
Too little intervention or too much? The contribution of the State to the development of wine cooperatives in Spain*

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Introduction

In recent decades, several authors have studied the issue of the financial difficulties of cooperative businesses from a theoretical point of view. Many have pointed to the problems these businesses had in obtaining investment and capitalization – problems which, in the face of competition from other enterprises, severely limited their expansion in the markets. Some researchers have highlighted the importance of self-financing as an alternative to the costs and risks of external financing. Agricultural cooperatives, in particular, saw self-financing as an attractive option due to the high seasonal concentration of their activities.¹

Several reasons have been put forward to explain these financing problems, most of them linked to organizational aspects and to membership behaviour. Furubotn and Pejovich² noted the limited nature of the objectives of the cooperative members: their interest in short-term profit maximization made them reluctant to provide enough capital for the self-financing of la-

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1. Gui (1985).
2. Furubotn & Pejovich (1970).

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bour-managed firms.³ Kremer⁴ attributed this risk-aversion to the limited liability of the members, and Hansmann⁵ to the fact that the cooperative constituted their livelihood. These authors stressed the question of ownership, suggesting that the attainment of property rights represents an incentive to take more risks. Others introduced another key issue into the debate: the low living standards of the membership, which discouraged or, in some cases, prevented them from contributing to cooperative financing.⁶

Consequently, the economic theory literature has highlighted the importance of the role of the State in the development of cooperatives, and especially its contribution to solving the financial and capitalization problems facing these concerns.⁷ Some recent empirical studies of the cooperative movement in agriculture have also underlined the role of the State as a major factor.⁸ This is especially clear for entities that required a considerable initial investment, as was the case with winemaking cooperatives. Long-term and low-interest loans provided by the State have been identified among the main causes of the success of wine cooperatives in France in the early twentieth century, in contrast to Spain or Italy.⁹ Moreover, cooperatives could be used by the State as an instrument to regulate and stabilize wine markets in times of overproduction and low wine prices.¹⁰ The State, then, as the generator of the legislation that created the institutional framework for the development of the cooperatives, and also as the source of technical and financial support to overcome the obstacles that restricted their expansion, held the key to their success. The lack of official support from the Spanish government has been identified as a key reason for the poor development of wine cooperatives in Spain in the early twentieth century;¹¹ later, in stark contrast, the intervention of Franco's government has been stressed as the main reason for their large-scale expansion under the dictatorship.¹²

The contribution of the State to the development of the cooperative movement has to be considered in a broader perspective, concerning overall agricultural policies. During the nineteenth century, State intervention in agricultural markets was limited mainly to commercial policy, in the form of tariffs and quotas to protect domestic producers from imports. In the early twentieth century, its involvement expanded into many more areas: controls of qual-

3. Bonin (1983).

4. Kremer (1996).

5. Hansmann (1996).

6. Ben-Ner (1988).

7. Vanek (1970); Ben-Ner (1988).

8. Farr (2007); Guinnane (2012).

9. Simpson (2000).

10. Fernández (2008); Fernández & Simpson (2017).

11. Pan-Montojo (1994); Planas (2016).

12. Fernández (2008); Medina-Albaladejo (2015a).

ity, quantity, and prices of agricultural products were introduced, technical changes were encouraged to boost agricultural productivity and competitiveness, and in some cases the consolidation of small farmers' holdings was promoted.¹³ Agricultural cooperatives were considered among the most important tools in the modern agricultural policies designed to achieve these goals. Especially in the wine sector, which since the early twentieth century was affected by constant overproduction, these entities were used as an instrument for State intervention and market regulation.¹⁴

The aim of this paper is to analyse the relationship between the State and the producer cooperatives and, especially, how changes in State intervention affected the development of these firms. In order to do so, we examine the evolution of cooperative wineries in Spain over the course of the twentieth century and up until the present day. In our view, although these entities were originally founded on the idea of "self-help", they were very sensitive to the institutional framework, and legislation as well as direct support (both technical and financial) provided by the State was critical to their performance. We study the development of wine cooperatives in Spain over three periods: firstly, their emergence before the Spanish Civil War (1901-1935); secondly, their large-scale expansion under Franco's dictatorship (1940-1975), and finally their evolution since the return of democracy (from 1975 until the present day). In these three periods, with the vast differences in terms of the political make-up of the State, the institutional framework for cooperatives was radically altered – and so, we will argue, was their performance.

The paper is organized as follows: in the next section, we present an overview of the evolution of the wine sector and cooperative wineries from the early twentieth century onwards. We start by examining the main macroeconomic data of the wine sector (production, consumption, exports, prices), and the major problems that it had to face, which to a large extent explain the emergence of the cooperatives. We then present fresh data for a general survey of the spread of wine cooperatives in Spain, paying attention to their uneven geographical distribution and the difference in the rate of their diffusion. In the three following sections, we try to assess this evolution by analysing the role of the State in the cooperatives' performance during the three aforementioned periods, pointing out the negative consequences of the lack of government involvement in the early twentieth century, and also the dangers of State intervention later on. The paper ends with some concluding remarks regarding the characteristics of Spain's wine industry today and their close relationships with the evolution of the wine cooperative sector.

13. Tracy (1989); Koning (1994, 2013); Moser & Varley (2013); Planas (2017).

14. Fernández & Simpson (2017).

The wine sector and cooperative wineries in Spain in the twentieth century: an overview

The late nineteenth century, especially the 1880s and 1890s, was the golden age of Spanish winegrowing.¹⁵ The phylloxera plague had gradually destroyed the vineyards in France, the world's main wine producer and consumer, and the export opportunities that suddenly opened up for Spanish wine growers led to a significant rise in prices. The area under vine in Spain expanded rapidly to reach 1.7 million hectares by 1889; in the early 1890s wine production was 24 million hectolitres and exports reached their peak in 1891 at 11.3 million hectolitres,¹⁶ just before the combination of the closure of the French market and the arrival of phylloxera in Spain brought this golden age to an end.

As in other European countries, the Spanish wine sector that emerged after the phylloxera plague was obliged to change radically in order to adapt to a very different international context.¹⁷ The replanting of the vineyards with American vines that were resistant to the disease was the only long-term solution and it was very costly; it did not prove to be a profitable move for the winegrowers who made the investment, because the high wine prices of the late nineteenth century were never to return. In the early twentieth century, worldwide wine production expanded more rapidly than consumption, and the international markets suffered from overproduction. In Spain, the small-scale growers, who were the majority, were hard-pushed to adapt to the new situation. Their running costs increased because of rising salaries and the need for fertilizers and other costly chemical inputs to prevent the downy mildew and other vine diseases affecting the new vines. Due to their lack of cash flow and their limited storage capacity, the winegrowers had to sell their production even if prices were low. To increase their revenue they tried to produce greater quantities, but this only depressed the prices still further. In this difficult situation, the creation of cooperative wineries in order to reduce outlay, encourage joint production and marketing, and improve the quality of the wine, and State intervention in the wine markets to control overproduction, were attempts to limit the damage.¹⁸

Figure 1 shows that wine prices did not recover over the course of the twentieth century, with dramatic falls in the 1920s and the 1950s. Moreover, annual production fluctuated considerably – as did prices, because consumption varied little. In consequence, supply and demand were difficult to match and

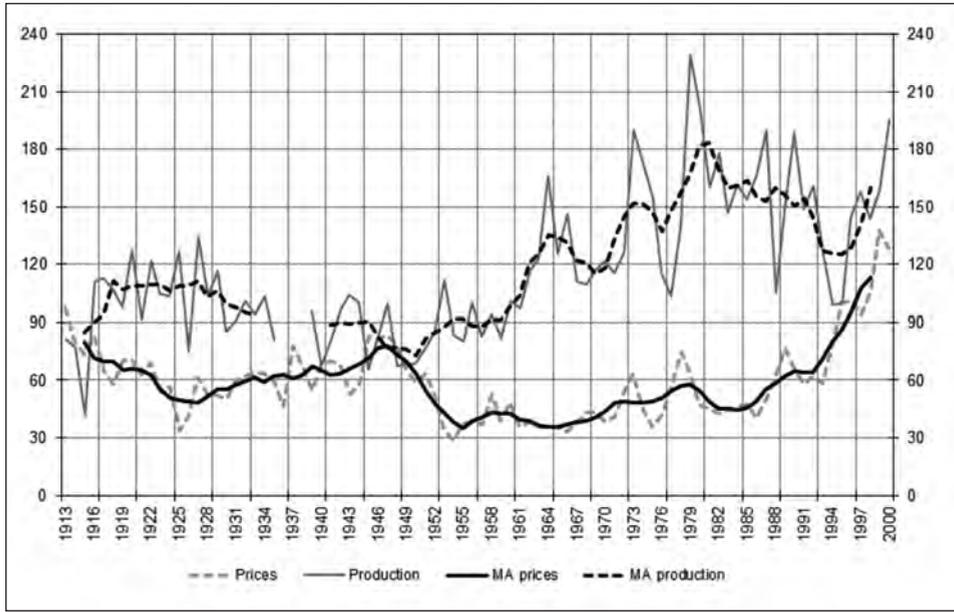
15. Pan-Montojo (1994).

16. Pinilla (2014).

17. Pinilla & Ayuda (2002); Pan-Montojo (2009); Simpson (2011); Fernández & Pinilla (2014).

18. Planas (2016, 2017).

FIGURE 1 • Wine prices and wine production in Spain, 1913-2000 (constant 1995 pesetas and hectolitres, 100=1995, and five-year moving averages)



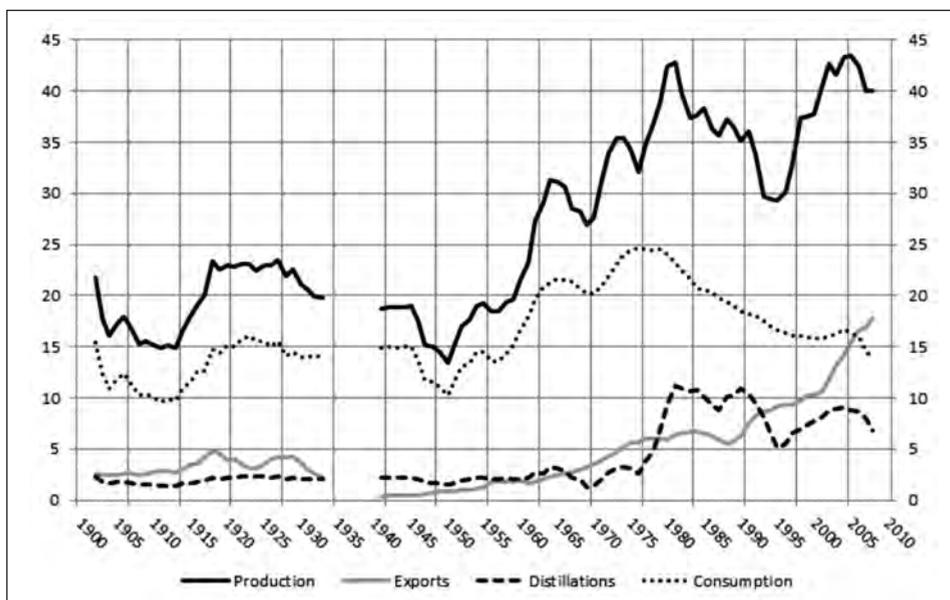
Note: wholesale prices are shown for the period 1913-1935; prices received by farmers are shown for the period 1936-2000.

Sources: 1913-1935: Carreras & Tafunell (2005), pp. 336-337; 1936-2000: Ministerio de Agricultura, *Anuario de Estadística Agraria*, Madrid, several years; implicit agricultural GDP deflator: Carreras & Tafunell (2005), pp. 1357-1358. Authors' creation.

winegrowers suffered from recurrent crises of overproduction. It was only in the last decade of the twentieth century that prices visibly rose, as a result of the expansion of exports after Spain's entry to the European Economic Community (EEC) (Figure 2). Except for this last period, the evolution of prices was largely a reflection of production, which grew strongly from 1950 to 1980 due mainly to the increase in vine yields, which doubled from 12 HI/Ha in 1946 to 24 HI/Ha in 1980, although the area under vine also rose from 1.4 million to 1.7 million hectares in the same period. This was precisely the time when most of Spain's wine cooperatives were created.

Figure 2 displays the evolution of wine production with domestic consumption, exports, and distillations, which became an important outlet for wine surpluses from the 1970s onwards. Wine consumption per capita throughout the twentieth century was considerably lower in Spain than in other European countries: in the 1930s, it was only 44% of that of France and 78% of that of Italy; the consumption per capita fell in those countries in the following decades, but fell at a similar rate in Spain and in the 1970s it was still 35% lower

FIGURE 2 - Production, exports, consumption, and distillations of wine in Spain, 1900-2010 (millions of hectolitres). Five-year moving averages



Note: direct consumption and distillation data for the period 1900-1960 have been calculated by subtracting exports and stocks in the previous campaign from the total production. This methodology is used by Faostat to calculate the Food Balance Sheets from 1961 onwards. Stocks have been considered as 6% of total production, which is the mean figure for stocks in the period 1961-1970 according to the FAO data. We have used the same methodology to calculate direct consumption (87% of internal consumption) and distillation (13%). From 1961 to 2010 the Faostat Database provides full detailed data.

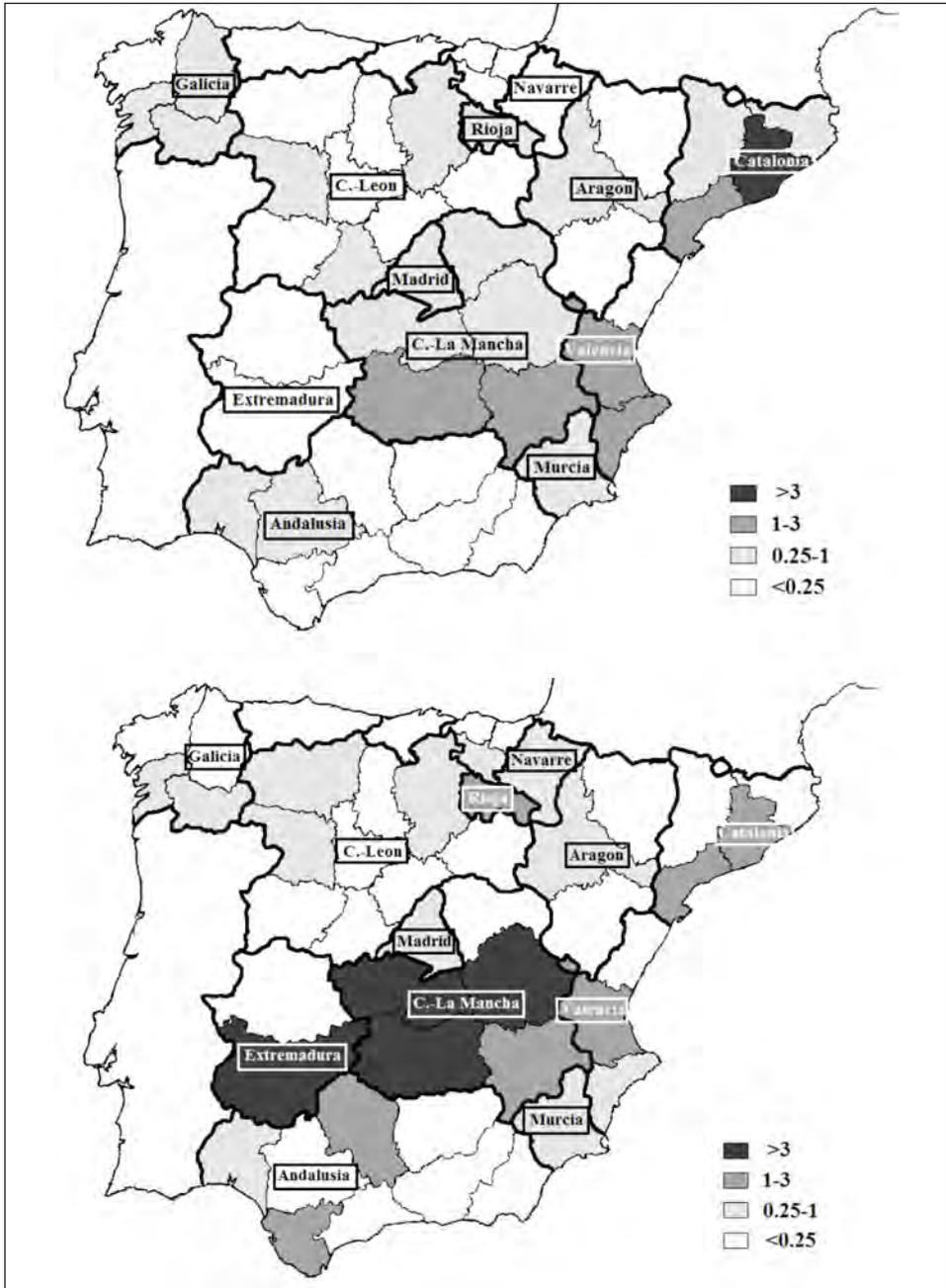
Sources: 1900-1960: Mitchell (2007); 1961-2010: Faostat Database, <http://faostat3.fao.org/home/E>. Authors' creation.

than in France and Italy.¹⁹ From the 1970s onwards total domestic consumption fell steadily and by the early 2000s it was overtaken by exports, which rose notably when Spain became a member of the EEC in 1986. After accounting for less than 5 million hectolitres for most of the twentieth century (much lower in the 1940s and 1950s), Spanish exports surpassed the peak levels recorded a century before. The fall in domestic consumption, while production remained high, was in some part offset by a sharp increase in distillations, which accounted for more than 10 million hectolitres in the 1970s and 1980s. As we will see later, cooperative wineries were an important stakeholder in this crucial outlet for wine surpluses.

Naturally, wine production did not increase everywhere, or at the same pace. In fact, the regional distribution of production changed considerably over the course of the twentieth century (Figure 3). Catalonia, the main wine-

19. Fernández & Simpson (2017).

FIGURE 3 • Main wine producing regions in Spain, 1916 and 1980
(Millions of hectolitres)



Source: Ministerio de Agricultura, *Anuario de Estadística Agraria*, Madrid, 1916 and 1980. Authors' creation.

growing region in the early years, gradually reduced its area under vine (from 228,780 hectares in 1916 to 102,787 by 1980) and its production also halved. In contrast, Castile-La Mancha expanded its wine production nearly tenfold and in 1980 was responsible for half the total Spanish output. Extremadura and Andalusia also increased their wine production sharply from the 1950s onwards, and by 1980 they had overtaken Catalonia. La Rioja expanded more gradually, but steadily nonetheless, and by 1980 it had increased its wine production tenfold. Obviously, in our examination of the spread of cooperative wineries, we should bear in mind these changes in the regional distribution of wine production, but we will see that they do not always match – as the comparison between La Rioja and Navarre clearly shows.²⁰

Below we present the data we have compiled for a general survey of the evolution of the cooperative wineries in Spain since the early twentieth century, when the first entities were created, until the present day. Table 1 shows some aggregate data, while Tables 2 and 3 and Figure 4 focus on the regional distribution of the cooperatives and reflect the contribution of the State.

The first cooperative wineries in Spain were built in 1901. Elsewhere in Europe, cooperatives had emerged in the late nineteenth century in Germany, Aus-

TABLE 1 - *Number of cooperative wineries, membership, storage capacity and percentage of total wine production in Spain, 1905-2012*

Year	Number of coops.	Membership	Membership / coop.	Thousand Hl. / coop.	% total production
1905	2	n.d.	n.d.	n.d.	n.d.
1915	21	3,150	150	8	1.9
1921	88	n.d.	n.d.	11*	4.5
1935	116	n.d.	130	n.d.	n.d.
1947	154	n.d.	n.d.	n.d.	n.d.
1954	324	65,610	207	11*	16.3
1961	547	111,833	204	8*	23.7
1969	782	213,988	274	25	49.9
1980	855	239,889	281	33	63.6
2008	625	172,000	273	n.d.	70.0

* Average production of cooperative wineries.

Sources: 1905: Piqueras (2011), Planas (2016); 1915: Campllonch (1917), Equiza (1996), Piqueras (2011), Planas (2016); 1921: Pan-Montojo (2003), p. 328; 1935: Equiza (1996), Piqueras (2011), Planas (2016); 1947: Tarín (1946-47); 1954: *La Semana Vitivinícola*, n. 483-4 (1955), p. 31; 1961 and 1969: Fernández (2008), p. 165-168; 1980: Circular informativa n. 7/80 de la Junta Nacional de Cooperativas Vitivinícolas (Unión Nacional de Cooperativas del Campo); 2008: COGECA (2010). Authors' creation.

20. The relationship between cooperative wineries and wine production is not one-way: in some regions cooperatives were an essential factor in the intensification of production.

tria-Hungary, Switzerland, and Italy;²¹ in France there were few attempts to set up wine cooperatives before 1900, but they spread rapidly in the interwar period and by 1939 there were 827 wine cooperatives in operation²² – a figure that was not reached in Spain until the 1970s (Table 1). Compared to its neighbour, the emergence of wine cooperatives in Spain was slow and weak for a long time: on the eve of the Spanish Civil War (1936-1939) there were roughly a hundred cooperative wineries operating in Spain, while in France there were about eight times as many. As we will argue, the role of the State can explain the difference in the rate of the spread of wine cooperatives in the two countries.

On the other hand, during the second half of the century the expansion of cooperative wineries was very fast in Spain, not only in terms of their number, which had barely increased in the 1940s but rose exponentially from then on, but also in terms of their size: in only four years between 1953 and 1957, some 121 wine cooperative wineries were created, raising the number from 286 to 407, and their storage capacity increased by almost two million hectolitres from 3.8 to 5.7 Hl;²³ in the 1960s their membership nearly doubled, and their share of total wine production rose from 24% to 50%, reaching nearly two thirds in 1980 (Table 1). Again, as we will argue, State intervention was the key factor in this rapid development.

Like their counterparts in other countries,²⁴ in the late twentieth century Spanish wine cooperatives found it hard to adapt to the changes in the wine market and their numbers fell. Significantly, however, their productive capacity still increased, and at the beginning of the new century they were responsible for 70% of the total output. This level of production was largely the result of EEC wine policies (Spain having joined the Community in the mid-1980s), in particular regarding the assistance for compulsory distillation mentioned above.

Inside this general evolution, there were many differences at regional levels. The first two cooperative wineries were created in 1901 in Castile-La Mancha and Catalonia, the two major winegrowing regions, but in the following years the numbers of cooperatives grew only in Catalonia; in 1935, the region had 81 wine cooperatives in operation, compared with only six in Castile-La Mancha (Table 2). Although in Catalonia vinegrowing was much more intensive, with much higher yields, volumes of production were similar; but in terms of the spread of wine cooperatives Castile-La Mancha lagged far behind Catalonia and also behind Navarre and Valencia, both regions with a much smaller wine production.

21. Berget (1902).

22. Lachiver (1988), p. 498.

23. Carrión (1974), p. 343.

24. Chevet (2009); Fernández & Simpson (2017).

As Table 2 and Figure 4 show, in the 1950s and 1960s the overall number of wine cooperatives increased markedly, and there was also a notable geographical redistribution in the Franco years. In Catalonia, after a slight fall during the aftermath of the Civil War, the number of cooperatives increased and had doubled by the end of the 1960s. By then, however, Catalonia was no longer the region with the most wine cooperatives: in twenty years, the number of cooperatives in Castile-La Mancha had risen nearly tenfold. Its area under vine and wine production had also increased, but by no means in proportion: La Mancha's share of the wine cooperatives in Spain had risen from 5% in 1935 to around a quarter in the late 1960s, but its share of wine production had increased only slightly. Moreover, the wineries were now much larger, both in membership and storage capacity. Reflecting a sort of path dependence, in Catalonia the average membership was still below 200 in the 1960s, and many wine cooperatives had a storage capacity of less than 10,000 Hl, which was considered too small to achieve satisfactory economic results.²⁵ The storage capacity of the Catalan cooperatives was the smallest of all the regions, far below the average, and less than half that of the cooperatives in Castile-La Mancha (Table 3).

Navarre and Valencia had very few cooperatives prior to the Civil War, but numbers rose sharply under the dictatorship (Table 2 and Figure 4). In Navarre, the 1940s saw notable progress in the form of a threefold increase in numbers in ten years, and by the mid-1950s the region was home to nearly 20% of the country's cooperative wineries, though it accounted for only 5% of national wine production and 2.5% of the area under vine. By the end of the 1950s wine cooperatives produced 70% of Navarrese wine.²⁶ Valencia started its great expansion a little later, in the 1960s, and trailed Castile-La Mancha and Catalonia in terms of number of cooperatives (Table 2). However, its production was lower than Catalonia's until 1980, and only about one sixth of that of Castile-La Mancha. As for the size of the cooperatives, the expansion of Valencia was the most striking, both in membership and in storage capacity (Table 3).

During the 1960s the cooperative movement also took off in other regions with little cooperative tradition, such as in Castile-Leon, Andalusia, Aragon, Extremadura, and, to a certain extent, La Rioja (Table 2 and Figure 4). Consequently, in the late twentieth century the diffusion of the wine cooperatives was broader; but Castile-La Mancha clearly headed the ranking in terms of numbers of cooperatives and their size, and in 2009 it still accounted for around a third of the total (Table 2).

25. Tarín (1946-47), p. 374.

26. Equiza (1996), p. 135.

TABLE 2 •

*A. Regional distribution of cooperative wineries in Spain, 1915-2009
(number of coops.)*

Region	1915	1935	1947	1954	1969	1980	2009
Catalonia	12	81	74	106	172	170	85
C.-La Mancha	3	6	13	58	198	224	190
Valencia	0	9	21	43	115	124	73
Navarre	3	10	30	64	75	68	68
C.-Leon	1	3	3	13	65	73	38
Andalusia	0	1	6	5	40	56	41
Aragon	0	0	1	8	60	62	32
La Rioja	1	2	0	4	20	21	27
Extremadura	0	0	0	1	10	17	26
Other*	1	4	6	22	27	40	33
Spain	21	116	154	324	782	855	613

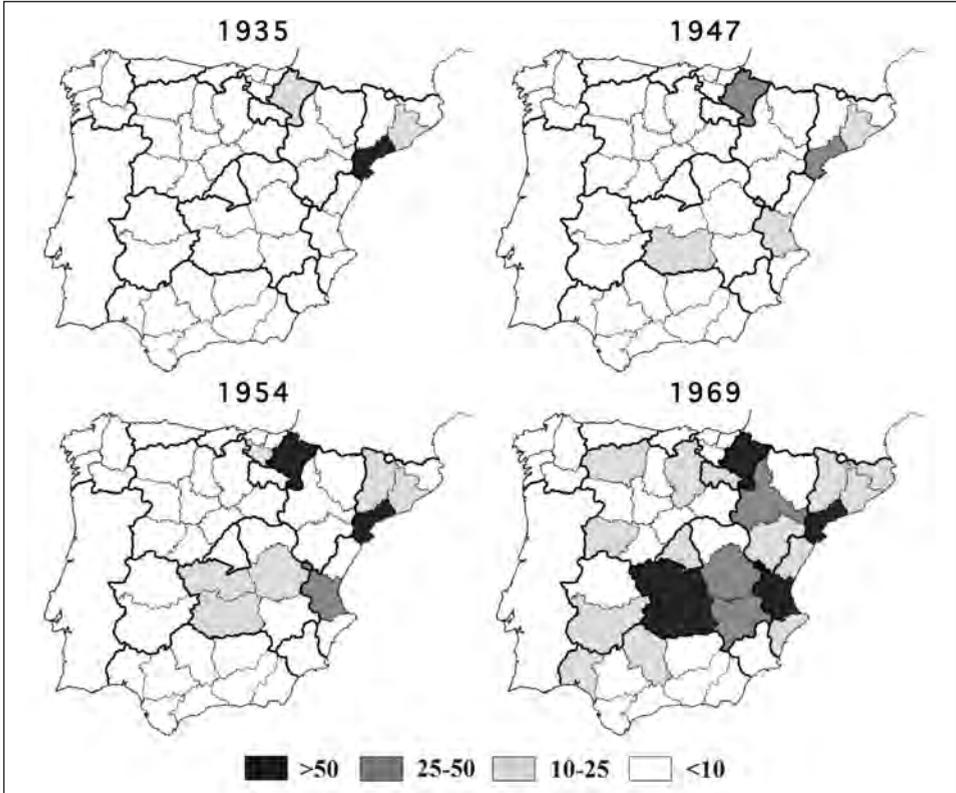
B. Regional distribution of cooperative wineries in Spain, 1915-2009 (%)

Region	1915	1935	1947	1954	1969	1980	2009
Catalonia	57.1	69.8	48.1	32.7	22.0	19.9	13.9
C.-La Mancha	14.3	5.2	8.4	17.9	25.3	26.2	31.0
Valencia	0.0	7.8	13.6	13.3	14.7	14.5	11.9
Navarre	14.3	8.6	19.5	19.8	9.6	8.0	11.1
C.-Leon	4.8	2.6	1.9	4.0	8.3	8.5	6.2
Andalusia	0.0	0.9	3.9	1.5	5.1	6.5	6.7
Aragon	0.0	0.0	0.6	2.5	7.7	7.3	5.2
La Rioja	4.8	1.7	0.0	1.2	2.6	2.5	4.4
Extremadura	0.0	0.0	0.0	0.3	1.3	2.0	4.2
Other*	4.8	3.4	3.9	6.8	3.5	4.7	5.4
Spain	100.0	100.0	100.0	100.0	100.0	100.0	100.0

* Basque Country, Canary Islands, Galicia, Madrid, Majorca, Murcia.

Sources: see Table 1; 2009: Confederación de Cooperativas Agrarias de España <http://www.agro-alimentarias.coop/inicio>. Authors' creation.

FIGURE 4 • Regional distribution of cooperative wineries in Spain, 1935, 1947, 1954, 1969 (number of cooperative wineries per province)



Sources: see Table 1. Authors' creation.

In our view, the evolution that has just been described is closely related to the role of the State. Over the next three sections, we will try to shed light on the evolution of wine cooperatives in Spain throughout the twentieth century, focusing in particular on the role of the State in three major periods: the early years (1901-1935), the years of the “big spread” (1940-1975), and the late twentieth century and the early years of the twenty-first century (1975-present day).

TABLE 3 • Evolution of the size of the cooperative wineries in Spain, 1915-1980
(membership per winery and thousands of hectolitres of storage capacity per winery)

	1915		1954		1969		1980	
	Memb.	Th.Hl	Memb.	Th.Hl**	Memb.	Th.Hl	Memb.	Th.Hl
Catalonia	124	8	262	9	196	16	191	19
C.-La Mancha	270	<i>n.d.</i>	164	11	237	35	301	49
Valencia			223	11	381	26	350	32
Navarre	160	10	179	16	217	19	207	23
C.-Leon	160	<i>n.d.</i>	127	10	278	24	318	25
Andalusia			128	7	214	21	263	32
Aragon			120	7	394	24	365	31
La Rioja	<i>n.d.</i>	<i>n.d.</i>	31	6	402	28	345	32
Extremadura			589	10	406	22	146	22
Other*	<i>n.d.</i>	<i>n.d.</i>	151	10	398	40	305	55
Spain	150	8	202	11	274	25	281	33

* Basque Country, Canary Islands, Galicia, Madrid, Majorca, Murcia.

** Average production of cooperative wineries.

Sources: see Table 1. Authors' creation.

The early years: cooperative wineries in Spain prior to the Civil War (1901-1935)

In the early twentieth century, Spanish governments provided very little support for the creation of agricultural cooperatives. They were particularly reluctant to promote cooperative wineries, which needed much more funding and technical assistance than other kinds. After the passing of the Agricultural Syndicates Act (*Ley de Sindicatos Agrícolas*)²⁷ in 1906, which included fiscal incentives for the creation of agricultural cooperatives, the Spanish government was unwilling to let wine cooperatives enjoy the benefits of the new legislation, as the first wine cooperative founded after its approval would discover to its cost.²⁸ Nor did the government approve any other measures to encourage the creation of wine cooperatives in the early years of the century. A bill presented in parliament in 1914 to offer subsidies and low-interest loans to winemaking cooperatives was rejected. The government did not set up a

27. The Agricultural Syndicates Act has been considered the starting point for the expansion of agricultural cooperatives. See Garrido (1996, 2007). But the government's hesitancy with regard to its implementation has also been underlined. See Garrido (1994).

28. Planas (2015).

credit system for cooperatives, and the central bank imposed severe restrictions on borrowing. The bureaucratic inertia of Spanish authorities at the time clearly contrasts with the technical and financial support provided by the French government to its wine cooperatives,²⁹ and it has been identified as a key factor in the differences in performance of the wine cooperatives in the two countries.³⁰

As noted above, Catalonia was the only region in Spain where wine cooperatives experienced some development prior to the Civil War. A variety of circumstances have been considered in the attempts to explain their emergence then, such as the region's proximity to the French Midi, where cooperative wineries spread very rapidly in the early twentieth century, or the stock of pre-existing social capital in the form of a dense network of associations that aided cooperation;³¹ but a major factor was surely the contribution of the regional government set up in Catalonia. In 1914, the administrative bodies of the four Catalan provinces merged to build an autonomous government (*Mancomunitat*), which paved the way for the later creation of a new regional government with more competencies (*Generalitat*). This was unique for a regional government in Spain, and it allowed for the introduction of a modern agricultural policy that included an intense campaign in the rural areas of Catalonia to encourage the formation of winemaking cooperatives.³² The *Mancomunitat* had very few financial resources (no more than the funds provided by the provincial boards that were its members), but it created technical and financial services that supervised the designs for the new cellars, gave advice regarding the machinery required, and provided assistance in the construction of the cooperatives, and in the winemaking process itself. Because of the lack of funds, the *Mancomunitat* could not provide loans in optimal conditions (in fact, most of the financial assistance came from commercial banks), but in some cases that financial aid, albeit limited, was crucial for the consolidation of new projects. An official service was set up to promote the creation of agricultural cooperatives, which organized meetings and provided advice and assistance, and paid particular attention to cooperative wineries.

These official services were closed down after Primo de Rivera's *coup d'état* in 1923 and were only reopened after the proclamation of the Second Republic in 1931 and the establishment of a new autonomous government, the *Generalitat*. But this government would not last long, because in 1936 another *coup d'état*, this time led by Franco, triggered the Spanish Civil War.

29. On the contribution of the French government to the development of cooperative wineries in the early twentieth century, see Warner (1960), Rinaudo (1985), and Gavignaud-Fontaine (1986).

30. Simpson (2000); Fernández (2008); Fernández & Simpson (2017).

31. Planas (2016).

32. Casanovas (1998); Planas (2015).

Short-lived and with very few financial resources, these agricultural services were unable to consolidate the emerging cooperative movement in Catalonia. Moreover, social and political divisions between the winegrowers hindered the development of cooperatives.³³ In the 1930s the cooperatives were few, their storage capacity was small, and they often faced serious financial problems; nevertheless, the Catalan government's commitment to their development had gone some way to compensating for the lack of response from the central Spanish authorities. It is clear that this limited help made a critical difference, if we take into account that most of the wine cooperatives operating in Catalonia at the outbreak of the Civil War had been created during the brief existence of the Catalan government.³⁴

As we will see, the next stage in the development of the cooperatives took place in very different circumstances. The Catalan government's contribution consisted mainly of encouraging initiatives that emerged bottom-up. This was not the case under Franco's authoritarian government, which subjected them to strict institutional control. However, it was in this new period when most of the wine cooperatives were created in Spain, and, as we will see, the role of the State was again a key factor.

The “big spread” under the Franco regime (1940-1975)

The agricultural policy of the Franco regime was highly interventionist. The dictatorship used cooperative wineries as means of industrializing the wine producing regions and regulating wine prices, as well as a tool for social control. In the new political context, cooperatives were integrated in a new institutional system and subjected to strong control by the government.³⁵ The cooperatives created before the Spanish Civil War were politically purged, and Republican members expelled. As we have seen, most of them were located in Catalonia, which could explain the fall in their number in this region from 1935 to 1947 (Table 2). Cooperatives had to adapt to the new rules imposed by the authoritarian regime and were forced to join its new institutional framework. By no means social control was subordinated to the agricultural modernization.

The Cooperation Act (*Ley de Cooperación*), passed in 1942 and in force until 1974, established the institutional and organizational design of cooperatives. The rules were imposed from above in a standardized process and the

33. Planas & Valls-Junyent (2011).

34. Planas (2016).

35. Lanero (2011); Medina-Albaladejo (2011); Román (2013); Cabana & Díaz-Geada (2014).

cooperative sector was placed inside a corporatist structure, the National Trade Union (*Central Nacional Sindicalista*, CNS), under the discipline of the Institutional Association for Cooperation (*Obra Sindical de Cooperación*, OSC). The authoritarian OSC organized the cooperatives and exerted strict institutional control over them: it oversaw their boards, appointed the members of their supervisory committees (*Consejos de Vigilancia*), and revised their statutes, reports and balance sheets.³⁶

However, in contrast to the previous period, the cooperative wineries now received significant levels of financial aid from the State. The government helped the cooperatives mainly through long-term loans, especially for the construction or enlargement of the wineries and the purchase of machinery, and also provided short-term loans for their management when necessary. This financial support came from public institutions such as the OSC, the Ministry of Agriculture, and the National Institute of Rural Colonization (*Instituto Nacional de Colonización*, INC), and was supplied first by the National Service of Agricultural Credit (*Servicio Nacional de Crédito Agrícola*, SNCA) and later by the Agricultural Credit Bank (*Banco de Crédito Agrícola*, BCA). The SNCA had provided public financial assistance for Spanish agriculture since 1925,³⁷ and in 1962 it was replaced in this task by the newly-created BCA.³⁸

The mission of these institutions was to promote the modernization of Spanish agriculture. By means of financial support they encouraged mechanization, the use of fertilizers, the optimal use of water resources, and the industrial processing of agricultural produce. The main targets were to reduce production costs and to raise productivity.³⁹ As cooperatives were considered an ideal tool to achieve these goals, the SNCA and the BCA encouraged their spread by awarding grants or low-interest loans. In the specific case of wine cooperatives, the crisis of wine prices from the mid-1940s onwards (Figure 1) made the task particularly urgent.

The impact of State financial aid on the spread of cooperative wineries can be seen in Table 4. In 1961, there were 547 wine cooperatives operating in Spain, and 326 (around 60%) had received financial assistance to the tune of 580 million pesetas from the SNCA since 1947, benefiting 58,000 growers. This aid raised the productive capacity of the Spanish cooperatives by 4.3 million hectolitres, which was more than a third of the total capacity of the wine

36. Romero (1981).

37. Gámez (1997).

38. Archivo General de la Administración (AGA), Ministerio de Agricultura, 61/13058. *Documentación del Banco de Crédito Agrícola*.

39. SNCA, *Memoria*, Madrid (several years); AGA, Ministerio de Agricultura, 61/13058. *Documentación del Banco de Crédito Agrícola*.

TABLE 4 • *Financial support provided by the SNCA to the cooperative wineries in Spain, 1947-1961*

Region	Amount (millions of ptas.)	%	Aided coops.	Capacity increase (HI)
C.-La Mancha ¹	171	29.5	107	1,576,007
Valencia	95	16.4	65	936,610
C.-Leon ²	80	13.8	26	312,847
Aragon	76	13.1	39	582,538
Andalusia	65	11.2	20	204,297
Navarre ³	64	11.0	48	537,745
Catalonia	26	4.5	20	208,595
Galicia	3	0.5	1	12,937
Total	580	100.0	326	4,371,576

1: C.-La Mancha includes Madrid and Murcia.

2: C.-Leon includes La Rioja.

3: Navarre includes Álava (Basque Country).

Source: *El Servicio Nacional de Crédito Agrícola, 1947-1961*, Madrid, 1962. Authors' creation.

cooperative sector (11.4 million hectolitres in 1965).⁴⁰ More than a quarter of this financial help was for cooperatives from Castile-La Mancha and 16% for the region of Valencia, and this raised the productive capacity in each of these regions by approximately one million hectolitres – about half of the total increase in Spain (Table 4).⁴¹ They were followed by Castile-Leon, Aragon and Andalusia, regions with hardly any cooperative tradition, while very few cooperative wineries in Catalonia received any financial support (only 4.5% of the total amount, despite the fact that Catalonia was home to more than 20% of Spain's wine cooperatives). The State clearly preferred to support newly created entities which were easier to adapt to the dictatorship's rules. Also, in Catalonia, much of the limited financial assistance available was assigned to the foundation of new wine cooperatives in areas where there were very few, such as Terra Alta and Ribera d'Ebre.⁴²

Again, this fact shows that social control was an absolute priority for the government. But the expansion of the cooperative wineries was also an in-

40. Huetz de Lempis (1967), vol. 2, p. 782.

41. In the province of Valencia, two thirds of the 54 cooperative wineries had received financial aid from the SNCA; in total, 78 million pesetas were destined to expanding productive capacity. According to the data provided by Pascual Carrión (an important agricultural engineer in those years), cooperatives produced 40% of the total wine production in Valencia, while the average in Spain was less than 24% (Table 1). See Carrión (1960), p. 34-36.

42. Medina-Albaladejo (2015b).

strument for industrializing the wine producing regions and regulating the wine market. Thanks to support from the State, the wine cooperatives expanded rapidly in the 1950s and 1960s, not only in terms of production but also in terms of membership numbers (Table 1). Though membership was voluntary and the commitment to the cooperative meant a loss of entrepreneurial freedom, as winegrowers were unable to take their own economic decisions,⁴³ the cooperatives could offer strong incentives to winegrowers, as they could pay them higher than market prices for their grapes; furthermore, the quality of the produce was not an issue. Small and large winegrowers alike joined the cooperatives, attracted by the high prices and by the fact that the State would now fund the enlargement and modernization of the cooperatives, and thus relieve them of the burden of investing in their businesses.

The BCA replaced the SNCA as the provider of financial assistance in the 1960s and 1970s, intensifying the development and consolidation of cooperative wineries and other agricultural cooperatives. Between 1963 and 1966, for example, agricultural and rural credit cooperatives received 50% of the 37.5 million pesetas that the BCA lent to all agricultural producers.⁴⁴ In fact, the rate was probably higher, because these data do not include the loans for purchasing machinery and the credits that were channelled through the INC and other public institutions.⁴⁵ As was the case with the financial assistance from the SNCA, the loans provided by the BCA were used mainly for the construction or enlargement of the wine cooperatives and for their technological modernization, but short-term loans for their management were also available, and even individual loans to the members.⁴⁶

The interest rates on these loans were lower for the agricultural and rural credit cooperatives than for individual farmers, private businesses or agricultural industries. In 1969, the average interest rates applied to agricultural cooperatives and rural credit cooperatives were 3.66% and 3.75% respectively, compared with 4.7% for individual farmers (through rural credit cooperatives), 4.5% for private businesses, and 6.9% for agricultural industries. At that time, the interest rates applied to the cooperatives by the Spanish institutions were the lowest in Europe.⁴⁷

In our view, State support for wine cooperatives is the key to understanding their transformation after the Civil War. In the 1930s there were roughly 100 small cooperative wineries producing very limited amounts of wine. By

43. Caballer (1982).

44. Medina-Albaladejo (2015a).

45. The INC carried out several projects for the creation of cooperatives as rural colonization groups. AGA, Sindicatos, 003.008. *Proyectos de obras del Instituto Nacional de Sindicalización*.

46. Medina-Albaladejo (2011), p. 279-280.

47. AGA, Ministerio de Agricultura, 61/13058. *Documentación del Banco de Crédito Agrícola*.

the end of the 1960s, the figure had risen to more than 700; their average size (in terms of both membership and storage capacity) had doubled, and they now produced 50% of the total wine in Spain (Table 2). In regions like Castile-La Mancha, they became the leading winemaking companies, with large plants producing millions of litres, and it is fair to say that they headed up the process of industrialization of the wine sector.⁴⁸ The striking change in the regional distribution of cooperative wineries in the 1950s and 1960s that we have examined above (Table 2 and Figure 4) was also clearly linked to the financial help provided by the State.

Access to capital was indeed a critical problem for the development of winemaking cooperatives, but other important hurdles these concerns had to negotiate were overproduction and low prices (Figure 1). The Ministry of Agriculture introduced measures mainly aimed at helping the cooperatives, as they produced wine in bulk using industrial methods. In the 1950s a Commission for the Purchase of Surplus Wine (*Comisión de Compras de Excedentes de Vino*) was created to buy part of the wine production from producers at above market prices. This institution also paid the cooperative wineries to stockpile part of their annual production (through what were known as *Primas de Inmovilización*) and sell it in future years when production might be lower. This system, which included advanced provision of public credit for the wine delivered or stocked in order to solve the crises of low prices, was of limited importance in the 1950s, but in the 1960s and 1970s it became a major source of funding for the cooperative wineries. In 1966-67, for example, the cooperatives received 710 million pesetas under this system and 1,118 million pesetas in 1969-70.⁴⁹

At the end of the 1960s and in the early 1970s, due to the intensification of the problems of overproduction caused by the new patterns of demand and the fall in per capita consumption (Figure 2), cooperative wineries were forced to hand over 10% of their production to public institutions such as the Fund for the Management and Regulation of Agricultural Products and Prices (*Fondo para la Ordenación y Regulación de Productos y Precios Agrarios*, FORPPA). The Compulsory Delivery of Wine (*Entrega Vinica Obligatoria*, EVO) was exploited by the cooperatives, who gave over their lowest quality wine and sought good prices in the markets for their better produce. The wine delivered to the EVO was mainly distilled; as we will see in the next section, this solution to overproduction took on much greater relevance later, at the end of the 1970s and during the 1980s (Figure 2).

The State also provided assistance in the purchase of inputs and machinery for use in the vineyards, which were often imported. The cooperatives re-

48. Pan-Montojo (2003).

49. Fernández (2008).

quested these services and the Ministry of Agriculture found specialist companies and provided partial funding for the purchase. The machinery acquired through this system could not be sold or rented for a period of four years, and its use was reserved for members of the cooperatives, with preference being given to those with the lowest purchasing power. Other forms of State support were the design of buildings, aid to encourage exports, loans to buy raw materials, and individual credit for cooperative members.

The late evolution under democracy (1975-present day)

The cooperative system that emerged under Franco's dictatorship was highly regulated and protected by the State, and the wine cooperatives had a productivist orientation that responded to the need to transform all the grapes handed over by their members regardless of the quality of the final product, and to sell it mainly in local or regional markets. During the 1950s, 1960s, and 1970s the cooperative wineries notably increased their fixed capital or tangible assets. With the accession of new members, the cooperatives needed to expand their production and storage capacity. The consumption patterns of the time favoured their development, as they could produce and market wines of low quality but well-suited to the demand from the Spanish domestic market, where standards of living were low, and home-grown goods were strongly protected against imports.

But in the 1980s the new patterns of demand seen elsewhere finally reached Spain. Spanish consumers now drank wine less regularly but expected higher quality. In fact, consumption has fallen steadily ever since the mid-1970s (Figure 2), especially in the case of table wines.⁵⁰ It was this change in the market conditions that posed the greatest challenges to the cooperative sector. During the dictatorship the cooperative sector had expanded, producing large amounts of very low quality wines, under strong State control. The cooperatives were part of a hierarchical institutional system that did not leave them any autonomy to make decisions. Furthermore, the lack of an ideological basis and social capital in these entities, which had been created from above during the dictatorship, made it difficult to introduce badly needed changes. At the time of Franco's death, Spanish cooperative wineries were inefficient in areas such as financing, management, and production; they were excessively dependent on external debt, their production capacity was unnecessarily high, and they were not oriented to catering for the new patterns of demand.⁵¹

50. Martínez-Carrión & Medina-Albaladejo (2010).

51. Medina-Albaladejo (2015a).

With the return of democracy, this model was dismantled and State intervention was gradually placed in the hands of the regional governments, which began to regulate and support the cooperative movement through the enactment of legislation at regional levels. At the same time, after forty years of dictatorship, the first free cooperative organizations were created, gathering together many of Spain's agricultural cooperatives. The Confederation of Agricultural Cooperatives (*Confederación de Cooperativas Agrarias de España*, CCAE),⁵² for example, was created in 1989 as a result of the merger of two previous associations created in the 1970s: the Spanish Association of Agricultural Cooperatives (*Asociación Española de Cooperativas Agrarias*, AECA) and the Union of Agricultural Cooperatives of Spain (*Unión de Cooperativas Agrarias de España*, UCAE).

The seventeen regional federations of the country are associated in this institution, but they lack the strength to establish the overall strategies of the cooperative sector. It was not possible to launch a restructuring and concentration process that might have enabled them to gain access to increasingly competitive markets – as had occurred, for example, in other major producing countries. In Italy, for example, wine cooperatives have gone through a major process of modernization in recent decades, and today they are solid and soundly organized companies, with a divisional structure and professional management, diversified product lines and distribution channels aimed at multiple markets, and the creation of second- and third-degree cooperatives (the so-called “*consorzi di cooperative*”). Consequently, in 2012 five out of the top ten Italian wine cooperatives were cooperative groups and two of them held the top positions in the ranking.⁵³ In Spain, to the contrary, the inertia of the Franco regime's cooperative model has marked the evolution of the sector ever since, making it difficult to adapt to the changing circumstances. As the Spanish cooperative wineries had not implemented more efficient organizational structures, by the early 1980s many of them were in serious difficulties; both their membership and their absolute numbers fell as a result (Table 2).

Moreover, the cooperative wineries and the Spanish wine industry had to adapt to the provisions of the EEC during the early 1980s in order to prepare for Spain's entry into the Community in 1986. The main goal was to reduce the supply of wine in the European market to avoid a drop in prices. The system of surplus treatment, which Spain had already implemented on a modest level since the 1950s, took on much greater significance with the country's accession to the EEC and the adjustment policy imposed by Brussels via the Common Market Organization (CMO) in 1987, and also under the Common

52. Today this association is named Agrifood Cooperatives (*Cooperativas Agroalimentarias*).

53. Medina-Albaladejo (2016); Medina-Albaladejo & Menzani (2017).

Agricultural Policy (CAP). This new legislative and regulatory framework encouraged the production of quality wine, restricted that of table wine (Regulation 823/87), provided subsidies as incentives to reduce the area under vine, and imposed compulsory distillation (Regulation 822/87). The goal was to adjust supply to demand and prioritize the production of higher quality wines, with the creation of the European Agricultural Guarantee Fund (EAGF).

This new legislative framework marked the sector's evolution in the democratic period. As Figure 2 shows, the exportation and processing of wine (that is, its distillation or the production of vinegar) were small-scale concerns until the 1970s: almost 90% of the wine produced in the country was destined for domestic consumption. The problem of overproduction became particularly serious in the 1970s because of the expansion of the area under vine and the improvement of yields, which had risen from 11.8 Hl/Ha in 1954 to 24.6 Hl/Ha in 1980.⁵⁴ Increases in output and decreases in domestic consumption due to the new patterns of demand led to problems of overproduction and price stagnation until the mid-1980s (Figure 1).

The two strategies applied to remedy the situation were the encouragement of exports and the promotion of distillation (Figure 2). The preferential trade agreements which Spain had signed with the EEC in 1970 and the country's later accession to the EEC in 1986 meant that many European markets which had been reserved for French and Italian wines were now open to competition from Spain. Since then, the promotion of exports has been one of the main strategies used to deal with the Spanish wine surplus. As a matter of fact, since the mid-2000s exports have been higher than domestic consumption, which explains the rise in the prices received by farmers since the mid-1980s (Figure 1), even though Spain became highly specialized in the bulk export of low quality wines, sold at the lower end of the international markets.⁵⁵

The other instrument used to deal with overproduction was compulsory distillation imposed by the State and the EEC. Distillation had been rising since the mid-1970s (Figure 2). With Spain's accession into the EEC, cooperatives sold their wine for distillation at low prices set by the European authorities in order to "punish" the wineries that recorded surpluses. However, in some areas of Castile-La Mancha and Extremadura the prices for distillation were more attractive and profitable than those offered by cereals, the only alternative crop in these regions. Therefore, the measure failed because it encouraged the production of surpluses instead of reducing it.⁵⁶ In addition, the

54. Ministerio de Agricultura, *Anuario de Estadística Agraria*, Madrid, 1954, 1980.

55. Fernández (2012); Martínez-Carrión & Medina-Albaladejo (2013).

56. Piqueras (2006).

quota assigned to the distillation of surpluses in the Treaty of Accession was unable to redress the situation of the Spanish wine sector. In 2010 Spain produced 36 million hectolitres, while domestic consumption was only 11 million, and exports 18.6 million; so, the distillation of 4 million hectolitres was insufficient to remove the 6 million hectolitre surplus that Spain generated. In years of high production (for example 2003), the surplus was over 8 million hectolitres, which could have been as high as 15 million without compulsory distillation (Figure 2).

In recent decades Spain has been the largest producer of wine surpluses in Europe, with the cooperatives from Castile-La Mancha and Extremadura being the main causes of this situation. These two wine producing regions accounted in 2009 for more than 35% of the cooperative wineries in Spain; since 1980 their number had increased significantly in Extremadura, and in Castile-La Mancha their share had also augmented, because of the overall reduction due to the difficulties experienced by the whole sector and the need of restructuring. In the last thirty years, the restructuring process has been very severe in some regions with a very long tradition in cooperative wineries, including Catalonia and Valencia (Table 2). In the case of Castile-La Mancha, in 2009 the average production of the cooperative wineries was nearly 70,000 hectolitres, which was twice the national average; two cooperatives produced more than 500,000 hectolitres, and five produced between 250,000 and 500,000.⁵⁷ In the major wine producing regions of Spain where most of the cooperative wineries were based, these cooperatives became a source of low-standard wines, instead of a means of improving product quality – the original idea behind their creation.⁵⁸

In 2008 there were 625 cooperative wineries operating in Spain, which produced about 70% of all Spanish wine (Table 1). In terms of the number of cooperatives, these figures were very similar to those in neighbouring countries such as France (750) and Italy (583). However, in terms of turnover Spain was clearly trailing behind: the respective figures were 5.1 billion euros for France, 3.2 billion euros for Italy, and 1.4 billion euros for Spain. Furthermore, none of the ten largest European cooperative wineries were from Spain: three Italian and two French companies led the ranking.⁵⁹ In recent decades there have not been any wine cooperatives among the top twenty companies in the Spanish wine sector, which has always been dominated by the big private groups located mainly in the regional appellations of Cava, Jerez and La Rioja.⁶⁰

57. Langreo & Castillo Valero (2014), p. 158.

58. Fernández & Simpson (2017).

59. COGECA (2010).

60. Alimarket, *Informe anual de bebidas* (Madrid, several years).

In Spain there have been some attempts to link groups of cooperatives together for marketing purposes and to raise their competitiveness, but they have been less successful than similar endeavours in Italy or France. Some of these plans were already carried out under the dictatorship, such as the *Cooperativa Española de Comercialización de Productos del Campo*, a national organization for marketing agricultural products, and at a regional level the *Cooperativa Vinícola Navarra*, which was launched in 1955 and grouped together more than twenty cooperative wineries in Navarre; eventually, however, both attempts failed.⁶¹ More recently, some autonomous initiatives had more successful results, such as the *Centre Vinícola del Penedès*, created in 1985, which today bottles and sells wine for 13 cooperatives in Catalonia;⁶² *Anecoop*, *Coviñas* and *Bocopa* in Valencia;⁶³ *Bocovin* in Andalusia,⁶⁴ and *Baco* in Castile-La Mancha. This, in fact, seems to have been the tendency in recent years, although the Spanish wine cooperative sector is still highly fragmented and was slow to join the commercial networks of bottled wines in international markets; its position remains weak compared to the large cooperative groups from France and Italy and the growing competition from Southern Hemisphere countries such as Argentina, Chile and Australia. In 2003, Spanish wine cooperatives exported less than 20% of their output and only bottled a similar proportion.⁶⁵

Conclusion

Today, Spain has the largest planted surface of vineyards in the world and it is one of the world's top wine producers alongside Italy and France. In 2014, Spain exported 22.8 million hectolitres, surpassing France and Italy to become the world's biggest exporter. However, much of these exports were bulk sales with tiny margins that perpetuated the image of Spanish wine as "cheap plonk".⁶⁶ In terms of the exports value, Spain was far behind France and Italy. As a matter of fact, the biggest buyer of Spanish wines was France (5.8 million hectolitres), which often bottles and sells Spanish produce as French wine (Italy does the same with olive oil). In our view, these features of Spain's wine industry today are closely related to the historical patterns of State involvement in the cooperative sector.

61. In 1975 COVINA had to be sold because of serious financial problems. See Majuelo & Pascual (1991), p. 365-368.

62. Saumell (2004).

63. Medina-Albaladejo (2011).

64. Fuentes, Veroz & Artacho (2000), p. 58.

65. Confederación de Cooperativas Agrarias de España (2004).

66. *The Guardian*, 6 March 2015.

In this article, we have argued that the main features of the current Spanish wine cooperative sector are a legacy of Franco's times. It was during the dictatorship when the model for the wine cooperative sector was designed and experienced its most significant development. Prior to the Civil War, cooperative wineries were few and far between; the sole exception was Catalonia, where a spontaneous cooperative movement had started with the support of the Catalan public authorities. But even in Catalonia the wine cooperatives were small-scale, their situation was precarious, and their share of overall wine production was very low.

If the lack of involvement of the Spanish government was the main reason for the slow development of wine cooperatives before the Civil War, their expansion (both in their number and size) during Franco's era was the result of State intervention. A new model was designed with a productivist orientation and a high level of State protection. Its aim was the social and economic control of the wine sector, which was suffering from recurrent crises of overproduction. Long-term low-interest loans were provided for the construction or expansion of wine cooperatives, and financial support was also provided to increase productivity and to stockpile part of the wine surpluses at times of falling prices. Most of the State aid was assigned to winegrowing regions with very little tradition in the cooperative movement, and the existing wine cooperatives were politically purged in order to stamp out any resemblance to their predecessors, which had been created bottom-up in the period before the Civil War. The geographical redistribution of the wine cooperatives changed so much under Franco because of the authorities' desire to establish a brand new cooperative model. The result was a new wine cooperative sector created top-down, highly integrated in the authoritarian regime, without any ideological grounding in cooperative principles, and oriented toward selling low quality wines in a highly protected market.

During the late twentieth century, the wine cooperatives had to adapt to changes in demand inside a much more competitive business environment. Within the new political context of the democratic transition, the wine cooperative movement was less constricted but the inertia inherited from the previous period made changes more difficult. The disappearance of many wine cooperatives in recent decades and the decreases in their membership bear witness to the obstacles they faced in their attempts to adapt to the new economic situation, although they still produce 70% of the wine output. Of course, it was not only in Spain that cooperative wineries found it hard to compete, and it can be argued that some of these problems are related to the very nature of the cooperative venture itself.⁶⁷ However, there are some successful examples (especially in Italy and France) that demonstrate the capac-

67. Fernández & Simpson (2017).

ity of wine cooperatives to hold their own in a globalized economy. If these examples are conspicuous by their absence in Spain it is surely a consequence of the creation of the cooperative model by the authoritarian regime.

In this paper, we have focused our attention on the contribution of the State to the development of cooperative wineries. We have pointed out the need for a certain level of financial and technical support from the State, but we have also highlighted the dangers of State intervention – especially in the context of a dictatorship – regarding the adulteration of cooperative principles, constraints imposed on the free and democratic organization of these businesses, and the potentially detrimental effect on their economic development.

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Too little intervention or too much? The contribution of the State to the development of wine cooperatives in Spain

ABSTRACT

This article analyses the contribution of the State to the expansion of wine cooperatives in Spain over the course of the twentieth and the early years of the twenty-first centuries. We examine the legislation that created the institutional framework for their development, and the role of the State in providing both financial and technical assistance. We show that the State's contribution was critical to differences not just in the rate of their expansion but also in their distribution throughout the main winegrowing regions of Spain. Finally, we assess the consequences of State intervention on their overall performance, highlighting a lack of involvement as the main reason for the slow development of wine cooperatives in the early period, but also the dangers of excessive State intervention later.

KEYWORDS: wine cooperatives, State intervention, twentieth century, Spain

JEL CODES: J54, L66, N84, Q13



¿Poca intervención o excesiva? La contribución del Estado al desarrollo de las cooperativas vinícolas en España.

RESUMEN

Este artículo analiza la contribución del Estado a la expansión de las bodegas cooperativas en España durante el siglo XX y los primeros años del siglo XXI. Examinamos la legislación que creó el marco institucional para el desarrollo de estas instituciones, y el papel del Estado en su asistencia técnica y financiera. Mostramos que la contribución del Estado es un elemento fundamental para explicar las diferencias no solamente en el grado de desarrollo de las bodegas cooperativas, sino también en su distribución en las principales regiones vitícolas de España. Finalmente, evaluamos las consecuencias de la intervención del Estado en su desempeño general, destacando su falta de implicación como la principal razón para su lento desarrollo en un primer período, pero también los peligros de su posterior interferencia excesiva.

PALABRAS CLAVE: bodegas cooperativas, intervencionismo estatal, siglo XX, España.

CÓDIGOS JEL: J54, L66, N84, Q13