

## **Cooperatives in Poland: a short history**

The origins of cooperatives in Poland can be traced back - as in most European countries - to the 19th century. At the time, Polish activists inspired, among others, by the activities of cooperatives in Rochdale (Great Britain), began to establish new organisations that were cooperative prototypes (self-help groups, agricultural associations, credit unions). The core values and principles of the cooperative movement such as self-help, self-responsibility, democracy, equality, equity, and solidarity gained a large resonance in society.

It has to be underlined that the development of cooperative organisations was tightly related to challenges that Polish society had to face at the time. The first and the most important one was the lack of statehood. From the end of the 18th century, Poland existed only as partitioned land divided between three countries: Russia, Prussia, and Austria. The situation of Polish citizens in every partition was different but in the majority, they underwent different types of repressions – using the Polish language was forbidden, and Polish citizens' right to education or developing their own business was strictly restricted. Each partition developed in a different way which turned out to have a profound impact on the economic and social situation of the country in the future. It has also affected the development of the social economy. On the one hand – it was hampered by the partitioning powers. On the other – Polish cooperatives drew a great deal of inspiration and knowledge from the Partition's countries - also in terms of self-organisation and looking after the interests of their local communities.

The second challenge was industrial capitalism and the rapid development of the factory system of production. The side effects of this process were growing social inequalities, poverty, and migration from rural to urban which caused a housing crisis.

Moreover, in some parts of the Polish territories (including those formally belonging to the Russian partition), it was only in the second half of the 19th century that serfdom was abolished which meant that peasants were any longer considered a part of the landed estate. They regained the ability to decide about themselves but at the same time, they were overwhelmingly illiterate and hadn't possessed the knowledge and skills that would allow them to raise their own standards of living.

That is why at the time, cooperatives were not only a means of redressing inequalities but also a tool for fighting the partitioning states. Local unit credits were essential to support Polish farmers who could not count on official support from the foreign state. Throughout the years they have transformed into Cooperative Banks. Agricultural supply cooperatives allowed farmers to aggregate purchase, storage and distribute their products. Simultaneously cooperatives played a major role in

education, implementing the concept of organic work, popular in the Polish territory at the time. Organic work goals were to educate the Polish masses and increase their economic potential, which was intended to turn the Polish lower classes into a modern nation. The activists believed that the inclusion of the weakest and poorest in social structures and raising their standards of living would strengthen the whole nation and make it possible to think realistically about regaining independence.

**Of the many activists and campaigners of the time, at least a few are worth mentioning:**

**Stanisław Staszic** - founded the first cooperative organisation in Poland and one of the first in Europe. It was the first self-help and co-operative peasant organisation. At the time of its foundation, the Society consociated 329 peasants. In addition to agricultural activities, members were involved in production and services. Moreover, the Cooperative ran a brickyard, a mill, a smithy, an inn but also a school. The income and membership fees were intended for supporting the poorest, maintaining the school, and providing scholarships to talented students.

**Augustyn Szamarzewski** - social activist and priest from Wielkopolska region. The promoter of credit units among craftsmen and farmers of Wielkopolska. In the beginning credit unions operated within the framework of an association founded by Szamarzewski but later they separated as independent cooperatives.

**Zofia Tułodziecka** - a social activist from Wielkopolska, founder of the first women's trade union and the first women's work cooperative. She fought to improve employment conditions for women working in the trade sector.

**Jadwiga Dziubińska** - educational activist, and founder of the first student's cooperative in Poland. The cooperative aims were to teach resourcefulness, practical farming skills, and respect for the money earned.

## **Second Polish Republic (1918-1939)**

The period from 1918 to 1939 is considered to be the time of the greatest development of co-operatives in Poland. In 1918, after the end of the First World War, Poland regained its independence. The young country struggled with enormous difficulties and was unable to meet the immediate needs of its citizens. Self-organisation became essential and co-operatives role was to provide access to basic products (such as food) and services (such as housing) and, in the long term, to raise the citizens' standards of living. In 1920, less than 2 years after the establishment of the state, a very modern law on cooperatives was enacted. The new law regulated cooperative

movement while respecting its independence and self-governance. Cooperatives: food cooperatives, housing cooperatives, agricultural cooperatives, and student cooperatives were established all over the country and virtually every political grouping had representation in the cooperative sector. Stanisław Wojciechowski, the second president of the Polish Republic, was also an outstanding member of a cooperative.

Cooperatives built their own housing estates (such as the Warsaw Housing Cooperative), ran shops, provided loans, or published their own magazines. It is worth noting that the cooperative movement was also very important for the emancipation of women, who were actively involved in cooperatives in both smaller and larger towns. Students cooperatives were active in developing entrepreneurship while respecting cooperative values.

In 1939 in Poland, between 10-20% of the country's adult population belonged to various cooperatives.

## **COOPERATIVES TODAY**

The development of the cooperative movement was interrupted by the Second World War. After 1945 it did not return to its former glory. The cooperative principles of self-organisation, autonomy, and democratic management were not accepted in the new political and economic system of the Polish People's Republic (although they were publicly declared and were to be its basis, and Poles wanted to have wider access to social services in many spheres of lives). Cooperatives functioned widely and there were many of them (they constituted a significant part of the economy), but instead of bottom-up they were managed top-down and did not fulfil their original role. Also, the first years of political and economic transformation, which began in 1989, were not favourable for the social economy. While the first two pillars of the transformation: the construction of civil society and democratisation created favourable conditions for the development of cooperatives, the third pillar - the implemented and development of the concept of a free market based solely on private property left no room for significant initiatives related to the social economy.

The conditions for their emergence appeared at the beginning of the 21st century. The political transformation turned out to be a violent and painful process for a significant part of society. Not everyone and not to the same extent has been its beneficiaries. Many people found themselves on the margins of society - in 2002 the unemployment rate reached a record 20% (source: <https://stat.gov.pl/obszary-tematyczne/rynek-pracy/bezrobocie-rejestrowane/stopa-bezrobocia-rejestrowanego-w-latach-1990-2022,4,1.html>). Insufficient support flowed to people with

disabilities. At the same time, more and more qualified NGOs were ready to take the next step in their activities and to start supporting professionally people at risk of social exclusion.

This time the inspiration came from Italy. The most important was the social cooperative - a legal entity combining the features of a business with those of a non-governmental organisation. Its most important role is the professional and social reintegration of the employed people /members of the cooperative. In 2005, social cooperatives were included in the amended Law on Cooperatives. In 2006, the Law on Social Cooperatives was adopted, which expanded the institutions of social cooperatives, strengthening their position on the labour market and creating additional instruments conducive to the achievement of the objectives for which it was established. Another legal act regulating social cooperatives was the Act of 7 May 2009 amending the Act on Social Cooperatives, which introduced the possibility of establishing a social cooperative by two legal persons. The Social Employment Act passed on 13 June 2003, introduced concepts such as social exclusion or social reintegration and made it possible to establish social integration centres, one of whose tasks was to support cooperative activity. In this way, the idea of social cooperative activity and, more broadly, the social economy in Poland obtained its current legal framework.

In the description of social economy development in Poland in the 21st century, it is also impossible to ignore Poland's accession to the European Union in 2004. The accession not only allowed us to transfer the necessary financial resources to create social cooperatives but also provided an opportunity to exchange experience, broaden horizons and gain knowledge on, for example, how to cooperate with local authorities, how to activate people with intellectual disabilities or how social enterprises can provide social services. This is the knowledge that cannot be overestimated.

Another milestone in creating an appropriate legal framework for the development of the social economy was the passing of the Social Economy Act by the Parliament in August 2022. This act officially sealed the status quo of a developed social economy sector in Poland and introduced the concept of a social enterprise, which could be any entity that conducts economic activity and at the same time works to achieve social goals.

In 2019, nearly 2,000 cooperatives were registered in Poland, 79% of which were actively operating. The cooperatives employed 8355 people. (Information on the operation of social cooperatives operating under the Act of 27 April 2006 on social cooperatives for the period 2018-2019, source: <https://orka.sejm.gov.pl/Druki9ka.nsf/0/5C48906A231DE543C12585B40042596B/%24File/521.pdf>) on 20 July 2022. ).

The social economy sector in Poland is developing and is ready for further challenges. While at the beginning of the 21st century, the main objective of establishing social cooperatives was to create jobs for the long-term unemployed, now when unemployment is around 5%, it is becoming most important to create an attractive offer for people with special needs (people with disabilities, people in refugee crisis, people in homelessness crisis), and to develop and provide social services. There is also increasing discussion about the role that the social economy has to play in a Just Transition Fund. To conclude: we have achieved more than we have planned, yet there is still a lot of work to be done.

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