

## HISTORY OF COOPERATIVE MOVEMENT IN SLOVAKIA

The idea of cooperatives was brought forth in the first half of the 19th century as a response of individual producers to unfavourable economic and social conditions of the time. In the town of Rochdale, English weavers founded the Society of Equitable Pioneers – the first consumer cooperative society in the world opened for business on 21 December 1844. In less than three months – on 9 February 1845 – quite independently of the said Association, the Farmer's Association was founded as the first credit cooperative society at Sobotište in Slovakia. Its founder, Samuel Jurkovič, a teacher of Sobotište, inspired other followers and consequently other cooperatives were constituted in many Slovak villages in the difficult Ugrian conditions of the time. However, many of them perished after the 1948 – 49 revolution events.

In the sixties and seventies of the 19th century especially credit and consumer cooperatives societies were founded. Daniel G. Lichardus – an economist, tried to coordinate the activities of these cooperatives societies on the pages of his magazine OBZOR (*HORIZON*). Further growth of the cooperative movement in Ugría could be seen at the end of the 19th century. This boom included some cooperatives founded by the conscious Slovak intelligentsia. In this respect Pavol Blaho (in West Slovakia), Milan Hodža – an distinguished politician (when the national office was founded) and subsequently Fedor Houdek, all played an extremely important role.

Out of a great many theoretical reflections confronted with practice, the basic principles of cooperative movement originated: voluntariness, reciprocity, equality, self support. These principles remained valid despite the changing conditions, character and gradually constituted various composition of cooperatives that played more and more multiple roles. Cooperative societies proved their viability very quickly and took deep roots among the population.

In Slovakia, after a specific and basically autonomous phase of Jurkovič, in which credit cooperative societies dominated (municipal granaries or, let us say, breadbaskets had undergone specific development and only gradually did they acquire the character of cooperatives), further development of the cooperative movement was closely linked with the Czech-Moravian move-

ment and, through all-Ugrian development, with the pre-Lithuanian and German cooperative movements; not so much with all-European cooperative context.

After the constitution of the Czechoslovak Republic, under the new conditions of constitutional law and close connection with the Czech movement, the cooperative movement in Slovakia gained the development trends of its own regardless of the fact that its relation to the international cooperative movement was closer than ever.

In this period of time, the Central Cooperative Society was founded with its headquarters located in Bratislava; in 1925, the „Zväz hospodárskych družstiev“ (*Union of Economic Cooperatives*) and „Zväz roľníckych vzájomných pokladníc“, (*Union of Mutual Agricultural Exchequer*) were founded. In 1934, Obchodné ústredie pre potravinárske družstvá /NUPOD/ (*Food Cooperative Purchasing Centre*) was founded and, „Vyššia poľnohospodárska škola družstevná“ (*Higher Cooperative Agricultural School*) commenced its activity. At the time, craft, building, housing, employment and civil cooperatives were conducting their activities in Slovakia besides cooperative societies of agricultural type.

After the World War II and formation of the political monopoly of the Communist party of Czechoslovakia, the cooperative movement suffered enormous material and moral losses. Slovak cooperative societies had taken the form that survived until 1989 despite the massive reform processes of the year 1968.

In this period, the centralized way of cooperative management was pursued in which the influence of party structures was perceptible. Despite this complicated period, a large number of the cooperative societies were able to be relatively well orientated, mobilize their strength and resources and preserve the possible maximum from their progressive traditions. It was in consequence of these facts that in the seventies and eighties, Slovak cooperative societies often achieved better economic results than comparable state-owned enterprises.

The economic development that followed the year 1989 and formation of market economy marked a series of complicated problems not

only for cooperative societies but also for the whole Czechoslovak economy. The market disintegration in the states of the former Rada Vzájomnej Hospodárskej Pomoci (*Council of Economic Mutual Aid*) and also serious financial problems of the domestic market, where the customers were incapable of paying for the goods taken-over, had negative impact on all-society development. After the 1990 political scene set up, the questions of further cooperative perspectives were markedly manifested, which was evident also in the development of cooperative legislation. In the year 1991 when Transformation Act was being prepared, the collaboration of the Slovak cooperative movement with the international cooperative movement and its representatives in Geneva prevented the cooperative system liquidation. After the said problems had been settled and the Cooperative Union of the Czechoslovak Federative Republic disintegrated, the Cooperative Union of the Slovak Republic commenced official conduct of its independent activities as from 1st January 1993. In the circumstances of the independent Slovak Republic, the respective types of cooperative societies were overcoming a number of problems

and impediments in the interest of preservation of this essential and important enterprising form existence. In the complicated legislative and economic circumstances, these cooperatives societies struggled for life and, in spite of this fact, they found the way of promoting their products. One of them is an independent contractation-sales exhibition COOPEXPO that started the second ten of its successful existence in the year 2004 and is held concurrently with the exhibition AGROKOMPLEX.

It is possible to get acquainted with the cooperative movement and its history in the Cooperative Museum of Samuel Jurkovič at Sobotište where its more than 160-year-old existence has been mapped.

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*The meeting of the President of the Republic of Poland, Aleksander Kwasniewski and the President of the Board of the Cooperative Union of the Slovak Republic on the occasion of welcoming the members of the European Council of the International Cooperative Alliance in Warsaw in September 2004.*

## COOPERATIVE UNION OF THE SLOVAK REPUBLIC

The Cooperative Union of the Slovak Republic was constituted concurrently with the declaration of the independent Slovak Republic at the constitutive General Meeting held on 29th December 1992 at Sobotište. „Slovenský zväz výrobných družstiev“ (*the Slovak Union of Producer Cooperatives*), Slovenský zväz spotrebných družstiev (*the Slovak Union of Consumer Cooperatives* – at present: *COOP Jednota Slovensko*), „Slovenský zväz bytových družstiev“ (*the Slovak Union of Housing Cooperatives*) and „Zväz poľnohospodárskych družstiev Slovenskej republiky“ (*the Union of Agricultural Cooperatives of the Slovak Republic* – at present: „Zväz poľnohospodárskych družstiev a obchodných spoločností Slovenskej republiky“ (*the Union of Agricultural Cooperatives and Trade Companies of the Slovak Republic*)) became the founding member organizations of the Cooperative Union of the Slovak Republic. In the following period, the number of member organizations was increased by the cooperative insurance company Kooperativa Bratislava and COOPUNIA Praha. The Cooperative Union of the Slovak Republic is the highest coordinative body representing the interests and development of the Slovak cooperative movement in the new conditions that originated after the year 1989 and consequently in 1993.

The Cooperative Union of the Slovak Republic represents the interests and enforces the demands of its members toward the bodies of state administration and those of self administration, other organizations and institutions when substantive measures, legislative and other proposals relating to cooperatives are prepared.

The Cooperative Union of the Slovak Republic represents and coordinates activities of its member organizations in the sphere of international collaboration and multinational communication it also represents its members in foreign relations, coordinates participation of its members in the bodies of the International Cooperative Alliance and towards partner organizations abroad by means of transfer of information and experience from the international cooperative movement, implementation of projects and programmes of mutual collaboration and by promotion and publication activities.

In collaboration with educational institutions, participates in the training and education process, preparation and implementation of the projects of effective educational system on all management levels, seminars and trainings for the members of cooperative employees and managers in consistence with requirements of its members. The Cooperative Union of the Slovak Republic also plays an important role in supporting the humanistic ideas and objectives in the cooperative movement activities.

The Cooperative Union takes an important part in the creating of the conditions appropriate for the conduct of activities of all cooperative societies in relation to the state administration bodies of the Slovak Republic and also international agencies and organizations.

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The act of the awarding the Cooperative prize of Samuel Jurkovič to the cooperative teams and individuals on 30th June 2004.

## SLOVAK UNION OF PRODUCER COOPERATIVES

The Slovak Union of Producer Cooperatives has organized Slovak producer cooperatives for over 50 years now. Its foundations were laid at the constitutive meeting of the Slovak Union of Producer Cooperatives held in Bratislava on 4th October 1953.

At present, the Slovak Union of Producer Cooperatives is a special-interest association of producers and other cooperative societies and it manages its activities on the provision of aid and collaboration with member cooperatives in all fields of their operation. It supports the cooperative movement interests in the economic, social and public spheres; represents the member cooperative societies towards the bodies of the state administration, various subjects of employers' and entrepreneurial spheres and in international relations. It administers joint funds and assets of the Union, provides counselling and methodological aid in the field of standardization, production, in legal and economic activities. It conducts acquisition activity, intermediation and information service for its member cooperative societies in 12 branches of its activity; especially in the field of textile, metal-working industry, building, ceramics-ware, chemical, plastic production, etc.

The bodies of the Slovak Union of Producer Cooperatives are: the General Assembly, Board of Directors, Control Commission and President. The Member's and Employee's Welfare Board of Slovak Union of Producer Cooperatives is a body elected by the commissions of education, member and employee care of the member cooperative societies in Slovakia.

In order that theory and practice can be interconnected, the Slovak Union of Producer Cooperatives collaborates with the University of Economics at Bratislava; it is the founder of the secondary vocational training schools at Poprad and Bardejov and it publishes the magazine styled „Výrobné družstevníctvo“ („*Production cooperation*“). It is also the co-founder of the Association of Employers of Disabled Slovak Citizens and that of the Union of Employers of Slovak Republic.

It collaborates closely with the International Cooperative Alliance, its specialized committee of workers' and handicrafts cooperatives CICOPA and with the European Confederation of Workers', Social Cooperatives and Participative Enterprises, CECOP.

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## COOP JEDNOTA SLOVENSKO

The COOP JEDNOTA SLOVENSKO is a company that unites 33 legally independent consumer cooperative societies in Slovakia. It came into existence in the year 2002 by the merger of the Slovak Union of Consumer Cooperatives, a cooperative society founded in November 1968, and the company COOP CENTRUM established in 1998 as purchasing organization of the system of consumer cooperatives system.

Outwards, it acts on behalf of consumer cooperative societies as a representative of entrepreneurial subjects and employers. It represents and enforces the interests of consumer cooperatives on the level of the government, parliament, state administration and self administration. It participates in the formation of optimal entrepreneurial environment by the medium of its membership and works in various public organizations, employer's unions and interest associations. At the international level it collaborates with the CCI (*Consumer Cooperative International*) and EURO COOP (*European Society of Consumer Cooperatives*).

Within its business activities conducted for the system of consumer cooperatives, the COOP JEDNOTA SLOVENSKO procures the centralized purchase of food and non-food products. It also creates the conditions needed for the development of consumer cooperative societies by means of centralized marketing, products sold under its own trade mark and managing the project of purchase cards. It publishes a colour monthly styled Magazine „Jednota“.

It gives the system of consumer cooperative societies unified identity, know-how and innovation consistent with the latest trends in retail in the Slovak Republic and abroad. Within

the company COOP EURO it collaborates with the retail systems of consumer cooperatives in the Czech Republic and Hungary in order that more advantageous purchase conditions and competition advantages can be achieved by conjoining the market potential of all of three countries.

The retail system of consumer cooperatives COOP Jednota represents a complex of sale-points of different commercial formats and, with its number of operation units exceeding 2400, it is the densest retail network in Slovakia grouped and organized in particular chains.

Due to its well-considered business policy, the system COOP Jednota maintains the leader's position among the retail chains operating in the Slovak Republic despite existing strong competition. Through its economic potential, the system COOP Jednota has achieved a strong position in the Slovak retail market and it belongs to the most consolidated retail cooperative systems in Eastern Europe.

The COOP Jednota is aware of the fact that education is an indispensable instrument for the profiling and development of each company. Therefore, it has worked out a long-term project of the effective all-level-management educational system. Consumer cooperatives have their own establishment for the implementing of its educational activities operating on the national level – Vzdelávací Inštitút COOP (*Educational Institute COOP*) at Mojmírovce. The COOP Jednota takes care not only of further education of their employees but also the training and education of the young generation. It is the founder of several secondary educational schools and centres of practical training especially in the field of business and catering services.

Activities of Nadácia Jednota COOP (*the Foundation Jednota COOP*) relate to the COOP Jednota Slovensko, whose main programme is to support the health service system. It is oriented particularly on the purchase of medical equipment for the hospitals of county seats (the seats of headquarters of the respective consumer cooperatives). Within the framework of other projects the company COOP Jednota Slovensko, as a partner in sponsoring and organizing various events, seeks to support human qualities and healthy development of the young talented people in the field of culture and sports.

The company COOP Jednota has been awarded a several times for its social commitment and economic results.

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*The act of the handover of a harvest wreath to the Minister of Agriculture of the Slovak Republic by the Slovak Agricultural and Food Chamber of the Slovak Republic's and the Cooperative Union's of the Slovak Republic's representatives – the exhibition AGROKOMPLEX and COOPEXPO 2004.*

## THE UNION OF AGRICULTURAL COOPERATIVES AND TRADE COMPANIES OF THE SLOVAK REPUBLIC

At present, almost 750 agricultural cooperative societies are registered. Four hundred and sixty agricultural cooperative societies and trade companies are members of the Union of Agricultural Cooperatives and Trade Companies of the Slovak Republic. Agricultural cooperatives and trade companies in Slovakia employ almost sixty thousand workers out of which number 62 % (which represents approximately 37.200 people) work in the cooperative societies and business companies that are the Union members.

In the total, there are 2,438 thousand hectares of the agricultural land in Slovakia; the agricultural cooperatives operate on approximately 52 % of this area, which represents 1,268 thousand hectares. The average area of an agricultural cooperative is 1621 hectares of agricultural land. The proportion of agricultural cooperatives in added value in agriculture is 62,4 % and the proportion in production of the main crop-plants is 65 %.

The Union of Agricultural Cooperatives and Trade Companies of the Slovak Republic is a voluntary, independent and self administered organization linking up legal entities. Its mission is to contribute actively to the creating of favourable entrepreneurial environment of its members and defend their commercial, economic and social interests. The Union of Agricultural Cooperatives and Trade Companies of the Slovak Republic has been spreading its large-scale activities even on the international level. It is a member of the International Cooperative Alliance; Euromontana – European Association for Mountain Regions; COPA – the Committee of Agricultural Organizations in the EU and COGEGA – the General Committee for Agricultural Cooperatives in the EU and it also

collaborates with other agricultural organizations within Europe.

The Union of Agricultural Cooperatives and Trade Companies of the Slovak Republic has established its regional structures within the respective regions of Slovakia through which it keeps on contacting its members on a regular basis.

Once in three years, the meeting of the supreme body of the Union is held – the Union Conference of Agricultural Cooperatives and Trade Companies where new bodies of the Union are elected – the National Council and Supervising Commission and then the newly elected bodies appoint by election the 15-members Board of Directors, President and Vice-Presidents of the Union and the Chairperson of the Supervising Committee for the period of the following three years. Pursuant to the programme document approved by the participants of the Conference held in June 2004, the Union will, in the oncoming period, enforce the settlement of direct payments up to the level allowed by the accession agreement concluded with the EU, defend interests of unprofitable areas, enforce the introduction of zero tax from agricultural land, implement the analysis of agricultural cooperatives and defend the interests of its members not only on the national level but also within the international organisations.

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## SLOVAK UNION OF HOUSING COOPERATIVES

 Slovenský zväz bytových družstiev (*the Slovak Union of Housing Cooperatives*, hereinafter as SZBD) was established on the basis of a decision of the Constitutive meeting of 16th December 1968 and it commenced its active operation as of 1st January 1969. Former activities of the Czechoslovak housing cooperative societies had been regulated by the Central Council of Cooperatives, Prague which had managed the housing cooperative societies until the independent SZBD was founded.

As is obvious from the above historical survey, mass flat building has always had a collective character – it has had a form of associations or cooperative societies. According to the period of construction of houses and flats, we may say that the housing stock in Slovakia is relatively young. As of the date of 2001 census, almost 75 % of the flats were located in the houses that were built after the year 1961; 53,4 % of the flats were built after the year of 1970 and 27,8 % of the flats were built after the year 1980. In the respective periods of time, there were built:

- before the year 1919 57.246 flats
- from 1920 through to 1945 109.855 flats
- from 1946 through to 1970 584.991 flats
- after the year 1970 888.806 flats
- flats where the age has not been determined 24.638 flats

What is essential, however, is the fact that out of the said number of the flats and houses, approximately 22 % were implemented in the way of cooperative construction, which represents (at the statistical occupancy per one census household [3,17/flat]) the housing for almost one fifth of the Slovak population. Also other statistical data offer surveys of mass construction where housing cooperative societies were an important part.

Complex reconstruction of the existing housing stock linked with the age of the buildings and flats is most significant problem of this period.

Pursuant to §20, letter f of the Civil Code, the SZBD is an interest association of legal entities associating 102 member organizations and representing 98 % of all housing cooperative societies in Slovakia at present.

The residence of the company is in Bratislava. The SZBD is a legal entity that acts in legal matters in its own name and is liable for the fulfilment of its obligations with its entire property.

The SZBD may join another national or foreign associations or organizations having a character similar to that of the SZBD.

Within the framework of the proceedings on comments to the bill, the SZBD participates in the formation of laws, other generally binding legal regulations and principal measures concerning the housing cooperative activities and housing as a whole.

It protects and enforces the interests of housing cooperatives in the Slovak Republic in the committees and work groups of the pertinent central bodies where the proposals of laws or other principal documents are being prepared. The Statutes of the SZBD are the basic legal document. The delegates of the member cooperative societies elect the bodies of the SZBD in a democratic manner for the term of five years.

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## KOOPERATIVA, INSURANCE COMPANY

KOOPERATIVA, insurance company was founded on 30th October 1990 as the first private universal insurance company in Slovakia.

One of the most distinguished insurance companies in Austria – Wiener Städtische Allgemeine Versicherung Aktiengesellschaft – became the majority shareholder of the company. This fact integrated KOOPERATIVA, insurance company in the strong European group Wiener Städtische.

KOOPERATIVA, insurance company offers the citizens, individual and legal entities more than 60 products of life and non-life policies. Its business network consists of 9 agencies, 31 offices and business points and, out of 300 representations in all Slovak towns and villages where the number of population exceeds 3000 inhabitants. All of the offered products and their general insurance policies respond to the European standards.

KOOPERATIVA, insurance company has marked vivid growth of its market share and

increase of its entrepreneurial activities by which it has gained 95 % of shares of the KOMUNÁLNA POISŤOVŇA and 67 % shares of the Insurance company KONTINUITA. The group Wiener Städtische in Slovakia is comprised of as many as 3 insurance companies – KOOPERATIVA, insurance company, KOMUNÁLNA POISŤOVŇA and KONTINUITA.

The success of KOOPERATIVA, insurance company is also confirmed by the fact that the prestigious weekly „TREND“ awarded KOOPERATIVA the title „Insurance Company of the Year“ for the economic results achieved in 2002, 2003 and 2004.

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**COOPUNIA**

COOPERATIVE UNION OF THE SLOVAK REPUBLIC

COOPUNIA is an interest association of legal entities with the registered office in Prague. It was founded in 1993 for the purpose of administration of the cooperative real estate in the Czech Republic, education and organization of foreign cooperative activities of its members in the area of

cooperative movement. The following are the founders of COOPUNIA: Slovenský zväz výrobných družstiev (*Slovak Union of Producer Cooperatives*), COOP Jednota Slovensko, spotrebné družstvo (*COOP Jednota Slovakia, consumer cooperative*) and Slovenský zväz bytových družstiev (*Slovak Union of Housing Cooperatives*).

## CONCLUSION

During its 160-year-long history, the cooperative movement in Slovakia has played an essential and important role in both economic and social spheres. In a significant degree, it has contributed to the development of towns and villages and, in this way, to that of the whole regions. By means of attaining its basic objectives, the Slovak cooperative movement has satisfied the needs not only of its members but also those of other Slovak citizens. At present, cooperative

societies represent an important element affecting the development and independence of the Slovak Republic. After the extensive transformational changes within cooperatives that took place in the nineties and gradual exacting stabilization within the market economy and, in consequence of the accession of the Slovak republic in the European Union on 1<sup>st</sup> May 2004, the next stage of the cooperative movement development and its integration in the EU cooperatives has been implemented at present.