

Virgil Madgearu – Promoter of Romanian Cooperative Doctrine and Movement

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Abstract

In the theory and practice of cooperation, various concepts and directions are encountered, according to the attitude towards the principles and bases of organization of the capitalist society. Generally, a fundamental separation is made between the rural and urban middle class cooperation, which is accounted to be settled on capitalist principles, and between the consumption and worker's manufacturing cooperative, which has developed in the name of another social ideal, testifies the belief that its organization is antagonic to the capitalist regime and aims towards another order of the society.

Key words: *economy, cooperative, development, capital, interest, labor*

Professor Virgil N. Madgearu was born in Galati, on December 14th, 1887. He attended primary education courses at the "Vasile Alecsandri" local school and then pursued further education in Germany, at the University of Leipzig, taking, during the summer of 1911, the PhD exam in economic and financial sciences, with the thesis "On the industrial development of Romania".

During the next year, he studies in London the lectures of economic-social sciences and develops practice at one of the London banks.

Back in Romania, he fully enters in the action to realize the preoccupation he thoroughly studied in the theoretic plan during his academic journey.

From this period, the first works dedicated mainly to the Romanian social problems date back: "*În cheștiunea meseriașilor*" (1911), "*Cercetări despre industria la domiciliu*" (1914) "*Ocotirea muncitorilor în România*" (1915). In 1914 he published an interesting and original work: "*Structura și tendințele băncilor populare*".

One year before, at the Congress of the Romanian Society of Agriculture, he presented a report with the title "Asociațiile de interes agricol" (Associations of agricultural interests), with some anticipations on the role of agricultural cooperation, later these anticipations were developed.

In April 1918, when the greatest part of our country's territory was under foreign occupation, V. N. Madgearu, together with Ion Răducanu and Victor Slăvescu begin editing the journal "Independența economică", which played an important role in promoting the cooperative doctrine in Romania.

The idea according to which the structure of the Romanian Popular Banks is capitalist and therefore they cannot be employed in the service of labor's

interests, presented since 1912 in the "Tovărășia" journal, has not found approval in any of the existing economic circles.

That's what V. N. Madgearu wrote, not on the basis of theoretical considerations, but on the direct intuition of cooperative realities: "In most of the Popular Banks, the characteristic in their leadership is the spirit: the strive for maximum dividends.

This spirit proves to us that the Popular Banks are driven by the will of the few, who form the "Interested Capital", and not by the will of the many loaners, who either are not societary, or have a capital that is too small, but most likely, have little light to have a decisive word".

"The official circles of cooperation have contested, in form, the soundness of this statement: before the war, in the preface of the yearbooks, through the annual accounts that are published. In fact, however, they gave it the best confirmation, through the administrative or legislative measures they were compelled to adopt. Indeed, through these measures, the cover of the State on the Romanian cooperation became more and more overwhelming, starting from the very idea - although good intended and reclaimed by social realities in rural areas - to annihilate the influence of the capitalist elements, elements that possessed the de facto power, because they owned the greatest part of capitals in Popular Banks."¹

Virgil N. Madgearu is preoccupied also by the problem of cooperative society definition. That's what he wrote in the work "*Reforma Cooperatiei*" (*The reformation of cooperation*):

"A real reform of the legal settlement of the cooperation cannot be conceived without stating the meaning of the cooperation concept, the nature of this organization and its purpose in the economic development of the company".

This difference has prevented the establishment of a joint principle as foundation of the whole cooperation. The existence of more currents in the cooperative movement provides, actually, the impression that nor the conscience does exist, that the different types of cooperatives are only different form of manifestation for the same and single idea.

In reality, the various cooperative organizations, born isolate, of special needs, in various forms and in the middle of heterogeneous social categories – peasants, workers, craftsmen, etc. – they haven't yet realized anywhere a full coordination of their aims and did not reach agreement on the same action program. No system of reports were reached between the various types of cooperatives, to product a reciprocal completion of their action and thus make disappear the emphasis on some antagonisms of interests of passing nature and to recognize the joint idea, from which the entire movement arose."²

At the base of formation of cooperative companies, V. N. Madgearu places the interests of labor. They "have prompted the men to associate, so through

¹ V. N. Madgearu, Structura și tendințele băncilor populare în România, în Problemele cooperăției române, ed. cit., p. 53

² V. N. Madgearu și Gr. Mladenatz, Reforma cooperăției, Ed. Cultura Națională, Colecția actualități, 1923, p. 21

cooperation the purpose of the labor is to be realized, that are no other than a progressive fulfillment of needs. Only cooperation made ease the rise of labor productivity, which interests alike all those working. The interest of the labor cannot be therefore any other than the most rational and productive organization of labor, meant to secure, to all individuals involved in the manufacture, in the society, welfare and prosperity. Over the historical development, the owners of material means appear more and more, in opposition of interests to the popular masses, whose life spring is the labor. The antagonism of interests between ruling classes and working ones forms, in definitive, the most part of human history.

The ruling classes have created various and numerous economical organizations for themselves, to realize their interest, to ensure their domination and exploitation of labor. Toward these, working classes were not able, especially in the economic field, to form but too late organizations that were to protect their interests. But such assemblies are to be found everywhere, their aim is no other than liberation from the economic domination of the ruling classes. **This is the fundamental meaning of modern cooperatives.** They are organizations, made by men driven together by the same interest of labor, whose action is led by the principle of labor. Even the history of modern cooperative development proves that in all environments the interests of men, whose existence was based mainly on labor, have prompted the formation of the first cooperatives, which had the meaning to free their members from the economic dependency, of the loan shark, landowner, trader, industrial entrepreneur³

And that's how he further defines the cooperative societies: "Cooperatives thus appear, as economical associations of labor, unlike anonymous capital companies, who are associations of capital, or as **a form of economic association, dominated by the labor's point of view.**

The point of view of labor can manifest itself both in cooperatives, who are founded in order to potent the individual action at the achievement of income, both in the cooperatives whose mission is the economic organization of income's consumption. But according to the heterogeneity of the two economic functions, each of them shall print a special character to the cooperatives meant to fulfill them, even if there is not excluded for them both to merged in the same cooperative, as is the case of rural consumption cooperatives, supply and sale in consumption.

The function of income achievement and the function of income consolidation form the borderline between cooperatives meant to potentiate and rationalize the production activity and the cooperatives whose call is the systematic organization of income consumption.

But because the productive activities, in which the labor is a decisive factor and has a special interest, are numerous and various, the cooperatives in this

³ Idem, p. 26

category are of many types, than the cooperatives for systematic organization of income consumption.”⁴

With all formulated critics, the victory of the cooperative cause was sensed. That was the answer of professor Virgil N. Madgearu, published in the journal *Independența economică (Economic Independence)* in 1922: “how can be explained then the good results achieved? A clairvoyant policy of the state began since the great Haret. In truth, the State, by the help of a illuminated tutelage exercised on the cooperation, he made to appear a tight collaboration between the cooperative power, represented by the small bourgeoisie of villages and the moral force, represented by the healthy energy of peasantry and its soul exponents – teachers and priests.

But implicitly, we must admit, that the results of a complex of circumstances have not been able to lead us to a real cooperation in our country, but to a compromise of economic organization, made of: capitalist, solidarism and statist elements.

This is, upon us, the true on the nature of our cooperative organization of yesterday and today.

Can this organization transform tomorrow into a real cooperation? Our firm belief is yes. And the beginning is to be made by the state as well, by changing the legal clothing that became too tight, even choking for the entire economical and spiritual life of villages.”

The reports between state and cooperation, a problem widely disputed during that time, represents for V.N. Madgearu the assuming of a clear and precise position: in these relationships the nature of cooperation is fixed as independent organization. That’s what he wrote, in the study quoted above: “The conduct line of the State towards cooperation is drawn by the nature, principles and evolution trends of this social-economic movement”.

“First, the State cannot overlook the fact that the basis of cooperation is its autonomous being and anywhere the autonomy of cooperatives is not respected, their independent administration, no real and sustainable cooperation exists. The creation of the cooperatives and their development is linked to conditions, which are outside the powers of the State.

There is no other determination for establishing and leading cooperatives than the interest of the members. The spirit that lives in a cooperatives, is made by the very interest that prompted their establishment, and its activity is as much prosperous, as the conscience of the members is more powerful, their will and determination to promote the joint interests, more diligent.

The State, cannot contribute directly, to the creation of these conditions for the formation of cooperatives and everywhere it was attempted to hasten the establishment of cooperatives, the result was that the majority didn’t have their own force and have degenerated in pseudo-cooperative forms, falling prey to the interests in gaining of some speculators turned into cooperative leaders ”.

⁴ Idem, p. 26-27

"So before anything else, the State must respect the autonomy of cooperative organizations".

"But, if the State cannot fulfill a function of creating cooperatives, it is no less true that the State, as lawful expression of the society, is indicated to elaborate a law of the cooperation, according to the nature, principles and needs of this institution, securing the freedom of movement needed for their unimpeded development, but restraining it from all directions, in which cooperatives would be exposed to degenerate, becoming capitalist organizations in cooperative clothes, or travelling on outward paths, in damage of most cooperatives.

By that it does not mean that the State can determine the evolution path of the cooperation, but only open it, to restrain it, to prepare free access and prevent deviations due unfriendly attraction forces.

To the same purpose, the State is called to attempt a guidance, education and propaganda action, which ensures the cultivation and penetration of the cooperative spirit in all working layers of the population".

"It cannot be overlooked that the modern State is essentially a product of the political trends and ideas of bourgeoisie, so of a social class whose existence and economic development rests on the interests of the capital, so it not fits into its preoccupations to ease the creation of an economic order based on the principle of labor. This clears enough the absence of a cooperative legislation, adequate to the nature, principles and trends of the cooperation.

Thus, where the political evolution has transformed the authoritarian State into a democratic lawful State, the labor's point of view will spare no time for manifesting in the area of cooperation and confirm the recognition of the public interest character of the cooperative movement. Especially, in the states where the agrarian structure, based on labor property, eases the development of a class of free peasants, the peasant cooperatives, together with the cooperation of organization of towns labor class' consumption, will have to acquire the image of a public interest institution".

In the reports between the law democratic State and cooperation, V. N. Madgearu proposes a normal path and relation: "The state, that had an agrarian, industrial, commercial policy, will inaugurate a **policy of cooperation**. This can manifest in the first row by the code of cooperation. It creates a right, which eases for the labor the administration of own interests and capitalizes them in organizations adequate towards the interests of capital.

These organizations, products of the individual, associate initiative, are autonomously administrated, but the law, filled by the principle of labor and the cooperative spirit, borders by coercive and penal measures the unfriendly trends, that would have the nature to produce sick manifestations.

In the second row, the **policy of cooperation** is embodied in the State's actions to organize the guidance and education of cooperatives. The authoritarian state, the secular advocate of the domination and exploitation interests, did not have the call to fulfill this mission. The law democratic state, which has interests to support the organization of labor in the national economy, would not be absent

from the fulfillment of this mission, which is part of the very conditions of normal existence and evolution. Does not belong, to a policy of cooperation, an active and direct concurrence of the State towards cooperation? What nature can it be of and what would be its consequences on the cooperation?

The State could endow the cooperation with a fund, put for free at the disposition of the latter. Such mean could be used, to encourage the development of some forms of cooperation, which were not yet attempted and can be assumed to be helpful. But experience proved that some endowments of the State were not followed by a strengthening of the cooperative movement, so they cannot be included into the preoccupations of the cooperative policy. The State is able to subsidize the cooperative institutions by taking all burden upon itself, totally or partially, for the guidance, education and control expenses.”⁵

The interest of professor Virgil N. Madgearu for cooperative activity is political, economic and social alike. In this respect, his theoretical conception is transposed into the political program of the National Peasants’ Party and, likely, is expressed through the contribution in the elaboration of the Cooperative Code in 1928 and, then, of the Law regarding the organization and functioning of the cooperation, promulgated in 1933.

A special attention is granted by professor V. N. Madgearu, to the cooperation in general and, especially, to the agricultural cooperation. So, in the paper elaborated together with professor Gr. Mladenatz, **The Reform of Cooperation**, in 1923, it was shown that "the economic needs of the new agrarian regime call for a development of the cooperative movement, that is to ease the rational organization of the production and to ensure its full capitalization, and the social necessities call for the set of a new path for the cooperation of economic organization of the labor classes 'consumption'".

This thesis, the development of some forms of agricultural cooperation – manufacturing and capitalization – in rural areas, and in a more filmy form, of a consumption cooperation in towns, is meant to serve too the cause of the "alliance". In its name, there are called for some extra – economic motivations, otherwise present themselves, of an at least psychological interest, if not sociologic, even if in the end they will prove to be fully unfounded.

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⁵ Idem, p. 32-33