CHAPTER 3
3.1 THE CO-OPERATIVE MOVEMENT IN EUROPE

Co-operative institutions on the European continent are very ancient indeed. Certain similarities can be found between the modern cooperatives and some forms of organizations among the Greeks, Romans and in the society of the Middle Ages in Europe. The Common Dairies in Armenia, the Leasing out Associations for land in Babylonia, Insurance Companies for the Artisans among the Greeks and Romans, Common Grazing Lands and Fishermen's Associations in Rumania are some examples of the types of organizations similar to modern co-operatives but without any historical linkage with them. This is just a sample of the manifestation of the communitarian instinct which exists in the rational human being.

Though the style of contemporary co-operation is not exactly what the Utopian Socialists had in mind, it is largely admitted that the origins of co-operative ideology come from an Utopian Socialist who put those ideas into practice: the British Robert Owen.
3.1.1. Utopian Socialism

The word Utopia means dream, ideal. It is a state of life one dreams of and most of the time it is un-achievable. The word Utopia owes its origin to the book "Utopia" written by Thomas More in 1516. Utopia is an imaginary country located on an island in the Pacific Ocean. The economic system organized around a number of small communities, similar to modern co-operatives, produces the necessary goods to meet the needs of the collectivity. Private property does not exist; selfishness generated by individual ownership is substituted by solidarity. The means of production are commonly held. There are no social classes. Six daily working hours are compulsory for the young and the healthy. The elders and sick people enjoy a pension allocated to them. Education is also compulsory and with equal opportunities for all. There is freedom of religion and gender equality. The ruling groups have limited power and are democratically elected by the majority. Leisure and entertainment are an important part of their lives. Their philosophy is based upon faith in human beings as well as in their ability to find by themselves a solution to their problems, guided by their reason and altruism.

People began to talk of co-operation and develop the philosophic theory of co-operativism at the beginning of the 19th century during the industrial revolution. Those who created this economic doctrine are known as the Utopian Socialists.
In France, Henri de Saint Simon (1760-1825) spoke of the practical application of the principles of Christian Socialism by proclaiming human solidarity as an alternative to the profit making desire. Property has to be socialized and the differences between retributions should never give rise to economic classes or extreme divergences between rich and poor. Christian Socialism was a reaction against the liberal individualism and which emerged as a result of the French revolution in 1789. It intended to prevent the exploitation of men by men, proposing associative labour of the industrial producers. However, the organization should be in the hands of a community of bankers, scientists and experts in industry where, with this type of centralized organization ruled by these experts, the social transformation of human kind would not take place. Saint-Simon was a defender of peace and Christian socialist ideology. Some of his theories have been adopted by Karl Marx, the Gaulist movement and the socialists of the third world countries in the 20th century.

The French Charles Fourier (1772-1837) strongly criticized the competitiveness of private enterprise and modern civilization. He proposed instead a system of co-operative communities: "Phalansteries". Fourier and his followers established agro-industrial settlements mainly in the United States with 1700 members. This community's livelihood was based on agricultural activities. The people became self sufficient so as to meet their own basic needs. These experiences failed in the long run but their theories have been
praised by a number of thinkers and defended even by the students of 
the Paris upheavals in 1968 where Fourier’s ideas of spontaneity and 
personal growth were largely supported.

Fourier, after making an analysis of the social problems, published 
’The 144 evils of civilized society’. Human beings are united by their 
passion for harmony; political organizations are not needed since 
society can function spontaneously. He dreamed of a society 
organized into independent phalansteries federated at the 
international level.

Dr. William King (1786-1865) from Brighton is considered by many 
the father of British co-operativism. He established a consumers’ 
cooperative in Brighton in 1827; soon afterwards more than 300 
cooperatives emerged following his example. King was a 
contemporary and disciple of Owen. His original ideas were a source 
of inspiration for the pioneers of ROCHDALE in the creation of the 
modern cooperative. He was considered one of the most competent 
thinkers on cooperation.

William King believed that capital is a product of labour. The 
shortage of capital that every labour organization experienced could 
be dealt with by initially creating consumers’ co-operatives so as to 
accumulate capital and later on turning them into producers’ co-
operatives to be the means to achieving an independent life. The co-
operatives should not limit themselves to organizing economic activities alone but should also meet their members’ spiritual needs. The human being will be transformed and harmony and love will become a reality.

The concept of the co-operative for King comes from the Christian tradition. He thought of creating co-operative schools to undertake a deep and wide education at all levels of the human person.

King’s co-operatives did not last very long. The number of members was very limited. Sales were made at market prices and benefits were not distributed with the purpose of generating capital in order to purchase factories and later on transform them into co-operatives.

Phillipe Buchez (1796-1865) is considered the father of Producers Co-operatives. He was a follower of Saint Simon but he abandoned him in 1830 for religious reasons. Buchez was a Catholic priest and Saint Simon used to attack institutionalized religion very strongly. Buchez, unlike Saint Simon, proclaimed a democratic republic; he does not exclude the State from giving credit to labour associations.
In 1831 Buchez published the ideal regulations for producers' cooperatives:

(i) All the members will be entrepreneurs. They will elect one or two representatives.

(ii) Members will be entitled to a salary as per the customary labour law.

(iii) An amount of money equivalent to that earned by the entrepreneurs will be reserved; at the end of the year this amount will be distributed in two parts: 20% to increase the social capital; the rest will be used for emergency cases or distributed among the members according to the labour contribution.

(iv) The social capital will be inalienable and non-distributable. Thus, the society will be consolidated and be able to admit new members.

(v) The association cannot make contracts with other external labourers for longer than one year; after this period of time the cooperative will be compelled to make these labourers permanent members.

Louis Blanc (1811 - 1882) considered producers' cooperatives the most suitable ones for the workers' liberation. He was a follower of Saint Simon's and Buchez's ideas, but more realistic. Louis Blanc was an activist politician. He concientized the masses by playing a very important role during 1848 revolution. He wrote "The Organization
of Labour" in 1839 where he stressed that "the solution to the social problem in the actual economic situation has to be found in the organization of labour through association".

Whereas Saint Simon and Buchez were concerned about the reformist bourgeoisie and small artisans, Blanc focused on the masses of industrial workers. Blanc established labour associations of producers with the help of the State. The first social factory as a modern co-operative was set up in Paris in 1948. This factory began with 50 members and ended with 2000 labourers. Louis Blanc was convinced that the State should financially help the labourers to create their own economic enterprises. These labourers must commit themselves to paying back the loans with interest. During the first year of production, the management should be in the hands of a manager appointed by the State. Later on the workers themselves should democratically elect their own leaders and the factories should be transformed into autonomous producers' co-operatives.

Blanc also follows a similar method in organizing marketing and agricultural activities. The State would coordinate and collaborate in the relationships among all the centers of production giving the necessary autonomy to each enterprise. It would undertake the administration of some enterprises like railways, mining, banks, and insurance.
He believed that this kind of reorganization of labour in small social factories where internal solidarity prevails among different units, would change the existing social order in a peaceful manner.

The most important Utopian socialist was a Briton named Robert Owen (1771-1858), manager of a textile factory in Manchester. Later on he established himself independently. Owen was a brilliant entrepreneur, a pioneer of the new cotton industry in England. He acquired a big enterprise in Scotland in 1819 which he managed till 1824. During this period Owen made a great fortune which later on he invested in the improvement of the standard of living of his labourers by building houses, schools, dining halls etc. Owen believed that the environment in which human beings live and work is the factor responsible the character of a person. This idea was absolutely new at that time. In that epoch the common belief was that ignorance, crime and poverty were unavoidable and inherent social evils bound to exist at the lowest levels of society. Owen tried to prove his thesis by presenting the results of the new environment created through industrial and educative reforms in New Lanark (Scotland). He tried to propagate his experiences in America (New Harmony- Indiana) from 1824-1829. He criticized very strongly the three aspects which were considered to be the source of irrationality: religion, marriage and private property. The type of religion and marriage during his time had rooted in society the belief of a baseless supernatural power and a number of outdated moral values. Private property was
considered the main reason for inequality and poverty. Owen did not condemn industry as such but capitalism; he did not criticize the new technology but the dehumanizing way of using it. Under his influence a law was passed in 1819 which prohibited child labour and imposed other protective measures for labourers such as reduction of working hours from 16-18 hours a day to 12. Owen made a tremendous effort to establish co-operative villages and solve the problem of unemployment and poverty at the local level. Common property was to be the means for creating an ideal human society. The village co-operatives could specialize in different sectors; some could be agricultural villages and others industrial ones. They could exchange goods among themselves, between regions and nations. This project of world organization was the prelude to the creation of the International Co-operative Alliance at the end of 19th century.

Owen's doctrine was based on the fair price principle conceived as the total remuneration of required labour. Besides, he was determined to do away with intermediaries between the production process and the consumers. He was of the opinion that capital should be remunerated at a fixed and temporary rate of interest. Once technology was developed and the people enriched, capitalists would voluntarily renounce their interest over the capital.
At the beginning of the 19th Century and over the next 50 years, a number of ideas and doctrines emerged out of a serious concern for the social problems generated by the industrial revolution. A number of philosophic discussions gave birth to the Statutes of the Rochdale Society. Owen and Fourier were considered the founders of co-operation as they were the main authors of the fundamental principles: Principle of Association, Principle of Voluntarism, Principle of Democracy and Principle of putting activities at the service of the people. Criticism of intermediaries, analysis of the elements which determine price had to be undertaken. Owen created the philosophy of fair price, and fixed limits to interest on capital.

All these theories were not utopias. Some of them became practical experiences replicated all over the world. An example would be the experience of the pioneers of Rochdale.

3.1.2 The Pioneers of Rochdale

The 'Rochdale Society of Equitable Pioneers' was a consumers' co-operative created on the 24th of October 1840 with the purpose of doing away with the speculation of the intermediaries. The 28 labourers, most of them weavers, amazed by the high prices of basic commodities and their own low salaries, came together to create this co-operative. Their basic knowledge was acquired through reading some of the writings of Robert Owen. They created a common fund
by contributing 2 or 3 pence per week in order to open a provision store. Their purpose was to meet those felt needs as consumers on their own without resorting to purchasing those goods in the market.

Management was democratic. Their own leaders were elected by themselves, limited interest was fixed for each member on the little capital he owned; benefits were to be distributed among consumers in proportion to individual purchases. They also intended to meet certain needs like housing, establishment of new factories to supply labour and purchase cultivable land for their members. Moreover, they organized the forces of production, distribution, education and management by establishing a self-sufficient economy and helped others to do so.

In The United Kingdom there were 500 consumers' co-operatives in 1863. The Rochdale Society established 'The Co-operative Society of North England' for wholesalers, the most important wholesale co-operative with the greatest influence in England. The number of members increased to 7 million by 1940. This co-operative was a co-operative of co-operatives, that is, the beginning of a co-operative federation required for the progress of the movement against capitalism. This fact influenced the creation of the International Cooperative Alliance which adopted the principles of Rochdale as the basic principles in the first congress held in 1895. Later on these
principles became the guiding principles for the co-operative movement.

The Rochdale movement is also known by the following contribution: Allocation of 2.5% of the net excedents to general education. It is one of the basic characteristics of the founder and of the co-operative movement to work towards the intellectual improvement of its members. The department of education was established in 1849. First the library was set up and later on in 1850 a school for children. In 1855 another center for adult education was created.

The difficulties in obtaining capital for investment in handlooms compelled the Pioneers to offer shares to the general public. They believed that the dispersion of shares would result in an equitable influence between pure shareholders and labourers. The general assembly (One man one vote) comprised producer and consumer-shareholders; the benefits were to be distributed between these two types of co-operativists.

After 6 years of experience of the handloom co-operatives the general assembly of the society of Rochdale approved a change of Statutes so as to remove participation of labour in the benefits. Initially the separation of capital belonging to the Rochdale Society of Equitable Pioneers, on the one hand, and, on the other, that belonging to the working community of the productive enterprise was not taken into
account. In this way all the consumer members (contributing capital) could vote on the participation or otherwise of the workers in the benefits.

As per the statutes of the society a majority of ¾th was required for any modification therein and therefore the right to labour was maintained. In 1862 the general assembly of the manufacturer society abolished the participation of the workers in benefits. The pioneers expressed their disappointment: "The main objective of the founder of this society was the equitable distribution of benefits originated by the cotton and wool factories. They believed that all those who have contributed to the creation of wealth should take part in the distribution. The society has not been loyal to this principle so meaningful for the founders."

The hope for justice and equity applied in the industrial sector existed for some time but it ceased to be spread in spite of the efforts of many pioneers co-operativists.

3.1.3 Co-operative experiences after Rochdale

After the successful experience of the pioneers of Rochdale three different tendencies have been observed regarding the role that co-operativism has to play as a determinant of the socio-economic organization of society:
(i) An attitude which sees the co-operative movement as a system more within the economic organization of the society.

(ii) One which considers the co-operative as the unique ordering system of the economy and of society all over the world.

(iii) One which conceives co-operation as something important but within the socialist system.

The Social Christian experience

This group could be called Christian humanist. It share the liberal ideology. The Catholic and Protestant churches have had an important role in fostering such co-operatives. The Christian concept of social equity and charity has paved the way for co-operativism. Co-operativism has always been appreciated by Catholic Social Doctrine. The co-operative movement has emerged in many countries with the help of Christianity. Christianity has considered co-operatives as instruments of higher economic, social and moral levels. From the time of Pope Pio XII Christianity has always promoted small and medium co-operative property. The highest ecclesiastical expression in favor of co-operatives is to be found in the encyclical letter of Pope John XXIII in 1961 in which he indicates that co-operative action can be as a corrective instrument for the unjust social structures.
Hermann Schultze -Delitzsch (1808-1883) is considered the father of German co-operativism. He created a number of small trader associations of small industrial entrepreneurs, mainly artisans like carpenters, shoemakers and tailors, in 1849. But the banking sector achieve greater success. Schultze established in Delitzsch, the first credit cooperative society in 1850. The first congress of 30 people's banks established under his influence, took place in 1859. He was the president of all these credit co-operatives till his death. These associations were not charitable institutions like most others at that time. They were based on the concept of self-help and common responsibility of the members. He strongly believed that only by means of association and consolidation of individual activity would the common level of society be enhanced.

Schultze shared the liberal ideology and therefore was hostile towards the State. For him co-operation has only an economic objective. It does not stand apart from capitalism morally. Schultze's associations formed part of the International Co-operative Alliance. Later on in 1904 (congress of Budapest) these associations left the Alliance as they did not want to collaborate with co-operativists holding an anti-capitalist ideology or with those who accepted the help of the State.
Another general co-operativist Friedrich Wilhelm Raiffeisen (1818-1888) can be considered the father of Agricultural Credit Cooperatives based on shared responsibility. Raiffeisen persuaded some rich people to become members for charitable reasons. Members were incorporated as socios with a minimum capital contribution and the surplus was transferred entirely to the research and social activity funds. The reserve of the co-operative was not the property of the share-holders unlike in Schultze's system.

Raiffeisen's concept of co-operativism is quite conservative since he conceives the co-operative as a means to defend farmers against moneylenders and traders it is based upon the charity of the rich to the poor and gives the power of decision-making only to the rich. He did not understand co-operation as a means for changing the capitalist order and, therefore, along with the co-operatives of Schultze he left the International Cooperative Alliance in 1904.

Raiffeisen is considered the most important representative in the co-operative world within the first tendency which believes that cooperatives are not an exclusive mode of economic and social organization. He established the Common Credit Bank which became later the National Bank of Raiffeisen functioning as a Limited Company.
He also created a Union of Agrarian Co-operatives with social objectives and promoted co-operative culture by assisting them.

Such co-operatives influenced the establishment of co-operatives in countries like Austria, France, Italy, and Belgium. In most cases the statutes of all these enterprises have evolved towards social participation, in other words the distinction within the co-operative between rich and poor members has disappeared.

A common criticism of this type of institution has been that it does not support the principle of democracy nor the principle of neutrality since members with greater economic power have a greater say in the co-operative management.

Wilhelm Haas (1839-1913), also German, was the founder of the Agrarian service co-operatives, credit and dairy co-operatives. He was the manager of the most powerful central co-operative in Germany. Their basic organization, the Co-operatives' Central and Regional Federation, is what makes them more powerful. Haas founded the first co-operative school, still running today with the intention of preparing the required personnel for Agrarian co-operatives. The Agrarian Co-operative Union of Haas and the Agrarian Co-operative Union came together to form the most powerful Co-operative Federation of Germany and even of the World.
In Italy Luigi Luzzati (1841-1927) was the real founder of the Italian Credit Co-operation. He followed the pattern of Schultze-Delitzsch by creating the first people's bank in 1864-1865, but adapted to the peculiarities of the Italian situation. He decreased the value of social participation so that the largest numbers of people might become members of the co-operative. He gave greater importance to the reserve funds of the co-operative without excluding the help of the state at the initial stage or in times of crisis. The State should withdraw once a certain stability was achieved by the co-operatives.

Among those who consider their co-operative movement as an economic system with power to transform the world radically and become a new social organization, are two schools with influence all over the World: Hamburg, in Germany and Nimes in France.

**Hamburg School**

The Hamburg School is the leader of co-operative theories in Germany. Its main representatives are Franz Staudinger, Hans Muller and Heinrich Kaufmann.

**Franz Staudinger** is famous for his materialist concept of history and Marxist theory of surplus. This surplus is created by the consumer distributing rents, creating capital and holding all economic power. Therefore, it is a theory based on the sovereignty of the consumer but
from the marxist view point. In Germany it was known as Socialist Co-operativism.

The Hamburg school contributed with a new approach to the history of the International Co-operative Alliance: political neutrality. They stressed the importance of the consumer co-operatives in defending the interests of the labourers.

School of Nimes

Charles Gide (1847-1932) was the most genuine co-operativist thinker and with greatest analytical capabilities. He was professor at Montpellier University and is considered the most important scholar of modern co-operativism. Gide's co-operativism can be summarized in three different concepts: Consumer sovereignty, peaceful abolition of co-operative competitiveness to herald an entirely new economic and social order based on fair price and therefore non-lucrative activities. The sovereignty of the consumer will bring about a particular socialist system. The interests of the producers are collective selfishness for Gide. The consumer is the one truly exploited. He believes that it is necessary to render the producer at the service of the consumer. Gide opposes the sovereignty of labour. The collective and gradual ownership of the means of production by consumer associated in co-operatives has to take place based on fair price. For this purpose three stages are required:
(i) Bringing together co-operative societies, utilizing benefits to establish wholesale stores for purchasers and sellers.

(ii) Industries can be created to produce the necessary goods with the accumulated capital.

(iii) Acquisition of land and farms to produce the necessary food.

The first International Socialist Congress held in 1863 warned the German workers against the consumers' co-operatives. Karl Marx (1818-1883) judged co-operatives as institutions in which the proletariat renounced its task of transforming the old world. It has been seen as a betrayal of comrades in the common struggle.

In the International Congress of 1866-67 it was unanimously accepted that the International Labourers' Organization should tend to spread a co-operative movement of production as a means of liberation for the working class. Lenin (1870-1924) considered the cooperatives as non-capitalist elements within capitalism which help the working class to create class consciousness but they were not sufficient enough to create a revolution and establish the dictatorship of the proletariat and in consequence a socialist and free society.

After the Russian revolution in 1917, Lenin prevented co-operatives from being confiscated and declared in 1918 that co-operatives were the only organization of the capitalist system worth maintaining. There were in Russia 47,000 co-operatives half of them consumer co-
operatives. The Communist Party appointed seven delegates from the soviets, i.e. a majority among the 13 members of the Administrative Council of Centrosoiuz (central organization of co-operatives) making them dependent on decisions taken by the State.

Stalin, in 1930 destroyed the strength of the Russian Co-operative system by nationalizing co-operative property. Till the approval of the co-operative law in the USSR in 1988 with Perestroika, Soviet co-operativism functioned without fulfilling co-operative principles and in a deep identity crisis though Centrosoiuz gathers around 60 millions members divided into 8000 rural and urban consumers' co-operatives.

3.1.4 The International Co-operative Alliance

Robert Owen conceived the idea of an international organization of co-operatives. After a number of national congresses the International Co-operative Alliance (A.C.I.) was founded at the end of the century at an international congress held in London on 19th August 1895. The next congress took place in Paris in 1896 where the first statutes of the Alliance were approved. As it has been mentioned earlier, the Alliance will not intervene either in politics or religion.
The International Co-operative Alliance is an international confederation of co-operative organizations; it is a non-governmental organization and born of private initiative.

This organization evolved over roughly three periods: the first period named by Gide as the 'Bourgeois period' lasted till the congress of 1902. Ideas like participation in benefits and co-operatives of production prevailed. The second period known as the 'Socialist period' is characterized by the importance given to the sovereignty of the consumer dominating the consumers' co-operatives. At the congress of 1904 it was suggested to divorce the current ideas of participation in the benefits. The role of the state in co-operation was also discussed. As a result the agrarian co-operatives left the alliance and formed a separate international association in 1907. The role of co-operativism was also a point for debate in 1904. The winners were the socialists who managed to dismiss from the alliance those German and Austrian organizations influenced by Schultze-Delitzsch and Raiffeissen who maintained that the co-operative movement should be a part of the capitalist economy without any kind of social transformation.

With the congress of Hamburg convened in 1910 a new era for the alliance began: political neutrality and openness to any kind of true co-operative forms. In 1924 a new period of autonomy began: demonstrating that the alliance gave absolute freedom to different
political, religious currents. Thanks to Albert Thomas, director of the I.L.O (International Labour Organization), in 1929 the agrarian cooperatives renounced the creation of the own organization which opposed the International Cooperative Alliance (I.C.A.). Albert Thomas also facilitated the creation of an international committee in 1931 for inter-cooperative relations between the I.C.A and the international commission for agriculture.

The I.C.A. in 1990 comprised 195 national organizations distributed in 77 countries and with more than 630 million members associated with one or another co-operative. The number of members is rapidly increasing all over the world. During the last two years the number has increased to more than 34 million. It is known that co-operatives exist in more than 120 countries in the world, therefore, the principle of co-operation is being promoted by the I.C.A on a very large scale.

3.1.5 Today's Co-operatives

It can be said for sure that in each and every country of the world there exists one co-operative or the other. Neither religion nor culture nor political ideologies have been an obstacle to the establishment of co-operatives. There are countries like Island, Finland where the greatest part of the economy is co-operativized. The peculiar 'kibbutz' and 'Moshav' of Israel are examples of the importance of the co-operative experience. But the development of the co-operative
movement has not been homogeneous in all countries. Each country has developed sectors with greater possibilities of adapting to the particular circumstances of that specific country. For example in England the consumer co-operatives have developed to a great extent. It is said that 4/5th of the British population is associated with one or an other consumer co-operative. Other examples of the importance that different sectors have been given are the agrarian co-operatives in Denmark and housing co-operatives in Sweden.

In the traditional Basque society there have always been communitarian activities. Examples of these activities are the practice of neighbourhood work, or agricultural work, the fishermen's guilds or the organised exploitation of communal land, which are so important to the Basque economy.

The advent of the Industrial Revolution considerably lessened the importance of such practices and institutions. New examples of activities following the co-operative system arose. The co-operative movement as such began in 1870 with labour associations for consumers, industrial production (Alfa in Eibar) and mutual aid and resistance associations in case of labour conflict. The first consumer co-operative was created in Baracaldo in 1884; Union Obrera de Araya (Consumers Co-operative) is born in Alava in 1886. Altos Hornos de Vizcaya (Consumer Co-operative) was set up in 1904 in Sestao.
Regarding the agrarian sector the most powerful co-operatives are found in Navarra. At the beginning of the century Agrarian Co-operatives as well as Catholic Rural Banks sponsored by the Church were promoted following the type of Raiffeisen co-operatives.

The Mondragon Co-operative Corporation which started in 1943 has undergone an spectacular development in co-operative history influencing the Basque economy to a great extent. Diversification has occurred in four directions: education, industry, banking and consumers' co-operatives.

Over the following years, especially in the sixties, a large number of co-operatives emerged. Firstly in association with Caja Laboral and then a part of what is today Mondragon Co-operative Corporation.

The Mondragon co-operatives place their experience in the context of a new system of industrial and labour relations offering new participatory forms of organization which entail neither the nationalization of industries, nor the continuation of traditional patterns of capitalism.
3.2 GEOGRAPHICAL, SOCIO-ECONOMIC & POLITICAL CHARACTERISTICS OF THE BASQUE COUNTRY

The Basque Region is a natural area that comprises territories located in France and Spain. It includes the "Historical Territories" of Alava, Gipuzkoa, Bizkaia, Navarre, Laburdi and Zuberoa. Three of these territories (Alava, Gipuzkoa and Bizkaia) are located in Spain, two of them (Lapurdi and Zuberoa) are in France, and one (Navarre) is split between the two countries.

These territories are organized legally and politically into three administrative units: the Basque Autonomous Community generally known as Basque Country (containing Alava, Bizkaia and Gipuzkoa), and the "Comunidad Foral" (Chartered Community) of Navarre both have their own parliaments and autonomous governments. The territories of Laburdi, Zuberoa and the part of Navarre beyond the Pyrenees are administered as part of the French Department of Pyrenees-Atlantiques. The main features which the territories have in common are their language (called Euskera), a shared cultural heritage and certain ethnic peculiarities.

The Basque Autonomous Community, or Basque Country, located in the north of Spain, enjoys a high degree of self-government under the Basque Government and parliament. It also has a Basque police force, its own Basque broadcasting service and treasury department with its own tax systems.
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It covers a surface area of 7,233 square kilometers to the west end of the Pyrenees, and represents 1.4% of the total surface of Spain. The Basque Country coastline stretches along 197 kilometers. Four of its mountains surpass 1,500 meters and six are over 1,400, indicative of a very rugged landscape although there are also extensive areas with no mountains. It has a population of 2,127,180 giving a figure of 294 inhabitants per square kilometer, higher than the EC average. Vitoria-Gasteiz is the administrative capital and home of the Basque Government and the Basque Parliament, while Bilbao is the judicial capital, where the Basque Country Supreme Court of Justice is located.

The yearly rainfall oscillates between 600 liters per square meter in the Southern part and over 1,500 along the coast. The average annual temperature is around 15° with an absolute maximum of 36°C and a minimum of 7°C. The relative humidity fluctuates between 71 and 78%.

The most northern point, facing the Cantabrian Sea, is a thin stretch of land in front of the Bay of Bizkai (Biscay). This part has seen the rise of a large urban development, together with much intense business, industrial and financial activity.
The southern half of the Basque Country has a Mediterranean climate. The area as whole, much less affected by urban development, is more agricultural than the northern part; smaller, more isolated villages around.

The Basque Autonomous Community (The Basque Country) has had its own Government and autonomous Parliament since the arrival of democracy in Spain in the late nineteen seventies. This system of self-government is based on the Statute of Autonomy of the Basque Country, a General Act of Parliament approved by the majority of Basque citizens in a referendum on October 25th 1979. So the Basques virtually govern themselves in sectors such as education, health, culture and housing. Research, industrial policy, transport and communications have a slightly different level of autonomy, and are financed by the Economic agreement struck with the Central Spanish Government.

Politically speaking the Basque Country is organized on confederate lines; the three Historic Territories are represented by 25 members in the Basque Parliament, which enacts laws, approves the annual General Budget and elects its own President. Each of the three Historic Territories has its own administration, known as the Diputación Foral, or Provincial Council, and its own legislative body, the Junta General, or General Assembly.
BASIC FIGURES OF THE BASQUE COUNTRY'S ECONOMY

The total Gross Domestic Product (GDP) in the Autonomous Community of the Basque Country at 1996 market prices was 4.8 billion pesetas, which correspond to 6.5% of Spain GDP, distributed sectorially as follows: Agriculture and Fishing (1.4%), Industry (35.8%), Construction (7.1%) and Services (55.7%). The territorial distribution of GDP in 1995 was 16.4% for Araba, 50.7% for Bizkaia and 32.9% for Gipuzkoa. The GDP per inhabitant, in terms of equated buying capacity, is 92% of the European Union average, and 120% of the average of the Spanish State.

The occupied population of more that sixteen years of age is 1,440,000 (53%) and the number of unemployed was 210,000 people (21.1%) while 826,900 people (47%) were inactive. Out of the people in work, 54% are employed in the Services sector, 37% work in Industry, 7% in Construction and 2% in the Primary sector.

THE CITY OF BILBAO AND THE PROVINCE OF BIZKAIA

Bilbao, the capital of Bizkaia, was founded in the year 1300. At that time Bilbao was a small iron-working and maritime settlement on the left bank of the River Nervión. Commercial activity in the town soon began to develop. Trade, together with the development of shipping and mining over the years, formed the basis for an increased
prosperity which placed the city at the forefront of expanding trade and shipping in the Cantabrian Sea. Bilbao's importance as a trading centre grew over the 16th, 17th, and 18th centuries. In the 19th century the city began to spread away from the river banks and there was a considerable increase in its population, while at the same time the foundations were laid for a modern city with wide streets, avenues, etc.

Bilbao currently has a population of some 400,000. Geographical limitations, the city is surrounded by mountains, have meant that successive increases in population have had to be absorbed by the adjoining towns along the River Nervión, to a large metropolis with a population of 900,000.

The Port of Bilbao has always been, together with mining, industry and finance, the main axis on which the economic strength of Bizkaia has been founded. Although its activity started in the very heart of the city, the port has seen that in course of time, as new expansion areas were required, it has gradually been moved down river along the estuary of the river.
LEADING ECONOMIC SECTORS OF BIZKAIA

The industrial development of Bizkaia has focused on three main areas: mining, iron and steel, and metallurgy. Mining began to give rise to the capital base on which the later industrial development of Bizkaia was founded.

The mineral wealth of Bizkaia lay in its deposits of iron ore, plentiful in quantity and rich in quality. Industry originate with the working of this mineral in the early forges whose products became rightly famous. As a result of the importance acquired by iron and steel production in Bizkaia, an important metal processing and transformation sector grew around it and now has a long-established tradition.

The flourishing metal working industry, has given rise to a naval construction companies. But due to the world crises in the sector, this industry has had to undergo extensive transformation, greatly reducing its activity. At present, only companies such as La Naval de Sestao and specialized companies have been able to continue in production.

The Chemical industry is the most modern sector in Bizkaia and has experienced spectacular development. The initial industries were created to manufacture fertilizers, explosives and industrial chemicals.
Then, at a later date, industries related to rubber and petroleum-based products followed.

ECONOMIC STRUCTURE OF BIZKAIA

According to the latest study on income, prepared in 1991 by the Banco Bilbao-Vizcaya, the gross value added composition of the principal economic sectors is as follows:

- Agriculture and Fisheries 2.5%
- Industry 34.5%
- Construction 7.5%
- Services 55.5%

It can therefore be deduced that Bizkaia, although it has a strong industrial structure, is heading towards a service economy. According to the same study, the composition of their avenues, from the point of view of income, can be summarised in the following figures:

- Per capita income US$ 10,000
- Available per capita family income US$ 8,580

The structure of the agricultural sector, according to the final agricultural production (Source: Eustat) can be summarised as follows:

- Agriculture 32%
- Stockbreeding 40%
- Forestry 22%
- Others 6%
As regards the system of ownership of land, it is distributed as follows:

- Owner-occupied: 88.3%
- Rented: 11.2%
- Sharecropping: 0.1%
- Other systems: 0.4%

90.5% of the owners are individuals.

By the type of use made of them, the lands can be structured as follows:

- Cultivated land: 2.9%
  - Grasslike crops: 2.6%
  - Woody crops: 0.3%
- Uncultivated land: 97.1%
  - Permanent pastures: 30.6%
  - Forestry species: 53.8%
  - Remainder: 12.7%
- Agricultural surface area used: 33.6%

The structure of the Service Sector, according to gross added value, is as follows:

- Trade, catering, repair and recovery: 33.5%
- Transport and Communications: 13.7%
- Banking and Insurance: 0.8%
- Public administration, Education, Health: 17.5%
- Other commercial services: 31.1%
- Other non-commercial services: 3.4%

(* Source Eustat. Last updated: 16.03.98)
3.3 A BRIEF HISTORY OF SOCIAL SERVICES IN THE BASQUE COUNTRY

Every socio-economic system generates styles of marginalization. The creation of social services ensures, at least, the survival of those individuals or groups in dire necessity. The neo-liberal system is known for its intent to reduce the intervention of the State in socio-economic affairs so that the free market may be the only regulator and moderator in the relationship between capital and labour. The models of social intervention which emerge from this philosophy endeavor to marginalize the weak sectors of the population. Social aids, social promotion, social action, social service, social programmes and plans are some of the terms used to describe areas of intervention designed to relieve certain unfavourable conditions of life in the community.

The Spanish Constitution of 1978 establishes in Article 9/2 that public powers must promote conditions so that the equality of individuals and of the groups of which they form part is real and effective, thus, eliminating the obstacles that impede or make their participation in political, economic, cultural and social life difficult.

In the period from 1978 to 1982 there has been a slow development of the laws meant to implement these conditions postulated in the Magna Carta. There still prevails a policy directed at mitigating social problems, without any adequate planning.
From 1982 to 1993, coinciding with the first, second and third legislatures of the socialist party (Partido Socialista Obrero Español, PSOE) a new concept, social policies, was introduced, and as a consequence, a new structure of Social Services was established: A Ministry of Social Services was created.

The constitution guaranteed the right to the autonomy of territorial nationalities that make up the State (Comunidades Autónomas) and at the same time specified the levels of responsibility and capability of these territorial parliaments in their government. Article 148/20 indicates that social assistance is the responsibility of each Comunidad Autónoma. For this reason each territorial parliament or government gradually developed their corresponding Social Service laws.

The Social Services became the operative instrument used in promoting solidarity by preventing or managing inequality in the framework of a welfare policy. In 1982, the Basque Parliament passed their first law of Social Services. The power and responsibility of each Comunidad Autónoma regarding social actions stems from the belief that specific needs and peculiarities emerge from different social milieux and that only services that are close at hand can evaluate and deal with these. The law that establishes new bases of Local Authorities, enacted in 1985, obliges municipal districts of more than
20,000 inhabitants to provide facilities and services to help people who have particular problems and needs.

The legislative framework that we have just described defines the public system of Social Services. There also exist a kind of socially-minded associations and agencies that receive subsidies from the State whose work is complementary to the public Social Services. It is, therefore, possible to say that we find ourselves within a model based on social reforms and the enlargement of civil and social rights. Social Services at the territorial level are divided into the following sections: Specific Services, addressed to concrete groups like women, infants, drug addicts, marginals, homeless, disabled, retired persons and so on; General Services addressed to the entire population.

3.4 A WOMEN'S EXPERIENCE IN COLLECTIVE ACTION: THE BILBAO CO-OPERATIVE SOCIETY

ORIGINS AND ESTABLISHMENT

The history of the Integral Social Services Co-operative Society (see Appendix 5) is common to the enterprises of the Social Economy. The expansion of Social Services took place between 1980 and 1990 as a response to the need of self-employment of those engaged in an unstructured economy, in the Basque Country. In 1982 the first law on Basic Social Services was passed by the Basque parliament. "The objective of this law is to guarantee a full and free development of the
person within society through the public sector's social welfare policy; to promote his/her participation in life as a citizen, and to prevent or eliminate the causes which may lead to marginalization". It is a year for new adventures in this field.

Initially, most of the interventions were undertaken by volunteers or semi-professionals who offered their services in a particular area trying to give an answer to the affected people as well as making them participants in solving their own problems. The absence of a network among the social service organizations made it difficult to make a global and coordinated response to the problems. In fact, these types of workers have always been employed and have worked in isolation in individual households.

The public administration committed itself to assume some of the initiatives undertaken by the private non-profit sector with the only aim of reducing costs. At that time the people and institutions which were involved in such kind of activities opted for the social economy. Associations, foundations and co-operatives were established. A process of professionalisation in this field took place. The organizations for social services increased their dependence on the administration and lost touch with grass-root level people. They tended to diversify services and move to other operating areas. As a result, practitioners gave up the idea of integrating tasks and moved into the more partial approach of assisting people.
In 1986, in a context of expansion of social services, this group of women initiated a strategy of innovation and professionalisation. A study of the viability of the project was also made. Two hundred and twenty five women were already employed under the Social Welfare department of the Bilbao Municipal Corporation. The idea of establishing a co-operative began to take shape. Thirty five women were contacted. In January 1987 this group committed itself to the challenging idea of forming a co-operative. Several meetings were held in a small office with shared enthusiasm and hard work. This was the foundation of a co-operative that within two years managed to employ almost 225 people.

The BCS was born in this context under certain conditions of semi-professionalism and was economically unstructured. Its main aim was to generate employment in the same region where the co-operative operated. Actually, most of the co-operativists live in Bilbao.

This co-operative developed its own style and understanding of professionalism through the following steps:

- Personal and professional promotion of workers.
- Distribution of labour as a factor of quality and solidarity.
- Recruitment of workers from the same area in which they had to work.
From the beginning they attended courses in co-operative formation. One of the professors became, later on, a consulting member of the co-operative society. The fact that he was a co-operativist was important. He had the level of coherence that the co-operative was looking for.

In 1989 this co-operative was chosen among the five candidates that presented to a public auction. Their tactic of proposing a lower price worked out in their favor. A contract between Bilbao municipality and the cooperative was made for five years.

A threefold strategy maintains the quality of their enterprise: (i) distribution of labour, (ii) a continuous formation and (iii) personal growth. It is believed that not only is the bionomy quality-formation important but also quality-solidarity inside and outside the enterprise. Their formation is planned in a framework of trust and faith in the person. They opt for a kind of formation which does not look only for rentability in the short term reinforcing and selecting the best persons. They believe that formation is a tool for equality and distribution of resources. In fact, they offer different programmes for other co-operatives or persons involved in this field. This co-operative has now been recognized by the Basque Government and the National Institute for Employment to undertake a course for future employees in this field. All the co-operative members of the BCS have completed it.
At present the plan of formation is being assessed along with a New Plan of Identification of Needs for future formation more sensitive to:

- Market expectations
- All the workers
- Evolution of services
- Future services
- New target groups or collectivities (AIDS, Alzheimer patients, mental problems, TB patients)

Gradually the co-operativist develops skills to observe, to evaluate services, to set objectives, self-evaluation, reporting, communication skills, etc.

The co-operative has recently shifted to a new flat in the centre of Bilbao, with new technical resources: computers, faxes etc. There are 450 permanent workers and 90 others to substitute the permanent ones during vacation periods. In all 2,500 households are being looked after.

"The secret of their success has been sharing with each cooperative member the cooperative philosophy, the evolution of the market, the importance of the client, healthy interaction between the different stake-holders e.g. institutions, beneficiaries, families, neighbors, and conveying that each and every person's dignity depends on the her self-esteem; that one must know how to take care of herself; that the
value of security should be attached to the value of solidarity through job distribution; that the more we own this project the better we do our job and the more security we gain in the market place (...)(Unpublished paper ...)

THE BCSS'S STRUCTURE

Table: Organigram

As far as the organization of the services is concerned a team of professional coordinators support the co-operativists in solving problems. The consulting staff comprises a psychologist, a doctor, a social worker, an economist, a lawyer and an engineer. This staff takes part in the management and running of the enterprise.
Power and protagonism lie in the social organs of the enterprise: Governing Body (managerial organ), Social Council (representative of the workers), Watch-Dog committee (control and auditing of accounts), Resource committee (disciplinary body).

The decisions taken by the Governing Body and consultations are transmitted to the Social Council by the Chairwoman of the cooperative who is also the Chairwoman of the Social Council. She is the intermediary and channel for the opinions and proposals of the social organs of the co-operative. Monthly meetings are in which the co-operativists have an opportunity to express before the president all their opinions, proposals or claims.

The Governing Body elects the managing director supported by:

- the Board of Directors (responsible for the departments)
- the Administration and HRD (Two people)
- the Production team (Four coordinators and one team coordinator)
- One person responsible for new projects

**BCS’S PRODUCT: DESCRIPTION OF THE SERVICE**

This activity is a public, polyvalent and social service addressed to looking after persons in difficulties in maintaining their autonomy within their environment. The objective is to promote the autonomy
of the person or maintain what she already has, preventing or delaying further hospitalization.

The women assisting such persons undertake any kind of housework, personal care, psychological help and facilitate the beneficiary’s interaction with the environment by promoting social support.

Their tasks are framed within a threefold function:

- **Linkage between the beneficiary and the social worker of the municipality**
- **Preventive function:** avoiding problems or limitations of the beneficiaries which may generate other further physical or social problems.
- **Educative and rehabilitating:** function by fostering the personal autonomy of the beneficiaries through formation, utilization of new technology, reinforcement of appropriate behaviour.

The professional assisting person (worker) has undergone many changes. This service resulted from improvisation born of a need. In the beginning those involved in such activities lacked appropriate formation. However, this situation has substantially changed during the last ten or fifteen tears. The main reason was a felt need of the administration and the beneficiaries to professionalize and dignify this
service in order to guarantee a better quality of life to the assisted people.

The BCS has consciously looked for a profile of the professional adequate to the needs of the beneficiaries. As a result, the co-operative offers a polyvalent professional who can meet the demands of any beneficiary at the domestic and personal level. In this sense this co-operative believes in a kind of professional who can adapt and respect the lifestyle of the beneficiaries; a professional who can potentiate the autonomy of the beneficiary by making her feel the protagonist of her life whatever the personal or family circumstances may be. These aspects take implicitly into account the limits of the assisting person's interventions and responsibility. She should not compete with other professionals in this matter and she should not take the place of the family or underutilize the capabilities of the beneficiary with an excess of care.

EVOLUTION AND DIVERSIFICATION

Initially this service was based on the needs of the elderly. Now it covers other marginal groups: alzheimer patients, physically and mentally handicapped persons, monoparental families with small children, AIDS patients, immigrants, ethnic minorities, etc.

The professionals involved are preparing themselves to assist the new groups and also for the development of new services. For this purpose
the collaboration of the BCS with the Department of Social Welfare in the diversification process has been crucial.

- Prosad: a service provided to patients released from the hospital of Basurto. They are attended to three times a day.
- Intensive services of five hours a day at home in very particular cases.
- Service to children in cases where parenting is non-existent.
- Personal attention at school to children in special circumstances.
- Travel: three-week duration trips for groups of a hundred people.
- Picnics: day-long trips to surrounding areas.
- Convalescence Unit for aged people.

MISSION VALUES AND PRINCIPLES OF THE ENTERPRISE

The mission and values of the BCS are being discussed and defined at present. The social organs of the co-operative believe it is vital for the co-operative to state its mission. Two camps have been organized for reflection upon the values, culture, principles and mission of the co-operative. About hundred co-operative members have taken part in this process. A second phase will open a wider debate among the rest of the co-operative members of the BCS. New alternatives will be offered to those who do not identify with the common project. So far the following aspects have already been defined: "The mission of the
BCS is a strong commitment as an enterprise to the environment, to the collectivity of women and to the generation and distribution of employment".

The principles which sustain the co-operative are the following:

**Principle of reality**

(i) Responds to the women's need to organizing themselves to generate self-employment. The first 325 cooperative members have contributed a capital which allows them to be financially strong.

(ii) Enthusiasm for shared employment and consensual decisions

(iii) Distribution of responsibilities by developing more authentic capabilities through information and formation so that power distribution may be responsible.

(iv) Women's promotion:

   ➢ All the members are women except two men.
   ➢ Positions of responsibility are held by women
   ➢ Positive discrimination is applied during the recruitment of workers along with an appropriate formation addressed to women with social disadvantages

(v) Congruence: their consulting enterprise and most of the enterprises they relate with belong to the social economy.
(vi) The person: the person is the centre of the BCS. The development of the enterprise has taken place along with the development of the co-operative members. The development of the entrepreneurial aspect has never taken place precedence.

(vii) Internal care of the person beyond formation.

(viii) Solidarity and participation: sharing responsibilities and risks. The involvement of all members in the organizational process of the enterprise is task assigned to all, but specially to the social organs of the co-operative. Involvement is essential in the maintenance of the cooperative's culture.

(ix) Shared ownership of the enterprise among all the co-operativists.

(x) Distribution of employment: 5 hours a day.

(xi) Maintain reasonable balance between direct and indirect workers.

(xii) Special attention to the personal difficulties of the co-operativists.

Social commitment

(i) The co-operativists must live in Bilbao district. Their residential location within the community is a requirement for membership of the BCS.
Co-operation and openness

(i) They offer to share their experiences with those ready to learn from it and replicate it if need be.

(ii) The BCS is a member of the National Association of Enterprises of the Social Economy. The co-operative is in touch with the sector related to the Social Services and People's Support (Redes). It is also a member of the Organization of Co-operatives of Social Initiative supported by the Federation of Co-operatives of Euskadi.

Professionalisation

(i) Creation of a professional cadre trained to offer quality service. Quality is the basic requirement to keep the BCS in the market.

(ii) The job profile has been defined by the members themselves. They give it meaning and believe in it.

(iii) Development of certain abilities: respect for the beneficiary, patience and continuous endeavor; honesty, balance and self-
control. They are aware that they work with people and therefore the listening and understanding skills are crucial.

(iv) There is a need to professionalize and dignify this kind of job.

Formation

(i) Formation is part of their culture. Basic and continuous formation is planned by all. They believe people are the main fixed-capital of the co-operative. Formation becomes a means to develop the initiative, creativity and autonomy of the co-operative workers with the ultimate aim of self-actualization. The co-operative workers are empowered as workers and as persons.

(ii) This profession has been recognized as part of the formal education system through an official 'certificate of professionalism' of 440 hours of formation. At present an examination is being designed at the national level with the help of the Basque Institute of Management, the EDE Foundation (School of Education) and the National Institute for Employment (INEM).

(iii) BCS's members believe that competitiveness with other enterprises is not the only motivating force behind their initiative, creativity, entrepreneurial and personal development. They confess their secret: a continuous formation at the professional and personal level is their main strength.
Autonomy of the beneficiary

Participation of the beneficiary in the control and identification of her needs. Generation of a meaningful service in each and every activity performed. They introduce a 'value added' as a professional objective whose functions should be encouragement, re-education, communication, etc. in order to potentiate the autonomy of the person.

Co-operativism

Every new co-operative member or worker is informed and formed according to the culture of the co-operative. Co-operativism cannot be taught. It must be learnt. Learning takes place by 'doing' rather than 'preaching'. Active understanding and transcending the purely economic interest is the best way of making co-operativists aware of their dignity.

Leadership

Creation of leaders for the present enterprise and for the development and management of new enterprises.
Chapter 3. The Basque Context

Style of management

The style of BCS management is informal and not bureaucratic as far as possible. Their informal style is linked to the value of trust in people. Their slogan is "Go ahead, make a trial and you will get it". The co-operative offers opportunities to women to realize themselves and succeed. The goals of the enterprise are achieved with the people rather than through them. Time given to each woman is important in order to listen to her problems. The BCS tries to be an enterprise where people can say "It is an enterprise that listens to me".