

## **The phenomenon of the revival of a co-operative idea in Poland.**

### **Abstract**

Poland has long but at the same time very complicated history of the co-operative movement. First such initiatives were established already at the beginning of the XIX century. After World War II the co-operative movement was subordinated to the centrally planned economy what resulted in an attitude of the biggest part of polish society, that co-operative enterprises are the relict of communism. This way, together with the transformation and admiration of individualism, co-operatives have been denied. This tendency was maintained for over two decades.

However for the last few years we can observe new co-operative ideas emerging in Poland in many different branches and environments. The process started with the „food cooperatives” that appeared as informal initiatives of people who created purchase groups in order to buy ecological products directly by the farmers. Currently they are present in many polish cities and one of them created a first cooperative shop modeled on the consumer co-operative. In Kraków, a group of young people created a trade-services cooperative OGNIWO, that will run a bookstore connected with a cafe. Two companies, four local authorities and its citizens created a cooperative „Our energy”. We could list much more examples.

Perhaps in many countries above mentioned initiatives would not be very surprising. In Poland however, they build hope for the return to the co-operative idea.

Where does this phenomenon come from? What is the profile of people creating them? Do they, being seemingly not connected, share common values? Is there a chance that the spreading idea of the sharing economy will lay the foundation of the co-operatives revival?

**Key words:** food co-operatives, social co-operatives, new social movements, new co-operativism, neoliberal economy crisis, common goods.

### **Introduction**

The aim of the article is to gather knowledge about new co-operative enterprises, the results of research conducted in this area as well as to analyse the public debate which is taking place currently in Poland in the context of the co-operative idea presence. This analysis should help to describe these new initiatives created in Poland and to answer the question if they have the chance to be a first step for a co-operative movement revival.

After recalling some crucial information from a long tradition of a co-operative movement in Poland, author presents data and research available especially regarding two types of co-operatives. The first one are social co-operatives that appeared in Poland in 2004 together with the discussion on social economy. The second type are food co-operatives that are informal groups recalling consumer co-operative values and spreading in Poland since 2010. Showing other types of emerging co-operatives, like energy or financial advisors co-operatives, author tries to embed the reader in the social and economic context of Poland. This way we can see that creation of new types of co-operatives is materialization of new values that appeared in Polish society together with the crisis of neoliberal economy and raising discussion on the need to change the social and economic model.

### **Complicated history of the cooperative movement in Poland.**

Poland has long but at the same time very complicated history of the cooperative movement. First such initiatives were established already at the beginning of the XIX century. What is extremely important, the cooperative movement was born on the Polish land but without Polish state. Since the end of the XVIII century for more than 120 years the Polish territory was divided between Austria, Prussia and Russia. The cooperative movement was born to fulfil very concrete needs.

In the year 1816 Polish priest Stanisław Staszic, one of the best known Poles, established The Agriculture Society to Rescue in Disasters in Hrubieszów, under the Russian authority. Its aim was to gather ownership of the land of Polish farmers to protect them against buy-outs. The Society introduced the fundamental rule of the co-operative movement which is associating to realize social and economic aims (Chyra-Rolicz, 2004).

There was an increase in co-operative activity dating from the 1860s and at the beginning of the XX century a basic co-operative infrastructure had already been established involving agricultural, credit and banking, dairy and industrial co-operatives (Shaffer, 1999).

Consumer co-operatives tended to be created already from the late 1870's but their rapid development became possible after the year 1905, when the law concerning association was changed and liberalized (Bilewicz, 2014).

In the year 1906, the Society of Co-operativists was created by prominent representatives of Polish intelligentsia – writers, scientists, thinkers, social activists. From the beginning of the movement the reason why co-operative enterprises or societies were created was difficult life

condition of consumers belonging to lowest social strata – farmers and workers (Bilewicz, 2014).

The first co-operative law was enacted in 1920 and a year after, in 1921, a co-operative research institute, the first in the world, was established. The Chief Statistical Office of the government reported in 1924 a total of 14 563 co-operatives (Shaffer, 1999).

After World War II the cooperative idea was subordinated to the centrally planned economy what resulted in an attitude of the biggest part of Polish society, that cooperative enterprises are the relic of communism. This way, together with the transformation and admiration of individualism, cooperatives have been denied. This tendency was maintained for over two decades.

### **New cooperative initiatives.**

However for the last few years we can observe new co-operative initiatives emerging in Poland in many different branches and environments. This is not yet a movement but can be a “light in the tunnel” .

A lot has been done thanks to the discussion around the social economy issues. It started in Poland around the year 2002 when the registered unemployment rate used to be even over 20 % and the Polish state together with social partners were looking for active employment tools that would lead to job creation. One of the instruments that was chosen to fulfil that role were social cooperatives that were designed taking into consideration the Italian social cooperatives type B. The main objective of social co-operatives is bringing people at risk of social exclusion and people of low employability back to the labour market by running a common enterprise and to allow professional activation of the unemployed. This created a new type of a legal entity which is not only targeted at running an economic activity, but also at acting in favour of social and occupational reintegration of cooperative members (NPSSED, 2014).

At the beginning, only physical persons could have create such a cooperative. However in the year 2009 an important novelization of the social cooperatives bill was approved, and also local authorities, non-governmental organisations and church organisations can create social cooperative. They are however obliged to employ at least 5 people from the marginalised groups. Between 2004, when the legal framework was created, and 2015 already around 1500 social cooperatives were established.

According to the last research conducted regularly, every two years, by the Ministry for Labour and Social Affairs, among charter members of social cooperatives created until the end of 2013,

78,8 % were physical persons and remaining 21,2 % were legal persons. Among physical persons creating social co-operatives the biggest group of founders were unemployed people (94,2 % of social cooperatives indicated that at least one person among charter members was unemployed). The second biggest group were disabled people – 32,7 of co-operatives had a least one disabled person among charter members (Information about social co-operative functioning, 2014).

Referring to the co-operative size, most of them (78 %) declared to associate between 5 and 9 members, taking into account that 5 members is the minimum size of a social cooperative pursuant to the law. However when it comes to the employment level, the amount of 5 to 9 workers is declared only by 62 % of social co-operatives. This might be connected with the fact that many of them do not offer the full time employment even for its members, due to the weak economic situation. 20 % of social co-operative declare the employment of less than 5 people and 4 % employs more than 10 people.

The survey participants were also asked about their opinions concerning the benefits connected with social co-operatives operation. Almost 80 % of them pointed out the job places creation, what actually means that they are fulfilling its main aim. The second mostly described benefit was creation and maintaining employability of members and workers what for 63 % was one of the main benefits of social co-operatives. Less important, however mentioned quite often, were activation of the local community in the area of social and economic tasks realization, empowering relations between people on local level as well as the feeling of social engagement. The problem with describing social co-operatives as a new social movement in Poland, is that their creation was actually initiated by the state, which introduced the Act of Social Cooperatives, creating a new legal entity but at the same time creating mechanisms for its financing (donations for the creation of social co-operatives, refunds for the social security payments, a network of Social Economy Support Centres with a wide range of tools directed at this type of social enterprise). This does not mean that some of the social co-operatives are created by young people with minds full of cooperative ideology. Nevertheless, for sure this is not a case for the majority of them.

In the opposite, there is a new type of co-operatives that are created totally from the bottom up. These are so called “food cooperatives” that appeared as informal initiatives of people who created purchase groups in order to buy ecological products directly by the farmers. They declare their values are ecology, sustainable development, social inclusion, activation of local communities, strengthening social capital (Herbst, 2013). The aim of the collective ownership is empowerment and the right of each of its’ members to control and manage. “Food co-

operatives” are classical consumer initiatives that are based on a rule that the main beneficiary of its’ activities are their members. They are created to fulfil obvious needs, namely:

- The need to buy basic products, mainly groceries, at a reasonable price.
- The need to buy high quality products (higher than those available in the commercial trade).
- The need to buy healthy food.
- The realization of a consumption lifestyle (most of the times it is vegetarian or vegan).
- The active protest against intermediary chains who benefit the most.

The proportions and importance of each of above mentioned aims are different in different initiatives (Herbst, 2013).

They are created in a natural way, for instance by group of friends that share common lifestyle and living conditions, it might also be a group gathered around a work place or squat. According to co-operative members, this activity aims at breaking down the capitalistic trend that results in creating a rich chain of intermediaries. Their critical approach to the current reality results in developing alternative way of fulfilling needs which brings positive consequences for all the chain members – the farmers receive better price for their products and the consumers can buy it for a reasonable price (Herbst, 2013).

Among aims and motivations for actions present in groups that were analysed we can find:

- The will to lower down the cost of living or even surviving.
- Self-help or supporting other people that have difficult economic condition.
- Common activities that have economic aspect and support realization of a concrete group or community aims (Herbst, 2013).

According to Ruta Śpiewak and Aleksandra Bilewicz, who presented first results of their research concerning this type of initiatives in June 2015 during the seminar “Cooperation Laboratory” organised by the University of Poznań, polish food co-operatives emerge inspired by the prewar co-operative movement SPOLEM but also by “new cooperativism” which main characteristic, according to its’ researchers like Vieta, is resistance towards neoliberal version of capitalism that appeared after the economic crisis in 2008 and also to characteristics of “new social movements”. (Bilewicz, 2014).

The results of the above mentioned research come from the analysis of 40 in-dept interviews conducted in 13 food co-operatives as well as 20 semi-structured interviews with farmers and food producers delivering food to cooperatives.

The results show that “food co-operatives” in Poland are created mostly in big cities by young people between 25 and 35 years old, with higher education, but very often working as freelancers, sometimes belonging to the precarity. The term became popular in Poland after publishing the report “Youth 2011” presented by Minister Boni team. Precarious is not poor man and very often belongs to the middle class, especially taking into account his education (Woś, 2014). Young precarious could become a natural environment to create such socially oriented economic initiatives.

Some of food co-operatives members lead an alternative lifestyle, living together in squats, part of them are members and workers of social co-operatives, very often they are vegetarians or vegans. Most of the analysed co-operative members share the left-wing or anarchistic ideology. (Bilewicz, 2014).

The issue of the ideology is extremely important what can be also seen on the example of OGNIWO co-operative established in Kraków as an initiative of 10 young people that decided to choose a co-operative way of doing business to realize their professional activities. They’ve opened a bookstore connected with a coffee shop and plan also to create a co-working space for those members of the enterprise that are freelancers (translators, computer graphics, etc.). A co-operative OGNIWO created by group of young people who are local social activists and part of the new social movement connected with cities, became also Kraków regional office for a new left-wing political party that was established totally bottom up and is collectively managed by a group of people not choosing one leader. Its name is RAZEM what means TOGETHER.

The first informal grassroots food cooperative was established at the beginning of 2010 in Warsaw, followed by around 30 groups trying to learn from that experience. However less than 20 of them was able to finalize the process and maintain activities.

The study showed a division of two types of co-operatives. This division was made according to the goals they try to meet, values and methods of their operation.

The first group of co-operators are ‘activists’ who emphasise the anti-capitalistic ideology and alternative lifestyle. Those cooperatives are mainly grassroots, non-hierarchical, community-oriented, they are based on direct relations with local farmers and most of the times are created by left-wing intelligentsia.

The other type of “food cooperatives” are “consumption oriented” groups, mostly emerged as Facebook initiatives, organised in order to buy quality food directly by farmers and refined producers. Most of the members belongs to the new middle-class (Domański), professionals,

sometimes these are families with children. Therefore their internal organization, purchase and distribution structure are individually designed for busy people.

The class issue is very important to underline, since the research shows the high role of the culture capital in creating and joining such groups. Especially important is the role of intelligentsia in initiating the movement (Bilewicz, Śpiewak, 2015). However in the research made by the Centre of Human Capital Development, the role of people with higher education is very important in initiating the creation of such groups. However, with time these groups are growing enhancing people with different status (Herbst, 2013).

Another important element is the quality of food and even more by who and how it is produced than its ecological certificate. Like in many other types of co-operatives, even more structured ones, the issue of the lack of members engagement is crucial.

The economical goal or job creation is not the basis of “food co-operatives” activities. However in many discussions the co-operatives members underline that running a shop, creating job places for at least some of the co-operative members, offering them stable life conditions is something they think very seriously about (Bilewicz, 14). For one of them this dream became reality, since the “Kooperatywa DOBRZE” created a shop in the city centre of Warsaw already in August 2014. In many cases also these initiatives based on cooperation and common ownership are connected. Part of the “Nasz Squat” members, for instance, created a social co-operative, from what they declare, as a political response but with a clear economic aspect. They created a bookstore connected with a cafe where they sell products and services employing co-operative members. In the squat, a food co-operative is also active and squat itself tends to act according to housing co-operative rules. (Herbst 2014).

Are these initiatives able to change our social and economic reality? According to Aleksandra Bilewicz in order to do that, two parallel things should happen, namely taking national and systemic actions (like promotion, creating favourable conditions, support tools, etc.) and on the other hand it must meet such a social conditions when it is possible to continue this movement by local groups that share and appreciate the value of cooperation (Bilewicz, 2014).

Herbst underlines that what we can observe also in Poland is raising interest of citizens in their cities that results in various artistic activities, ideological demonstrations, activities aimed at fulfilling the basic needs like housing, services availability, health services, etc. They refer to the role and limits of private and collective ownership, the citizens’ rights to the city itself and public space. The culture of self-organisation is spreading what resulted in creation of the Urban Movements Congress. Its representatives declare their aims as cumulating knowledge, legal initiatives, consultations, drafting opinions as well as citizens lists in local elections. They create

a network of social activists and non-governmental organisations acting together in order to change Polish reality (Herbst, 2013). In the meantime the Outraged Movement has been created and calls upon the Ethical Revolution. According to signatories “our mistake was to acknowledge capital as a value that is over peoples life. It is time that capital should serve people and not in the opposite” (Herbst, 2013). In their actions they introduce a rule “one man-one vote” which is crucial for a co-operative movement.

The materialization of a co-operative idea can be observed in many different branches. Rapidly developing in Europe citizens energy cooperatives have already representation in Poland. In the north-eastern part of Poland 4 local authorities, 2 companies and citizens created an energy cooperative “Our energy”. They declare a co-operative way of doing business is the most democratic way to fulfil citizens needs and enable them to join and jointly manage the initiative. What they underline is the ownership of each member in the investment as well as a social control over the enterprise.

In the year 2010, ANG Credit Advisors Co-operative, has been established by people working in the banking sector, willing to create an enterprise that will have its contribution to building up trust to the financial sector, where the economic aims are achieved on a basis of values. A company, in 100 % owned by its workers, introduced its strategy that is called “Joy Strategy” based on four pillars: building up an efficient business, developing human resources, creating social capital and positive influence on environment.

### **The background for the cooperative idea revival.**

Perhaps in many countries above mentioned initiatives would not be very surprising. In Poland however, they build hope for the return to the cooperative idea.

What brings even more hope is the fact that except the concrete initiatives appearing in different regions, fulfilling different needs and created by different people, the cooperative way of doing business entered the mainstream discussion connected with the model of capitalism that we chose. It started with a spreading discussion around the “sharing economy” concept. It became even stronger with the publication of the Thomas Piketty “Capitalism of the XXI century” that had wide repercussions in Poland. It was timed to coincide with the publication of two books of young Polish authors. The first one was sociologist Jan Sowa who published “Another Republic of Poland is possible” and another one was Rafał Woś, economic journalist who published “Childish disease of capitalism”.



Both of the authors analyse the transformation path that Poland chose after the breakdown in 1989, very often named as a “shock therapy” with all its consequences that we, as a society, try to deal with until today.

Jan Sowa adduced the evidence that it didn't actually had to be this way. He quoted a source from the 1<sup>st</sup> Assembly of the “Solidarność” Trade Union from October 1981 and its Program Declaration, where a word “social” is the mostly used one and declined in many different ways (Sowa, 2014). According to Sowa, members of the movement at that time were promoting the idea of social enterprise and self-government that on one hand recalls very well known cooperative model of economic activities and on the other hand has a lot in common with the current discussion about common goods and debate on a new social and economic model based on this concept (Sowa, 2015). The Polish economy, according to what has been said in the Program Declaration, should be socially controlled both on the micro – level (companies) and macro – level (the whole system). The “social planning” should be interpreted as collective control over the material aims, that should be accomplished by the society. This way we treat economy as a collective influence domain, where the general interests of the society, and not only the interests of the private owners, can be fulfilled. One of the Solidarność postulates at that time was transformation of the public production means into the social ownership (Sowa, 2015).

During the 80's however, above mentioned postulates, lost their meaning for the benefit of the spreading believe that the private ownership will solve all the problems, the believe in saving remedy of the neoliberal solutions and “trickle-down theory”. The only thing that left was art. 20 of the Polish Constitution where we can read that the basis of the economic system of the Republic of Poland is social market economy, but just after we read that it is based on a private ownership.

Rafał Woś, the economic journalist, reminds about at least three economists who during the transformation process were trying to propose other solutions. All of them, Tadeusz Kowalik, Kazimierz Łaski and Włodzimierz Brus, were students of Michał Kalecki, who in turn was a close associate of John Maynard Keynes. Their arguments, however, weren't taken seriously and their authors were called “socialist” what in Poland has extremely pejorative meaning (Woś, 2014).

The situation changed together with the financial crisis of 2008 and spreading resistance towards the neoliberal version of capitalism, the discussion that also appeared in Poland. Never before such ideas were so highly present in the public debate. Some sociologist underline (like Henryk Domański from the Warsaw University) that, at the certain stage, the Polish society

somehow accepted inequalities as a natural consequence of the economic development (Woś, 2014). Woś, adducing the American economist, Robert W. McChesney, the author of “Rich Media. Poor Democracy”, perceives the reasons for the spreading discussion about the need for a new social and economic model, in the breaking down of the mainstream media monopoly that caused appearance of new, smaller “players” on the media market, what diversified the market and also brought into the light new ideas and new solutions. This was mainly connected with the technology transformation and internet expansion (Woś, 2014).

Others underline, that the popularity on the new social movements is connected with the generation change that we experience in Poland just now. The new generations that enter the market, including the labour market, do not perceive any of the social or progressive solutions as direct return to the Socialist State (Woś, 2014).

What is extremely important in the context of the co-operative movement in Poland is that except discussing the redistribution of the profits (that was already present in that debate), we started to promote the pre-distribution process, so democratising the process of production of goods and services. One of the myths that we believed in was that in order to distribute the profit you first need to produce it, when for instance according to Marek Garbicz from the Higer School of Trade in Warsaw, in economy there is no “now” or “later” because the knowledge about “who is going to eat the cookie” decides about the size of produced cookie. So if people from the beginning would know that depending on how much they engage themselves they will receive lower or bigger share in the produced amount of goods, they would work harder (Woś, 2014). What is crucial in this discussion is that it does not concentrate anymore on sharing the results of work but sharing the way that leads us to production of goods and services what opens completely new opportunity for cooperatives to present its offer.

According to above mentioned Jan Sowa, the two basic levels where “the fight is taking place” are spreading democracy on work place (workers’ democracy/social control over the production means) and democratic reform of the representative institutions. This directly comes from the believe that the work place should be treated as a common good institution and work itself as a cooperative way of producing commonwealth (Sowa, 2015).

## **Summary**

As mentioned in the article title what we observe in Poland now is the revival of a cooperative idea. The sector of the social co-operatives is growing rapidly, supported by the state and different non-governmental organisations, contributes significantly to the job creation

especially of those groups that are socially excluded. The food co-operatives spread to many Polish cities, supporting the culture of co-operation, social responsibility and solidarity together with social justice. Some of them already take one step further and create job places for its members. The others plan to do it in the future. The creation of these entities is very much connected with a wide discussion of the social and economic model of Poland. The discussion that not only focus on redistribution but also involves the concept of pre-distribution. This opens a completely new possibilities for the co-operative movement to present its offer.

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