

ASPECTS CONCERNING RESEARCH ON AGRICULTURAL COOPERATION IN THE EU WESTERN EUROPEAN COUNTRIES

ASPECTE PRIVIND CERCETĂRILE REFERITOARE LA COOPERAȚIA AGRICOLĂ ÎN ȚĂRILE VEST-EUROPENE DIN UE

MORARU R.A.^{1*}

*Corresponding author e-mail: ramoraru@yahoo.com

***Abstract.** The topic of agricultural cooperation is frequently found in the specialized literature. Given the experience of the market economy countries, the researchers have analyzed in depth the main elements of the cooperation in the agriculture of the EU Western European countries. The most important aspects studied relate to: the definition and classification of cooperatives, development stages and trends, operating principles and organizational structures, government support and self-financing, common issues and differences between cooperatives from different countries, strategies for obtaining new members and markets.*

Key words: agriculture, cooperation, Western countries

***Rezumat.** Tema cooperăției agricole este frecvent întâlnită în literatura de specialitate. Dată fiind experiența țărilor cu economie de piață, cercetătorii au analizat în profunzime elementele principale ale cooperăției din agricultura statelor occidentale din UE. Cele mai importante aspecte studiate s-au referit la definirea și clasificarea cooperativelor, etape de dezvoltare și tendințe, principii de funcționare și structuri de organizare, suportul guvernamental și autofinanțare, aspecte comune și diferențe între cooperativele din diferite țări, strategii de obținere de noi membri și piețe.*

Cuvinte cheie: agricultură, cooperăție, țări occidentale

INTRODUCTION

In its evolution as an important branch of the economy, the agriculture has permanently associated not only the conquests of science and technology, but also new ideologies, which has resulted in the formation of true agricultural doctrines that have been the basis of organizational and leadership structures in this field. Thus, based on the ideas of the French and English socialists (Saint Simon, Ch. Fourier, Robert Owen, D. Smith etc.), the cooperative agrarian doctrine is born in the West. As a result, numerous works and studies appeared in order to promote the idea of cooperation in general and in agriculture in particular, which were intended to highlight certain characteristics specific to the rural cooperation in different stages, and to present the modalities of its

¹University of Agricultural Sciences and Veterinary Medicine from Iași, Romania

accomplishment according to the social, economic and historical conditions. At the global level, there was a permanent concern of extending the association and cooperation for raising the agriculture and the standard of living of the farmers. Thus, at the *World Conference on Agrarian Reform and Rural Development* held in Rome in July 1979, the governments were invited to promote the policy of setting up cooperative organizations and other associations serving the masses of farmers and agricultural workers (Papală, 1982). The issue of agricultural cooperation has benefited from and continues to enjoy the attention not only in the ex-communist states, but also in the Western countries of the EU, where the cooperative system has an old tradition, evolving "naturally", without having experienced ruptures or distortions as in the countries of Eastern Europe, reaching a level of development that confirms its viability. In these circumstances, it is normal that the issues addressed by the scientific research, especially regarding the EU-15 (the countries that were in the European Union before the "second wave") will be quite different from the ones that concern the states that restructured their cooperative system after leaving the Soviet model.

MATERIAL AND METHOD

The purpose of the present paper is to explore and analyze the international literature aiming to identify which were the priorities in the researchers' attention regarding the cooperative phenomenon in the agriculture of the EU Western states. For these reasons, a large number of works and studies were reviewed, especially from those published at the end of the twentieth century, this being the period when the interest of the specialists in the field for the topic taken in the study was at the highest level.

RESULTS AND DISCUSSIONS

The dominant feature of Western scientific research in the field of agricultural cooperation in EU countries has been and still is, in addition to past and present issues, a **permanent orientation towards the future**, considering a United Europe made up of countries with very different levels of development, having cultures, traditions, customs, concepts and laws of great diversity (Holsten and Kühl, 1991; Kuschka, 1994.; Nilsson *et al.*, 1997; COGECA, 1990).

The concerns of researchers are both theoretical and especially applicable. From a theoretical point of view, the need to find a **definition of the concept of agricultural cooperative**, which differs greatly between the EU member states, was noted. This diversity raises problems, first of all, due to the need for communication relations with various types of stakeholders, including the communication between the agricultural cooperatives. From an applicative point of view, a definition is also needed for those who hold the decision-making power when they have to design organizational changes. A review of the specialized literature on cooperation highlights that there are several dozen definitions of cooperatives. Many of these are formulated only for a particular cooperative

sector or are based on the culture and history of the cooperative sector in a particular country, fact that could create confusion (Aschhoff *et al.*, 1963; Branka, 2002; Haensch, 1999; Kyriakopoulos, 1998; Nilsson *et al.*, 1997; Pohl, 1992; Pohl, 1992; Stupazzoni, 1984). A definition well accepted by the international community of researchers studying agricultural cooperation was drawn up in 1980 by the Department of Agriculture of the European Commission together with a group of researchers dealing with the agricultural cooperatives: "*the cooperative is a business / enterprise / economic activity carried out and controlled by owner-consumers (user-owned and user-controlled), which distributes benefits based on its usage*" (Nilsson *et al.*, 1997; Van Bekkum and Van Dijk, 1997; CEC, 2001). This definition has been developed especially for the agricultural cooperatives and it makes possible to combine knowledge regarding European and global cooperatives.

Also **the statement of cooperative principles and the way they are respected** have been and still remain in the attention of Western researchers (Haensch, 1999; Kuschka, 1994; Stupazzoni, 1984; Tauriainen, 1987; COGECA, 1990; CEC, 2001). In this context, it is interesting and worth to mention the study undertaken at the end of the 1980s by a group of German researchers on the *agricultural cooperatives of production* "discovered" in the Ravenna region (Italy), which had been operating since the 1960s and jointly exploited large agricultural areas (Basseto *et al.*, 1992). These cooperatives have proven to be capable of operating with succes in the new international context and also in terms of the community agrarian policy, oriented towards the family agricultural enterprise (Basseto *et al.*, 1992; Haensch, 1999; Kuschka, 1994). They have been proven to be effective, reaching out to develop through mergers of agricultural surfaces (horizontal integrations) larger primary cooperatives, and through vertical associations (vertical integrations) a strong link between primary production and secondary processing and retail cooperatives (Haensch, 1999). The researchers wanted to know if it can be proved that in these agricultural units with the right to be subsidized, the cooperative organizational structures in the sense of the international cooperative principles and according to the provisions of the Italian constitution are more dominant, or they are metamorphosed (quite normal in terms of efficiency and capitalization) towards oriented capitalist societies. The conclusion was that, according to the new Italian Cooperation Law of 1992, out of the 6 major international cooperative principles, there remained only one: "a man (head) - a vote" (Haensch, 1999).

The evolution of agricultural cooperatives on the territory of EU countries has long been studied by specialists in the field, who have followed the dynamics of the number of agricultural cooperatives, the number of members registered in them, the turnover achieved by the cooperatives as well as the market shares held by the cooperative system for the various agricultural products of plant and animal origin (Aschhoff *et al.*, 1963; Aschhoff and Henningsen, 1996; Bansch, 1969; Böök and Johansson, 1988; Buchi and Castellani, 1994; Enel, 1992; Hoggart *et al.*, 1995; Holsten and Kühl, 1991; Kuschka, 1994; Laakkonen, 1981; Miran, 1992; Pletsch, 1995; Pohl,

1992; Van Bekkum and Van Dijk, 1997; Vargas and Pelayo, 1998; Webster, 1973; COGECA, 1990; COPA-COGECA, 2005). The trends recorded by the cooperative agricultural system was carefully analyzed by Western researchers, especially in the new economic and social conditions generated by the impact of the enlargement of the EU borders (Kyriakopoulos, 1998; Nilsson *et al.*, 1997; Van Bekkum and Van Dijk, 1997).

Given the similarities and differences between the cooperative forms existing throughout the EU, in the Western literature the topic of **the typology of agricultural cooperatives and of their national organization** is also addressed (Aschhoff and Henningsen, 1996; Branka, 2002; Buchi and Castellani, 1994; Kyriakopoulos, 1998; Pichot, 1992; Schumann, 1992; Stupazzoni, 1984; COPA-COGECA, 2005).

Another much debated issue is **the relationship between agricultural cooperatives and public policy**, the government policy, respectively (Kuschka, 1994; Nilsson *et al.*, 1997; Schilthuis and Van Bekkum, 2000; Van Bekkum and Van Dijk, 1997; COGECA, 1990). It has been found that in many EU countries, the agricultural cooperatives do not work exclusively according to the market economy principles. Some governments tend to promote cooperatives, offering them favorable rates on interest, subsidized interest or other support systems of substantial magnitude. The specialists have come to the view that a such position is not compatible with their economic function and it is not in favor of the members of the cooperative (Nilsson *et al.*, 1997; Van Bekkum and Van Dijk, 1997).

The issue of **processing strategy** is also a much discussed topic, despite the fact that there are still many sales of unprocessed products (Moraru and Donosă, 2005; Nilsson *et al.*, 1997; Stupazzoni, 1984; Van Bekkum and Van Dijk, 1997; Vargas, 2001). In the search for the most profitable markets, an increasing number of cooperatives have approached a *vertical integration strategy*, trying to reach markets as close to the final consumer as possible. In this way, the business of cooperatives is most often oriented towards *brand products, activities with high added value* and products that require a wider processing activity and, implicitly, *a more advanced processing technology*. However, those cooperatives that sell unprocessed or only slightly processed products still constitute a large part of the cooperative agricultural sector in Europe, and in terms of volume, they have the highest share of sales (Nilsson *et al.*, 1997, COPA-COGECA, 2000).

The interest of researchers for **the internationalization of agricultural cooperatives** is due to the fact that this process has been increased after the fall of the „iron curtain“. For a long time, the Western agricultural cooperatives were mostly national, with a limited number of foreign members. The difficulties due to the local competition convinced the national members to accept and recruit foreign members, being evident the need to increase the volume of the production in order to benefit from the advantages of the high-scale economy (Kuschka, 1994; Kyriakopoulos, 1998; Moraru and Donosă, 2005; Nilsson *et al.*, 1997).

The experts have noted that in all Western countries of the EU, the agricultural cooperatives are involved in **international marketing activities**, some of them even in a very large extent (Kramer, 2000; Kyriakopoulos, 1998; Moraru

and Donosă, 2005; Vargas, 2001). Thus, Irish cooperatives sell wool and milk overseas, while citrus and other unprocessed products are sold by Spanish cooperatives on all continents. Due to the small size of the Duchy, the agricultural cooperatives in Luxembourg have allied with both cooperatives and non-cooperative companies from outside the borders. This export orientation by way of sales offices from other countries has led to strategic alliances and collaborative relations with foreign partners. For example, in 2000, the largest Scandinavian dairy cooperative (*Arla Foods*) entered into a partnership with the most important dairy cooperative in Greece (*Delta*) to penetrate and strengthen its position on the Spanish milk market. Similarly, the *Campina* dairy cooperative (Netherlands) has established an "intensive cooperation" agreement with the *Emzett Meirei-Zentrale* (Germany).

Lately, it is becoming increasingly obvious **that the influence of national factors on the cooperative movement in the EU agriculture is diminishing**. The specialists pointed out the need to understand the origin and the past of the cooperatives from the different Western countries of the EU in order to explain the organization and functioning of the cooperative sector in these states (Buchi and Castellani, 1994; Kuschka, 1994; Mckinlay, 1991; Nilsson *et al.*, 1997; Van Bekkum and Van Dijk, 1997). Both differences and similarities were found, but, given that the EU market is open to the Member States and the internationalization process has become more marked, it is appreciated that cooperatives from different countries will become similar in terms of *organizational, financial, legislative and marketing systems*, the cooperative practices will take place under very close economic conditions and the markets on which the cooperatives from different countries operate will be increasingly overlapping (Kuschka, 1994; Moraru and Donosă, 2005; Nilsson *et al.*, 1997; Van Bekkum and Van Dijk, 1997; Vargas, 2001; CEC, 2001).

One of the most discussed problems, especially by the German specialists, was **the fate of the agricultural production cooperatives from the former GDR**, which resulted after 1990, following the transformation of the LPG-s (Landwirtschaftliche Produktionsgenossenschaft - LPG) (Beckmann, 1993; Beckmann, 1997; Hagedorn, 1997; Kuschka, 1994; Laschewski, 1998; Moraru *et al.*, 2004; Pletsch, 1995; Schöne, 1997; Wirssing, 2000, CIPA, 2006). These were collective agricultural farms of plant or animal production that operated on the territory of the former GDR during the communist period. In the '90s -'91s, the possibilities for future development of the more than 1300 agricultural production cooperatives existing in East Germany at that time were appreciated differently. Most of the researchers and politicians in West Germany did not give them any chance of survival. After a few years, when the first East-West joint assessments were made, it was concluded that these cooperatives will be part of the economic landscape of the former GDR longer than expected (Laschewski, 1998; Schöne, 1997; Wirssing, 2000; CIPA, 2006).

One of the issues that has worried Western researchers since the 1950s was **the problem of self-financing of agricultural cooperatives** (Enel, 1992; Jenkins,

1986; Kuschka, 1994; Morley, 1981; Pohl, 1969; Seuster, 1970; Soulange, 1989), namely the fluctuating and insufficient endowment of cooperatives with own capital. The specialists consider that the main problem that arises in the financing with own capital of the cooperatives is *the restructuring of agriculture*, that is the constraint to larger production units, which is related to the increasing need for capital (Enel, 1992; Kuschka, 1994; Soulange, 1989). To this is added the fact that the number of farmers decreases and, therewith, the *number of cooperative members is reduced*.

CONCLUSIONS

Following the review and analysis of the literature, it was found that, especially in the last decades of the twentieth century, the researchers have shown an increased interest for the cooperation in the agriculture of the EU Western European countries, trying to demonstrate its necessity and benefits for the small farmers. The topics they address covered all the important aspects of the agricultural cooperative sector: explaining the concept of co-operation and defining the agricultural cooperative, setting out and respecting the democratic principles of co-operation, evolution and development trends of Western agricultural cooperatives, the main types of cooperatives and their national systems of organization, the internationalization of cooperatives and the expansion of marketing activities outside the national borders, vertical integration strategies to gain new members in the conditions of agricultural restructuring and globalization, capitalization of cooperatives, transformation of agricultural production cooperatives from the former GDR.

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