule of the Ministry of National Economy, would apply a strict control over the whole movement. The *Consorti Agrari* and the National Institute of Credit for Cooperation were both nationalized, and as a consequence the cooperative movement lost its autonomy.

After World War II, cooperation was again boosted through the recuperation of liberties and through the re-appearance of political parties, eager to restore their traditional bases of support. Other facts made also their contribution, like the wish and need of all social groups to overcome the economic problems caused by the reconstruction of the country. A cooperative boom took place in the *Mezzogiorno*. Years later, the scarcely consistent character of that expansion was confirmed, since the cooperatives created in the Southern regions showed their inability to function independently, unless vitally supported by local public entities (Nardone y Russi, 1988).

In 1945 the socialist and communist *Lega* and the catholic CCI re-appeared (*Confcooperativa*). The Christian Democracy promoted its own autonomous federation, both in the trade union domain, where the *Coldiretti* was created, and in the cooperative one. The *Confcooperativa* was also re-established with the intention of finding a way out through “white” associationalism. During the 1950s the two cooperative institutions carried out a project of internal re-structuring which ended up with the creation of highly specialized organizational models.

Within the *Lega* a split took place between the social-democratic and the liberal wings, giving rise to the *Alleanza Generale delle Cooperative Italiane* (AGCI), unacknowledged by the public rulers as a representative body till ten years later. In contrast, the catholic movement of the *Confcooperativa* increased its membership by encouraging provincial and regional unions and specializing their activities. This federation was to be integrated within the “moderate block” through its incorporation to the *Comitato Nazionale d'Intesa*, a unitary action platform created in 1964 by the *Federconsorzi* and the trade unions *Coldiretti* and *Confagricoltura*, bound together by their opposition to the left movements (Mottura, 1987; Moyano, 1988; Albanese e Capo, 1993).

With the creation of the EC a new phase arose in the development of cooperation, characterized by its increasing specialization and a deeper penetration into the market<sup>3</sup>. At the beginning of the 1970s the cooperative movement showed clear signs of

<sup>3</sup> From 1958 to 1963 the number of cooperatives promoted by the Agricultural Reform Institutions did

a considerable evolution<sup>4</sup>. In the 1990s, in spite of the general step forward of cooperatives at the entrepreneurial level through the creation of second degree structures and the patrimonial consolidation of some outstanding cooperatives, agricultural cooperatives turned out as a scarcely relevant sector in the economic system, still too disordered and localist, with insufficient dimensions for their full integration in the market. This was, to a great extent, due to the scarce specialization of the base cooperatives.

### Portugal

The cooperative movement in Portugal, understood as an organized mutual support, goes a long time back<sup>5</sup>. The first embryo comes up in close connection with the mutualist experiences in the middle of the 19<sup>th</sup> century.

These associations were characterized by the carrying out of commercial activities, of solidarity and mutual support, and no less so vindicative actions. It was difficult to distinguish between a trade union and a cooperative association, since they seemed to practically perform similar functions in support of their social base. Also, they acted in connection with political and religious movements.

In order to fill the existing doctrinal gap, a group of illustrious men introduced in the intellectual and political sectors the new cooperative ideology. As a result, the Basic Law was passed in 1869, which can be considered the first regulatory text of cooperatives.

The cooperatives are defined in it as “associations” of variable capital, of unlimited number of members and created by their members to contribute to the development and promotion of their own activities. They are considered associations aimed at the poorest social strands of the population and are clearly identified with the implementation of the principle of solidarity and mutual support (Ferreira da Costa, 1980).

In 1888 the Commercial Code was passed and in it the cooperatives gained a juridical status of commercial societies. This economic view will remain in full force in the Portuguese cooperative legislation until the passing of a new Cooperative Code in 1980.

The initial impact of the Portuguese cooperative movement was mainly centred on the activities of an industrial type and had little relevance in the agricultural sec-

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not increase whereas the number of specialized ones was tripled, basically in the wine, oil and dairy sectors.

<sup>4</sup> 11,000 cooperative societies were associated to the CCI, the biggest section being that of agriculture with 36.9% of the members; 8,200 cooperatives were associated to the *Lega*, where the agricultural sector was in the third place (18.8%); the AGCI comprised just over 2,000 societies, more than half of which belonged to the building sector (Stuppazzoni, 1984).

<sup>5</sup> There are numerous cases of solidary and cooperative activities that mark the origins of that movement. We can mention the various experiences of communal exploitation of land, the collective raising of cattle, the exchange of services, the village bread ovens, etc., all accomplishing social functions, enabling the popular strand to overcome the economic troubles of the period.



tor, characterized by its permanent disorganization, except for the exceptional cases of wine and cattle.

The decree of 1894, which was complemented by the law of 1896, established that the new agricultural trade unions could “constitute, promote or encourage the creation of mutual support banks, cooperative societies, insurance mutual benefit societies, credit banks, economic banks or any other institution which would help increase the regional development (INSCOOP, 1980). In 1908 there were already 66 trade unions, but there were a small number of agricultural cooperatives, also connected to the trade union movement.

The First Republic supported numerous cooperative projects among the less economically developed sectors in the line of Gide, laying more emphasis on consumption cooperatives and on *Caixas de Crédito Agrícola Mutuo*, after the Raiffeisen's model (Rebello de Andrade, 1981). The law of 1914 defined the *caixas* as credit cooperatives compulsorily integrated in an agricultural trade union and obliged to admit as members only those farmers who were affiliated to a trade union, and determined that the trade unions could not give loans to their affiliated if this was not done through *caixas* (Moyano, 1988).

The decrees of 1917 and 1918, on support and incentives to agricultural and forest cooperatives and on the creation of agricultural cooperative societies, independent of trade unions, boosted cooperation.

During Salazar's regime, cooperatives kept their old legal status and continued to be acknowledged as autonomous entities. However, the activity of the guilds of *lavoura* and the interference of administration interrupted the projects of expansion of cooperatives.

During World War II the government encouraged sectors of cooperation with major incentives, such as in the case of dairy products, wine and olive oil growing, granting privileges to the activities of the guilds and their adherent cooperatives rather than to those of autonomous cooperatives. The latter could only face the guilds' competitiveness in regions and sectors in the North and in the coast (Belo Moreira, 1984) by creating important commercial structures like the Union of Cooperatives of Milk Producers from the region between Douro and Minho, the Union of Cooperatives of Potato Producers and the Union of the Adegas Cooperatives of Extremadura, the Union of Cooperatives of Olive-oil Producers of Alto Alentejo or the Union of Cooperatives of Agricultural Product Manufacturing.

As for the *caixas* of agricultural credit, they remained unchanged, upon their incorporation into a corporative organism, the *Caixa Nacional do Crédito* and also by the *Caixa Geral de Depósitos*<sup>6</sup>.

In the years after the April 1975 revolution, agricultural cooperatives began a new phase when the corporative organisms were dissolved, thus recuperating their

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<sup>6</sup> The loss of autonomy meant a disappearance of many of the old credit banks. As an example, it can be noted that, from the 48 banks created in the years 1930-40, only 18 remained in the years 1940-50, 17 banks in the years 1950-60 and only 4 in the 1960s.

autonomous movement and developing associative formulae linked to the regions of agricultural reform (Lucena, 1985; Moyano, 1988).

The dissolution of the guilds raised the problem of the transference and management of their stored up heritage which gave rise to important conflicts within the “liquidation committees”. The procedural criterion was to hand down the guilds’ legacy to the cooperative movement, either to the adherent cooperatives, which became sale and purchase cooperatives, or to the autonomous cooperatives, whose activities were more limited, or else to the new cooperatives, which were founded for the only purpose in their agenda of receiving and managing the heritage handed over to them.

Once the process of dissolution of the guilds finished, agricultural cooperatives began to set down the bases of their structuring as an autonomous movement by founding their own federations with the purpose of exerting the representation and defence of their respective interests. The first years of the revolution were conflictive, since the agricultural hegemony was handled by the two most relevant farmers’ trade unions, the Confederation of Agricultural laborers of Portugal (CAP) and the National Confederation of Agriculture (CNA) (Moyano, 1988; Henriques y Reis, 1993).

The CAP included one part of the sale and purchase cooperatives and also the most relevant specialized ones. The CNA embraced a sizeable sector of minor agricultural farmers, while also including numerous smaller size cooperatives, many of which stemming from the very process of the dissolution of the guilds. The leadership of these two agricultural trade unions and their influence on the cooperative movement delayed the process of consolidation of truly independent cooperative federations until Portugal joined the EC in 1986. This process would actually end up with the founding of the CONFAGRI.

It is worthwhile underlying, among the newly formed cooperatives, unrelated to the old guild structure, those which stemmed from the lands expropriated from their large estate owners in the areas where the land reform was carried out. The cooperatives were named Collective Units of Production and were cooperatives of communal land use, whose activities and articulation were implemented with no concern for the rest of the Portuguese cooperatives.

### *Belgium*

It was just after 1850 when Belgium witnessed the appearance of the first cooperatives in the region of Flanders. They were initially food stores that provided their members with basic products, like potatoes and flour. The first law involving cooperatives was that of 1873. The idea behind it was to give legal form to the societies that had sprung from the Rochdale model (Somville, 1991). Both economic liberalism and the law-giver’s caution in avoiding too many restrictive measures for the new

commercial associations brought about a divorce between the legal frame and the activities developed by the actual cooperatives (Moyano, 1993)<sup>7</sup>.

This divorce lasted until the 1955 law of the National Council of Cooperatives (CNC). From the beginning, this body took on the task of promoting and encouraging cooperation. Then, after the publication of the Royal Decree of 1962 on the homologation and registration of cooperatives, the CNC assumed a leading role, as it was given competence on those issues. The CNC has been acting as an intermediary so as to channel the cooperative demands to the public power representatives, and also as the organ responsible for managing and supervising the homologated cooperatives.

The CNC design embraces four committees: consumption cooperatives, agricultural cooperatives, production and distribution cooperatives, and services cooperatives.

In 1991 a new law of cooperatives was passed in order to fight spurious cooperatives, which had been using a juridical formula for the purpose of getting benefits out of the facilities offered by the previous laws. In the debate previous to the passing of the new law it was argued whether it was practical to establish such heterogeneous rules in the already heterogeneous Belgian cooperative movement, and whether it was an advisable measure to adopt flexible rules, as it was obviously done in the previous legislation, in order to allow cooperatives of various kinds (Moyano, 1993).

Experience has shown that flexible norms could only benefit those faked cooperatives that were far from having a social mutualist logic.

## **The spontaneous liberal logic**

### *Denmark*

Danish cooperation was developed in the last two decades of the 19<sup>th</sup> century, closely linked to processing in the domain of livestock and pork productions.

The first milk cooperative center in Denmark was founded on the initiative of the local farmers in 1882. These cooperatives spread out through the whole country. In 1888 as many as 244 cooperatives were founded and some time later one third of the Danish livestock farms delivered their milk to a cooperative center. Soon after, the milk cooperatives were able to compete in the butter market, thus turning over to processing (Bjorn, 1988).

Since the beginning of the 1880s the English demand of bacon encouraged Danish farmers to focus their attention on pork production. The waste matter of dairies was an excellent food for pigs and in 1887 a local farming trade union made the decision of setting a slaughterhouse in Horsens, based on the same principles as dairy cooperatives.

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<sup>7</sup> The law recognized cooperatives as new forms of association, but it made no reference to the doctrinal principles, which meant they were acknowledged as cooperative associations that paid scarce attention to the principles of solidarity and mutual support.

In 1890 there were already 10 slaughterhouses which had the control over one third of the pork production destined to export, although they had to face a strong opposition on the part of privately owned slaughterhouses. They then decided to increase their capacity for processing rather than their number. Thus, whereas the dairy cooperatives were small, short of personnel and located in rural areas, the cooperative slaughterhouses actually became factories – hence, their name “bacon factories” – which employed a lot of workers and were located in towns, though out of the ordinary train or boat routes.

The cooperative slaughterhouses promoted a rapid expansion of the pork live-stock in cattle farms, when they achieved, by means of their dealings on the British market, an increase in the export of bacon<sup>8</sup> (Just, 1990).

The organizing model that eventually prevailed was that of the single-purpose cooperative which only develop one type of activity. They attempted to center the efforts and resources in one sole activity with the purpose of achieving better results and leaving aside the development of scarcely efficient activities that could become a serious hinder to their functioning<sup>9</sup>.

The Danish cooperatives are well known for their main purpose to carry out activities of commercial and industrial character. They lack all interest for social issues, since they understand that efficiency of trade management is the best way to achieve benefits for their members. There is no specific legislation that regulates cooperation, which allows each cooperative to adopt the statutes that best fit the activity concerned.

One century later, a committee was formed in order to study the feasibility and the convenience of a specific legislation for cooperatives. In 1986 the committee presented its conclusions in a report consisting of a number of proposals.

### *The Netherlands*

The origins of the cooperative movement in the Netherlands seem to date back to the last quarter of the 19<sup>th</sup> century. The widespread of the Rochdale, Raiffeisen and Schulze-Delitzsch principles, the upsurge of the working movement and the end of a century-long crisis of agriculture, are some reasons for such trends. When the first cooperatives were founded, farmers were frequently supported in their projects by the existing agricultural organizations (trade unions, agricultural societies, and others) or by the rural elites encouraged by the public programs of education, which promoted the principles of solidarity and mutual help. This cultural context, together with the Dutch agricultural social structure<sup>10</sup>, characterized by its internal cohesion

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<sup>8</sup> In 1900, for instance, the number of slaughterhouses was 26 and they controlled 60% of the Danish export of pork.

<sup>9</sup> In agreement with this model, it is difficult to find a cooperative in Denmark that provides inputs to farmers while marketing and processing their products.

<sup>10</sup> This social structure was known by the small class differences among rural inhabitants (at least in comparison with other countries), which explains somehow the good disposition of better-off strands to

and its low level of polarization, are two possible factors to be considered when one wishes to account for the rapid evolution and prosperity of the first cooperatives.

The economic situation of the country proved favorable for the agricultural sector and was of great importance for the organization of agricultural credit, since, thanks to the relative well-being of the farmers, the formation of relevant savings was possible. They were channeled through the new saving banks of agricultural credit. The context proved decisive for supply and production of farm cooperatives (NCR, 1986).

The first agricultural cooperative dates back to 1877, when farmers from Zeeland joined to found a cooperative to buy good quality and low price chemical fertilizers, which they called “Welbegrepen Eigenbelang” (well-understood self-interest). In 1886 the first milk cooperative was founded, in 1887 the first cooperative for public sale of vegetables, and in 1896 the first agricultural credit bank. Later on, the first cooperatives of processing of sugar beetroot, of potatoes and of straw-carton, were founded. So, when World War I broke out, the network of agricultural cooperative organizations was already spread over the whole country.

The majority of these organizations were specialized or monovalent cooperatives<sup>11</sup> that operated in a particular sector for a product or a set of products, accomplished a well defined task in the market and pursued exclusively economic goals. In fact, Dutch agricultural cooperatives have always been a useful means, a market device for farmers with a view to backing their economic standard in a position of unfavorable competitiveness, by tilting the balance against the commercial monopolies, and by playing an essentially economic role without the social mutual component, a characteristic feature of cooperation in other countries<sup>12</sup>.

Until 1934 there was no representative organization of the cooperative movement. A Cooperative National Council (NCR: Nationale Coöperatieve Raad) was established by the central organizations of cooperatives of agricultural delivery, consumption and the credit banks.

After World War II, an increasing concentration of cooperatives developed through mergers which, though necessary to maintain their balancing role till then, could generate a weakening of the links between the affiliated members and the cooperative. This evolution ran parallel to the increasing role played by the central organizations and the NCR.

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support the new credit cooperatives, by accepting an unlimited responsibility system.

<sup>11</sup> The greater part of these first Dutch cooperatives was founded by already specialized producers (livestock and vegetable producer farmers, consumers, shop-owners), with the purpose of improving their economic status.

<sup>12</sup> This does not mean that in the Netherlands cooperation on the whole had been disconnected from the social development of the country.

### Great Britain

The origins of agricultural cooperation in Great Britain are associated with the history of the Rochdale pioneers and to the development of consumer cooperatives. In 1867 the first agricultural cooperative was founded under the name of *Agricultural and Horticultural Association*. It functioned as a supply cooperative and followed the standard models of consumer cooperatives<sup>13</sup>. The development of agricultural cooperatives was slower than the industrial ones, due to the landowners' opposing force, but the farming slump at the turn of the century created a more suitable atmosphere for agricultural cooperation (Bailey, 1988).

Following the model established by the *Irish-AOS*, a group of 12 English and Welsh cooperatives founded in 1901 the *Agricultural Organisation Society* (AOS), from which the *Welsh-AOS* split for Wales. Similarly, the *Scottish-AOS* and the *Ulster-AOS* were also created. These models of organization served as a structure of political representation of agricultural cooperatives<sup>14</sup>.

A great part of the one hundred cooperatives concentrated their activities in the supply of fertilizers, mixed feed and seeds for the associated members. The development in the area of trading followed at slower pace, even if some dairy cooperatives now appear promoted by the farmers themselves.

World War I brought prosperity to the sector, raising the interests of the farmers in forming new cooperatives and the AOS designed a plan of promotion and creation of new regional structures as a base of representation of all the cooperatives in a specific area.

After the war, agricultural cooperation underwent a deep crisis, which resulted in the dissolution of the AOS. The *National Farmers Union* (NFU) took over and founded the *Co-operation Committee* within its own structures. The political solutions sought after by the NFU were based on the proposal of an intervention in farming markets by the creation of the compulsory *marketing boards* as monopolist societies of trading affecting voluntary cooperation in agriculture. This put an end to the whole cooperative movement in the sectors where such monopolies were created.

In the sector of trading cooperatives the dairy cooperatives were almost totally taken over by the *Milk Marketing Boards*, leaving only 30 egg cooperatives as the most important group of trading (Knapp, 1965). Some supply cooperatives managed to carry on, doing the job of encouraging the process of recuperation undergone by cooperatives in World War II.

The Agricultural Act of 1947 defined the new position of public administration towards cooperation. The disputes between trade unionism and cooperation set the general tone in the search for a central structure representative of the cooperative

<sup>13</sup> This cooperative had a rapid development and functioned for 50 years before it closed down in the middle of World War I (Knapp, 1965).

<sup>14</sup> The cost of the AOS was funded by the affiliated members' fees, which did not seem enough to continue with the task of counseling and promotion, and as a result the AOS applied for a government financial support. It was granted by the "Board of Agriculture" as a yearly subsidy.

movement. In 1945 the *Agricultural Co-operative Association* (ACA) was founded as a result of an agreement between NFU and the cooperative leaders. In 1950 they comprised as many as 103 cooperatives (Knapp, 1965). But the clash between the NFU and the ACA soon surfaced. The NFU held the idea that there must be only one voice to represent the whole British agriculture against the government, and this voice must be that of the NFU. The cooperatives, however, wanted to have a direct access to the government. The trade union NFU was not prepared to lose the privileges that they had been granted in 1949 as the only valid interlocutor facing the public administration, hindering the development of an autonomous representation in the cooperative movement (Morley, 1975). As a consequence, the NFU created a new organization named *Farmers' Central Organization* (FCO).

The FCO had a relative success in the affiliation of cooperatives, as the great majority remained in the old ACA. The NFU recognized their mistake and in 1956 both organizations joined again, founding the *Agricultural Central Co-operative Association* (ACCA).

In the first steps of the ACCA important achievements were made for agricultural cooperatives. The good relations between the NFU and the cooperatives were instrumental to enable the government to perform a relevant turn in the agricultural policy in favor of voluntary-oriented cooperatives.

The *Horticulture Act* of 1960 defined the cooperatives establishing two lines of support, one for the commercial development of cooperatives and the other for promoting the establishment of professional managers. Once again the good relationships between the NFU and the cooperatives came to a close, this time due to a debate over the conceptual grounds of the cooperative development. As a consequence, many cooperatives were transformed into “companies” (Bailey, 1988). In the light of the disagreements between cooperatives and trade unions, the government appointed a committee to study the actual state of agricultural cooperation and provide some recommendations that would improve the situation<sup>15</sup>. In fact, a publication came out in 1965, a *White book on the development of agriculture* that approached the problems of agricultural cooperation related to other sectors and set goals that would improve the general structure of agriculture<sup>16</sup>.

The change of attitude towards agricultural cooperation of a voluntary base must be found in the need of a reform of the cooperative movement in the face of the new integration of Great Britain in the *Economic European Community*. During the 1960s the UK carried out a number of attempts to be integrated in the EEC before their actual entry in 1971. Also, the British agriculture had to be prepared for the time when the *Common Agricultural Policy* was in force by demanding the substitution of

<sup>15</sup> The main suggestions were: the creation of a representative structure of cooperatives, independent of the trade union NFU, and the increase of the subsidies to cooperatives of a voluntary base.

<sup>16</sup> An improvement of the subsidies to cooperatives was proposed, in addition to the promotion and encouragement to cooperation among the farmers, and the creation of a specific body was recommended in order to channel the public activities in this area.



the obligatory *marketing boards* for voluntary cooperatives as a base for the development of the suitable trade structures in the agricultural sector.

The *White book* recommendations were substantiated in the Agricultural Act of 1967 that created the *Central Council for Agricultural and Horticultural Cooperation* (CCAHC) and the *Agricultural and Horticultural Cooperation Scheme* (AHCS), as a coordinated program of subsidies for the modernization of the cooperative sector. The CCAHC was funded by the government and the functions assigned to this body were to promote, develop and coordinate all the initiatives of farmers in matters of cooperation; to manage the plan of public support to cooperatives and give counsel to the Minister of Agriculture on issues related to the cooperatives of a voluntary base<sup>17</sup>. The AHCS was foreseen for a period of 10 years, being prolonged on successive occasions and keeping in force today under the supervision of the *Co-operative Development Board*.

The other fact that fostered modernization of agricultural cooperation was, no doubt, United Kingdom joining the EEC (Ennew and Rayner, 1987). From the moment of integration, the majority of the activities were devoted to the area of trading, since it was through the commercial structures that the greatest part of the EEC's funding support was channeled towards the agricultural cooperatives. Groups that were specialized in animal farming products, vegetables, potatoes and cereals, were founded. Also, in the 1970s and 1980s cooperative associations were formed with commercial aims, while the old input supply cooperatives began to carry out trading activities with some products, like cereals, thus spreading out the cooperative activities of polivalent character. The implementation of these projects was financed, to a large extent, by funds from the European community (European Agricultural Guidance and Guarantee Fund, EAGGF), the cereal and vegetable sectors receiving 80 percent of the funding support.

In the face of Great Britain's imminent joining the EEC, the cooperative movement acknowledged the need for a sole body of representation. The three AOS together with other associations linked to the agricultural sector founded the *Federation of Agricultural Co-operatives* (FAC), with whom the articulation of the cooperative movement was first performed at a national level.

The latest promotion of agricultural cooperation has been the establishment of *Food from Britain* (FFB) under the frame of the agricultural *Marketing Act* of 1983. The working field of this new entity is to promote food products of British origin inside and outside the country, and to continue the task started by the CCAHC through a specific body named *Co-operative Development Board* (CDB)<sup>18</sup>.

<sup>17</sup> In the CCAHC the cooperatives were represented, through their association, the hegemonic trade union NFU, as well as independent members of great prestige appointed by the Minister of Agriculture.

<sup>18</sup> The CDB deals with promoting and developing agricultural cooperation; coordinating and promoting relations among the various cooperatives through second grade cooperatives and vertical integrations; and improving the trading methods.



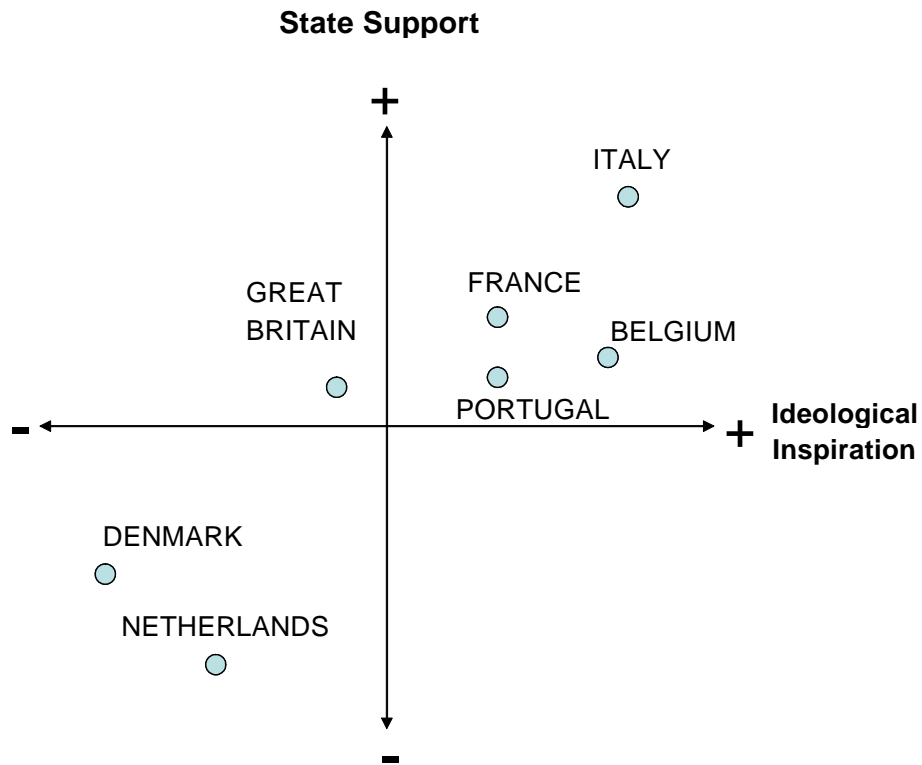
## Conclusions

In the historical narrative of the foregoing seven countries in the European Union, one can distinguish two strategies of development of the cooperative movement which transversely influence its economic and social structuring – general/specific laws, monovalent/polivalent cooperation, which can be explained by considering two main dimensions: the level of ideological inspiration and the degree of support from the State (Figure 1).

On the one hand, there is the spontaneous-liberal logic according to which cooperation is a practical response to an economic problem that benefits its members financially. The cooperative movement arises from inside this sector itself, independently from other social movements, and it develops without any support by the State, even before any law on cooperatives has been enacted, relying on laws concerning societies in general (as in the Danish and the Dutch cases) in order to be legally recognized.

On the other hand, there is the mutualist-utopian-ideological logic where the cooperative movement, backed (or attacked) by public institutions, represents a consistent part of a previous idea of social structure according to which cooperation is a factor and a means of transformation of society in an economic world. In these cases – such as the French and the Italian ones – the ups and downs of the cooperative movement are determined by ideological tensions and are a catalyst, as well as an obstacle, to their advance, or otherwise, stagnation.

The European Union in support of agriculture clearly choose the first model instead of the second one. The market logic – liberalism – also supports a paradigm which is less and less different from other types of societies, a business model without ideology and which looks at its transforming and utopian origins with distance and skepticism.

**Figure 1. A typology of European cooperative movements**

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