

***THE ADOPTION OF AGRICULTURAL CREDIT COOPERATIVISM IN SPAIN
(1890-1935): SOLIDARTY FROM BELOW?***

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Abstract.

The spread of agrarian credit cooperativism in Spain (1890-1934) was done under a variety of ideological and economic orientations. This article focuses on the construction of a few tools and indicators to explain the characteristics of agricultural credit cooperatives. An analysis of financial operations of rural savings banks is related with socio-political aspects that influenced their development; This analysis helps us to explain the relative success of German credit cooperative models adopted in the context of Spanish agriculture, as happened on European periphery.

Key words.

Agrarian credit cooperativism, rural savings banks, denominational movement.

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0.- INTRODUCTION

The success of credit cooperatives in Germany after 1850 was one of the key factors contributing to their spread across Europe. Throughout the 1880's they consolidated and organized solidly in the greater part of northwestern countries², to the point of becoming one of the most effective responses to the formation of small farms amidst the end-of-century crisis. One of the most widely accepted theses explaining the successful implementation of the German models emphasizes the additional advantages offered compared to traditional banking systems in terms of greater availability of information about potential clients, thus an enhanced ability to offer financial products closer to real demand and at a lower cost. The broad hypothesis can be tested in Germany not only because of the existence of a developed banking system, but also because of precedents in rural financing from large landowners tracing back to the seventeenth century. Credit cooperatives triumphed in France, the Netherlands³ and northern Italy⁴, but not in Denmark⁵ or Ireland⁶. Nor did they prove to be an effective instrument to address the pressing agricultural modernization in the Mediterranean regions of Europe.

The objective of this paper is to analyze the difficulties that these kinds of cooperatives had in establishing themselves in Spain, especially those in achieving significant levels of sustainability, efficiency, stability and coverage; such difficulties hindered cooperatives from becoming a useful instrument for the development of a rural finance system that could have circumvented the financial exclusion experienced by broad segments of the rural populations in Spain.

Secondly, in the section "The implementation of agricultural credit cooperativism in Spain: 1890-1934" a study is conducted on the introduction of agricultural credit cooperatives in Spain between 1890 and 1934, analyzing the spread of models offered by the first cooperatives to achieve their sustainability and which factors impeded the further development of such entities. The study also attempts to explain the causes leading to the establishment of associations, delimiting the spatial extent of their establishment. To analyze the factors conditioning their growth, we have used a microanalysis of banks (typology of members, operations, resources, financial

technologies, etc.), and we have constructed various indicators showing the credit cooperative density in Spain.

The third section discusses the financial functioning of this kind of cooperative, attending to various indicators, such as credit demand, information and transaction costs, the seasonality of client operations subject to the harvest cycle, risk uncertainties, the lack of real guarantees from members, etc.. In this sense, the section attempts to explain how rural savings banks addressed these problems and exogenous risks (that do not depend on clientele, but rather on institutional context) and to outline an explanation of their success or failure.

Finally, we consider a comparative study between these rural microcredit institutions and *pósitos*⁷, which coincided both spatially and temporally, dealing with the same potential clientele.

In this paper we use the term "rural finance" to refer to the provision of financial services to a heterogeneous group of agricultural and non-agricultural population at different income levels. It covers a variety of formal, informal or semi-formal institutional settings, as well as diverse types of products and services including loans, savings deposits, insurance, purchase of inputs and machinery, etc.. The term encompasses both agricultural finance and rural microfinance, and it constitutes a sub-sector of the broad financial sector. This definition follows the line marked by the trend known as the "New Paradigm of Rural Finances"⁸. This trend in economic thought referring to rural finance considers rural populations as eligible for banking services from efficient institutions. Among the objectives of rural financial institutions are the maximization of coverage and the attainment of sustainability in order to achieve the greatest possible impact on the rural population. These goals are achieved through projects carried out in different types of institutions, products, services and processes that arise in response to the barriers of information, incentives and contractual obligations that make financial transactions difficult in rural areas. We analyze the member-owned institutions: savings and credit cooperatives and the influences exercised over them by second-level financial institutions (federations, head offices, confederations, etc.).

In addition to clarifying the definitions, we note that any historical analysis of credit cooperativism entails taking into account the essential characteristics of the very agriculture in which it unfolds, as well as the positions of farmers toward such social economic institutions⁹.

I. THE IMPLEMENTATION OF AGRICULTURAL CREDIT COOPERATIVISM IN SPAIN: 1890-1934

Agricultural credit cooperativism arose in the changing context of agriculture and the evolution of farming in mid-nineteenth century Germany (Raiffeissen, Schulze-Delitzsch and Haas systems), and from there it spread throughout Europe. In its origins this movement sought to curb the effects of market forces that tended to eliminate those producers more vulnerable to competition.

The first spread of agricultural microcredit systems, and more specifically the rural savings banks of the Raiffeisen system (*Caja Rural*¹⁰), are connected with Joaquin Diaz Rábago¹¹, though this propagandist did not generate any practical initiative, despite being a director of the Santiago de Compostela branch of the Bank of Spain and his political relations with the liberal leader Eugenio Montero Rios.

The first adaptation of the Raiffeisen cooperatives in Spain was made in 1891 by Nicholas Fontes Alvarez de Toledo in Murcia, with the assimilation of the Darlehnskassen with self-help groups. He founded *the Caja Rural de Ahorros, Préstamos y Socorros of Javalí Viejo*¹², guided by the institutional model made by the *German Catholic Center of Westphalia* (Association of Westphalian Farmers). The Fontes model spread widely through Murcian farming towns. Its fundamental purpose was to prevent the conflict between tenant-laborers and landowners, in so halting the spread of socialist and anarchist ideas. By 1898 they had been implanted in 8 towns, with 2,350 members altogether and by 1900 *Cajas Rurales Fontes* (Fontes Rural Savings Banks) had been founded in the provinces near Albacete (Chinchilla, Pétrola, Fuenteálamo, Corral-Rubio, Bonete y Tobarra), Granada, Alicante, Badajoz and Málaga.

The target clientele consisted in poor farmers (small tenants, small-scale landowners and laborers) so as to enable them to acquire land. This was accomplished through a unique system involving the parcel's acquisition by the institution, which established a ten-year contract with the interested member who was then obligated to pay one tenth of the value each year plus 5% of the outstanding capital. The financial institutions also acted to avoid the forceful commercialization of their silk cocoon-producing members, buying their products and selling them at better prices in the most convenient markets. Despite having been contemporaries, there was no contact between

Díaz de Rábago and Nicholas Fontes. The absence of a cohesive information network remained a constant among the first microcredit theorists and the first practices in Spain.

In the early years of the twentieth century, several models of rural finance institutions were in incipient stages of formation in various points around Spain. In 1902 Luis Chaves Arias¹³ founded different *cajas rurales* in the region of Castilla-León. The same model was used by the priests Anacleto Orejón, Gregory Amor and Valentin Gómez to found another rural savings bank in Amusco in 1901 (Palencia)¹⁴.

In the face of social change and consequent conflict unfolding in the agricultural sphere, the Spanish Catholic Church, and more specifically its organs of social policy, developed a number of distinct initiatives to hinder the most disadvantaged groups from joining the new political and union organizations that questioned the existing social and economic order.

In the same vein, the development of finance institutions for small family-farms was essential to preventing their disappearance amidst agricultural markets swings. Social Catholicism considered the Raiffeisen model of cooperatives to be a useful tool in the implementation of its social and economic policies. For this reason the publicity activity of Luis Chaves was supported by the Catholic organization and had a considerable impact upon the adoption of his model of credit cooperatives by the *Confederación Nacional Católica Agraria* (National Catholic Agrarian Confederation) (CNCA) for its rural savings banks and their unions.

The Raiffeisen model enjoyed its greatest success in Navarra. Athanasius Mutuarría¹⁵ founded the *Caja Agrícola de Tafalla* (Agricultural Bank of Tafalla) between 1903 and 1904, followed by the *Caja de Ahorros y Préstamos de Olite* (Olite Savings and Loan Bank) founded by Victoriano Flamarique in 1904. Between 1904-1907, the priests V. Flamarique and Antonino Yoldi launched an active propaganda campaign through the towns of Navarra, founding various rural savings banks¹⁶ (Table 1). It should be pointed out that the success of this initiative rested in the support received from local clergy, the bishop and, in some cases, large landowners. One of the keys to the consolidation of cooperative banks in Navarra was the creation of a Diocesan Council and the development of a project with organizational coordination at three levels (local bank, district bank, and provincial bank) by A. Yoldi. The existence of second-level organs differed with respect to what occurred in other regions, where institutional structures did not exceed the first local step. In 1908 there were already 130

rural savings banks covering 346 towns with more than 14,000 member families, the cluster of which shared connections with 57 agricultural unions uniting 5,600 members. Cooperatives in Navarra became pioneers in the spread of chemical fertilizers through group purchases, strengthening their acceptance among small farmers in the region; in 1910 more than half of the municipalities in Navarra (143 of 269) had a rural savings bank, and an umbrella organization for this network arose in the same year with the founding of the *Federación Católico-Social de Navarra* (Social Catholic Federation of Navarra), which was the country's strongest core of Raiffeisenism at this early stage.

TABLE 1. ADOPTION OF DENOMINATIONAL AND RAIFFEISEN COOPERATIVISM IN NAVARRA, 1907-1910.

Town	1907		1908		1909		1910	
	Rural savings banks	Grouped towns	Rural savings banks	Grouped towns	Rural savings banks	Grouped towns	Rural savings banks	Grouped towns
Aoiz	12		37	144	31	129	40	157
Estella	22		42	96	44	93	49	96
Pamplona	12		26	77	25	129	29	135
Tafalla	13		19	23	19	23	19	23
Tudela	4		6	6	6	6	6	6
Total	63		130	346	125	380	143	417

Town	Agricultural Unions	Grouped towns	Agricultural Unions	Grouped towns	Agricultural Unions	Grouped towns	Agricultural Unions	Grouped towns
Aoiz	9	44			17	103		
Estella	15	42			18	98		
Pamplona	13	45			18	91		
Tafalla					2	2		
Tudela								
Total	37	130	57	250	55	294	57	250

Source: YOLDI, A.: *Sexta Semana Social*, 1916, quoted in MAJUELO GIL, E.; PASCUAL BONIS, A.: *Del catolicismo agrario al cooperativismo empresarial. Setenta y cinco años de la Federación de Cooperativas navarras 1910-1985*, Madrid, p. 48

Another important core of credit cooperatives with a "neutral"¹⁷ character emerged in Extremadura¹⁸, particularly in Badajoz, driven by Tomás Marín (director of the Badajoz branch of the Bank of Spain), who founded various rural savings banks in 1905 (Fuente de Cantos and Cabeza de Buey), which agreed to unlimited liability and the exclusion of dividends, but allowed entrance quotas and monthly fees, which distanced them from the purity of the Raiffeisen system. These banks did not limit themselves to acting as savings and loans institutions, but also carried out their own operations similar to those of agricultural unions (purchase of machinery, breeding animals, seeds, chemical fertilizers, joint storage and sale of crops, rural nurseries, insurance and consolidation), although financial operations were the focus of their work. Such rural financial institutions were not linked to the Catholic organizations, but were an initiative of large and medium-sized agricultural land-owners who provided large amounts of capital stock, such that they became the rural savings banks with the highest capitalization in Spain throughout the period (1890 -1934). From the outset they

utilized the newest financial technology (techniques, procedures and financial products), such as savings accounts with guaranteed mortgages, which turned into their main form of credit.

The high solvency and endorsements collected by institutions of Badajoz granted them the support of the Bank of Spain, such that they were able to obtain more central bank loans than any other federation; the Bank of Spain normally lent capital at interest rates ranging from 5.5 to 7%, while Badajoz institutions obtained money at 4.50% with the guarantee of their members (Table 2).

TABLE 2. INITIAL DEVELOPMENT OF RURAL SAVINGS BANKS OF THE RAIFFEISEN SYSTEM IN THE PROVINCE OF BADAJOZ, 1906-1911.

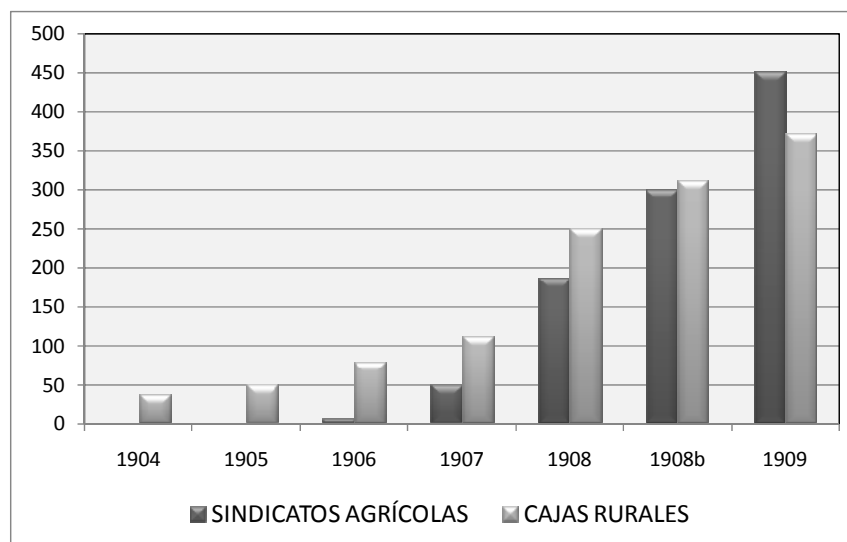
	1906	1907	1908	1909	1910	1911	
Number of rural savings banks	9	14	20	24	24	24	
Grouped towns	24	40	49	63	63	63	
Number of members	1.519	3.012	4.582	5.739	5.941	5.974	
Capital stock (pesetas)	40.245.106	84.478.784	134.483.480	157.064.788	161.349.675	161.933.220	
Loans (pesetas)	Personal	332.037	834.594	1.199.438	1.343.681	1.354.887	1.415.621
	Secured loans		24.945	143.364	203.063	180.829	219.591
	Mortgages	717.167	2.530.441	4.591.627	6.395.530	7.173.575	6.943.098
	Total	1.049.244	3.389.980	5.934.429	7.942.274	8.709.291	8.578.310
Share public funds (ptas).			141.370	434.060	716.056	829.350	
Balance of rural savings banks (ptas)	59.200	760.477	1.720.026	2.817.165	4.089.173	4.417.732	
Loans received from Bank of Spain (ptas)	1.323.510	3.090.429	4.326.019	5.556.346	5.183.813	4.815.992	
Reserves (ptas)	11.033	72.941	158.254	222.909	308.540	389.105	

Source: Asociación de Agricultores de España *Memoria del Segundo Concurso de Asociaciones Agrícolas*, Madrid, 1911.

Excluding the Extremadura group, in 1909 the number of organized rural denominational banks reached 373¹⁹ across Spain. Most of these banks introduced modifications to the original structure of the Raiffeisen model, adding to them the functions of savings banks, which required small contributions of capital stock (the norm was 10 pesetas in installments). The absence of legal regulation favoring the introduction of these credit cooperatives hindered their development until the passing of the *Ley de Sindicatos Agrícolas* (Agricultural Unions Act) in 1906 and its subsequent regulation in 1908. This legislation, influenced by the French Agricultural Unions Act of 1884, defined the concept of an "agricultural union" as an association of farmers (owners and growers). Such organizations could serve as combined agricultural cooperatives (production, marketing, purchase of inputs, credit, etc..) or they could simply have a specific credit section or found a dependant credit cooperative (rural savings bank). The law also allowed for the independent functioning of agricultural credit cooperatives by the name of *cajas rurales*, which are the object of study in this

paper. The tax exemptions provided by these regulations were systematically hampered from the *Ministerio de Hacienda* (Ministry of the Treasury) and especially from the *Dirección General del Timbre* (General Directorate of the Mint)²⁰. This fiscal policy increased the cost of rural savings bank operations, thereby contributing to the sustainability difficulties they encountered. (TABLE 3).

CHART 1. THE EVOLUTION OF DENOMINATIONAL COOPERATIVISM 1904-1909



Source: JIMÉNEZ, I.: “Los sindicatos agrícolas” y “Las cajas rurales católicas”, en *La Paz Social*, (Madrid) 1909, pp. 169 y 241. 1908 (junio) y 1908_b (diciembre)

In 1910 rural savings banks, according to a report by the Ministry of Public Works²¹, were present in the center of the country, especially in Aragon (23.9% of all existing banks), Navarra (23.4%), Castilla-León (15.3%) and Extremadura (14.9%); these regions concentrated 82.9% of all existing banks at that time. Many of these first credit bodies were very short-lived, and even most of those that persisted led very limited economic courses.

I.1. Difficulties for the development of agricultural credit cooperativism: rural savings banks between 1915 and 1934

Serious social conflict in the countryside, resulting from the effects of World War I on agricultural markets, prompted the government to address the shortcomings of the 1906 Act (Legislation of 1908) so as to increase the effectiveness of tax exemptions on operations transacted by agricultural unions. These measures formed part of a political strategy that considered cooperativism to be a cornerstone in the promotion of

"social harmony" in the countryside. These new conditions, coupled with increased support from large and medium landowners to cooperatives, favored the proliferation of such institutions, whose numbers passed from 1,754 in 1916 to 5,821 in 1926²². This support came about because agricultural landowners found economic advantages in the commercial credit provided by agricultural unions (purchase of inputs, acquisition of machinery, etc.). Agricultural credit cooperatives (*cajas rurales*) also benefited from these tax exemptions, which decreased the cost of credit operations for their members. Nonetheless, the number of these and related entities remained stable between 1915 and 1934.

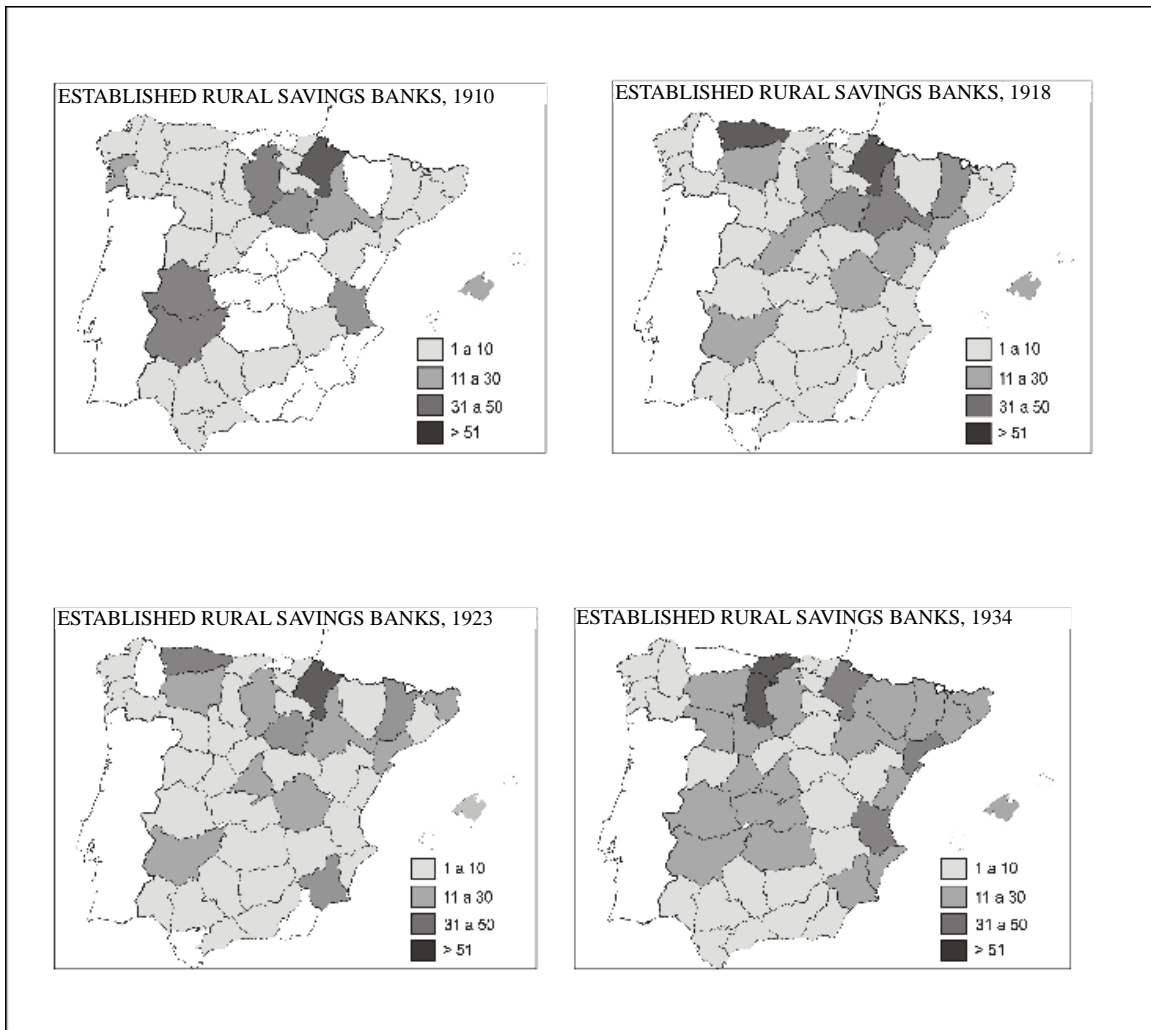
The scarce success in the expansion of entities specializing in agricultural microloans is accounted for by various interrelated factors. Landowners were often not interested in becoming credit cooperative members because they were able to obtain agricultural credit from alternative sources; in fact some unions were able to offer commercial credit at a low cost. This situation worked to distance rural savings banks from some potential clients and members who would have ensured institutional sustainability by providing greater capitalization and guarantee options to obtain external financing. The case of Catholic agricultural cooperatives in Murcia corroborates this hypothesis²³. Catholic agricultural unions developed an important business network (exportation, manufacturing, inputs, etc.) that attracted landowners, while rural savings banks failed to attract this type of clientele due to their high level of commitment (unlimited liability), aside from only providing limited financial services that did not cover their farming needs.

The number of credit cooperatives remained stable between 1915-1934 at around 500 entities and 50,000 member farmers. The 1933 statistics by the Directorate General of Agriculture show an increase of 28.9% in the number of entities and 182.8% in the number of associate farmers compared with 1924. This period produced the consolidation of rural savings banks among the rural population. This increase owes to the further development of credit sections within agricultural unions and to methodological modifications in the 1933 statistics, which recorded the credit sections of agricultural unions directly as rural savings banks; this is reflected in the broad tabulation of both the number of institutions and members. Improvement in the functioning of credit cooperatives came about simultaneously, which became visible in their ability to attract savings and in the increase in lent capital. The evolution of the

deposits and loans in the group of the 57 largest rural savings banks confirms these improvements between 1924 and 1933²⁴.

This macro analysis can be further refined to analyze the spatial distribution of rural savings banks. The maps (Figure 1) show the most important centers by the number of rural savings banks to be the regions of Navarra, Castilla-León and Cataluña, with secondary centers in Extremadura, Aragón, Asturias and Castilla-La Mancha. The maps indicate that the spatial presence, referring to the number of cooperatives displays a series of constants for the period: 1) areas of strong presence such as the Mediterranean Arc, stretching from Gerona to Murcia; Navarra, Asturias and some provinces of Castilla-León; 2) an area of semi-presence consisting in Extremadura, Cantabria, the western provinces of Castilla-León and the Balearic Islands; 3) and finally areas of low intensity such as Andalucía, Galicia and Castilla-La Mancha. This institutional presence (number of cooperatives) must be clarified by crossing with other variables, such as the number of members, the active agricultural population, agricultural production and agricultural credit²⁵.

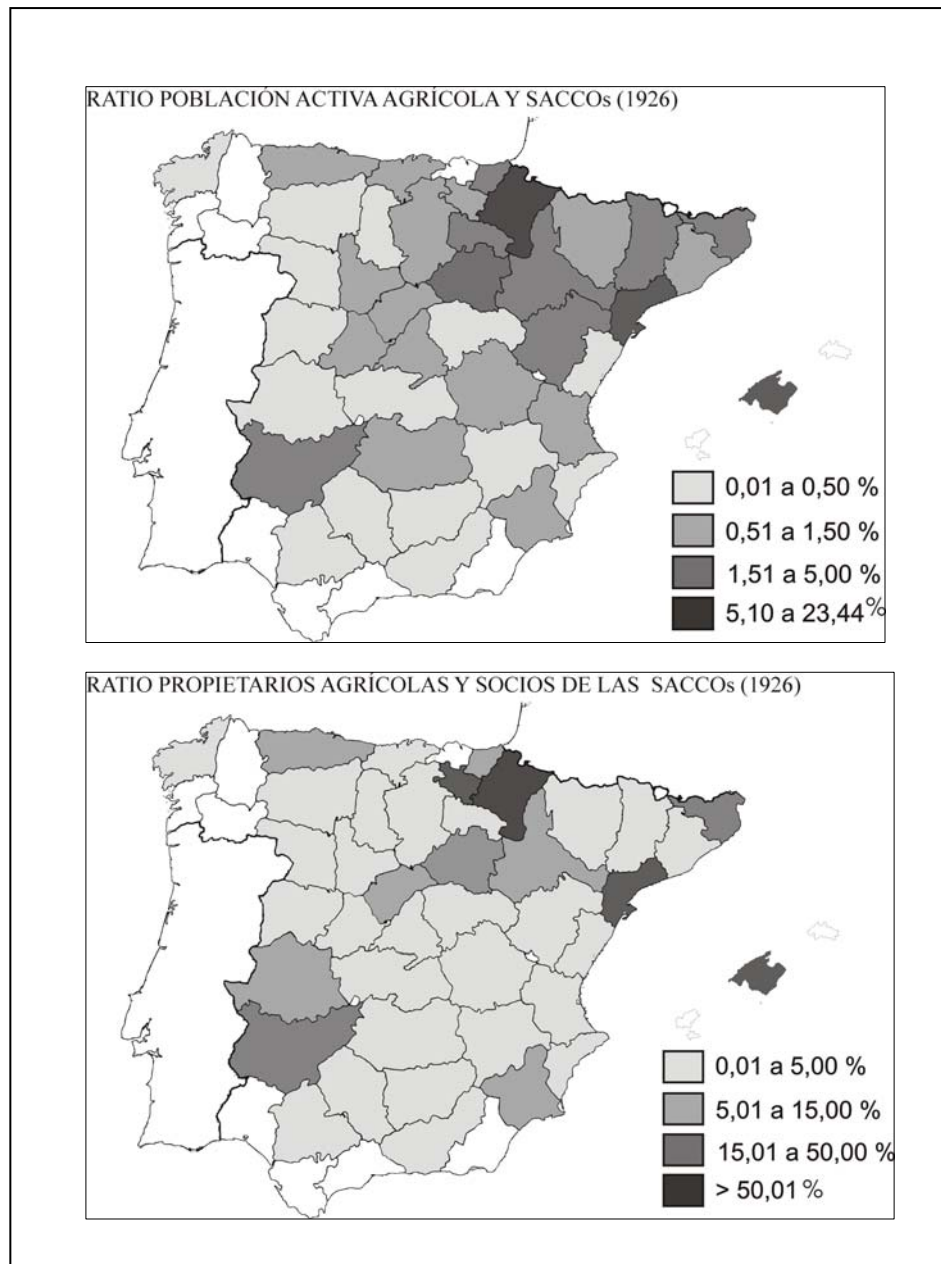
**FIGURE 1 ESTABLISHMENT OF RURAL SAVINGS AND LOAN BANKS 1910
-1934**



Source: *Anuario Estadístico de España 1915; 1916; 1924*, Madrid; and DIRECCIÓN GENERAL DE AGRICULTURA: *Acción social. Memoria descriptivo-estadística social agraria de las entidades agrícolas y pecuarias en 1º de enero de 1918*, Madrid; *Censo estadístico de Sindicatos Agrícolas y Comunidades de Labradores*, Madrid, 1934.

This spatial breakdown produces a biased display of the distribution because of its merely institutional character, as it only contains the absolute number of denominational agricultural credit associations in each region, without taking into account their weight with respect to other important factors, such as agricultural workforce. To construct the ratio of "cooperative density" we use the following variables: total active agrarian population (TP), agricultural landowners (AL), population associated with credit cooperatives (membership) (AC) and agricultural laborers (AW). The population data come from the 1920 Census, and the number of members has been calculated from the Directorate General of Agriculture and Forestry (1927). The combination of these variables yields some ratios that, transferred to maps, allow a more adjusted assessment of the incorporation of agricultural credit cooperatives in Spain²⁶.

FIGURE 2. RATIOS OF CREDIT COOPERATIVE DENSITY 1926



Source: *Censo de la Población de España 1920*, Madrid; and DIRECCIÓN GENERAL DE AGRICULTURA: *Acción social. Memoria descriptivo-estadística social agraria de las entidades agrícolas y pecuarias en 1º de enero de 1926*, Madrid.

The first map of Figure 2 represents the credit cooperative ratio respective to the active agricultural population in the country. It shows how the provinces with the highest density are grouped in the northern part of the country in the northeast direction, highlighting the provinces of Navarra and Tarragona, with other concentrations in Zaragoza and Soria; the importance of the province of Badajoz deserves to be pointed out. This map does not offer very precise information, given that farm laborers were not

highly represented in the ranks of cooperative membership; hence the density of cooperativism displayed is blurred.

The second map in Figure 2 displays the credit cooperative ratio with respect to agricultural landholders; it is a more refined indicator than the previous map, given that owners made up the core membership of rural savings banks, particularly medium and small landholders. In this case, we note that the highest cooperative concentration occurs in fewer provinces, highlighting Navarra, Álava, Tarragona, Balearic Islands, the line connecting Segovia, Soria and Zaragoza, Badajoz and Murcia. The large group of provinces whose production centered on cereal cultivation and extensive agriculture displays low cooperative densities. The high density responds to distinct agricultural models, such as that of Navarra, which displays the strength of the medium and small landowners who produced food for the large urban centers in the Basque Country, i.e. their production has a clear market orientation.

This was similarly the case with the cooperatives in Tarragona, whose production catered the metropolitan and industrial area of Barcelona. In Murcia cooperatives grouped together small owners and orchard tenants, producing citrus fruit destined for European markets. The axis Segovia-Soria-Zaragoza, with a lower density than the previous two, consisted primarily in owners dedicated to grain production, and their cooperatives had lower capitalizations than the previous two, and thus a lower incidence of member financing. Badajoz is an exception to the two previous cases because its cooperatives gathered medium and large landowners who provided their financial institutions with high capitalizations. In 1911, the 24 existing cooperatives in Badajoz had a total capital of 162 million pesetas, which was higher than any other province (*Asociación de Agricultores de España*, 1911).

The major grain production areas of Andalucía and both Castillas show very low densities of credit cooperatives, though for different reasons: The former represented predominantly large estates in the countryside around Guadalquivir, with the capacity to obtain finance in the urban financial markets and use commercial credit. In the case of Castilla-León we find a mass of small “poor”²⁷ landowners with little capacity to form sustainable rural credit cooperatives, given their limited capacity to save and therefore to capitalize such institutions. The territorial patterns of Andalucía also apply in the case of Castilla- La Mancha.

II. THE FINANCIAL OPERATIONS OF CREDIT COOPERATIVES AND THEIR LIMITATIONS.

In the most recent literature on rural finance, agricultural credit institutions²⁸ are defined as institutions with a member base sharing one common characteristic: members have a responsibility to own, manage and direct the institution, while at the same time being the main, if not only, clients. These features were already developed in the microcredit institutions that had been successfully established in Germany after 1850. The foundation of these cooperatives began after the last decade of the nineteenth century under the heading of "rural savings banks", to which is often added other words like "savings and loan" or "savings, loan and relief". The profile of these institutions was fully defined after 1915, forming different types (pure Raiffeisen system, mixed Raiffeisen system, with savings bank operations, etc.). It is difficult to specify an exact taxonomy, although one can see three main groups: pure Raiffeisen, primarily the Rural savings banks founded by the Catholic-agricultural organizations; mixed Raiffeisen, such as the rural savings banks of Badajoz, which include rules in their operating budgets extracted from the urban Savings Banks and German Haas cooperatives; and those with financial operations identical to those of savings banks, for example, the Savings and Loan Banks Artá (Balears); Carlet (Valencia); Lora River (Sevilla); Antequera (Málaga, etc..

The foundation and legal recognition of rural savings banks was a slow and arduous process, aside from having to have statutes and regulations approved by the corresponding Civil Government and also having to be approved by the Ministries of Public Works and the Treasury. The final registration at the latter could take between two and five years, which imposed a substantial obstacle from above, because without this requisite they could not enjoy the tax levy provided for in the 1906 Act, and were also not eligible for soft loans from the Bank of Spain. This situation resulted in the disappearance of many institutions.

Those in positions of management in this type of cooperative were honorary and non-remunerated, and, in general, held their positions for two years, although there was the possibility of re-election. Issues of relevance were addressed by general member meetings, in which agreements were made by a majority; in the event of a tie, the president had the casting vote; matters were discussed in turns, with a maximum of three arguments for and three against, in keeping with the "rules prescribed by courtesy,

decency and the good name of the society"²⁹. Financial management was also a source of sustainability problems for the institutions; poor preparation of managers, mostly farmers, forced them to recruit professionals to overtake accounting tasks (director, treasurer, officers, etc.) in function of their economic capacity. The capacity to control and supervise these tasks became another problem, which in other countries with more developed cooperative systems were occupied by second-level organizations. The absence of this model of intervention posed a threat to the survival of the institutions, given the possibility of fraud and embezzlement on the part of managers.

Spanish credit cooperatives operated under varying degrees of formality; some were highly formal, others worked almost informally (credit sections from agricultural unions). The majority were linked to formal finance and were even regulated and supervised by specialized federations (e.g. Catholic agricultural rural savings banks from Murcia, Navarra, Valencia, Cantabria, etc..). One of the key elements for their success in Germany³⁰ rested in their ability to generate second-level financial organizations that channeled funds (exogenous and endogenous), technical assistance and supervision to local institutions, even coming together to form higher organizations (cooperative banks) that attended financially to the whole network. In the case of Spain, rural savings banks as a whole did not develop such supra-institutional organizations. In some cases institutions with Raiffeisen orientations founded by Social Catholicism came to develop regional second-level institutions, overtaking the functions of business coordination, cooperative network finance and social assistance services (buying land for their clients). The regional second levels failed to develop successful loan funds to meet the needs of their local rural savings banks and to exercise oversight functions and technical support.

The 500 cooperatives in operation between 1915 and 1924 with around 50,000 members (Table 3) reached an aggregate capital stock of 192 million pesetas in the final year of the period. This figure shows that the average capital stock of rural savings banks was 3,328 pesetas, and displays the low capitalization of such entities, given that this was the amount from which they sought funding in the urban financial markets. These figures have exceptions; in Badajoz, rural savings banks had an average capital stock of 2.1 million pesetas, a result of having a high number of medium and large landowners among their members. The variety of entities was large, and thus produced a correspondingly great diversity of financial functions. Overall, credit cooperatives

were less adopted in Spain than in the countries of Northwest Europe, and even in Italy in 1935 there were 2,066 “Casse Rurali”³¹ as compared with 646 in Spain.

TABLE 3. CREDIT COOPERATIVES: THE “RURAL SAVINGS BANKS” 1915-1933

Nr. Cajas Rurales	Nr. Members	Capital Stock (pesetas)	Investment in Public Funds (pesetas)	Deposits (pesetas)	Loans (pesetas)				Institutions Providing Funds (pesetas)	
					Personal	Secured mortgages	Mortgages	Total	Bank of Spain	Other Organizations
525	53.063	164.798.300	1.234.761	10.324.218	6.555.296	418.667	8.089.072	15.063.035	6.718.576	
496	42.279	139.786.212	2.132.282	10.763.496	6.587.048	697.124	6.831.867	14.116.039	3.143.578	1.835.431
503	51.502	146.314.437	2.038.156	11.631.266	8.317.052	713.316	6.882.146	15.912.514	3.427.278	2.163.997
514	55.804	150.307.740	2.372.723	12.393.723	8.943.424	799.081	6.926.146	16.686.651	3.494.278	2.735.365
501	57.965	192.889.062	9.913.189	18.265.136	9.808.174	2.428.712	8.144.507	20.381.393	5.527.679	2.639.161
646	163.963			132.861.937				84.646.427		

Source: *Anuario Estadístico de España 1915; 1916; 1924*, Madrid; and DIRECCIÓN GENERAL DE AGRICULTURA: *Acción social. Memoria descriptivo-estadística social agraria de las entidades agrícolas y pecuarias en 1º de enero de 1918*, Madrid; *Censo estadístico de Sindicatos Agrícolas y Comunidades de Labradores*, Madrid, 1934.

In 1917 the Catholic agricultural cooperatives were reorganized with the founding of the *Confederación Católico Nacional Agraria* (Catholic National Agrarian Confederation) from thirteen existing regional federations³². This supra-organization attained a high degree of corporate development (Table 4), but was also unable to solve the problems of financial assistance from its constituent credit cooperatives; even in the discourse of its directors³³ the economic plan was subordinated to social and political control of the small Spanish peasantry.

TABLE 4. - COMPOSITION OF THE C.N.C.A. 1917-1935

	Cooperatives	Members	Federations
1924	1,331	135,474	13
1929	2,276		
1933	1,902	253,428	38
1935	1,869	180,555	

Source: for 1924: MUÑIZ, Lorenzo (1924): *La acción social agraria en España y memoria estadística de las entidades agrícolas y pecuarias en 1º de diciembre de 1924*, Madrid; for 1929: *Anuario Social de España*, 1929, pp. 380-382; for 1933: *Revista Social Agraria*, March, 1934, p. 64; 1935: *Revista Social Agraria*, March, 1936, p. 145.

In 1902 the Catholic social corporations founded the *Banco Popular de León XIII* (People’s Bank of Leon XIII) as a corporation seated in Madrid. It was the first attempt to generate a financial institution to serve as an investor in start-up cooperatives. The initiative failed to take off, and its actions were rather limited; between 1905 and

1911 it only granted loans to 106 rural savings banks and agricultural unions. Its total loans between 1905 and 1921 were valued at 17.2 million pesetas³⁴.

Some years later, the CNCA founded its own financial institution by the name of the *Caja de Crédito Confederada* (Confederate Bank of Credit) (1917), with the aim of providing financial support to rural savings banks, but it failed quickly due to its inability to attract exogenous financing and the low level of collaboration on the part of federated institutions. In 1918 the strategy of the CNCA turned, looking for an agreement with a private institution, the *Banco Agrícola Comercial* (Agricultural Commerce Bank), which issued shares at the value of 40 million pesetas in 1919, but also never achieved fruition due its failure to adapt the bank to the special characteristics and needs of the agricultural cooperatives. Finally, the CNCA transformed its acquisition and commercial section in 1920 into the *Banco Rural* (Rural Bank)³⁵, although this entity failed to take off, representing yet another failure.

Overall, the contribution made by second-level financial institutions to the development of microfinance was quite modest. The problem lay with their inability to attract exogenous capital and act as wholesalers for rural savings banks. The main problem arose from conflicts of interest that occurred when these institutions were designed to simultaneously act as financiers and capacity builders for the rural finance sector, inherently blocking the ability to play both roles with equal efficiency.

Typically credit cooperatives set an equity and/or capital quota in obligatory shares or savings for all members, in contrast with the German Raiffeisen model. Additionally, some offered the possibility of voluntary savings, functioning as savings banks, although most were formed with the hope of attracting external resources. There is little statistical information on external financing of the banks and less on the federations, for which reason reproducing the case of the *Caja Federal de Ahorro y Crédito* (Federal Savings and Loan Bank) from the *Federación Católica-Agrícola de Murcia* (Catholic Agricultural Federation of Murcia) is pertinent (Table 5) in order to inspect how some of these second-level organizations managed to receive funds from different instances of the financial system (private banks, public credit institutions, and even international trading houses engaged in the purchase of crops). These funds were used primarily to finance their business networks, and in much less measure, to provide capital and advice to local rural savings banks.

TABLE 5. SOURCES OF EXTERNAL FINANCING OF THE *CAJA FEDERAL DE AHORRO Y CRÉDITO* AND OF *LA FEDERACIÓN CATÓLICO-AGRÍCOLA OF MURCIA*³⁶ (1917-1925)

Institution	1917	1918	1919	1920	1921	1922	1923	1924	1925	Capital from Institution
Banco de Cartagena	318366	282144	758353	753132	0	0	0	0	0	2.111.995
Asociación de Agricultores de España	66624	88864	110403	43408	127203	175930	0	0	0	612.432
FCA de Palencia	51226	35000	0	230631	31307	95700	120406	0	0	564.270
Caja de Crédito Confederal of the CNCA	0	25312	102500	103877	175300	323650	475102	235876	123786	1.565.403
Banco Popular de León XIII	0	102487	50000	100000	40000	160327	150394	0	0	603.208
Banco de Albacete	0	0	0	184317	235700	379640	525198	236761	328945	1.890.561
Banco Agrícola y Comercial	0	0	101086	0	0	0	0	0	0	101.086
Servicio Nacional de Crédito Agrícola	0	0	0	0	0	0	0	0	35743	35.743
White Service Ltd.	0	0	0	0	0	0	145678	234745	321489	701.912
Total	438.133	535.725	1.124.261	1.417.285	611.431	1.137.169	1.418.701	709.306	811.888	8.186.610

Source: Calculations based on las *Memorias Anuales de la FCMA* (Madrid) for each year.

As noted above, rural non-denominational banks were also developed- some linked to agricultural unions with Republican-reformist orientations and others of a more “neutral” nature. Some were joined with agricultural federations, such as the *Federación Agraria de las Provincias de Levante* (The Agricultural Federation of the Mediterranean Coastal Provinces, *Federación Valenciana de Sindicatos Agrícolas* (the Valencian Federation of Agricultural Unions) or those existing in Asturias. Most of them had no direct financial support from these second-level organizations and operated without the control or advice from such institutions. The triangle formed by savings/credit, fertilizer and farming implements constituted the basis of their operations³⁷ and formed part of the Republican reform program destined for small producers in competition with the Catholic organizations also struggling to attract these agricultural sectors. A differing characteristic of the non-denominational rural savings banks was that they seldom tried to adopt the Raiffeissen system of “unlimited” member liability, but rather operated internally according to the Haas model, which was adopted for the first time by Francisco Rivas Moreno³⁸ in 1901 with the founding of the *Caja Rural de Ahorros y Préstamos de Alhama de Murcia* (Alhama Rural Savings and Loan Bank of Murcia). These cooperatives also adopted the operational framework of conventional savings banks.

In Spain the potential market for microfinance was quite broad, given the high demand arising out of the agricultural transformations sparked by the end-of-century

crisis and the strategy of specialized production adopted to overcome it. The availability of financial technology to rural savings banks depended on their members' level of income, as demonstrated by the Raiffeisen-oriented institutions of Navarra, the mixed nature of Badajoz³⁹, or those functioning as savings banks, such as Mediterranean coastal regions of Murcia, Alicante and Valencia⁴⁰.

The financial functioning of the rural savings banks that achieved sustainability across this period of years was grounded on a series of premises: (1) populations in rural areas eligible for financial services were involved by institutions efficient in risk management, which thus obtained accurate information on the economic and even moral state of their clientele. (2) Cooperatives generally offered specialized financial products and services adapted to the conditions of the rural areas where they operated. (3) The granting of loans was at the center of their interventions, and the repayment pattern generally matched the local production rhythm and thus the timing of rural family income. (4) In order to achieve a greater impact on the economy of their members, entities continuously sought to maximize coverage and achieve sustainability. (5) The best cooperatives maintained a process of continued technical improvement, at the same time improving their own governance.

The most established and successful banks effectively managed flexible strategies of capital disbursement and repayment schedules, in keeping with the predominant crops to be found within their territorial zone of operation, a flexibility that often entailed an increased risk of default and posed serious challenges for liquidity management.

Credit cooperatives sought to diversify their portfolios and thus to reduce risk by including a wide variety of rural and agricultural clients: landowners, tenants and settlers, craftsmen, and free professionals such as veterinarians, doctors, lawyers, pharmacists and even agricultural wage laborers. The most successful, those reaching the greatest sustainability and coverage, were those managing to implicate a wide range of rural clients and not rely exclusively on those in the agricultural sector. Risk management was key to the development of financial markets⁴¹. Excessive risk reduced both the supply and demand of rural financial services. An essential characteristic of economic behavior in rural areas is the influence of risk on decisions⁴².

The elevated risks ranged from diseases (virtually nonexistent health infrastructure) to income volatility of family farms, aside from the inherent fickleness of agriculture. These risks discouraged lenders, who feared loss due to default payments.

Wherever insurance and other market risk management mechanisms failed, informal institutions surged forth to fill the void⁴³, which is attested to by those institutions that emerged in the in the farming cities of the Mediterranean coastal regions of Spain. The agricultural union of Yecla, which counted with a credit section, according to figures from the *Memoria Anual de la FCMA* (Annual Report of the FCMA), counted 1,932 members of which 70.1% were land-owning farmers, 11.7% large landowners, 7.4% tenants, 2.3% farm laborers, and the remaining 8.5% was made up of small artisans and free professionals⁴⁴.

The establishment of associations and alliances with other institutions⁴⁵, which ultimately set some of these credit cooperatives in motion, extended their financial coverage and lowered the cost of providing services. The most successful rural savings banks came to offer additional financial products beyond credit in order to achieve sustainability, offering access to savings deposits, the sale of inputs on credit, insurance, the purchase of machinery, etc..

Non Raiffeisen-oriented banks did not grant loans according to specific predefined ends, but rather based them on the individual details and case-study of the client, offering flexible terms adjusted to household income flows, and demanding at the same time greater borrower equity to reduce delinquencies. Catholic Raiffeisen banks, such as those of Navarra, Burgos or Palencia, operated with greater liquidity and granted loans for purposes specified by the institution and whose execution institutional directors could oversee. Contract terms were based on the “unlimited liability” of all members, and repayment also entailed member scrutiny. The charter of the *Caja Rural de Olite* (Rural Savings Bank of Olite), one of the most successful of Navarra, reflects these ideas directly in its bylaws⁴⁶.

The most successful Spanish credit cooperatives (Rural savings banks of Extremadura, Navarra, Murcia, etc.) implemented new techniques to more cost-effectively lend and attract deposits, and thereby succeeded in expanding the wide offering of financial services produced for broad segments of the rural population in their regions, the costs and risks of which were agreeable for both members and the institutions themselves. These organizations possessed the necessary resources (human capital, leadership, network connections, information capital and access to exogenous funds) and implemented financial functions suitable for their market segment.

III. THE DUALITY OF RURAL MICROFINANCE IN SPAIN: NEW AND OLD INSTITUTIONS.

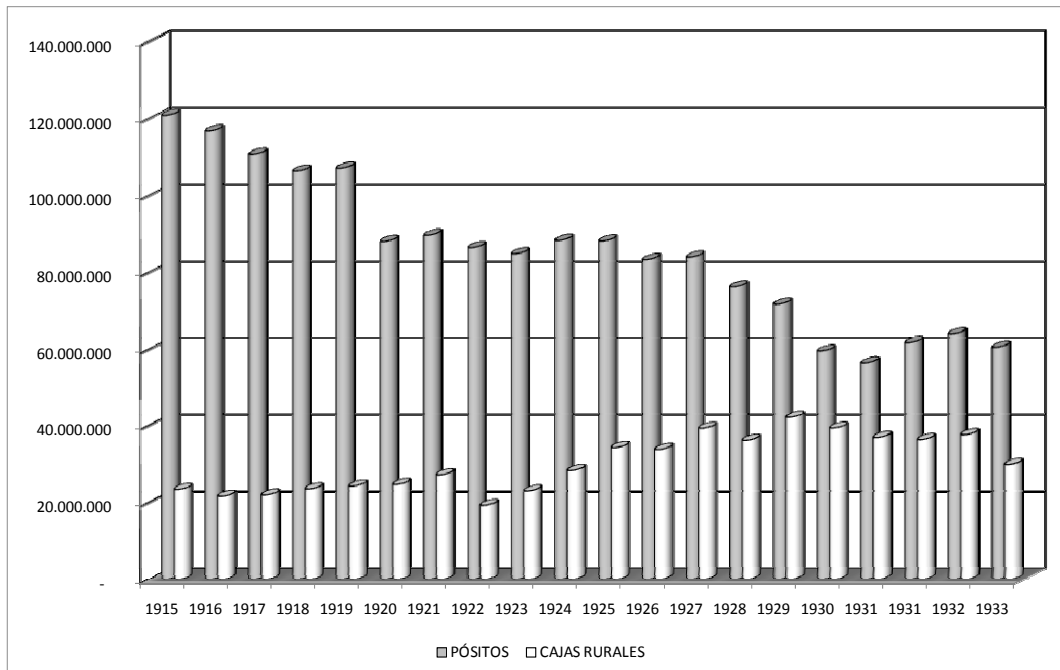
Rural savings banks are a novel type of microcredit institution that, since the late nineteenth century, have been dedicated to the development or the implementation of microfinance in rural Spain. In this sector there operated not only newly coined institutions, but also other publicly owned institutions from the Ancien Régime: we refer to the *pósitos* (public granaries). Economically speaking, the *pósitos* were a way of combating the subsistence crisis of the Ancien Regime; they also tried to control the movement of grain prices until the end of the eighteenth century, and later directed themselves toward agricultural credit, attempting to hold back the development of informal credit markets in the fields. On some occasions they acted as an efficient means to save part of the grain production, at least for some small producers, and in this regard constituted a prototype of the autarchic circuit, closed and local, of agriculture and the grain trade until the end of the eighteenth century.

During the first half of the nineteenth century, these institutions lived in administrative chaos due to the withdraw of State-exercised control, the use of their funds to support a deteriorating network of public services, and the views of liberal authorities, who did not see a place for these institutions in new administration, shelving them aside as anachronistic entities, while at the same time acknowledging their utility in some moments and their popular rooting in a context of slow transformation in rural economic structures. In the second half of this century, the institutions were effectively controlled and regulated for some time, which facilitated their recovery. When later their administration was decentralized into the municipal hands, their funds were, in many cases, made use of by local oligarchies. The *Ley de 1906 de Pósitos* (1906 Granaries Act) gave these institutions a definite reorientation toward microcredit. *Pósitos* and rural savings banks thus coincided both spatially and temporally, acting in the rural finance market.

The *pósitos* formed an imperfect network controlled by the State, although without developing horizontal links between units at the same level. In contrast, rural savings banks never came to constitute collaborative networks, save for the very few cases already described above. Around 3,500 *pósitos* were spread throughout the

country during the years covered by this study, compared to 646 agricultural credit cooperatives, which was the peak reached in 1934. The ability to offer financial services, primarily loans, to poor rural clientele was much greater in the case of *pósitos*.

**CHART 2. LENT CAPITAL FOR *PÓSITOS* AND RURAL SAVINGS BANKS
1915-1934(constant 1935 pesetas)**



Source: MARTÍNEZ SOTO, AP.: “Los pósitos en el siglo XIX: una red pública de microcrédito agrario (1800-1914), *Historia Agraria* (Murcia), 43, 2007, pp. 485-530/ 33

The trend in the volume of lent capital from *pósitos* and rural savings banks tended to converge between 1915 and 1933, although the *pósitos* always had a higher volume of credit transactions. The authorities on which the *pósitos* depended tried in distinct moments to make them into rural savings banks or else to modify their functioning along such lines⁴⁷. The *Delegation Regia de Pósitos* (Royal *Pósito* Office) tried to establish a second-level institution, such as the *Pósito Nacional Alfonso XIII* in 1920, to the end of facilitating this transformation.

CONCLUSIONS

Agricultural cooperatives in Spain emerged in the late nineteenth century, significantly later than in the rest of Western Europe. The diffusion of doctrine and

models by the most prominent publicists, Díaz de Rábago, Chaves, Rivas Moreno, did not produce the necessary echo among agricultural groups and associations that could have introduced these institutions of moral microcredit. Theories and the first foundations arrived in the height of the late-century crisis that severely affected the agriculture sector, making difficult the further establishment of such organizations meant to finance the poorest peasants.

The momentum to found such credit institutions arose from two different directions. On the one hand emerged social-Catholic corporations driven by their own internal hierarchy. These cases tried to transplant the Raiffeisen model directly and without changes to Spain's different agricultural contexts, without taking into account considerations relating to the impact that this model could cause among a portion of the agricultural landowners related with the Catholic movement. The implantation was quite successful in areas like Navarra, Rioja, Murcia and Cantabria and where agricultural specialization had come to develop a clear mercantile and export focus, which provided regular income to owners and tenants. By contrast, they failed in the grain areas of Castilla-León, where the "poorest landowners" dominated, in the large landholder areas of Andalucía and Castilla-La Mancha, where owners had access to other channels of financing (private banking, *Banco Hipotecario de España* (Mortgage Bank of Spain), etc.), and in the smallholder countryside of Galicia.

Catholic cooperativism developed a powerful confederate organization, the *Confederación Nacional Católica- Agrícola* (CNCA), (National Confederation Catholic-Agricultural), but this was unable to construct a second-level financial network to capture exogenous funds, redistribute them to regional federations, provide technical training in finance and oversee the management their affiliated credit cooperatives. Catholics launched various initiatives, all of which failed (*Caja Confederal*, *Banco Rural*, and so on.). The CNCA was too concerned with political and ideological matters related with the social control of small peasantry before socialism to develop an appropriate financial structure. In this way, we can speak of failure in terms of the attempt by Catholics transplant Raiffeisen model in rural areas.

Also early launched were other initiatives of a secular nature to found cooperative institutions. The characteristics of this other group are: (1) greater doctrinal flexibility in designing the cooperative model in keeping with German Haas cooperativism; (2) greater openness to different types of rural clientele; (3) the absence

of any kind federal second-level structure, and thus greater isolation; (4) and, finally, a varied offering of products and services.

Since 1901 the model devised by Francisco Rivas Moreno the rural savings and loan bank was increasingly stressed, fusing together in its organization the principles of Raiffeisen cooperativism and of the Schulze-Delitzsch people's banks along the same lines as the previously cited Haas cooperatives. Many agricultural groups adopted this type of cooperative, although without forming linkages amongst themselves, instead acting in a reduced local ambit that they could control (information capital). Other cooperatives in this vein also adopted several of the operational characteristics of savings banks.

An analysis of the density of agricultural credit cooperativism has permitted the demonstration of their stronger presence in Navarra, Rioja, Cantabria, Tarragona, Balearic Islands, Murcia and Valencia than in the rest of the country, specifically in the territories in which agricultural changes were linked to the specialization in production destined to the most active national markets, export and industry. In these places, the rural population was able to access microfinance services stimulated by credit cooperatives with relative ease.

Spain had already counted with institutions that practicing rural microcredit since the end of the eighteenth century: we refer to the privately founded municipal *pósitos* with broad coverage across the country. These institutions experienced a deep restructuring with the *Ley de 1906 de Pósitos* (1906 Granaries Act), passing under the control and supervision of a state body (*Dirección Regia de Pósitos*) and turning their orientation almost completely towards microcredit. This same act foresaw the possibility of converting them into rural savings banks or else of patterning them after this institutional model, offering them low-cost loans (4-5% interest rates). Throughout the first third of the twentieth century the *pósitos* improved their operations and played a relatively important role in rural microfinance. A comparison of the lending activity of rural savings banks with that of *pósitos* found the later to have a stronger presence in rural microfinance, especially with respect to credit.

In general, we have shown how the establishment of agricultural credit cooperatives did not enjoy the same generalized success in Spain, as was the case in other European countries⁴⁸. In those regions where credit cooperatives achieved high levels of sustainability and coverage, they became a useful instrument to counter the financial exclusion of the poorest rural populations. Their microcredit offering was an effective aid for the survival of small family farms in increasingly competitive market conditions. In this context they reduced the potency of informal rural finance

mechanisms by offering products and services tailored to the demands of the rural clientele.

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² Germany had 14,200 cooperatives in 1898, of which 3667 were rural savings banks, reaching the figure of 23,700 in 1905, of which 10,909 were rural savings banks; in France there were 1,645 such rural savings banks in 1898, and the number of agricultural unions in 1900 was 2,069; in Italy the number of rural savings banks climbed to 904 in 1898, people's banks 594, with 2,428 of the former in 1907 and 829 of the later; in Denmark organizations had already federated nationally by the year 1898 with the formation of the Central Cooperative Committee, which included such sectors as dairy, slaughterhouses, animal feed, among others, and in 1900 there were 1029 cooperatives specialized in butter production; Austria has 16 regional institutions and 4021 cooperatives in 1904, and the entire empire has 7082 (without Hungary); lastly, the Belgian government founded in 1884 the "Comptoirs agricoles", which were agricultural credit offices linked to savings banks, and rural cooperative banks reached a total of 335 in 1898 alongside approximately 572 professional and agricultural unions.

³ See, for example: ZANDEN J.L. van: "The First Green Revolution: The Growth of Production and Productivity in European Agriculture, 1870-1914", in *Economic History Review*, 44 (1991) pp. 215-239, and BIELEMAN, J.: "La historia agraria en los Países Bajos", *Historia Agraria* (Murcia), 25 (2001) pp. 235-248.

⁴ See: BATTILANI, P.: "The building of new entities: stakeholders and shareholders in XIX century Italian cooperatives", *XIV International Economic History Congress, Helsinki 2006, Session 72: Cooperative Enterprises and*

Cooperative Networks: Successes and Failures—Proceedings (Helsinki) (2006)

[<http://www.helsinki.fi/iehc2006/papers2/Battilani.pdf> 20.03.2008].

⁵ GUINNANE, T.W.; HENRIKSEN, Ingrid: "Why Credit Cooperatives were Unimportant in Denmark?", *Scandinavian Economic History Review*, 46(2) (1998) pp. 32-54.

⁶ GUINNANE, T.W.: "A Failed Institutional Transplant: Raiffeisen's Credit Cooperatives in Ireland, 1894-1914", *Explorations in Economic History*, 31(1) (1994) pp. 38-61.

⁷ Public granaries that lent money to poor laborers, agricultural microcredit institution.

⁸ NAGARAJAN G.; R. L. MEYER: "Finanzas Rurales: Avances recientes y lecciones emergentes, debates y oportunidades", *Documento de Trabajo n° AEDE-WP-0041-05*, Departamento de Agricultura, Medio Ambiente y Economía del Desarrollo, The Ohio State University, Ohio, 2005.

⁹ For further elaboration, see F.A. MARTÍNEZ GALLEGO (2000): *Agricultores solidarios. El cooperativismo en L'Alcudia, 1908-1999*, Valencia.

¹⁰ This paper utilizes the terms *caja rural* and *rural savings bank* interchangeably to refer to the rural savings banks of the Raiffeisen system.

¹¹ Galician publicist and economist. His first theoretical contribution to the spread of agricultural credit dated 1881 'El Crédito Agrícola'. He later published a pamphlet on cooperatives (Pósitos) and in 1883 his first work of scope on this topic 'Crédito Agrícola'. In this work he composed a monograph on the *Rural Savings Banks of the Raiffeisen System (Las Cajas Rurales sistema Raiffeisen)* (Chapter XXXI), which can be considered as the first work in Spain to have known this model of entity, aside from sketching a comparative analysis of such banks as the Bancos Populares of Schulze-Delitzsch. This expanded chapter was published separately under the same title in 1894. See: MARTINEZ RODRÍGUEZ, S.: *El liberalismo económico y social de Joaquín Díaz de Rábago, 1837-1898*, A Coruña, 2006.

¹² On the system known as Cajas Fontes (Rural savings banks of Savings, Loans and Relief), the functioning and propagation, see: MARTÍNEZ SOTO, A.P.: "Cooperativismo y crédito agrario: la Región de Murcia, 1890-1936", *Historia Agraria* (Murcia), 20 (2000) pp.123-167/ 123-130; MARTINEZ RODRÍGUEZ, S.: "Pensamiento económico y plasmaciones políticas: el proyecto de ley de crédito agrícola de Montero Ríos y Díaz Rábago (1886)", *Historia Agraria* (Murcia), 39 (2006b) pp. 345-367.

¹³ Luis Chaves Arias (Zamora 1863-1917), an agricultural landholder from Zamora, introduced the practices Raiffeisenism and was one of its most distinguished propagandists. He published numerous articles on rural savings banks in this system, participated importantly in Social Weeks (Semanas Sociales) (Catholic conferences dedicated to the spread of Catholic-agrarian theory and practices) and authored works such as: *The Rural Savings Banks of the Raiffeisen System*, Zamora, 1909; *Social Agrarian Action and the Project of the Associations Law*, Madrid, 1911; *On Social Action. Memoirs, Conferences and Discourses*, Madrid, 1916. He maintained correspondence with distinguished personalities from European Raiffeisenism.

¹⁴ NOGUER, N.: *Las Cajas Rurales en España y en el extranjero. Teoría, historia, guía práctica, legislación, estatutos y formularios*, Madrid, 1913.

¹⁵ See: SALVADOR, A.: "La Caja Agrícola de Tafalla, primera cajas rural de Navarra, 1902", in *Primer Congreso General de Historia de Navarra "Príncipe de Viana"* (Navarra) 1988, pp. 425-433

¹⁶ On the development and evolution of cooperativism in Navarra see: E. Majuelo Gil and A. Pascual Bonis: *ob. cit....*

¹⁷ The term "neutral" referred to those cooperatives not ascribed to any specific political or religious movement. Large and medium agricultural land-holders with resources to endow their cooperatives and enough social capital to be able to access exogenous public and private sources of financing (Bank of Spain, private banks, Mortgage Banks generally grouped together with ease. This kind of credit cooperative has also been studied by F.A. MARTÍNEZ GALLEGO(2000): *Agricultores solidarios...*, Op. cit., for the case of Valencia.

¹⁸ On this group, see: Asociación de Agricultores de España: *Memoria del Segundo Concurso de Asociaciones Agrícolas*, Madrid, 1911, NARCISO Noguier (1913): *op.cit....*, pp. 511-512.

¹⁹ JIMÉNEZ, I.: "Los sindicatos agrícolas y las cajas rurales católicas", *La Paz Social* (Madrid) 1909, pp. 169 y 241/241: "We could say that all credit associations in Spain are founded on the basis of unlimited liability, a principle that does not surprise as much as could be thought, and that rather evades the farmers lacking the cash required to purchase shares in capital stock, which would constitute for them an almost insuperable difficulty", Asociación de Agricultores de España: *Memoria del Segundo Concurso de Asociaciones Agrícolas*, Madrid, 1911, p. 24.

²⁰ On this problematic, which came to bias against rural savings banks by increasing their cost of operations, see: CHAVES ARIAS, L.: *Las cajas rurales de crédito del Sistema Raiffeisen*, Zamora, Establecimiento Tipográfico S. José, 1907, pp. 74 -. According to this analysis, a small personally financed loan of 100 pesetas per year at 4% interest would become 3.23 pesetas due to taxes; a deposit of 100 pesetas in a savings bank assumed the expense of 2.69 pesetas in taxes; the cancellation of a loan, 2.96 pesetas.

²¹ In reference to: CALBETÓN, Fermín: *Apuntes para el estudio del proyecto de ley de Crédito Agrario presentado a las Cortes por el Excmo. Sr. Ministro de Fomento D. Fermín Calbetón*, Madrid, 1910.

²² The data for 1916 are extracted from: DIRECCIÓN GENERAL DE AGRICULTURA (1917): *Acción social. Memoria descriptivo-estadística social agraria de las entidades agrícolas y pecuarias en 1º de enero de 1917*, Madrid. and those from 1926 from: *La acción social agraria en España y memoria estadística de las entidades agrícolas y pecuarias en 1º de enero de 1927*, Madrid, 1927.

²³ MARTÍNEZ SOTO, A.P.: "Cooperativismo y crédito agrario... ob. cit.

²⁴ MARTÍNEZ SOTO, A.P.: "El cooperativismo de crédito en España, 1890-1934: modelos de gestión y balance de su actuación", *Historia Agraria* (Murcia), 300 (2003) pp. 119-150.

²⁵ CARASA SOTO, P.: "El crédito agrario en España durante la restauración. Entre la usura y el control social", in B. YUN (ed.): *Estudios sobre el capitalismo agrario, crédito e industria en Castilla, siglos XIX y XX*, Valladolid, 1991, p. 324.

²⁶ Ratio of credit cooperative density to landowners $DCL = (AC/AL) * 100$. Ratio of credit cooperative density to the total active agricultural population $DCPT = (AC/TP) * 100$.

²⁷ CASTILLO, J.J.: *Propietarios muy pobres. Sobre la subordinación política del pequeño campesinado. La Confederación Nacional Católico Agraria 1917-1942*, Madrid, 1979; CARASA SOTO, P.: *ob. cit....*pp. 289-343.

²⁸ Among others, consult: G. NAGARAJAN y R. L. MEYER: *ob. cit....*; WESTLEY, Glenn. D; Brian BRANCH: *Dinero seguro: desarrollo de las cooperativas de ahorro y crédito eficaces en América Latina*, Washington, D.C, 2000. [www.iadb.org]; WILSON, Kim: "The Microfinance: An Essay on the Self-Help Group Government in India", *Journal of Microfinance*, vol. 4, nº 2, 2002 [http:marriottschool.byu.edu/microfinance/archives.cmf?issue=fall02]; ZELLER, Manfred; Richard L. MEYER: *The Triangle of Microfinance: Financial Sustainability, Outreach and Impact*, 2002, Baltimore, Maryland; GONZÁLEZ-VEGA, C.: "Lecciones de la Revolución de las microfinanzas para las Finanzas Rurales", Mark D. WENNER et al (2003) (eds.): *Prácticas Prometedoras en Finanzas Rurales: las experiencias de América Latina y El Caribe*, Lima (Perú), pp. 53-66.

²⁹ Taken from: *Reglamento de la Caja Rural de Ahorros y Préstamos de Alhama de Murcia*, Imprenta las Provincias de Levante, Murcia, 1902, p. 34.

³⁰ GUINNANE, T.W.: "Cooperatives as Information Machines: German Rural Credit Cooperatives, 1883-1914", *Journal of Economic History*, 61(12), 2001, pp. 366-389.

³¹ MUZZIOLI, G.: *Banche e agricoltura. Il crédito all'agricoltura italiana dal 19861 al 1940*, Bolonya, 1983, pp. 236.

³² The already existing federations were those of Galicia, Cantábrico, Navarra, Rioja, Aragón, Catalonia, Valencia, Baleares, Murcia, Extremadura, Castilla-León, Castilla-Mancha and Andalucía. CASTILLO, J.J.: *ob. cit....*, pp. 100-.

³³ "Although it is unfortunately necessary to wave the economic flun to attract people to form a union, we ought to insist on more elevated questions". MONEDERO, A.: *Proposición de Estatutos y Reglamentos modificados y coordinados para la mejor actuación de la Confederación Nacional Católico -Agraria, según las primeras*

manifestaciones de Federaciones, Sindicato y particulares previamente consultados. Precedida de unas consideraciones aclaratorias de la presidencia, Madrid, 1921.

³⁴ MARTÍNEZ SOTO, A.P.: “El cooperativismo de crédito en España... ob. cit.

³⁵ MONEDERO, A.: “El Banco Comercial de la CNCA”, *Revista Social y Agrícola*, 113, 1920, pp. 55-62.

³⁶ The Federal Savings and Loan Bank of the Catholic Agricultural Federation of Murcia

³⁷ MARTÍNEZ GALLEGO: Op. cit., p.90.

³⁸ MARTÍNEZ SOTO, A.P.: “El cooperativismo de crédito en España, 1890-1934...”, Op. cit. pp. 121-124.

³⁹ MARTÍNEZ SOTO, A.P.; MARTÍNEZ RODRÍGUEZ, S.: “Los pioneros del cooperativismo agrario de crédito español (1880-1920), *CIRIEC* (forthcoming).

⁴⁰ MARTÍNEZ SOTO, A.P.: “Cooperativismo y crédito agrario: la Región de Murcia, 1890-1936”, *Historia Agraria* (Murcia), 20 (2000), pp. 123-167.

⁴¹ Von PISCHKE, J.D.: *Finance at the Frontier: Debt Capacity and the Role of Credit in the Private Economy*, Washington D.C, 1991, Development Studies Series:

⁴² ALDERMAN, H.; PAXSON, C.: *Do the poor insure? A synthesis of the literature on risk and consumption in developing countries* (Policy Research Working Paper 1008), The World Bank, 1992; MORDUCH, J.: “Income smoothing and consumption smoothing”, *Journal of Economic Perspectives* ,9, 1995 pp. 103-114.

⁴³ ROSENZWEIG, M.R; WOLPIN, K.I: “Credit market constrains, consumption smoothing, and the accumulation of durable production assets in low income countries: Investments in bullocks in India”, *Journal of Political Economy*, 101 (1), 2003, pp. 223-244; BESLEY, T.: “Savings, credit and insurance”. J. BEHRMAN and T. N. SRINIVASAN (Eds.), *Handbook of development economics* , Vol. IIIA, 2003, pp. 2125-2207.

⁴⁴ MARTÍNEZ SOTO, A.P.: “Cooperativismo y crédito agrario: la Región de Murcia ...op.cit, pg. 148.

⁴⁵ Regional federations, agriculture-oriented banks, such as the Banco Popular de León XIII, institutions such as the SNCO or pósitos, etc

⁴⁶ MAJUELO GIL, E.; PASCUAL BONIS, A.: *Del catolicismo agrario al cooperativismo empresarial. Setenta y cinco años de la Federación de Cooperativas navarras 1910-1985*, Madrid, 1991, p. 237; MAJUELO GIL, E.; PASCUAL BONIS, A.: “El cooperativismo agrario católico en Navarra”, Príncipe de Viana (Navarra), 177, (1986) pp. 235-270

⁴⁷ “The convenience of converting the Pósitos in Savings Banks is evident, such as with the *Bancos Populares* of Raiffeisen and Schulze-Delitzsch. Besides, this reform cannot be simply let to bring itself about of its own accord, as did the Law of 1906, but rather needs protection and stimulation [...] and this was one of the ends that the *Pósito Nacional Alfonso XIII* was supposed to accomplish”. MARÍN LÁZARO, R.: *Delegación Regia de Pósitos. Memoria que eleva al Gobierno de S.M. el Delegado Regio*, Madrid, 1920, p. 42.

⁴⁸ GUINNANE, T.W.: “A Failed Institutional... ob. cit.