

Carl Wolff and the significance of co-operative ideas for the regional development of Transylvania

Gerhard Michael Ambrosi
UNIVERSITY OF TRIER
ambrosi@uni-trier.de

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1 Introduction

Transylvania is a central region of Romania since December 1st 1918. In the centuries before that date, it had a turbulent history between the Hungarian kingdom, the Austrian and the Osman empires. It experienced much conquest and warfare, but also periods of peaceful reconstruction. The outcome was the establishment of a rich pattern of diverse ethnic and religious communities and of variegated administrative structures on the local and regional level.

An interesting aspect of this history is a rich experience with co-operative structures. They played a particularly large role among the “Transylvanian Saxons”, a group of Germanic settlers called into Transylvania around the 12th century by the then ruling Hungarian kings (Geysa II 1141–1162, Andreas II 1205–1235) in order to safeguard and develop economically that region after devastations through war and internal strife.¹ In order to attract and keep them, the Hungarian kings gave the settlers wide ranging autonomy which enabled them to have a democratic and co-operative regime of self-rule in the face of wide spread feudalism in the rest of the contemporary world.

¹A well documented, yet brief historical overview is given by Gündisch [1998b]

Their name being Transylvanian “Saxons”, these settlers seem to originate from Saxony in northern and central Germany. Their language, however, as well as several other cultural traits and also special aspects of their co-operative orientation give a different clue: They point to a region which is quite distant from present-day German Saxony and which is situated more toward the Moselle region in and around what is now Luxembourg.

The present contribution focuses on some co-operative phenomena as developed and cultivated in this particular historical and regional setting. Co-operative structures had at times an important stabilising influence on regional development in Transylvania. In more recent times the adoption of modern co-operative movements also had some remarkable results, particularly thanks to the work and influence of Carl Wolff, the “Raiffeisen” of Transylvania, as he was sometimes called in the literature.²

2 Alternative conceptions of co-operative development

When dealing with co-operative developments, care should be taken to distinguish between conscientious cultivations of co-operative *ideas* on the one hand and pragmatic developments of co-operative *practice* on the other. For centuries, the latter was a characteristic of many societies. Those in Transylvania were no exception. What was special about them were their particular Frankish roots which the ‘Saxons’ inherited from their spiritual homeland, the Moselle region around Luxembourg, as already mentioned. It was also unique that those structures could survive among the ‘Saxons’ in Transylvania under democratic conditions due to the privileged status guaranteed by royal proclamation, while in other parts of Europe traditional co-operatism suffered heavily under the development of the feudal system. In a scientific context a study of such practice and tradition can be interesting for posterior reflections and for interpretative legal, sociological and economic enquiries.³

Co-operative *movements*, on the other hand, were predominantly a phenomenon of the 19th and 20th century and were often based on pre-conceived ideas about society and co-operative structures as cultivated *e.g.* in France by Claude Henri de Saint-Simon (★ Paris 1760, † Paris 1825) and

²Wehenkel [1929, p.14]

³For an interesting study of the survival of the Frankish co-operative tradition in modern Transylvanian ‘Saxon’ communities see Schubert [1980].

Charles Fourier (* Besançon 1772, † Paris 1837). They gave important inspiration to the producers' cooperatives movement. A parallel development originated from the consumers' cooperative of the "Rochdale Equitable Pioneers" (1844) which led to founding the British Co-operative Union (1869).

Much of this thought was a reaction against capitalism and industrialisation. It was based in part upon romantic ideas about a supposedly better past (Prince Kropotkin *Moscow 1842, †Dmitrow 1921) or upon utopian socialistic conceptions. Other streaks of such thought offered more practical conceptions for helping to protect the economically underprivileged to survive under the new societal and economic conditions of industrialism without ever questioning the contemporary system of society itself. It is particularly in this latter "liberal" sense that the modern co-operative movement became significant for the regional development of Transylvania, as will be seen presently.

A "co-operative" in the narrower sense signifies an arrangement of joint ownership for the production or distribution of goods or services (*Webster's Dictionary*, 1989). But in a wider sense the term signifies a collective endeavour which can well go beyond those narrower economic ends. It is in this latter and wider sense that Otto von Gierke, (*Stettin 1841, †Berlin 1921) one of the rather influential writers about the legal and societal aspects of co-operatives, understands and propagates this term. He co-authored the German "co-operative law" (*Genossenschaftsrecht*, 1889) which still is in effect in Germany. Gierke [1868, p.358] sees one of the particularly convincing manifestation of co-operative structures in the medieval towns and their guilds. In his positive evaluation of guilds and comparable corporations he follows a precedent set by G.W.F. Hegel [1821], who, in his *Philosophy of Right*, gives an elaborate philosophical justification for the type of co-operative corporations which may be seen in the medieval guilds.⁴ He sees in them an arrangement which dignifies, physically maintains and politically integrates the guild members in their community and in the state. Thus such corporations are not only an economic arrangement but an ethical one which makes them an important root of the state, comparable to the family in this particular ethical regard. This tradition was well received in Romanian thinking about co-operative movements as exemplified by Mladenatz [1933], once professor at the Bucharest Academy of Economics. He refers to Otto Gierke as "le grand juriste allemand" (*ibid.* p.6) of co-operative legal history. According to Mlade-

⁴For guilds as medieval corporations see Robert Hessen [1987, p.675].

natz' judgement (*ibid.* p.60) the modern co-operative movement is shaped by (i) the just mentioned Rochedale Equitable Pioneers, (ii) by Schulze-Delitzsch and (iii) by Raiffeisen.

Hermann Schulze-Delitzsch (*Delitzsch 1808, †Potsdam 1883) was a lawyer and a parliamentarian at the German revolutionary national assembly of 1848. He came to propagate particularly the concept of producers' co-operatives. Friedrich Wilhelm Raiffeisen (*Hamm 1818, †Neuwied 1888) was the founder of the German agricultural co-operative movement. Between these two, great weight was given to practical questions of collective liability and of financial solidity, and to a system of strict control of financial accounts. But Raiffeisen [1887] combined also high moral imperatives with his more mundane management prescriptions so that Carl Wolff [1976, p.79] likened the importance of this book to that of the Bible. Although such a high esteem for a book on co-operatives might seem overdone, the propagation of Christian values – of which neighbourly love is one of the most important ones – in connection with the co-operative movement was a good safeguard against irresponsible particularism. The importance of this aspect was revealed when proto-fascist strands of co-operative movements developed in the 1920s, in Transylvania exemplified by the “self-help” (*Selbsthilfe*) organisation of Fritz Fabritius (Sibiu / Hermannstadt 1922)⁵. Although that movement also had its “economic ethics”⁶, it was in fact narrowly chauvinistic apart from having been economically unsound. Politically it was catastrophic because its aims, although not generally supported, tended to isolate the ethnic group of the “Saxons” who, under Carl Wolff, tried to integrate economically with their regional neighbours and to spread mutual respect in a good neighbourly fashion.

A different brand of catastrophic co-operative movement was exemplified in Transylvania after the agrarian reform of socialist Romania of 1949. The ensuing forced collectivisation and the forced establishment of agrarian producers' co-operatives totally estranged the agrarian population from the co-operative idea. It destroyed the traditional co-operatives and physically drove off the “Saxons” with their 800 centuries old experience with often quite successful co-operative self administration.

All in all, Transylvania offers a most interesting laboratory for the study of a wide spectrum of co-operative movements and of their societal consequences. In view of their potentially beneficial influences on regional development, this experience deserves closer scrutiny and reflection.

⁵See Gündisch [1998, p.186f.].

⁶For documentary evidence see Filff [1931, S.70].

3 Transylvanian “Saxon” contributions to co-operative regional development

As already mentioned, the Transylvanian ‘Saxons’ inherited and preserved co-operative structures from their Moselle-Frankish (cultural) homeland as it was around the 12th century. They developed some of the inherited structures into a unique and often highly successful way.

In *rural* communities some of the traditional co-operative structures survived as “neighbourhoods” well into the 20th century, although they all disappeared by now. Nevertheless, they offer a unique opportunity for an almost “live” study of medieval co-operative practice in its societal and economic implications (see Schubert [1980]).

In the Transylvanian *towns*, from the beginning the guild system flourished in a remarkable way. As already quoted above, Gierke [1868, p.358] considered the guild system to be one of the finest manifestations of co-operative law. In administrative elaboration and economic diversification, the Transylvanian Saxon guilds could well be compared to their western European counterparts. Thus, when the district of Sibiu / Hermannstadt reorganised and unified its guild system in 1376, they identified 25 different types of occupations, organised in 19 *fraternitates*. At about the same time the economically highly important German town of *Augsburg* had 20 occupations in 16 guilds while (the then also important German town) *Straßburg* had 28 occupations (Gündisch [1998, p.57]). The tax accruing to the Hungarian king from this flourishing economic activity was an extremely important source of royal revenue.

A unique co-operative development in Transylvania was the establishment of the Saxon “Nationsuniversität” (*Universitas Saxonum*) under the Hungarian king Matthias I. (“Corvinus”, 1458–1490) in 1486. The name of this institution requires some comment: (i) The term ‘Saxon’ refers more to Luxembourg than to any other place, as mentioned above. (ii) “Nation” does not refer to nationality but to holders of specific native rights. Finally, (iii) *universitas* does not refer to an academic “university” but rather to a unification of entitled citizen.

The proclamation of the *Universitas Saxonum* extended the early settlers’ freedom to a well defined royal territory and thus it protected them against the privileged nobility. The institutions man-

aging the ensuing self-administrative rights “became the superior political, administrative and judicial representation of the free Germans in Transylvania, an institution similar to the alliance of cities in western Europe” (Gündisch [1998b]). It thus was a co-operative “corporation of corporations” and in this quality it did not only administer and defend entitlements but it was also itself entitled to rights and possessions. These were used then in order to further the needs of the community as, in particular, education and religious service.

This co-operative administrative body withstood the war against the Osman Empire and many other tribulations and gave relative administrative and economic stability as well as considerable military strength to a much contested region. It lasted until 1876 when it was dissolved after Transylvania was transferred from Austrian to Hungarian rule in 1867.

The loss of this self-administrative body was one of the major motivating forces for a number of popular leaders of the Transylvanian Saxons in their attempts to adopt modern co-operative developments. As already noted, the intention behind the Saxons’ conscientious adoption of new co-operative models was predominantly ‘liberal’ in a free market sense and not politically or socially anarchistic. But apart from a culturally self-assertive motivation to withstand the increasing pressure of Magyarisation exerted by the new Hungarian rulers after 1867, there also was even earlier dire economic need behind embracing new co-operative developments. The increasing speed of global industrialisation, the abolition of the guild system in 1860, as well as later trade political strife between Hungary and Romania isolated the traditional artisans and farmers from their customary markets. In the economically peripheral position in which Transylvania increasingly found itself, its citizens experienced an acute shortage of capital. It was therefore not surprising that some hope for betterment was put on the founding of credit co-operatives. The first of these were the “Kronstädter allgemeine Sparkasse“ (Kronstadt / Braşov 1830) and the “Hermannstädter allgemeine Sparkassa” (Hermannstadt / Sibiu 1841). These beginnings turned into a movement towards the wide-spread establishment of “advances associations” (*Vorschußvereine*) soon after Schulze-Delitzsch established in Germany the first producers’ co-operative around 1850 and realised that it needed a proper financial foundation based on savings contributions and on mutual liability.⁷ Such an association was

⁷For more details on Schulze-Delitzsch see, e.g. Faust [1949, p.28].

first founded in Bistritz / Bistrița in 1852 by adopting Schulze-Delitzsch's original statutes. Comparable co-operative arrangements followed in Mediasch / Mediaș (1862), Schäßburg / Sighișoara (1862), Hermannstadt / Sibiu (1862), again in Bistritz / Bistrița (1864), Sächsisch-Reen / Reghin (1865), Broos / Orăștie (1866), Kronstadt / Brașov (1866), Mühlbach / Sebeș Alba (1869), again in Schäßburg / Sighișoara (1870), Fogarasch / Făgăraș (1871), again in Mediasch / Mediaș (1893) and Elisabethstadt / Dumbrăveni (1900) to name just the cities.⁸

The Schulze-Delitzsch movement was thus well established in Transylvania by 1885 when Carl Wolff suggested to also establish co-operatives of the Raiffeisen type. It turned out that the former type was not really well suited for agrarian communities because it was too demanding on financial know-how. His initiative was taken up in that year in the villages of Großscheuern / Șura Mare, Frauendorf / Axente Sever, Arbegen / Agîrbiciu and Reußmarkt / Mircurea Sibiului. In the following year they were joined by co-operatives in Rothberg / Roșia, Girlesau / Bradu, Waldhütten / Valchid and Zendersch / Senereuș. These eight co-operatives then founded an association and elected Carl Wolff as their attorney. Shortly before, he had become the director of the "Hermannstädter allgemeinen Sparkassa (HAS)" (savings bank). This opened, of course, favourable venues for agrarian credit arrangements for the newly founded co-operatives. In addition, the problem of professional controlling could be solved by involving the staff of the HAS.

Table 1: Credit co-operatives organised in the Transylvanian Raiffeisen association*

year	co-operatives	average growth	year	co-operatives	average growth
1886	8		1910	144	4.78 %
1890	16	18.92 %	1914	170	4.24 %
1895	51	26.09 %	1921	181	0.90 %
1900	80	9.42 %	1925	182	0.14 %
1905	114	7.34 %	1927	185	0.82 %

* Membership figures from Wehenkel [1929, p.17]

This construction proved so successful that the number of Raiffeisen-type credit co-operatives

⁸See Filff [1931, p.39]. A synopsis of their respective organisational structure is given *ibid.* pp. 50-51. That author lists 5 further foundations of the Schulze-Delitzsch type in market communities (*ibid.* p.41) and 14 further ones in agrarian communities (*ibid.* p.42).

rapidly grew from the 8 original ones of 1886 to 185 in 1927, the number of participating individuals having increased from originally 349 to about 20 000 [Wehenkel, 1929, p.17, p.19].

Although the global membership figures are impressive, the growth rates depicted in table 1 show that in terms of these rates much of the initial dynamism of the founding years did not survive into the new millennium. To a certain extent this might well be a consequence of a saturation with such associations. But the fact that in the time after World War I growth rates were way below 1% p.a. is an indication that conditions turned rather unfavourable for further co-operative growth under the new Romanian administration. The stagnation in the co-operative movement might well have been a consequence of legal insecurity. These figures thus draw the attention to the legal environment for the development of the co-operative movement. In September 1920 the old Romanian co-operatives law was extended to Transylvania without giving regard to the long established different legal tradition for the Transylvania Saxon co-operatives. This caused much insecurity among the affected minorities (Cf. Filff [1931, p.15]). The new co-operatives law of 28 March 1929 was highly centralised. According to the judgement of Filff [1931, p.32], that law did not incorporate the legal principles of liberalism as established previously in the respective laws in Britain and Germany. It represented more an absolutistic desire to police and to control and less the permission to let citizens organise themselves for their mutual benefit.

This is not the place to give that law a full critical evaluation. But that experience certainly is worth to be looked at in more detail under the viewpoint of how co-operative movements may be fostered or hindered in their development. As previous experience showed in particular in the Transylvanian setting, co-operative movements could contribute very well to an economically healthy regional development. Although the old boom in the creation of co-operatives is unlikely to repeat itself, this form of economic organisation does have some potential which might make it interesting to create a favourable environment for a new era of co-operative movements in Transylvania.

4 Carl Wolff's conception for regional development

If a single person is to be named in connection with the modern co-operative movement in Transylvania, it is Carl Wolff (* Schäßburg / Sighişoara 1849, † Hermannstadt / Sibiu 1929). As far as theory is concerned, he cannot put much claim to originality. But as far as a wise selection of appropriate concepts is concerned, he can well be considered to have been a practical genius. A “Saxon” by birth and lawyer by profession (doctoral dissertation 1869 at the university of Heidelberg in Germany) he first turned to journalism in Vienna and in Transylvania. From 1881 to 1887 he represented his Transylvanian Saxon constituency in the National Parliament in Budapest. He eventually realised that he could serve his people better by leading them not in party political matters but in economic political ones. As journalist he agitated for good commercial relations with Romania and for ethnic Romanians' full recognition as citizen in the old Austro-Hungarian empire resp. kingdom. Even the dictatorial regime of Nicolae Ceausescu later paid tribute to him by republishing part of his works and other material on him (Wolff 1976, Ungar and Nistor 1981). In 1883 he switched from journalism to banking and in 1885 he became director of the HAS savings bank in Sibiu, as already mentioned. Under his directorship this institution was changed into a joint-stock company but with the proviso that its profits should be used only for building reserves and for the public benefit. Thus it carried over into the realm of joint-stock companies some of the corporatist ideas of public benefit which were associated with the old institution of the *Universitas Saxonum*, as mentioned above. Soon extending the scope of activities of the HAS bank beyond the traditional territory and into new dealings with mortgages, he was able to finance remarkable works of regional infrastructure development. At his instigation, Sibiu / Hermannstadt was in 1896 one of the first cities in Europe which had a hydro-electric power station. He very circumspectly prepared the public for this step by creating a municipal committee of enquiry into the application of electricity in 1891, well in advance of the actual event. He also involved his Romanian fellow citizen by inviting Partenie Cosma, the director of the Romanian savings bank “Albine”, to act as co-director of the newly created “Hermannstädter Elektrizitätswerk”. The enterprise was a great success, giving cheap energy to a multitude of small enterprises in Sibiu (1910: 78 electrically driven enterprises) and in

the vicinity (1910: 38 electrical spinning mills in adjacent Heltau / Cisnădie)⁹. In 1903 Sibiu could brag one of the first electrical trolley-bus services in Europe. For security reasons that was discontinued, however, and in 1905 replaced by an electrical tramway service, thus enhancing the quality of life and of infrastructure considerably. Not all the relevant projects can be listed here, but it must be mentioned that with the help of the finances of the HAS savings bank and with the negotiating skill of Carl Wolff it was possible to surround Sibiu with a network of railroad lines after initial government plans bypassed this culturally and administratively important city which thus was faced with being literally sidelined for the future.

The driving force behind all these activities was no doubt the will to defend the economic basis for the survival of the Transylvanian Saxons against the economic challenges of his time and against Hungarian attempts to centralise and to Magyarise Transylvania which he experienced in its full impact while serving as parliamentarian in Budapest. Carl Wolff thus followed a defensive strategy in a certain sense but at the same time also a progressive one which fostered financial, technological, agricultural and cultural advancement in a region which otherwise could have been a heavy economic burden on the government. It was a co-operative conception in that it made full use of old and new co-operative structure. It was also co-operative in the sense that it involved the Romanian fellow citizen as exemplified by the just mentioned Partenie Cosma. Its comparative merits would maybe become clearer when contrasted with the unwise policies of local leaders in the following generation, but dealing with that question requires a fuller treatment of this topic.

5 A final evaluation

The Transylvania Saxon tradition gives many examples of remarkable co-operative action. The sources of those co-operative phenomena were varied. In part they were carried forth from pre-settlement days around the 12th century. That tradition seems to come from roots which may well be in and around the Luxembourg area. The study of this strand of the co-operative development in Transylvania might therefore well shed some additional light on old roots of distant West European

⁹Figures from Ungar and Nistor [1981, p.20].

societies.

In part the Transylvanian co-operative structures were developed in the framework of artisans' town guild in a fashion which was parallel to similar contemporaneous developments in western Europe. In this respect their study could shed some light on the economic potential of this region. This could still be valuable today when it comes to assess and to mobilise regional economic potentials anew after the downfall of the system of central planning. In still other regards Transylvanian co-operative structures are without easily comparable precedent or parallel – if one thinks of the *universitas Saxonum* briefly mentioned in the text above. In this aspect they are *delicatessen* for the discerning researcher.

One of the most astounding representatives of this rich co-operative tradition was Carl Wolff as bank official and local economic politician in Sibiu. Some commentators see in him the “Raiffeisen” of Transylvania. This is true in that he brought thousands of people into contact with this particular conception of co-operatism. Maybe one should also think of him as the “Prometheus” of Transylvania, because his visionary engagement for electric power made Transylvania – and in particular Sibiu – to one of the first regions of Europe with public supply of electricity. His enterprising mind focused on new economic activities which seemed rather outlandish at his time: tourism, banking and railroads, but also on local folk entertainment in swimming pools and spas and on global traffic connections. He spelled out what co-operative involvement could mean for a region. Some of his creations still exist today like the museum electricity works at Zoot / Sadu near Sibiu. But for much what he stood for, the time has passed for good. His cherished agrarian co-operative movement in Transylvania was utterly discredited by the failed socialist experiment. His endeavour to keep the Transylvanian Saxons in their by his time traditional place also turned out to be in vain. Whether that could have been averted if his followers stuck more to his original conception of good neighbourly co-operative solutions must here remain an open question.

In any case, a unique mixture of success and failure, of strife for modernity out of desire to guard the past – all this might well be studied by looking at the manifestations of co-operative ideas in the setting of Transylvania.

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