

# PREDECESSORS AND PERPETRATORS OF COOPERATIVE SYSTEMS IN EUROPE

Ștefan NAUBAUER\*

## Abstract

*The study hereby aims to bring forward afresh the cooperative ideas that have animated particularly the last two centuries of the past millennium. In the present context, labelled by the major difficulties the European labour market is facing, the proper knowledge and understanding of cooperative principles provide the premises for their implementation with the view to meet the current economic and social stability exigencies in today's Europe.*

**Keywords:** *cooperative systems; cooperative principles; the European labour market.*

## I. Introduction

The area covered by the subject matter of this study is the doctrine of cooperative property developed by the predecessors and perpetrators of cooperative systems in Europe. The study hereby is purposeful as it aims to bring forward afresh the cooperative ideas that have animated particularly the last two centuries of the past millennium. The manner in which we shall deal with the objective undertaken hereunder rests upon the detailed analysis of cooperative concepts that grounded the cooperative systems in Europe. With regard to the state of knowledge in matters dealt with and the contributions already established in the specialty literature, we argue hereunder that the status of legal relations existing within the cooperative system has been disregarded in the Romanian doctrine during the past decades, except for a monograph on labour relations in handicraft cooperative property published in 2012 by the author of this study and several issues reported in some papers released in the field of labour law, though not covering the matters reviewed hereunder.

### II.1. France

In the valleys of the Pyrenees, dairy cooperatives<sup>1</sup> were initially established – the so-called “sociétés fromagères” or “les fruitières” - with the aim of jointly selling the milk, to process it into derivatives, respectively.<sup>2</sup> In the 17<sup>th</sup> century, these existed under this form, but later on were converted into real capitalist enterprises.<sup>3</sup> In addition to dairies, in France also emerged cooperatives – producers’ cooperative societies - of viticulturists, with the aim of jointly retailing wine or grapes.<sup>4</sup>

In terms of cooperative ideas, a notable place is vested upon Charles Fourier (1772-1837),

---

\* PhD Lecturer, Faculty of Law, Private Law Department, “Nicolae Titulescu” University of Bucharest (email: stefannaubauer@yahoo.com).

<sup>1</sup> It was noted that traces of peasant groups established for milk processing have been discovered in France since the early part of the Middle Ages – see G. Mladenatz, *The History of Cooperative Doctrines*, The Romanian Cooperative System National Office, „Lupta” Graphic Arts Institute N. Stroilă, Bucharest, 1931, p. 11.

<sup>2</sup> I.N. Angelescu, *Cooperation and Socialism in Europe*, The Graphic Arts Establishment Albert Baer, Bucharest, 1913, p. 4.

<sup>3</sup> *Ibidem*.

<sup>4</sup> *Ibidem*, pp. 4-5 and the bibliography quoted thereunder.

thinker who imagined utopia of human association in the so-called “phalanxes” (following the organization of armies led by Alexander Macedon) installed in common colonies, known as “phalansteries”.<sup>5</sup> These “social palaces” would be gathering together people from all walks of life, the exponents of each and any human character, while conserving individual property and wealth inequality, hence the conclusion that the phalanstery was not designed as a communist colony.<sup>6</sup> According to Fourier’s theory, wage regime would have been replaced by associated work, owner of the means of production, which would be provided in series, each associate moving freely from one job to another, in accordance with the dictum: “harmony follows the series”.<sup>7</sup> As it has been noticed, however, the Fourierist phalanstery was not purely cooperative, whereas it would be performed not based on shareholders’ equity, but with the help of philanthropists – which, by the end of Fourier’s life, failed to be achieved – and, moreover, it preserved equity income, that cooperatives do not accept.<sup>8</sup>

Philipe Buchez (1796-1865), considered the founder of the cooperative in France<sup>9</sup>, envisaged a statist and hierarchical organization governed by the Christian belief<sup>10</sup> of love thy neighbour, where the associated work replaces the principle of competition among workers.<sup>11</sup> However, Buchez did not intend to restrain freedom of industry and fostered maintenance of competition, whereas this provided for “the impetus for progress in productivity”.<sup>12</sup> Unlike the Fourierist concept, Buchez promoted the idea of the self-help working class, without the intervention of the State or of philanthropists, advocating for the establishment of a permanent capital<sup>13</sup> and the establishment of a “labour State bank”.<sup>14</sup> According to his theory, “cooperatives are a kind of brotherhood, of industrial communities, formed by craftsmen within the same branch”, Buchez seeking to achieve in industry the trinity of the French Revolution virtues: fraternity, liberty and equality.<sup>15</sup> In 1831, Buchez published a periodical entitled “The Social Sciences Journal”, which later became “The European”.<sup>16</sup> He himself established two producers’ cooperatives: a carpentry (1832, though wound up shortly following its set-up) and a jewellery (“l’association des travailleurs bijoutiers en doré”, in 1834, which operated until 1873, continuing to print the periodical named “The European” under the title “The Workshop”).<sup>17</sup>

Louis Blanc (1813-1882) outlined his ideas in a booklet entitled “The Organization of Labour”, putting forth that the settlement of the social problem related to the modern economic and social order rests with the organisation of labour by means of an association – term designating a real cooperative, in the modern sense of the word, whereas the term “cooperative”

<sup>5</sup> G. Mladenatz, *op. cit.*, p. 31.

<sup>6</sup> *Ibidem*, pp. 31-32.

<sup>7</sup> *Ibidem*, p. 32.

<sup>8</sup> *Ibidem*, pp. 32 and 34. However, under the influence of Fourierism, in 1859, Jean-Baptiste André Godin (1817-1888) established in Guise, France, a so-called “familistère”, enterprise converted in 1880 into a cooperative - *ibidem*, p. 33.

<sup>9</sup> I.N. Angelescu, *op. cit.*, p. 43.

<sup>10</sup> The sole condition for admission to the workshop (cooperative) was that workers are Christians – see I.N. Angelescu, *op. cit.*, p. 48.

<sup>11</sup> G. Mladenatz, *op. cit.*, p. 36.

<sup>12</sup> I.N. Angelescu, *op. cit.*, p. 47.

<sup>13</sup> See also F. Espagne, *Le modèle buchézien et les réserves impartageables*, RECMA, 4/1994, no. 253-254, p. 54.

<sup>14</sup> G. Mladenatz, *op. cit.*, p. 36.

<sup>15</sup> I.N. Angelescu, *op. cit.*, pp. 46-47.

<sup>16</sup> *Ibidem*, p. 44.

<sup>17</sup> G. Mladenatz, *op. cit.*, p. 37; I.N. Angelescu, *op. cit.*, p. 49.

was not yet used by that time in France.<sup>18</sup> In his opinion, the economic system cell was represented by the so-called “social workshop” – an association (labour production cooperative) “resting on a democratic basis and on the spirit of fraternal solidarity, formed of workers sharing the same profession (*corporate-support system* – our parenthesis).<sup>19</sup> Considering, however, that, at the beginning, the workers do not have the capital necessary for the establishment of such associations, Blanc argued that the State should provide finance in this respect, thus becoming the “banker of the poor”, taking in charge, however, the management of certain businesses.<sup>20</sup> Interesting is the fact that it was proposed that the workers should be paid out as per the formula “produced according to the abilities and amount of labour invested, and consumed according to their own needs”, the solution being judged as a Communist principle in terms of the distribution of the “social product”.<sup>21</sup> We should also note that Blanc has picked up the idea put forward by Buchez of setting up an inalienable and indivisible fund whose purpose was cooperative labour perpetration and cooperative system prevalence.<sup>22</sup>

At the end of 1848, a so-called “Chamber of Labour” (*chambre du travail*) was established in France, which served also as industrial court.<sup>23</sup> One year later, a federative of cooperatives was established in Paris (*l’Union des associations fraternelles de Paris*), in order to serve: the mutual exchange of goods between cooperatives; settlement of liabilities and receivables; the propagation of the concept of association; the guidance of cooperatives.<sup>24</sup>

Following the coup d’état dated December 2<sup>nd</sup>, 1851, and Napoleon III proclamation as Emperor, the cooperative movement is discontinued and a “complete silence stretches over the years, until 1863, when things change and new items make it start a new period in the history of French cooperative movement”.<sup>25</sup>

In the Law of July 24<sup>th</sup>, 1867 on joint-stock companies has been inserted Title III (Articles 48-54) – “Dispositions particulières aux sociétés à capital variable”, aiming to foster the development of cooperative societies.<sup>26</sup>

In 1894 was held in Lyon the first National Congress of Agricultural Unions.

Charles Gide (1847-1932), Professor at the Universities of Bordeaux, Montpellier, Paris and, finally, at the Collège de France, put forth the possibility of elimination of the employee regime within cooperatives, namely “a labour organization in which the worker would no longer be a completely passive production tool, but would take within the company his part of initiative, control, responsibilities and benefits, as well”.<sup>27</sup> This idea was developed by Hyacinthe Dubreuil (1883-1971), a member of the Administrative Commission of the General Confederation of Labour, which did not judge producers’ cooperatives a solution to the social problem, but removing these cooperatives was not tantamount in his view to the rejection of the cooperative-like principle, but deemed necessary to identify a new form of cooperation – *the*

<sup>18</sup> G. Mladenatz, *op. cit.*, p. 38.

<sup>19</sup> *Ibidem*.

<sup>20</sup> *Ibidem*, pp. 38 and 39. In terms of this approach, Blanc was in fact considered one of the first creators of the doctrine of State socialism – *ibidem*, p. 39.

<sup>21</sup> *Ibidem*, p. 38.

<sup>22</sup> *Ibidem*, p. 39.

<sup>23</sup> I.N. Angelescu, *op. cit.*, p. 55.

<sup>24</sup> *Ibidem*.

<sup>25</sup> *Ibidem*, pp. 56-57 and the bibliography quoted thereunder.

<sup>26</sup> C.C. Zamfirescu, *The legal regime of cooperative societies under Law of 1929*, “Independența” Printing House, Bucharest, 1932, p. 12.

<sup>27</sup> Ch. Gide, *Des institutions en vue de la transformation ou de l’abolition du salariat*, Paris, 1920, apud G. Mladenatz, *op. cit.*, p. 162.

*labour cooperative* (limited partnership workshop).<sup>28</sup>

The development of cooperatives was accompanied by strong political claims directed against capitalism and liberalism. Thus, in their theoretical and practical treatise on companies, Houpin and Bosvieux argued that, irrespective of their line of business, cooperatives always aim, eventually, to suppress the intermediaries in order to reduce costs or increase gains. They are characterized by the joining, in one and the same person, of two qualities, generally separate, between which there is a natural antinomy (employer and employee, vendor and consumer, banker and borrowing customer) and by the flat supporting role the capital plays thereunder in relation to personal involvement and members' work.<sup>29</sup>

## 2. Germany

The oldest forms of cooperative societies of the old German Empire were "the insurance companies for cases of misfortune, death or illness".<sup>30</sup> Early forms of credit cooperatives have been identified since the time of King Frederick II of Prussia (1740-1786), on whose initiative many farmers have set up such companies with the view to get credit on favourable terms.<sup>31</sup>

The founder of the cooperative movement in Germany is considered, though, Hermann Schulze-Delitzsch (1808-1883), the father of a basically cooperative system adopted in other countries as well, in particular by the cooperative organizations of the urban middle-class - small craftsmen employers and traders.<sup>32</sup> Schulze was a supporter of the liberal-individualist economic concept, deeming the principles of the society's capitalist order immutable, the cooperative movement being, in its view, a means of combating state communism.<sup>33</sup> One of the most prominent of his followers – Professor Hans Crüger - stated that "the purpose of the cooperative organization is to offer small businesses the opportunity to enjoy as well the advantages of the modern capitalist system".<sup>34</sup> The first cooperative associations established by Schulze in his hometown - Delitzsch, located near Halle, in Saxony, subsequently incorporated to Prussia - were: a benefit home for sickness and death whose members had equal rights in the General Meeting; an association of carpenters for the supply of raw materials, based on the joint liability of its members.<sup>35</sup> In 1850, Schulze founded the first *credit union* in Delitzsch, which differed from the popular credit institutions previously established in Berlin by the fact that it claimed its members the payment of interest on loans granted, as well as the accumulation of a personal fund to be deducted from loans obtained.<sup>36</sup> The credit unions established by Schulze were not charitable institutions, but were grounded on the idea of the members' *self-help*, the aim of the association being pursued in terms of the paid-up capital of partners and based on a reserve fund set up by taking-overs of the net realized gain, consecrating at the same time the unlimited joint and several liability of partners: all for one and one for all.<sup>37</sup> In addition to credit unions, Schulze also created *consumer cooperatives*, called "associations to purchase the necessities of life", but

<sup>28</sup> H. Dubreuil, *La République industrielle*, Paris, 1924, apud G. Mladenatz, *op. cit.*, p. 164.

<sup>29</sup> T. II, 1935, no. 1568, apud W. Meynet, L'adoption et l'évolution du statut coopératif en France: les passerelles existantes entre les formes sociales coopératives et les formes sociales non coopératives, in D. Hiez (sous la direction), *Droit comparé des coopératives européennes*, Ed. Larcier, Bruxelles, 2009, p. 40.

<sup>30</sup> I.N. Angelescu, *op. cit.*, pp. 5-6.

<sup>31</sup> *Ibidem*, p. 6.

<sup>32</sup> G. Mladenatz, *op. cit.*, p. 64.

<sup>33</sup> *Ibidem*, p. 118.

<sup>34</sup> H. Crüger, *Einführung in das deutsche Genossenschaftswesen*, Berlin, 1907, apud G. Mladenatz, *op. cit.*, p. 118.

<sup>35</sup> G. Mladenatz, *op. cit.*, p. 65.

<sup>36</sup> *Ibidem*.

<sup>37</sup> *Ibidem*, pp. 65-66.

the last stage of the co-op's development – “the system's peak”, in his view, was to be a *producers' cooperative*.<sup>38</sup> A special resonance also had the works published by Schulze: *Assoziationsbuch für deutsche Handwerker und Arbeiter* (1853), *Vorschuss- und Kredit-Vereine als Volksbanken* (1855) and *Die arbeitenden Klassen und das Assoziationswesen* (1858).<sup>39</sup> In 1854, at his initiative was issued the first co-op periodical: *Die Innung der Zukunft*, later renamed *Blätter für Genossenschaftswesen*.<sup>40</sup> In June 1859 was organized in Weimar the first Congress of Schulze-Delitzsch credit unions, deciding upon the establishment of a Central Office (*Zentral-Korrespondenzbureau*) headed by Schulze, converted in 1864 in a General Union of Self-Help Co-ops (*Allgemeiner Verband der auf Selbsthilfe beruhenden Erwerbs- und Wirtschaftsgenossenschaften*), also under the leadership of Schulze, until his death (Potsdam, April 29<sup>th</sup>, 1883).<sup>41</sup> We also note that, in 1863, Schulze has developed a draft law on the cooperative movement, based on which, on March 27<sup>th</sup>, 1867, was enacted the first cooperative code of Prussia.<sup>42</sup>

As regards the *rural cooperative* type, it was established by the German Friedrich Wilhelm Raiffeisen (1818-1888).<sup>43</sup> In 1848(9) he set up the “Union in Aid of Impoverished Farmers” in Flammersfeld, whose main activity was directed against usurious cattle trade, which later turned into a credit and savings institution.<sup>44</sup> In 1854, Raiffeisen founded an aid society in Heddesdorf (Neuwied), shortly replacing it with a credit company (*Heddesdorfer Darlehnskassen-Verein*), and in 1862 he set up four credit and savings institutions in different towns.<sup>45</sup> These companies were founded on the principle of benevolent assistance of people in distress and joint and unlimited liability: “the spirit of solidarity and love for thy neighbour”.<sup>46</sup> Raiffeisen-type credit and savings institutions had a limited number of members<sup>47</sup> who neither submitted capital<sup>48</sup>, nor did they receive dividends, the co-op's profit being directed to a reserve fund that preserved its indivisible character at the time of dissolution of the Company.<sup>49</sup> Within these societies, offices were held for free, with the exclusion of the accounting officer secretary, decision justified by the following three reasons: cooperative security, development of the solidarity spirit and economy in expenditure.<sup>50</sup> It is worth mentioning the fact that Raiffeisen intended to even set up a life insurance company, but did not

---

<sup>38</sup> *Ibidem*, p. 69.

<sup>39</sup> *Ibidem*, p. 66.

<sup>40</sup> *Ibidem*, p. 67.

<sup>41</sup> *Ibidem*, pp. 66-67.

<sup>42</sup> *Ibidem*, p. 66.

<sup>43</sup> *Ibidem*, p. 73.

<sup>44</sup> *Ibidem*, pp. 73-74.

<sup>45</sup> *Ibidem*, p. 74.

<sup>46</sup> *Ibidem*, pp. 75-76.

<sup>47</sup> Between 600 and 3,000 members, regularly the cooperative's territory corresponding to a parish - *ibidem*, p. 78.

<sup>48</sup> Considering that the German law on cooperation, enacted as already shown based on the draft bill proposed by Hermann Schulze-Delitzsch, required cooperatives to have their share capital established by the members' contribution, but did not set a minimum capital, Raiffeisen established for its cooperatives shares almost formal (at times, even sub-units of the national currency) - *ibidem*, p. 79.

<sup>49</sup> *Ibidem*, p. 75. The members had no right over this fund, neither during the operation of the cooperative, nor upon its dissolution when it was transferred to another cooperative - *ibidem*, p. 79.

<sup>50</sup> *Ibidem*, pp. 75 and 80. Professor Charles Gide noticed, during a course at the Collège de France - finding whose resonances seem more current than ever before – “how the concept of Buchez (see *supra* - our parenthesis) and of Raiffeisen is absolutely contrary to all financial organizations' practices of today, as well as to all States, that through the contracting of debts repayable on long terms the future generations are to cover the costs made by the present generation (our emphasis)” - *ibidem*, p. 80, footnote no. 1.

receive an operating permit thereto.<sup>51</sup> In 1866, Raiffeisen published a book that has been successful also outside his country's borders, including on the territory of Romania<sup>52</sup> – *Die Darlehnskassen-Vereine als Mittel der Abhilfe der Not der ländlichen Bevölkerung, sowie auch der städtischen Handwerker und Arbeiter Praktische Anleitung zur Bildung solcher Vereine gestützt auf sechzehnjährige Erfahrung als Gründer derselben*, printed in five editions until his death, occurred in 1888.<sup>53</sup> In 1872 was established the first federal credit union in the Rhineland (Rheinische landwirtschaftliche Genossenschaftsbank), succeeded in 1874 by two similar federal unions for Westphalia and Hesse, and in 1876 the regional federal unions have been grouped in the central credit institute, in the form of a private company limited by shares (Landwirtschaftliche Zentral-Darlehnskasse für Deutschland, later Deutsche Raiffeisenbank A.-G.).<sup>54</sup> One year later was established Raiffeisen Union of Agricultural Cooperatives (Generalverband der deutschen Raiffeisen-Genossenschaften).<sup>55</sup>

Karl Marx (1818-1883), though failing to give too much importance to co-op as a means of introduction of a new social order<sup>56</sup>, admitted, however, that the cooperative movement has its own purpose, subordinated though to the political action.<sup>57</sup> In 1864, Marx brought forward before the International Workingmen's Association a reference document – “Inaugural address” – in which he envisaged cooperation as “a great social experiment”, which proved that production on a large scale, and in accord with the behests of modern science, may be carried on without the existence of a class of masters employing a class of hands.<sup>58</sup>

Ferdinand Lassalle (1825-1864), influenced in his conception of cooperative property by the ideas of Louis Blanc<sup>59</sup>, advocated for the workers' production cooperatives, through which they had the chance to become their own entrepreneurs and thus eliminate the so-called “brazen law of wages”<sup>60</sup>: “to make of the working class its own master, here's the way, the only way to repeal this cruel law, the law of brass which determines the salary.”<sup>61</sup> As Blanc, Lassalle recognized the important role of the State played in financially supporting these producers' cooperatives, except that the first thinker admitted the State leadership for the period in which the workers were not yet prepared to manage their own “social workshops”.<sup>62</sup>

Wilhelm Haas (1839-1913) – whose cooperative property concept has proven to be a compromise between the Raiffeisen and Schulze-Delitzsch systems – set up in Friedberg, in

<sup>51</sup> Ibidem, p. 81.

<sup>52</sup> Under the influence of this work, Dr. Karl Wolff in Sibiu decided to establish similar cooperatives for the Saxons of Transylvania - ibidem, p. 77, footnote no. 1.

<sup>53</sup> Ibidem.

<sup>54</sup> Ibidem, pp. 76-77 and 83.

<sup>55</sup> Ibidem, p. 77.

<sup>56</sup> The following reasons of Marx's perception on the cooperative movement were identified: the first, in that there were not by that time enough experiments in the various categories of cooperatives to be able to wittingly appreciate the cooperative role in settling the social problem; the second, in that Marx could not be objective in the theoretical research of the cooperative movement, as it had already formed the doctrine of expropriation – Ed. Bernstein, *Die Voraussetzungen des Sozialismus und die Aufgaben der Sozialdemokratie*, IX<sup>th</sup> Edition, Stuttgart, 1920, apud G. Mladenatz, op. cit., pp. 138-139.

<sup>57</sup> G. Mladenatz, op. cit., p. 132.

<sup>58</sup> Ibidem.

<sup>59</sup> See supra.

<sup>60</sup> G. Mladenatz, op. cit., p. 128. Here's how Lassalle defined this “law” in the paper *Offenes Antwortschreiben an das Zentralkomitee zur Berufung eines Allgemeinen Deutschen Arbeiter-Kongresses zu Leipzig*: “regular limitation to essential needs, common to one nation with the view to support the existence and to reproduce thereof”.

<sup>61</sup> F. Lassalle, *loc. cit.*, apud G. Mladenatz, op. cit., p. 131.

<sup>62</sup> G. Mladenatz, op. cit., p. 132, including footnote no. 1.

1872, a rural cooperative called by him “consumer cooperative” – in reality this being considered rather a joint supply one for performing agriculture.<sup>63</sup> In 1879, it was established the Agricultural Credit Cooperatives Union of Hessa, later on converted into an Agricultural Cooperatives Union in southern and western Germany, led by Haas.<sup>64</sup> A few years later, in 1883, was established under the chairmanship of Haas, the Agricultural Cooperatives Association, which brought together cooperatives other than the credit ones, later on the Haas General Union of Agricultural Cooperatives, judged as “the most powerful Cooperative Union in Germany and in the whole world”.<sup>65</sup> In 1904, Haas founded the first cooperative property school for training staff in the field of agricultural cooperatives.<sup>66</sup> Following the withdrawal of the Agricultural Cooperative from the International Cooperative Alliance after the Congress in Budapest in 1904, at the initiative of Haas was born a new International Association of Agricultural Cooperatives (1907), later named the International League of Agricultural Cooperatives, based in Berlin.<sup>67</sup>

### 3. Italy

Giuseppe Mazzini (1805-1872), politician and hero in the struggle for independence and unification of Italy, reckoned as the forerunner of the cooperative movement, established in 1842 the “associazione nazionale degli operai”, the concept of cooperative property in his opinion being expressed by “voluntary free association, organized by people who know, love and look up to each other, not a forced association, not agisted by the governing authority”.<sup>68</sup>

Luigi Luzzatti (1841-1927), politician, Professor, and author of works in the field of economy and finance, esteemed rhetorician, is considered “the real founder of the Italian credit union movement”.<sup>69</sup> In 1864 and 1865, Luzzatti establishes the first popular banks in the cities of Lodi and Milan, following the Schulze-Delitzsch model<sup>70</sup>, which it has adapted, though, to the Italian realities – more precarious than in Germany – diminishing the value of the shares, but giving more importance to the reserve funds.<sup>71</sup> Unlike Schulze-Delitzsch, Luzzatti campaigned to ensure free cooperative governance - idea which approaches him for Raiffeisen<sup>72</sup> - and introduced the interest-free small loans system, “by word of honor”.<sup>73</sup> We also note the fact that he initiated the setting up, in Rome, of a central credit institute, with the participation of the State and of the co-op.<sup>74</sup>

Leone Wollemborg (1859-1932) established in 1883, in the village of Loreggia, Italy’s first Raiffeisen-type credit union, without carrying forward the moral and Christian precepts

---

<sup>63</sup> *Ibidem*, pp. 83-84.

<sup>64</sup> *Ibidem*, p. 84.

<sup>65</sup> *Ibidem*.

<sup>66</sup> *Ibidem*.

<sup>67</sup> *Ibidem*, pp. 113-114.

<sup>68</sup> *Ibidem*, pp. 40-41.

<sup>69</sup> In 1863 he published in Padua a work entitled *La diffusione del credito e le banche popolari*, carrying forth his primary ideas in respect of credit unions – *ibidem*, p. 88.

<sup>70</sup> See *supra*.

<sup>71</sup> Thus, if the share in Schulzer popular banks in Germany amounted to at least 100 marks – but, as a rule, ranged between 300 and 500 marks – in Italy the amount was fixed, usually to 25-50 pounds – G. Mladenatz, *op. cit.*, pp. 88-89. See *supra*.

<sup>72</sup> See *supra*.

<sup>73</sup> G. Mladenatz, *op. cit.*, p. 89.

<sup>74</sup> *Ibidem*.

involved.<sup>75</sup>

In terms of international concern, it is worth mentioning that, in December 1929, the “Confederazione cooperative italiana” convened the first International Conference in Rome, followed in 1930 by the conferences held in Innsbruck and Zürich, where it was decided upon the establishment of the International Confederation of Cooperatives, also known as the “International White Cooperative”.<sup>76</sup>

The inter-war period also saw the development in Italy of a form of labour unions – “di braccianti cooperative”, for the purpose of self-help and savings institution.<sup>77</sup> Their members only performed work, collected capital of small monthly contributions and executed works pertaining to the State and the territorial-administrative units.<sup>78</sup>

#### 4. Great Britain

England is deemed as being the first State to have specifically enacted for cooperative societies, implementing thereof from the outset an autonomous situation (under bills dated 1852, 1867 and 1871); however, until 1893 when it was adopted the “Industrial and Provident Societies Act”, England has not had a cooperative encoding in the real sense of the word.<sup>79</sup>

Within the framework of outlining cooperative ideas, we note hereby that, in 1659, Peter Cornelius van Zúrickzee (Pieter Cornelios Plockboy on his real name) – Dutch settled in England, published a pamphlet in which he imagined an economic association appreciated as integral cooperative, in order to meet the needs of its members, *i.e.* a “socialistic community with limited private property”.<sup>80</sup> Another theorist concerned with the cooperative-related ideas was John Bellers, who in 1695 published a statement that promoted the so-called “cooperative labour colonies” (“a College of Industry”), designed to produce – unlike the entity described by Plockboy - over the members’ consumption needs, the proceeds realized by the sale of surplus assets to others being employed for the expansion of the colony: “[...] will make *Labour*, and not money the standard to value all Necessaries by”.<sup>81</sup>

The oldest English cooperative associations are consumer stores, the so-called “cooperative shops”, which had more of a capitalist nature, established in Gova - 1777, also the birth date of the tailors’ cooperative (producers’ cooperative) in Birmingham - and in Mongewel (in 1794).<sup>82</sup> In 1795 was established a producers’ cooperative – the mill in Hull, in which case, as in the case of those mentioned above, earnings were divided in proportion to the capital paid up by each co-op member.<sup>83</sup>

Robert Owen (1771-1858), regarded as the father of English cooperation and modern cooperation in general, became aware of the fact that the great plague of mankind was – and is – the chase after gain, what makes economic goods to be sold at a price higher than the cost, the latter being reckoned as the fair price.<sup>84</sup> In his view, the profit thus obtained is unfair, and this

---

<sup>75</sup> Luzzatti, who was himself Jewish, however, proved unlike Wollemborg a moral and Christian precept; in the meantime, the agricultural cooperatives in Italy came under the influence of the Catholic clergy - *ibidem*, pp. 89-90.

<sup>76</sup> G. Mladenatz, *op. cit.*, p. 114.

<sup>77</sup> *Ibidem*, p. 165.

<sup>78</sup> *Ibidem*.

<sup>79</sup> C.C. Zamfirescu, *op. cit.*, pp. 14-15.

<sup>80</sup> G. Mladenatz, *op. cit.*, pp. 17-19 and the doctrine quoted therein.

<sup>81</sup> *Ibidem*, p. 19.

<sup>82</sup> I.N. Angelescu, *op. cit.*, p. 5.

<sup>83</sup> *Ibidem*.

<sup>84</sup> G. Mladenatz, *op. cit.*, pp. 20-22.



gain tool – money – had to be removed, for which Owen has set up a labour exchange of goods, based on cooperative principles, which provided to depositors of goods so-called labour notes which amounted in value to the one of the products submitted for sale.<sup>85</sup> Within this labour exchange, the price was firm in relation to the number of hours of work judged as being required for the production of the property, in consideration of the fact that the value of an economic good is determined by the labour and skills employed, and the purchaser paid the same amount in consideration for labour notes obtained in the exchange for its products offered for sale.<sup>86</sup> This institution was established in London in 1832, but was shut down two years later, in particular due to the fact that speculators, in exchange for goods of questionable quality, took from the exchange worthy goods which they sold on the market at a higher price, thus obtaining profits that Owen sought to remove.<sup>87</sup> From the perspective of international cooperative organizations, it is worth mentioning that Owen formed in 1835, in London as well, the Association of all Classes of all Nations, in order to transpose its social system in lifestyle.<sup>88</sup>

Rated as the foremost theorist of the cooperative movement, William King (1786-1865) established in 1827 a consumer cooperative in Brighton, called “The Co-operative Trading Association”, and during the period 1828-1829 he published a monthly periodical called “The Brighton’s Co-operator”.<sup>89</sup> In his view, deeply Christian – which is why he was considered a forerunner of the social Christians<sup>90</sup>, the emancipation of the working class had to be carried out exclusively by its own means, the idea of self-help being thus emphasized and regarded as a fundamental element of the cooperative action programme.<sup>91</sup> According to his theory, the social and economic basis of the cooperative movement is labour organization in the interest of those who provide work, the co-op giving the possibility to the labour factor to be released from the state of dependency relevant for the capital factor.<sup>92</sup>

The most famous substantiation of the cooperative idea remains though the “Rochdale Society of Equitable Pioneers”, founded in 1844 by the will of 28 poor flannel weavers, who, in December of the same year, opened the shutters of a consumer store “in the laughter of merchants and street romps gathered to see the “booth of old weavers”.<sup>93</sup> This moment remained but one that glitters even today in the history of modern cooperative.<sup>94</sup> The famous system in Rochdale was characterized by the following rules: the sale for “ready money”, including to its members, justified by the irrefutable argument that “if the associates would take goods on credit from the common store, it would mean that they lend money to themselves, which naturally is not possible”<sup>95</sup>, and, on the other hand, if a cooperative with a modest capital<sup>96</sup> would practice selling on credit as well, “it can easily occur that it may find itself at one point with no cargo and no money”<sup>97</sup>; the sale of goods at the current, retail market price, with the aim that the members

---

<sup>85</sup> *Ibidem*, p. 22.

<sup>86</sup> *Ibidem*, pp. 22-23.

<sup>87</sup> *Ibidem*, p. 23.

<sup>88</sup> *Ibidem*, p. 93.

<sup>89</sup> *Ibidem*, pp. 25-26.

<sup>90</sup> *Ibidem*, p. 28.

<sup>91</sup> *Ibidem*, p. 26.

<sup>92</sup> *Ibidem*, p. 28.

<sup>93</sup> *Ibidem*, p. 49.

<sup>94</sup> *Ibidem*, p. 45.

<sup>95</sup> *Ibidem*, p. 52.

<sup>96</sup> The Rochdale Society’s start-up capital amounted to no more than 28 pounds, a pound from each founder, which the “equitable pioneers” managed to collect only one year following the date on which they decided upon opening their store - *ibidem*, p. 47.

<sup>97</sup> *Ibidem*, p. 53.

achieve savings that were distributed to the same, at the end of the year, in the form of the so-called “consumption bonus” (rebate)<sup>98</sup> representing the difference between the market price<sup>99</sup> and the cost price: “an economy achieved by members of the co-op, on account of the fact that, jointly procuring the necessities of life and by direct means, they appropriate the profit that would otherwise revert to intermediate traders”<sup>100</sup>; each shareholder has the right to one vote, no matter how many shares are purchased: one man – one vote;<sup>101</sup> non-restriction of access within the society, whereas in the Rochdalean cooperative the interest was that “the number of members, therefore of certain customers, be as high as possible, the surplus being distributed in proportion to their transactions;<sup>102</sup> the election of the members was however very carefully undertaken, each newcomer – who was expected “to make prove of a high sense of moral rectitude and perfect honesty” – being recommended by a member and subsequently accepted by the General Meeting;<sup>103</sup> neutrality in politics and religion;<sup>104</sup> the social labour, substantiated by the establishment of a provident sick and burial society, propaganda against alcoholism, care for the unemployed or low-waged, the establishment of a construction company for the benefit of associates,<sup>105</sup> the creation and development of a cooperative library, the establishment of schools for the children of the co-op members.<sup>106</sup> It should also be stressed that the Rochdale Pioneers have established, six years after the opening of the consumer store, a *producers’ cooperative* – a cooperative mill, which, however, due to lack of profitability, was sold in 1860 and replaced by a more powerful one – and in 1854-1855 they founded two spinning factories, these cooperatives being established based on the principle of *the participation of personnel in benefits*.<sup>107</sup> However, in 1862, the General Meeting ruled upon, by 502 votes for and 159 against – the removal of the participation to profit of workers within the companies’ factories, “with all the arduous opposition of the elderly pioneers”.<sup>108</sup>

After the success reported at Rochdale, E. Vansittart Neale (1810-1892) became the leader of the consumer cooperative movement, holding, during the period 1875-1891, the office of Secretary General of the English Cooperatives Union.<sup>109</sup> Vansittart-Neale contributed to the first draft law on cooperatives, and the first cooperative code – “Industrial and Provident Societies Act” was passed by the British Parliament in 1852.

The first International Cooperative Congress was held in London, in 1895, on which occasion it was decided the establishment of the International Cooperative Alliance.<sup>110</sup>

In 1906, Arthur Penty (1875-1937) published in London the paper entitled “The Restoration of the Guild System”, advocating for the restoration of the old medieval guilds,

<sup>98</sup> *Ibidem*, pp. 54, 56, *passim*.

<sup>99</sup> The Rochdale Pioneers sought to influence the market price on the basis of equity, thus contributing to “the establishment of the fair price” - *ibidem*, p. 56.

<sup>100</sup> *Ibidem*.

<sup>101</sup> *Ibidem*, p. 57.

<sup>102</sup> *Ibidem*, p. 58.

<sup>103</sup> *Ibidem*, p. 59.

<sup>104</sup> *Ibidem*.

<sup>105</sup> *Ibidem*, pp. 59-60.

<sup>106</sup> I.N. Angelescu, *op. cit.*, p. 39.

<sup>107</sup> G. Mladenatz, *op. cit.*, pp. 60-61.

<sup>108</sup> *Ibidem*, p. 61.

<sup>109</sup> *Ibidem*, p. 149.

<sup>110</sup> The wording of the proposal for the establishment of an International Cooperative Alliance has been made at the Cooperative Congress from Plymouth, in 1886 by the Frenchman Emil de Boyve - see W.P. Watkins, *L’alliance cooperative internationale 1895-1970*, London, 1971, apud D. Dângă, D. Cruceru, *Cooperation in Romania. Tradition and actuality*, Artifex Publishing House, Bucharest, 2003, p. 53.

upgraded and generalized in all branches of economic business.<sup>111</sup> The said author also sought the establishment of an “orderly economic regime, organized on cooperative bases with the view to exclude the economic market and price fixing by economic corporations”.<sup>112</sup>

In 1915, George Douglas Howard Cole (1889-1959) founded the Association “The National Guilds League” – branch of guild socialism, according to which the industrialization of the economy was a reality which could not be removed any longer, but laid the stress on the organization of production of the initiative and with the participation of the professional union.<sup>113</sup> In summary, the purpose of guild socialism relates to the “removal of the employee regime, in that the employer is suppressed, and the working class organised on the basis of the principle of self-management”.<sup>114</sup> The practical application of this concept resulted in the construction guilds grouped in 1921 into a national organization, and one year later, in an international federation, following the Congress of Vienna.<sup>115</sup>

### III. Conclusions

In the present context, labelled by the major difficulties the European labour market is facing, the proper knowledge and understanding of cooperative principles provide the premises for their implementation with the view to meet the current economic and social stability exigencies in today’s Europe.

### References

- G. Mladenatz, *The History of Cooperative Doctrines*, The Romanian Cooperative System National Office, „LUPTA” Graphic Arts Institute N. Stroilă, Bucharest, 1931.
- I.N. Angelescu, *Cooperation and Socialism in Europe*, The Graphic Arts Establishment Albert Baer, Bucharest, 1913.
- F. Espagne, *Le modèle buchézien et les réserves impartageables*, RECMA, 4/1994, no. 253-254.
- C.C. Zamfirescu, *The legal regime of cooperative societies under Law of 1929*, “Independența” Printing House, Bucharest, 1932.
- D. Hiez (sous la direction), *Droit comparé des coopératives européennes*, Ed. Larcier, Bruxelles, 2009.
- D. Dângă, D. Cruceru, *Cooperation in Romania. Tradition and actuality*, Artifex Publishing House, Bucharest, 2003.

---

<sup>111</sup> By that time, the organization in guilds was limited to craftsmen and merchants in urban areas - G. Mladenatz, *op. cit.*, p. 166.

<sup>112</sup> *Ibidem*, p. 168.

<sup>113</sup> *Ibidem*.

<sup>114</sup> *Ibidem*, p. 169.

<sup>115</sup> *Ibidem*.