

RURAL COOPERATIVE A CHANCE FOR ROMANIAN VILLAGE REBIRTH

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Abstract

Cooperation movement has its roots in English locality Rochdale, where in December 1844 was created „Rochdale Society of Equitable Pioneers.

Intuiting further economic and social changes, as well as social antagonisms to be occurred in France, Saint Simon (1760-1825) and Charles Fourie (1772-1837) **promoted cooperative ideas from their initiators** rapidly becoming a model for the whole Europe.

In 1985, it was constituted „**International Cooperative Alliance**”(ICA) to which Romania was ICA founding member, **cooperative** is „an autonomous association of persons, voluntarily gathered, in order to meet economic, social and cultural needs and aspirations, by means of an institution held in common and controlled democratically”¹. **Cooperative basic values are:** aid, democracy, equality, equity and solidarity.

Key words: rural cooperative, privatization, alliance, association types, cooperative property.

Cooperative movement in Romania has an old tradition, our country being founding member of International Cooperation Alliance in 1985, besides cooperative organizations from England, Belgium, Italy and France.

At the beginning of the XX th century, cooperative movement was influenced by national liberals, especially due to **Spiru Haret** activity who initiated a law project regarding the creation of popular banks, involvement of teachers in cooperative activity, constitution of renting community, organization of consumption cooperatives and so on. After the first world war, a famous representative of cooperative ideas was **Gromoslav Mladenatz** (1887-1958), who graduated higher education in Germany, finalized by getting Ph.D. in economy with the thesis „Cooperative concept”. Professor at the Academy of High Commercial and Industrial Studies during 1929-1951, he is the author of „Cooperative treaty” (1933) as well as „History of cooperative thinking” (1935). In his book „History of cooperative doctrines” (1931), **cooperative**

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represents „a free association of small producers or consumer, who created a common enterprise, by which they organized an exchange of services among associates”.

The first types of association in rural area of Romania appeared at the same time with introducing the main modern cooperatives materialized by Ion Ionescu de la Brad (1818-1891), economist, statistician, agronomist, famous representative of Romanian agricultural sciences. He exposed the viewpoint regarding various types of associations in well known publication „Romanian peasant”. Thus, the first associations of economy, credit and mutual aid appeared in the county Bistrița, in Ardeal, in 1851, in town Brăila, in 1855, in village Brad of county Roman in 1860, in commune Rașinari from county Sibiu in 1867 and in Bucharest in 1870.

Among promoters of cooperative movement, we mention **Spiru Haret**, famous sociologist, pedagogue, mathematician, considered as **founder of cooperative popular banks**.

Today in Romania, **rural cooperative** is represented by consumption and credit cooperative on the whole territory of the country, in about 13.000 villages, 2680 communes, 230 towns and over 25 spas. Those about 1600 consumption cooperatives have over 28000 retail and public catering units,, over 11800 production and provision of services units, as well as about 850 credit cooperatives.

From 1989 to market economy, organization and functioning of consumption and credit cooperatives did not correspond to the requirements of transition period we are crossing, did not create the framework necessary to develop the cooperative activity according to its traditional specific.

Romanian cooperative thinking had permanent representatives, among which we mention Gromoslav Mladenatz, Ion Răducan, A.G.Galan and so on, most of them being exponents of peasant economic trend.

Cooperative was, in their acceptance, a collective economic unit, addressed socio-professional categories with a reduced economic potential, small agricultural producers, tradesmen, employees. **Purpose of cooperative activity**, was to meet the needs of association members and to get some benefits from this activity. On his opinion, **cooperative system** does not dissolve property and liberty, but puts at the people disposal as producers and consumers, enlarging social base of a democratic society.

Agricultural cooperative, as associative type to work together, was for Mladenatz the only type of socio-economic organization by which peasant combines individual property over land with collective property over modern agricultural inventory. Under the conditions of lower prices for Romanian agricultural products on international market during economic crisis of 1929-

1933, he recommended to involve cooperatives in trade with cereals, in order to **be no go between** and adopt a more efficient production structure.

Constitution of agricultural producers in associative types opens new opportunities of economic development drawing over new local, zonal or regional advantage, and use of collective power to increase prosperity of members, families and community.

Our country does not belong to the countries which need to import substantial quantities of food, on the contrary, geographical configuration and climate are favorable. Under normal conditions, Romania can meet the food needs of a population twice and half higher than at present. Production fall made us import, when in fact we should export. Instead of turning into account agricultural potential, we neglect it, consequences made fall the living standard. **Law no.18/1991** and **Law 1/2000** represent justice acts regarding returning agricultural lands to former owners, land return had negative effects, although they represented a good start of the reform.

To be efficient, the law no. 18 should be pursued by **measures of financial stimulation and support of owner associations**. It is necessary to exist everybody trust in benefic effects of association and need to change of lands among them, so that one person should have all his lots at one place.

It is very necessary such a system of modern cooperative organization, that is why legislation tried to diminish negative resonance so called „**agricultural association**” or „**cooperative association**”.

Among **basic principles of cooperative association** we refer to objective of association : to meet common needs of members, not to get profit; it is an open and voluntary association; it has a system of democratic control – a member – a vote; it has a territorial and professional limit; management is developed based on voluntary manner; distribution of profits is proportional with participation in social capital; taxes of cooperative activity represent a threshold to stimulate local development, education of cooperative members.

Costs of agricultural production have a very big importance. Lack of mechanization and modernization, high prices of fertilizers, seeds and chemical substances necessary determine the producers to cover production costs they could not afford. That is why many producers renounced to produce for the market, preferring to produce for self consumption.

Old and new effects of wrong decisions during 1990-2000 over agriculture are multiple, when agriculture has about 20% of GDP.

After 1989 in Romanian agriculture there were produced less spectacular changes than in other fields of activity regarding production structure and volume. **Some major changes took place regarding structure of property and employment, as well as export-import relations.**

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Beginning with 1991 (according to the Law no. 18) several old owners got their land, receiving 9340 thou ha arable land, but not more than 10 ha per family. Thus 3.9 million small agricultural properties.

According to the Law no.169/1997 regarding IAS privatization, up to 50 ha per family can be returned to former owners, at their request, from the lands of former IAS.

Small properties hold about 66.5% of total agricultural area. They have the capacity necessary for investments, to use irrigation system and soil fertilization and apply modern technologies. Thus, some farmers could not register productivity profit and come out of subsistence situation to market relations.

Application of the Law no.18/1991 determined to return agricultural lands to all former owners, or their successors (Romanian citizens). There is a certain number of new land owners who live in other localities or are involved in other activities. Usually staff cuts in industry or other activities determine more persons who return to agriculture and thus higher number of land owners.

Fundamental objective of agricultural policies should be ceasing the decline, gradual redressing and creation of conditions to re-launch agriculture in keeping with natural, economic and human potential of Romania, in order to **assure population food security**, availability for international economic exchanges and prepare integration in European Union structure.

Agriculture still faces to a great extent **direct influence of climatic factors**; support for irrigations did not succeed to compensate completely these influences.

Considering agriculture as a priority activity of national economy, there were set up **provisions and actions meant to bring rebirth for this sector**, among which quantitative and qualitative growth of crop and animal production in order to provide population food security and to create availability for export; acceleration of land reform, ending privatization process - concession of agricultural assets and lands of former IAS, as well as agriculture services; stimulation and support of agricultural producers to create real performing holdings and professional organizations; agriculture technical endowment, first of all by support of agricultural producers to purchase tractors, agricultural machinery, equipment, outfit, installations, fertilizers, oil products, agriculture development in keeping with environment protection rules; development of a competition market complex, harmonious sustainable development of rural area etc.

In agriculture, privatization ended. In 2004 private sector represents 97.3% of production value, namely: 97.4% of crop production and 98.9%

of animal production. Agricultural companies which could not be privatized were introduced in the procedure of reorganization or bankrupt and sold piece by piece.

Out of 2.387.6 thou ha, initially, in property of State Domain Agency, 1704.2 thou ha were returned in keeping with the Law 18/1991 and Law 1/2000, 574 thou ha were chartered, rented or given in association, and 108.8 thou ha were under concession at the end of the year.

Romania and EU settled the contingents for trade with agricultural products. Negotiation with EU regarding bilateral trade with basic agricultural products were ended, being set up contingents excepted from customs duties payment.

During 2007-2009, Romania received from European Union almost 4 billion euro to support agriculture. Money was distributed in three main directions: direct payment, rural development (also including labour force reconversion) and funds for interventions on the market.

In the last years, at international level, because of concentration or development strategies, farmers have to face **strategic fundamental decisions**: to choose how to act better under uncertain conditions to build up viable, profitable agricultural holdings, to face competition, to have selling market and to be efficient when access financial funding. Farmers can create various **types of association**, among which cooperatives of agricultural production, groups of producers and associations of producers.

Romania being under the situation to adapt to the new community regulations, has an agriculture where work about 37% of population, with about 3 million lots, whose average area is 1.5 ha, imposing firmly the organization of farmers in associative types, in order to modernize this important economic activity.

Law no. 566 of December 9, 2004 (with later modifications) sets up legal framework to organize and function cooperatives in Romanian agriculture.

Cooperative of agricultural production represents an autonomous association of natural persons and/or legal persons, by case, having status of legal person of private right, constituted based on free consent of parties in order to promote the interest of cooperative members.

Cooperative of agricultural production can have a limited number of members, with variable capital, but not under 5 (five) persons and develops an economic, technical and social activity meant to provide goods, services and jobs exclusively or prevailingly for its members.

Activity fields of agricultural production cooperatives should be provider of services, purchases and sales, processing agricultural products;

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manufacturing and small industry in agriculture; exploiting and administrating agricultural, forest lands, fishing and livestock, financing, mutual assistance and agricultural insurance; other fields and branches of activity.

Cooperative of agricultural production on our opinion, should develop with priority commercial activity, being producer of goods and services for its members.

On the basis of functioning the cooperatives of agricultural production should be basic principles of international cooperative movement, namely: cooperatives are constituted based on free agreement of persons, without any restriction and political, social, race or religious discrimination; to associate in cooperative organization can be anytime not only when it is constituted; equality among cooperative members is assured, irrespective of subscribed social parties number, each associated takes part in adopting the decisions with one vote; mutual aid of cooperator members, as well as all cooperative organizations represent main objective of association; democracy is assured by regulation on leadership body constitution, as well as by any associate possibility to take part directly in activity development and leadership; economic results obtained from activity of cooperative organizations belong to members of this organization, being distributed so that excluding eventual profit of one of members in the detriment of the others.

Cooperatives of agricultural production should be created on the principle of economic and financial autonomy of each organization, together with the principle of mutual aid, totally eliminating excessive centralism practiced in the past. On this base, it should be eliminated the compulsory of consumption and credit cooperative system on territorial-administrative distribution of the country and created the possibility for free wish of associations and based on economic results to create cooperative organizations with activity ray on several communes or counties.

A very important problem is **cooperative property**, whose private character should be stipulated by a normative document, such as removing trends of past regime to assimilate cooperative fortune with state property, this trend also taking place at present in certain communes, where leadership considers that is their right to have cooperative property. Constituting an indivisible part of cooperative fortune, there was taken into account to assure the activity continuity, with enhanced possibilities, creating a sure background, to which many generations should contribute.

There are necessary several **legal regulations** to correspond both to basic principles of cooperative movement in our country and in the whole world, as well as aspects of Romanian economy characteristics in actual transition period.

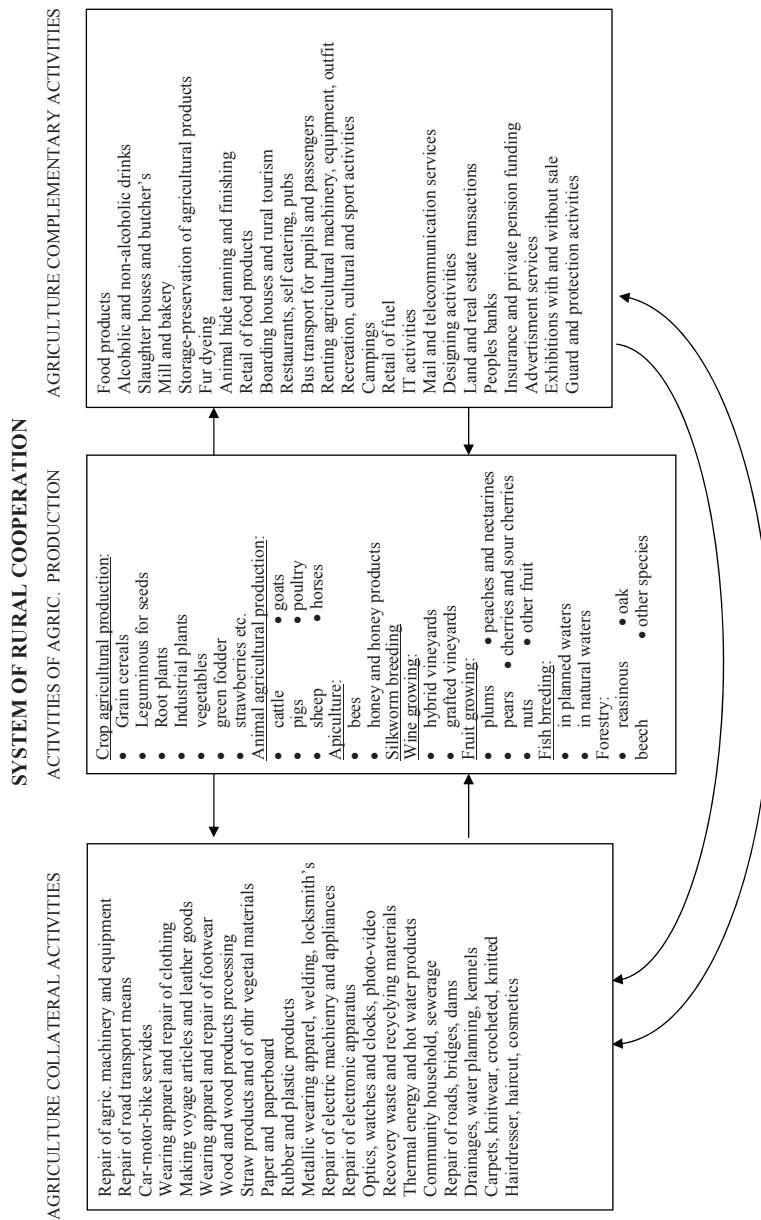
If we take into account historic, economic, social and cultural evolution of Romanian village we can state that it is a **social specific entity**, having a productive and economic function that must be analyzed in its complexity, but especially as a unitary whole, with an „alive body in the whole national economy”. We consider that in politic, social, economic actual context, but especially in perspective, VILLAGE, as human habitat specific to rural space, should be reconsidered for its attributes and functions of „economic and social entity”.

Therefore it is necessary to know better real, natural and human capacity for all the activities in rural space. Only so we can get integrity image of component factors and interrelations among them, where mankind is present. We can state that Romanian village (rural locality) should be regarded as a „agro-**social-economic system**”, but an „alive system”, namely a complex, dynamic system with self regulation, called **cybernetic system**.

Modernization of rural cybernetic system represents a priority problem in actual stage and is oriented to two main directions: one refers to **rural space** and another refers to **rural localities**. Modernization has not only social-town justification, but also socio- economic one. The first one regards living standard, level to meet people needs and socio-cultural values they guide, the second one regards production level, ways to grow, types of agricultural holdings.

Living conditions of rural collectivity cannot make abstraction of material possibilities of rural inhabitants given by agricultural production and/ or other resources they have at disposal. Modernization of collectivities will rely on and include elements such as **infrastructure** necessary for transport and communication activity, social, cultural, town, administrative life etc.

We consider that in Romanian rural space there should not develop only activities of agricultural production but also a multitude of **complementary activities** of agriculture such as **collateral activities of** agriculture.



Conclusion

We appreciate that to be able to modernize (not urbanize) Romanian village it is necessary to separate rural habitat of rural activities, allowing to introduce efficiently the utilities needed for a civilized living (current water, gas, sewerage, central heating, asphalted streets etc.), as well as focus of complementary and collateral production activities, on strong units, organized outside rural locality perimeter.

The highest type of organization for all these activities should be **rural cooperative**, constituted from cooperatives of agricultural production or mixed cooperatives, with activities of agricultural production and with complementary or collateral activities.

This organization type would leave rural activities on the shoulders of rural population, owners and rural businessmen, excluding various categories of profiteers and protecting rural property, causing on one hand the growth of efficiency for all these activities and on the other hand, the significant diminish of rural population exodus, and especially youth to town or abroad.

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