

## **The liberal, democratic and authoritarian regulation of agrarian co-operatives in Spain, 1906-1950**

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Most narratives of the Spanish 20<sup>th</sup> century history tend to be interrupted, more than divided, by the Civil War. Very few historians deal both with the liberal monarchy, the military dictatorship of the 1920's and the democratic republic, 1931-36, on the one hand, and with the "fascisticised" regime established after 1936 in the regions controlled by the rebel military forces and after 1939 in the new Francoist Spain, on the other. However, despite the large and relevant discontinuities provoked by the war and despite the nature of a State built in the late 1930's that proclaimed itself "Nuevo Estado", the political debates and projects as well as the institutions in which politicians and administrative elites designed their policies did not change so much before and after 1936, as to make comparisons unproductive or senseless.

Even in the field of economic and social policies, where one can expect to find more continuities and inertias, most historians prefer to end up or start their stories in 1936. The absence of statistical data for the years 1935-40 and the manipulation of statistics in the 1940's, especially those concerning agriculture, in an effort to mask the failure of the autarkic agrarian policy, contributes to this choice. However, the Francoist regime did not invent in a vacuum its political solutions for the countryside and was very active in the introduction of reforms. To understand what was new and what was the outcome of previous trends especially with relation to institutions we need to undertake a mid-term analysis that bridges the gap of the Civil War. Such a task is not only helpful to understand the Spanish rural world: it can be very fertile for a European comparison like the one which will be carried out in the session. Liberal, reformist (very often on the basis of proposals designed by international institutions in the interwar period) and "revolutionary" projects –communist, fascist...- can be found all over Europe and their comparison will help to refine their explanation.

This text attempts at making an introductory history of the regulation of agrarian cooperatives in order to draw a comparison among the legislation and administrative practices applied by three regimes (the Liberal Monarchy, the democratic Second Republic and the Francoist state). The description of these three politico-legal phases, much longer and detailed in relation to the liberal period which was the foundational time and has been better studied by historiography, will be followed by a short and provisional conclusion.

### **1. Liberal regulation and co-operative development**

Co-operatives entered for the first time the Spanish legal texts in 1868 and 1887. In the 1868 decree and in the 1887 law they were mentioned among other non-profit associations, without any special norms that addressed their peculiarities. Some of the first agrarian co-operatives were nevertheless created on the basis of the 1887 law: in the 1890's a limited number of rural co-operative experiences took off. Most of them were agrarian "consumer co-ops" that aimed at purchasing inputs for small farmers, although there were as well certain productive undertakings in the field of wine-production. But beyond these relatively isolated new institutions, the final phase of the Great Depression and the agrarian transformations it brought about triggered a turning point in the social consideration of co-ops in the 1890's. Agrarian associations started to be considered as necessary devices for the diffusion of technical change and the development of rural society. Agricultural technicians (agricultural engineers and veterinarian doctors), politicians and authors who specialised in agricultural or economic topics turned associations, in their discourses, into a key factor to lower costs, compete in the domestic and international markets and achieve social stability in the countryside. For these "official" voices, associations could only advance in such tasks if they were led by rural elites: according to them, peasants lacked the cultural and organisational skills to associate, and if they resorted to people outside their communities, they might fall in the hands of political agitators. Associations needed to be subject to the public supervision in order to ensure that they fulfilled their socio-economic aims and did not become anti-system forces. Even when all the requirements were met (politically reliable leaders, State supervision, right ends...) there were still suspicions: associations tended to be counter-productive in a political system founded on patron-client relationships. The existing client networks, founded on the personalised exchange of favours, and citizens' associations,

notwithstanding their internal hierarchical order and their right ideological standing, were essentially incompatible and, in the mid-run, excluding options. This fundamental ambiguity of the State look at co-ops would prevail for a long time. However, after the Spanish defeat in the Spanish-American War of 1898, reformist winds pushed through a major change in the legislation.

In the years after 1898, the legislation on agrarian chambers –quasi-public agrarian associations- of 1890 was completed with two new laws: the one on rural communities, 8.7.1898, and especially the law of *sindicatos*, 28.1.1906, both of them passed under Liberal governments. The first one regulated local associations of landowners to manage rural police and other daily questions such as land roads and water supply (with the exception of irrigation, organised by irrigators' associations). The open character of the legal text on rural communities aroused the suspicions in different groups that they might become a mechanism for the association of small landowners in direct opposition to the agrarian chambers, which had been regulated to ensure the hegemony of big landowners. For this reason the law was suspended by a new Conservative government in 1899 and when it was shortly afterwards again re-enacted, the Government decided to postpone the regulations that made possible its application<sup>1</sup>. Only in 1906 another Liberal government decided to pass a very restrictive regulation of rural communities that guaranteed that they would be created in large rural towns and introduced other limitations so as to exclude their control by middle or small peasant proprietors and turn them into associations for collective vigilance of the fields. The difficulties faced by the law of rural communities and the kind of fears it caused underline the political sensitivity before any mechanisms that could make possible the self-organisation of rural neighbours.

The second law we have referred to, the Law of *Sindicatos*, showed in an even clearer way, the paradoxical coexistence of a profound mistrust of peasant associations combined with a highly positive view of their potential benefits. This law was born out of the boost of Catalan big landowners, grouped in the Instituto Agrícola Catalán de San Isidro, an organisation that tried to become a mass association through the creation of the Federación Agrícola Catalana-Balear en 1899<sup>2</sup>. Already in 1894, the deputy of Vilafranca del Penedès, José Zulueta, drafted a bill that the Government accepted and presented in the Senate, where it was paralysed by a campaign that turned the Project into an indirect

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<sup>1</sup>. The re-enactment was decided by the Conservative Prime Minister, Silvela, and presented as a proof of his true reformism (*Crónica de vinos y cereales*, 22.11.1899).

<sup>2</sup>. Planas (2006).

means to obtain subsidies for the replanting of vines after phylloxera. This was actually one of the aims of a law that more generally tried to facilitate any kind of collective actions in the countryside through tax-exemptions as well as to promote agrarian co-operation. In the new political context after 1898, Miguel Villanueva defended in parliament in 1901 a bill that basically adapted the French legislation on rural associations of 1884. A similar project -backed by the official Instituto de Reformas Sociales but, it seems, drafted once again by the Instituto Agrícola Catalán de San Isidro and the FACB- was presented in parliament in 1904<sup>3</sup>. The Project was finally passed in 1906, under a Liberal government, highly inspired by the British new liberalism. It was a very short text that recognised the condition of *sindicato* to any rural association dedicated to the purchase of inputs for the farms (fertilisers, machines...), the common marketing of products, the breaking-up of unploughed land or land reclamation, the fight against pests, the development of credit mechanisms, professional formation or more broadly the defence of agrarian interests. *Sindicatos* inscribed, and hence recognised, by civil governors, would not pay the stamp tax and the donations tax, their profits, if they were not given out to members, did not have to pay the profit tax and, if they bought imported machines and other means of production, they could claim back the rights paid at customs. *Sindicatos* were, in the second place, recognised as preferential partners of the Administration and privileged recipients of the material and teaching resources of the Ministry of Fomento (which included the agricultural and forestry services). There was only one amendment in parliament that demanded official credit with subsidised interest rates for the *sindicatos*: it was not accepted because of the State lack of means not because it was thought inconvenient<sup>4</sup>.

Tax privileges were the centre for many years of the problems and debates around the application and development of the law<sup>5</sup>. Its first regulation, 29.5.1907, fixed very strict requirements for associations to have access to the benefits defined in the law. The campaign of all the agrarian associations led to a new version, passed in 16.1.1908. This

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<sup>3</sup>. There are quite different views: Palacios (1988: 243) says that the Instituto de Reformas Sociales just accepted a previous text without making any proposals with regards to its content; Gavaldá (1989) adds that the Instituto Agrícola Catalán de San Isidro and the Federación Agrícola Catalano-Balear were the organisations behind the text; Andrés-Gallego (1984), on his side, defends that the Instituto de Reformas Sociales had a very active role.

<sup>4</sup>. DSC, S, (Minutes of the sessions of the Senate) legislature of 1905 to 1906, appendix 4º to nº 30, 20<sup>th</sup> of November, 1905 and nº 31, 21st of November, 1905.

<sup>5</sup>. The legal comments and the jurisprudential interpretations of the articles of the 1908 regulation, which basically deal with tax matters -exemptions and requirements to obtain them- reveal their central position (Dirección general de Agricultura y M. (S.a.)).

latter regulation fixed a long bureaucratic procedure in which the civil governors, the Ministry of Fomento –in charge of Agriculture- and the Treasury had a say before the final approval of a *sindicato*. Administrative obstacles had two sides. On the one hand, there was the supervision of Treasury officials who aimed at preventing fiscal evasion. Relaxing this supervision was the bone of contention between agrarian organisations and the successive governments: the former won a decisive battle in court in 1914, after six years of litigation<sup>6</sup>. On the other hand, civil governors (that is to say the Ministry of the Interior) and the Ministry of Fomento had to check that *sindicatos* did not have a “political” character, meaning that they opposed radically the Liberal Monarchy, or a “class” membership, which in practice supposed that they restricted the entrance to labourers, cultivators, leaseholders or any other similar social category. Furthermore, the government wanted to make sure a large degree of control of the membership and especially of the leadership. The formal complexity of the foundational procedure and the political reports that went with it practically forced the presence of the local elites in any association that wanted to have recourse to the 1906 Law, the one which provided real benefits, as against the looser Law of 1887 that lacked any fiscal or administrative incentives<sup>7</sup>. These bureaucratic complexities and political controls did not cease once an association was recognised as *sindicato*.

Between 1907 and the 1920's, and above all in the years 1917-1923, the new *sindicatos* spread throughout the country although in a very unequal manner. Most of the pre-existing associations created under the 1887 Law applied for their acceptance as *sindicatos*, even if it meant changing their internal rules and their principles: some Catalan associations which had been connected to Republican or Anarchist groups tried to downgrade their political positions in order to adapt to the new legislation<sup>8</sup>. The 1906 Law was therefore relatively successful. Let us analyse what its success signified.

To start with we have to stress that even though the word *cooperativa* existed in Spanish and had been used in Spanish legal texts in 1869 and 1887, the term chosen was

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<sup>6</sup> Castillo (1979), p. 90.

<sup>7</sup> The list of potential promoters of *sindicatos* in the province of Zamora, according to Herrarte (1906), a high school teacher in the capital city, gives us a portrait of the social elite of the countryside: vicars, doctors, pharmacists, retired military, secretaries of local councils (in Spain a salaried position), judges, educated landowners...

<sup>8</sup> . Different studies on the Catalan associations have spoken about a Conservative turning point: a recent synthesis of this large bibliography, from the perspective of historical anthropology, in Soronellas (2006).

*sindicato*. We can assume that the choice was conditioned by the fact that *syndicat* was the word used in France and that in both cases it was preferred to co-operative because

“the word “Co-operative” had, until recently, the meaning of class economic organisation. Both because it was the name used by workers who associated themselves for consumption and because the attempts to create industrial working organisations had been done under that very name”<sup>9</sup>

Indeed the interest of French and Spanish liberal legislators to distinguish the institutions they were regulating from any “class” organisation was not the only reason behind the use of *sindicato*. Its main advantage was its openness since it enabled the legislator to foster a wide range of associations. In fact the term as defined in the Law of 1906 referred, as we have mentioned before, to any agricultural association aiming at any collective end. The *sindicato* could undertake one or several or all of the activities listed in the law: in fact some of them were so vague that it could be argued that as long as its members met from time to time, the association could be fulfilling some of the possible ends of a *sindicato*, for instance professional formation or study of agrarian interests. There were in the law no special requirements either concerning internal organisation, number of members or decision-making processes. Virtually any association that presented itself as agricultural could be accepted as a *sindicato*. At the same time, the authorities could discard freely any association: especially those considered to be political ones, or those that discriminated among socio-professional positions for their membership. The legal problem was, though, how to differentiate between a *sindicato* that did any kind of economic activities and agricultural, agro-industrial and rural firms<sup>10</sup>. Given the potential advantages offered to *sindicatos* by the law, there were many incentives to give up the types of economic association defined by the Code of Commerce or by the banking legislation and pretend instead to be an agricultural association.

The ambiguity of the legal definition of *sindicatos* was sought after by the political establishment: the fact that the 1906 Law was not derogated until 1942 reveals that whatever its problems, it was considered a useful instrument. The *sindicatos agrarios* had, I think, three attractive traits: they could act as multipurpose modernising actors but did not

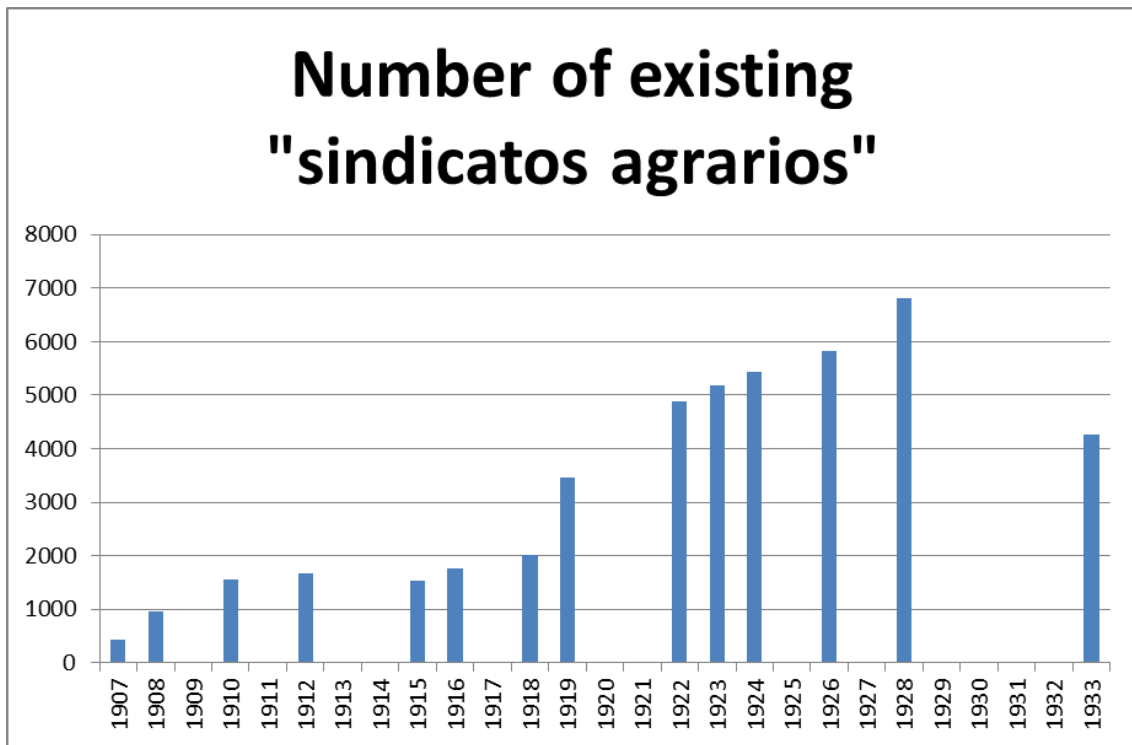
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<sup>9</sup> . “La palabra “Cooperativa” tenía, hasta hace poco, significación de organización económica de clase. Ya porque era el nombre elegido por los obreros asociados para el consumo, ya porque las tentativas de organizaciones industriales obreras se habían hecho bajo ese mismo nombre” (Almarcha, 1945: 180).

<sup>10</sup> . Polo (1942).

necessarily entail a threat to the established institutions and private interests; they could be controlled by the government and by the local elites and, furthermore, they became a way to bring under control the pre-existing associations of dubious political nature; and they could be a strong barrier against the “wrong” politicisation of rural society.

Graph i



Source: Garrido (1996), pp. 23 and 25

The 1906 Law had a quick impact on the number of associations in the countryside. In 1905, the associations similar to those defined by the Law were not more than 70 (Rivas, 1926; 214); six years later, more than 1.500 *sindicatos* had been officially recognised. There was then a short period of stagnation, that coincided with governments of the Liberal Party who were afraid of the Catholic leaning of the mainly Catholic associations, and during the Great War –when socialists and anarchists multiplied the conflicts in the Southern countryside- a new wave of foundations that took the total number to more than 5.000 by the early 1920’s<sup>11</sup>.

<sup>11</sup> . On the explanation of the chronology of foundations and more generally on the paradoxes of the policies towards *sindicatos*, see Garrido (1996).

With the exception of Catalonia and, partially, Asturias, Valencia and Galicia, most of the *sindicatos* were actually created by the Church and had a Catholic definition: 90.6 % in 1919, the first year for which we have a concrete measure. It is true that in the 1920's the proportion went down and under the Second Republic, as we will see, the Catholic *sindicatos* were below the 50 % frontier<sup>12</sup>. The Church had a reduced but very active group of promoters who launched campaigns after 1907 all around the country but especially in the Northern half of Spain, where the influence of the Church –measured by mass attendance and number of priests- was stronger and the social environment more favourable to its proposals. In a handbook written by one of the Catholic promoters that explained how to launch a *sindicato*, readers were reminded that they could count on the large number of religious brotherhoods of the villages, many of which had a tradition of mechanisms of mutual insurance, as a starting point for the development of *sindicatos*<sup>13</sup>. However, the same author, Le Soc, warned Catholic “propagandists” against the thought that a *sindicato* was just a brotherhood under a new name: it had to offer instruments for the improvement of the material life of peasants or, else, there was the risk that a non-religious association would appear and the Catholic initiative would have no room in the village. The Church and its agents, local priests or other Catholic “social authorities”, might have just a reactive intention when they founded a *sindicato*: many of them were motivated by their wish to stop the secularisation process, avoid a “negative” politicisation of the peasants and win over the active support of the rural masses. But as Le Soc explained they needed to change things in the daily life of the members of their associations if they wanted their *sindicatos* to survive. And improving the material conditions of production and reproduction of the peasantry signified very often weakening the market or the political power or both of many other groups and individuals, who could be seen and often were the social allies or patrons of the Church at a local level. A *sindicato* could entail a new negotiating position of peasants vis-à-vis local merchants, a *caja* the end of private credit, a cooperative cellar a higher price of the grapes for the local industrial producers... A *sindicato* signified re-inventing communitarian traditions of mutual help to change their nature (for instance by substituting majority decisions for unanimous consensus), a step that could alter the vision of politics in the village.

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<sup>12</sup> . Garrido (1996), 61.

<sup>13</sup> . Le Soc (1907).



In similarly contradictory positions found themselves many politicians at the Civil Governorships and Ministries, where –according to the regulations based on the 1906 Law- the *sindicatos* had to be supervised and recognised, if they were to enjoy the benefits of the legislation. Growth and technical change in agriculture and in the agro-industry, in the socio-economic level, and controlled modernisation of political attitudes –against anti-system alternatives- could be read as very positive elements of the agrarian *sindicatos* but the resistance of the political patrons who were the axis of the liberal establishment or the fear to a political change led by Catholic forces acted against a genuine commitment to the growth of *sindicatos*. And finally, civil servants and technical employees at different levels (Agriculture, the Treasury, the Banco de España...) watched the phenomenon from a position that was not less contradictory although founded on different reasons: they did not accept the existence of a large number of fake *sindicatos*, without activity or with actual tasks that lied far away from the ones that could be expected from them, which had come into existence for fiscal or political reasons. However the Law on which the *sindicatos* they considered genuine –as opposed to those denounced in moral terms as fake- were based had been consciously devised to create a very flexible framework and therefore multiplied the possibilities of fraud.

The paradoxes of an almost universally criticised legislation can be explained by its already mentioned advantages. All types of agricultural service co-ops and even agricultural production co-operatives could exist under the format of *sindicato*: aggregate purchase of inputs (especially fertilisers and pesticides) with the benefits of lower prices and more efficient quality controls was the most common initial task of any *sindicato*. Less common were the collective acquisitions of machinery for individual use or buying estates for common pastures or to redistribute them amongst co-operators. Co-operative credit, more often than not according to the Raiffeissen model and both as internal sections or as associated institutions, were another frequent undertaking of *sindicatos*. Credit-co-ops (*cajas rurales*) were quite stable after a rapid growth after 1906: for this reason, their proportion to the total number of *sindicatos* decreased from a 19.7 % in 1910 to an 8 % in 1926 and only experienced a recovery in the Second Republic, achieving a 15 %<sup>14</sup>. In a relatively minor number of cases, the *sindicatos* commercialised the production of its members. Marketing co-operation, without co-op food processing, was not very relevant: in the subsector of oranges, in the years 1911-12, the *sindicatos* were responsible for a 5.3

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<sup>14</sup> . Martínez Soto (2003).

% of the country's exports, a figure that was not reached again until the 1960's<sup>15</sup>. Finally some *sindicatos* were agro-industrial food-processing co-ops: flour mills, wine cellars, oil mills, milk processing plants, sugar factories... This type of co-ops, the most complex ones –and probably the most interesting in terms of technical change and potential profits for farmers- were relatively scarce: in the wine sector, where co-operatives had a larger presence in other countries like France and Italy, their estimated potential production must have lied somewhere between a 2 and an 8 % of the total wine production (and presumably much closer to the former figure), by 1935<sup>16</sup>. In any case, our data concerning the actual activity of *sindicatos* is impressionistic: many of them exercised at least one of the described roles (especially aggregate purchases) and some combined more than one of these functions. A relatively large group, according to contemporary sources, did not have any direct economic purpose and even no political function (apart from showing the existence of a theoretical local backing for conservative-Catholic positions to the outer world). Therefore *sindicatos* could be founded even where there were strong interests (merchants, industrialists, big producers...) against some of their possible activities because they did not need to do something in all fields and they could even do nothing but gather a group of peasants to a formal founding meeting, make them accept some standardised statutes, adopt a name to be counted in official statistics and then gradually (or even straight away) let the new association die out<sup>17</sup>. Actually *sindicatos* had a high death rate: Garrido has estimated that a third of those created between 1906-09 had disappeared by 1915 and half of the ones existing in 1927 were not there in 1933<sup>18</sup>.

Flexibility was not the only advantage of *sindicatos*. To have access to legal benefits, they had to meet a series of legal requirements that were judged by civil servants and most easily accepted when there was a, well connected, supra-local association to intermediate the relationship. After 1898 provincial, regional and national agricultural associations multiplied. They aimed at lobbying in favour of agrarian interests and sustained that they represented agriculture as a whole. To do so they needed to include the rural masses, all sectors of rural society, within their organisations. Most of these supra-local associations were created within networks of landowners and urban professionals

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<sup>15</sup> . Abad (1991: 109).

<sup>16</sup> . Pan-Montojo (1994), p. 135.

<sup>17</sup> . Garrido (1996) offers a thorough analysis of the reasons behind the local forces and institutions which showed their hostility to *sindicatos*.

<sup>18</sup> . Garrido (1995), pp. 137-139.

linked to them and needed local support that could only be mobilized by the development of village associations. From this point of view, *sindicatos* were a fundamental instrument, as the French and the German example had proved. The first supra-local association to launch a campaign to create local associations and integrate and transform existing local ones was the Federación Agrícola Catalana-Balear, born in 1899, as a result of the decision of the most important Catalan association of landowners, the Instituto Agrícola Catalán de San Isidro<sup>19</sup>. In the following year, the Asociación de Labradores de Zaragoza, that united big landowners, was created<sup>20</sup>. These first regional associations kept strong links with the agrarian chambers that grew in number in these years: there were 27, according to *Guía Oficial* in 1898, and 125 in 1924<sup>21</sup>, most of which were established between 1900 and 1910. The regional association (those mentioned but as well other such as the Federación Agraria de Levante, the Federación Bético-extremeña...) and national ones like the Asociación de Agricultores de España promoted the foundation of *sindicatos* or helped the Catholic groups, first, and the Catholic regional federations, then, to develop its local associations. By the end of the Great War, diverse regional and national agrarian associations boasted of large numbers of local branches and members. The data they presented were obviously inflated and many of the local associations, especially in the regions of big landholdings, were fictitious; however they could be used and were efficiently used for political purposes, among them to counterbalance the collectivist groups. Since after 1917 socialist and anarchist unions increased their impact in the countryside, especially in the Southern part of Spain and around the urban centres in other regions, the *sindicatos agrarios* came to be seen as the most efficient firewalls against the political loss of the peasantry by the forces loyal to the liberal monarchy.

## **2. The origins and development of democratic regulation**

In 1922, the Instituto de Reformas Sociales, an official institution that had been created in order to study the social problems and design draft legislation by the liberal monarchy, created a working group to prepare a law on co-ops<sup>22</sup>. The Government actually asked the Instituto to write down as quickly as possible a bill that could be sent to parliament. However the military coup of September 1923 and the suppression of the

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<sup>19</sup> . Planas (2003)

<sup>20</sup> . Sanz (1997), Sanz (2000) y Sanz (2005).

<sup>21</sup> . Muñiz (1924).

<sup>22</sup> . On this group Gascón (1927)

Instituto de Reformas Sociales stopped the process. In 1925, the dictatorial government appointed a commission to study a new regulation for cooperatives. It included Gascón, the man who had directed the section on co-ops at the Instituto de Reformas Sociales, and different civil servants of the Ministry of Labour as well as representatives of existing organisations of co-operatives and a delegate of the socialist trade union, the Unión General de Trabajadores. The commission identified a set of problems of the existing legislation: 1. It did not foster the development of co-ops, which in comparison to other countries had a very low weight in the Spanish economy; 2. State support only reached some agrarian institutions through tax-exemptions; 3. The legislation provided special privileges for some associations instead of encouragement for all types of co-ops; 4. There was no clear definition of co-operatives and therefore fake co-ops could be protected. In other words, there was no special legislation for co-operative institutions, not even for agrarian ones (since *sindicatos* needed not be co-ops), and therefore they could not be fostered. To develop a sector of co-ops, seen by the members of the commission as a relevant contribution to social peace and stability as well as an institution that could modernise concrete activities, above all but not only the agrarian ones, the first step was to define the traits of a co-operative firm. In 1925 and in the following projects and laws a co-op was defined as an association with socio-economic ends which gave equal vote and equal participating conditions to all its members, did not seek profits but common improvement (including a financial surplus that could be partially distributed, becoming thus something very similar to profits) and shared other traits defined by the law itself (open to whomever wanted to partake in the project, a minimal amount of twenty members, equal share of all members in surpluses...): most of the legal features followed the guidelines and principles developed by the International Cooperative Alliance in the previous years.

The project of this first commission and of the one that followed faced many obstacles and eventually it was abandoned. Only with the arrival of the Republic in 1931, the 1925 project with minor modifications was turned into a decree by the provisional government (4.7.31) and then into a law (9.9.31). The most relevant change was the distinction established in its text between the so-called “popular cooperatives”, basically (urban) consumption cooperatives and workers’ cooperatives, and the rest: whereas the former benefitted from a special protection (especially but not only in their deals with the public sector), the latter belonged to a general regime that did not bring

about, in the law itself (which did not tackle the taxation matters), much public support. The “popular cooperatives” were in fact helped in economic and political terms by the socialists, who controlled the Ministry of Labour between 1931 and 1933: the National Federation of Cooperatives of Spain, which was integrated in the socialist movement, had allegedly around 400 co-operatives and 100.000 members by 1932, although only 12 co-operatives were agrarian<sup>23</sup>.

The exclusion of peasant *sindicatos* from the “popular” co-ops and the demands imposed upon cooperatives to avoid the legalisation of the anarchist ones were part of the socialist strategy to consolidate a diversified institutional base, following foreign examples like the Belgian or the British one. If under the Monarchy orderly associations directed by respectable local elites had been the only ones to be supported, in the 1930’s, cooperatives run by members of the organised working class –basically but not exclusively of the socialists- were the target of a project that had very little impact in the countryside, where the *sindicatos agrarios* continued to be the most popular formula.

The socialist-republican coalition governments did not dare to destroy the network of existing peasant organisations: they just increased the bureaucratic controls to deprive of the use of the term *sindicato* and of the legal rights it entailed, those associations who were not active in any field. As a result of this new policy, the number of *sindicatos* decreased in the 1933 census by nearly a 40 % in relation to the 1920’s. Different political groups and even the UGT, the socialist union federation, tried to augment its influence among the existing *sindicatos*, competing both with the Catholic groups and with the anarchist associations. At the same time, the republican left expected to build a new generation of rural cooperatives, agricultural production ones, through the agrarian reform in non-peasant areas of the South. The communities of peasants that wanted to till collectively the land were regulated as a new type of agriculture production co-op, backed by special credit lines and by the technical support of the Ministry of Agriculture: the agrarian reform co-ops were far more comprehensive than the ones that had been foreseen for the official agricultural settlements since 1910, since they included co-operative work of the land (following the example of the Russian *kolhozi*)<sup>24</sup>. Paradoxically they were formally more akin to the agricultural production coops that had been designed in the 1920’s by the big landowners association, the

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<sup>23</sup> Fernández (1933).

<sup>24</sup> . On the co-operastive institutions in the *colonias* (official rural settlements), see Ministerio de Fomento (1910).

Asociación de Agricultores de España as a rather unrealistic device to supplement the revenues of rural labourers and thus reduce social conflicts in the countryside without reducing the supply of manpower to large estates<sup>25</sup>. Given the slow rhythm of the agrarian reform, the new production co-ops started only to expand after the victory of the Popular Front in 1936 and during the war in the republican side. Therefore they were very short-lived experiences and they left no institutional traces since the agrarian reform was totally undone by the victorious forces.

As for the centre-right cabinets between December 1933 and February 1936 they did not alter the 1931 co-ops legislation. They were however less strict in their control of the existing *sindicatos* and obviously stopped the encouragement of socialist and left republican rural associations and coops and promoted other friendlier groups. Not very different from the one of their counterparts in the central government was the behaviour of the Catalan government of Esquerra Republicana de Catalunya, closely connected with the Unió de Rabassaires (a class union of shareholders and small peasants), which was behind the autonomous legislation on agrarian co-ops, passed in February 1934, with a very collectivist approach to cooperative firms.

In sum, the democratic republic brought about a profound reform of the cooperative legislation, following the patterns that had been established by the technical commissions of co-op experts and civil servants in charge of social policy in the 1920's. Both the republican legislators and their predecessors resorted to the guidelines of the International Cooperative Alliance and to the texts of the International Labour Organisation. However in the countryside the new legislation did not have much impact. Peasant coops were not included amongst those protected by the State, since the minister of Labour who designed the 1932 legislation, the socialist leader Largo Caballero, distrusted peasant associations, created by "priests and local bosses". But neither him nor his successors dared to derogate the 1906 Law, which organised most of the rural associations, both those considered to be inimical and those considered to be friendly to the Republican regime. If the Liberal Monarchy had protected orderly associations in the countryside, the Republican brought in practice very few changes with it. *Sindicatos* were still read from the perspective of political recruitment and networking. The cooperative functions that many already incorporated –and many more were forced to develop in order to survive inspections and to strengthen their social

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<sup>25</sup>. Asociación de Agricultores de España (1920).

position now that the political atmosphere was more hostile- were praised and rhetorically promoted but in reality they were not the decisive element to achieve the administrative support: political leanings and alliances and not co-operative practices and institutions were behind most of the decisions concerning agrarian *sindicatos* in the new democratic context.

### 3. The authoritarian turn and its consequences

In the fascist side, during the Civil War, all associations which had had any explicit relation with the Popular Front were closed down and their goods confiscated. Furthermore, many *sindicatos* with no open political affiliation to republican or left wing parties but directed by “suspect” people were as well dissolved. There was a systematic purge of organisations that gave way to a very different landscape of associations after the Civil War. In 1942 only 1,800 cooperatives were registered when a new law of co-ops was passed: one of the leaders of the Francoist official corporatist organisation (the Organización Sindical) would claim a few years later that those were the only old *sindicatos* that fulfilled some kind of function that could be called cooperative<sup>26</sup>. We know however that many others did not meet the demands of the new law, not because they were not co-ops but because they had been suppressed either because of their political links or because during the Civil War, in the revolutionary context of the Republican side, they had become indebted and their creditors asked for the sale of their assets to obtain the compensations they wanted when the war was over<sup>27</sup>.

Those *sindicatos* that were not destroyed during the war or at the end of it were subject to a new regulation. On the 27<sup>th</sup> of October, 1938, a new Law of the Francoist government substituted a “hierarchical and totalitarian conception of cooperation” for the “liberal, democratic and socialising legal regime” of the 1931 Law<sup>28</sup>. The managers of the cooperatives were to be appointed by the new authorities and would report to them. The general assembly of the cooperatives was not suppressed but it became a consultative organ of the management politically controlled by the authorities. After the 1938 Law, the network of the Catholic *sindicatos* launched a campaign to defend

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<sup>26</sup> . Puyal (1949), pp. 44-45.

<sup>27</sup> .A direct reference to the destruction of indebted co-ops from the region of Valencia in the lecture of Felipe Navarro Nogueroles in Unión (1949), pp. 133-148.

<sup>28</sup> .Polo (1942), p.19.

themselves against the danger of its integration in the totalitarian trade union system designed in the 1938 *Fuero del Trabajo* (inspired by the fascist *Carta del Lavoro*). For Catholics, the only relevant non-fascist force in the countryside after the Francoist purges, separating “co-operatives” from any other type of professional or corporatist association, just the opposite of their position in the previous years, became the solution to avoid the destruction of the Catholic rural networks in favour of their Falangist rivals. The pressure against the *sindicatos* mounted in 1940 and 1941, when the fascist dominant factions within Falange were struggling to “conquer the State” against their conservative and right wing enemies, with the support of Italian and German diplomatic services. In a meeting of Falange on social policy in Barcelona in 1940, social Catholics were accused of having agreed with their socialist rivals to give shape to a minimal social economy that could not really develop under liberal capitalism. Notwithstanding the limitation of this inherited social economy, the national-sindicalistas (as the Falangists characterised themselves) were prepared to found upon it a new model: a large group of co-operatives under the technical and economic direction of the Organización Sindical, in the framework of a “totalitarian” project, that turned Spain into a “single national union” (*un sindicato nacional*) was for them the solution<sup>29</sup>.

The falangist project gradually was watered down. If trade union unity was imposed and therefore all kind of independent non-falangist rural associations had to give in and integrate themselves in a universal Organización Sindical, the 1942 Law of Co-operatives –an adaptation of the 1931 Law carried out by a commission dominated by Catholic leaders of co-operatives- recognised the autonomy of agricultural co-operatives, which were to be federated at provincial levels and national level (*Unión Nacional de Cooperativas del Campo*). The single party that led the Organización Sindical had a veto power on the co-operative managers, supervised its functioning through a special service and could promote co-operative projects in the countryside. However the co-ops maintained their own independent finances and decision power. Turning the old *sindicatos* into formal co-ops was in fact the mechanism used by Catholics to keep a large part of their influence and escape the totalitarian control of rural society. The only requirement to maintain their *sindicatos* under the new name of cooperatives was to launch agricultural services co-operative projects where they did not exist and renounce any formal political autonomy.

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<sup>29</sup> . Jefatura Provincial de la C.N.S. (1940), p. 149.



The division of functions –co-operatives headed by priests or laymen closely linked to the Catholic church; local associations, now *hermandades sindicales de labradores*, in the hands of the Falangist Party via its Organización Sindical- was followed after 1944 by a gradual increase in the weight of the co-operative leg of the rural organisation. The Church gave new impetus to its defence of co-operation after the publication of Pius XII's message on the fifth anniversary of the declaration of war in September, 1944<sup>30</sup>, and the priests were called to act as promoters of co-ops: in 1949 the Church organised a conference for parish-priests in Pamplona, financed by the National Union of Country Cooperatives on co-operative propaganda. After the defeat of the Axis power, reinforcing the confessional elements without doing away with the existence of the single-party and its supervision of social organisation came to be considered a key political option for the survival of the Francoist state. Economic considerations played a role in the promotion of co-ops. State bureaucrats, and especially agricultural engineers, started to see co-operatives as an instrument to achieve a deeper control of rural production and fight the black market, which became a big problem for the legitimacy of Franco's regime after 1944<sup>31</sup>. In the 1950's, the Ministry of Agriculture discovered in the co-ops a relevant instrument to "rationalise" the agrarian sector, rediscovering hence the liberal discourse of agrarian co-operatives as a modernising mechanism.

The monopoly of the political organisation of the countryside in the hands of the single party enabled the Francoist regime to apply a policy of promotion of agricultural services co-operatives, seen as a means to regulate agriculture. For this reason the amount of co-operatives boomed in the forties and the fifties. By 1948, the section of the Organización Sindical in charge of co-operation boasted of 3,675 co-operatives, with more than 800.000 members that controlled a 15 % of cereal transformation, a 24 % of wine production, a 22 % of olive oil production, and a 35 % of potatoes, 42 % of orange, 80 of sugar-beet and 100 % of rice marketing<sup>32</sup>. Most probably these data were exaggerated, at least in the case of wine they were, but in the 1950's, once the Ministry

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<sup>30</sup> . Brugarola (1962).

<sup>31</sup> . In 1942, Enrique Mira complained in the new journal *Cooperación*, that peasant fetched lower prices in the co-operatives because they were as transparent as a "shop window" (*Cooperación* , nº 2, March 1942). Six years later, the old propagandist of co-operatives –the priest Severino Aznar- stated in the foreword to *Unión Nacional de Cooperativas del Campo* (1949), p. 15, that every co-operative was a "trench" against the black market.

<sup>32</sup> . *Unión* (1949), p. 49.

of Agriculture started to put resources into a credit line at subsidised interest rates for cooperatives, the increase in the amount of co-operatives was quite rapid<sup>33</sup>. Co-operatives had a strong influence of Catholic circles, a factor that may have left its imprint on the features of the map and size of co-operatives, as well as in its cultural and ideological control. However Catholic hegemony was not a hindrance for the active regulation of the Ministry.

### **Provisional conclusions**

State policy towards co-operatives was determined under the Liberal Monarchy, the Second Republic and the fascistised early Francoist state more by political considerations than by socio-economic ones. Even though there was a widespread consensus about the benefits of collective instruments in the countryside to overcome peasant fragmentation, so as to promote technical change and increase rural revenues, all decisions concerning co-operative policy were subject to the main objective of favouring certain types of politicisation of the peasantry.

Liberals developed a legal framework that included all forms of rural associations and therefore did not foster any co-operative solution. By doing so they spread the scarce resources which were available –in the form of tax exemptions- to a wide range of *sindicatos* which could or could not fulfil co-operative functions. The democratic regulation of co-operatives in 1931 tried to promote concrete types of unions and did not find a general solution for the peasantry: republicans avoided a regulation of agricultural co-ops that could strengthen anti-republican forces and concentrated their resources in certain client associations. The Francoist regime “solved” via repression and single-party control the political life of the countryside. By delegating in the Church and its allies, large responsibilities in the sphere of rural co-operation, it reached an internal political balance that actually opened the way for the development of co-operatives.

In the second half of the 1940’s, the 1950’s and the 1960’s, there was a rapid development of agricultural co-operatives. By then, economic criteria –upon an inherited institutional base that limited the choices- became the main ones in the successive decisions to finance a set of institutions that allowed –through the supply of

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<sup>33</sup> . A change that has led Carmona and Simpson to emphasise the relevance of the financial constraints in order to explain the relative underdevelopment of co-operatives before the Civil War (Carmona and Simpson, 2003: 258-260).

services (credit, agro-transformation, marketing, collective purchase of inputs)- the global regulation of many agrarian activities.

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