

## **“Too Small to Survive”. The Institutional Problems of Worker’s Mutualism in Barcelona and The Policies of the Federation of Friendly Societies of Catalonia, 1896-1936**

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### **Abstract**

Friendly Societies were key actors in provision of social welfare in Europe between the first third of the XIX<sup>th</sup> century and the rise of welfare states. These societies were based on mutual aid and governed by rules which were largely inspired by the relief-focused brotherhoods of the Old Regime, adapted to the needs of the new industrial society.

In Spain, traditional friendly societies reached their peak during the 1920s after which they began to decline. Previous works chiefly attribute this decline to factors such as the small size of many of these mutual-help networks; their ignorance of actuarial techniques; the inflation in medical costs; the membership aging; the competition of sick insurance companies and other forms of sociability and the growing role of the State in social welfare (Pons & Vilar 2011).

This working-paper focus on the democratic friendly societies, self-managed and horizontals. Although these societies initially meet the conditions for sustainability proposed by Agrawal (2008), they did not manage to meet their insurance functions. As the XX<sup>th</sup> century advanced, exogenous factors forced transformations whereby social capital became a secondary concern. The societies that chose not to adapt, or did not know how, were replaced by a new type of mutualism, more technical and growth-oriented, as demonstrated by both the increase in the average size of mutual societies and the waning amounts of money spent on subsidies and social activities.

The proposed work analyses the collective action and economic problems of worker’s mutualism in Barcelona, mainly composed by democratic societies, during the first third of XX<sup>th</sup> century, and the proposals suggested to solve them by the Federation of Friendly Societies of Catalonia, an organization created in 1896 to defend the interests of mutualism. Measures such as pooling resources in order to generate economies of scale could not avoid the decline of the smaller mutual societies, but helped to maintain the mutualism tradition in Catalonia despite the institutional changes after Civil War, under the premise of cooperation.

Key words: worker’s mutualism, collective action, Federation

## 1. Introduction

Friendly societies were key actors in the provision of social welfare and sociability in Europe between the first third of the nineteenth century and early twentieth century, in the absence of public social policies for most of the population. In the Spanish region of Catalonia (especially in the province of Barcelona) mutualism was characterized by democratic and small and medium-sized societies above the national average.

The traditional friendly societies were based on mutual aid and self-management, and were governed by rules which largely came from the relief-focused brotherhoods of the Old Regime. The necessity of supporting the candidacy of one or more members of a society, controlling the benefits, rotation in the election of members of the board or maintaining a small, relatively easy to monitor society membership, were strategies used to prevent opportunistic behavior. Trust and reciprocity were keys to achieving this, and the motivation therefore was both moral and economic (Díez, 2009).

Despite their rules, such friendly societies had a collective action problems, as abuse by some officers, information problems, the lack of involvement of partners, or an insufficient capacity for exercising economic and political pressure. These factors, coupled with financial constraints, affected their capacity to adapt to socioeconomic changes of the first third of twentieth century, a period in which they reached the peak and then the decline, substituted by larger and bureaucratic mutualities.

The Federation of Friendly Societies of Catalonia (*Federación de Sociedades de Socorros Mutuos de Cataluña*), hereinafter *the Federation* was the first mutual aid organization of the second degree in Spain, which eventually comprised a good share of the Catalan mutualities. It attempted to alleviate some of the problems of the Catalan mutualism, through the pooling of resources, creating economies of scale, and through the defense of common interests. The Federation's leaders were fully aware of the problems of worker's mutualism, and although they did not use the current terminology, did attempt to deal with them under the premise of the importance of cooperation and participation.

This working-paper attempts to review the policies proposed by the Federation to defend and promote mutualism in a context of self-regulation, between 1896 (year of the founding of the Federation) and 1936, when a Civil War broke out. The sources are comprised of the historiography about mutualism, monographs of the period and the documentary fund generated by the Federation,<sup>1</sup> in which are highlighted the bulletin *El Porvenir de la Mutualidad* (“The Future of Mutuality”) and the statistics about its federated societies. This material complement some official statistics which, in the Spanish case, are quite rare.

Point 2 introduces the main institutional features of democratic friendly societies in the Spanish province of Barcelona and the motives for their decline. Point 3 centers on economic and collective action problems of these democratic societies. Point 4 introduces the Federation and its proposals to mitigate these problems, underscoring the development of some of its initiatives. The text closes with the conclusions and some lines for future research.

## **2. The institutional features of worker’s mutualism in the province of Barcelona**

Friendly societies (in Spanish *sociedades de socorros mutuos*, also called *montepíos*, *mutualidades* or *hermandades*), were characterized by being “voluntary not-for-profit associations in which the insured, who are also the insurers, act as administrators and receive benefits from a common fund in situations of risk typified in the statutes” (Vilar, 2010; 88).<sup>2</sup> Generally, these benefits consist in a temporarily payment in case of sickness or an accident, or unique payment to widows or orphans and the costs of a dignified burial in case of death. These self-help societies postulated themselves, from the fall of the Old Regime, as the best alternative to pauperism for a working class with scant capacity for saving and with few social rights.

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<sup>1</sup> Most of the documentary fund of the Federation is kept in the *Arxiu Nacional de Catalunya* (ANC) (National Archive of Catalonia), Fund 622, Register 1,569, *Federación de Mutualidades de Previsión Social de Cataluña*.

<sup>2</sup> Orig.:“*Asociaciones voluntarias sin ánimo de lucro en las que los asegurados, que son a la vez aseguradores, ejercen de administradores y reciben ayudas de un fondo común en las situaciones de riesgo tipificadas en los estatutos*”

Friendly societies are located within the field of corporate collective action, which consists of autonomous self-governing institutions than ruled according to written and regularly revised rules and are usually organized like a 'club' that some people belong to and some do not (De Moor, 2008). There is no pre-existing common good to be appropriated, as in the case of common-pool resources; instead, private funds are pooled and distributed per accepted rules. Despite this difference, these kinds of institutions have some common features, including the participation of stakeholders in regulation, supervision and conflict-resolution mechanisms, the existence of graduated sanctions and the recognition by higher authorities of the stakeholders' right to organize (Ostrom, 1990).

Among the different classifications about mutualism in the literature, there is a distinction between 'democratic' and 'bureaucratic' societies (Van der Linden, 1996). Both were selfmanaged and self-funded. Democratic societies combined insurance and other cultural and recreational needs, with the aim of promoting trust and reciprocity bonds among members through constant interaction. In contrast, bureaucratic societies were larger and led by qualified managers, which facilitated the application of actuarial techniques. In bureaucratic societies, sociability and the personal involvement of members played a less significant role.

Democratic friendly societies are clearly linked to the societies of social engagement and horizontal interaction considered by Putnam in his study about social capital (Putnam *et al.*, 2011) including neighbourhood associations, choirs, co-operatives, sports clubs and, indeed, workers' mutual societies. Because of repeated interaction and the importance of reputation within the community, these networks foster mutual obligation, increase the potential costs of dropping out, encourage norms of reciprocity and trust and facilitate communication and cooperation, even between individuals with selfish interests. These societies fomented fraternalism, confidence, a common identity, and even (due to their functioning) an egalitarian and democratic culture and a empowerment amongst the membership. On occasions, and within their financial limitations, they additionally satisfied other necessities of a cultural, entertainment, or educational character (Vilar, 2010).

The industrial development conditioning the implantation of friendly societies. In Spain was marked by great territorial inequality, focalized in regions like Catalonia, Valencia, the

Basque Country and Madrid. Barcelona was the Spanish province where democratic friendly societies were most developed (Montero & Esteban, 1991). This was mostly due to two factors: firstly, the characteristics of its industrial development, dominated by small-scale companies with limited capacity to offer sickness insurance to the workforce, in contrast to large-scale companies, which predominated in other regions of Spain where company-based mutualism (banks, electricity and public-sector companies) was more widely represented (Pons & Vilar, 2011); secondly, the relevant associative life that existed in Barcelona (Solà, 1993). From 1,691 friendly societies with 351,629 affiliated (1.8% of the total population) in Spain in 1904, 574 (124,254 affiliated) were located in the province of Barcelona (11.3% of its total population) (IRS, 1908). Regional statistics also emphasize this trend: Catalonia, with 11% of the Spanish population in 1915, was the base for 73% of the friendly societies and 56% of their members (INP, 1927). The following table presents the statistical data from 1914 from a sample of 756 Catalan mutualities. The weight of mutualism in Barcelona is underscored. 93% of the brotherhoods and almost 92% of the members belonged to this province and a majority from the capital. This is corroborated by observing the demographic share of the affiliates in respect to the total population. As table 1 shows, the affiliation density of Barcelona, with almost 13% of the population directly assured, exhibits a greater difference from that of the rest of the Catalan provinces, which were closer to the Spanish national average. What is more, one can appreciate the smaller size by average of the societies of the capital. In statistics registered the same year, of the 127 entities registered in the city of Barcelona, 80% had 300 members or less.<sup>3</sup>

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<sup>3</sup> Museo Social de Barcelona (1915; 155)

Table 1.  
Relation between the societies and their members by Catalan provinces (1914)

Province	Societies	Members	% friendly societies	% Members	Average No. of Members	Members per 100 Inhabit.
Barcelona	703	146,159	93.0	91.6	207.91	12.8
Girona	33	8,697	4.4	5.4	263.55	2.7
Lleida	8	1,719	1.1	1.1	214.88	0.6
Tarragona	12	3,072	1.6	1.9	256.00	0.9
Total in Catalonia	756	159,647	100	100	211.17	7.65

Museo Social de Barcelona (1915; 154)

Historically, democratic friendly societies met the sustainability conditions synthesized by Agrawal (2008). In terms of group characteristics, these societies were generally small, had well-defined limits and shared compulsory rules that all members knew from the moment they joined; poverty was not a problem (labour aristocracy); and traditional customs tended to promote the generation of social capital. If the institutional arrangements were respected, the collective action problems were rare. Their institutional design was adequate for XIX<sup>th</sup> century conditions, a time when medical costs were low and competition was irrelevant. As for the external environment, the State provided the insured with legal security, which was complementary to the societies' internal arbitration mechanisms. However, as the XX<sup>th</sup> century advanced, exogenous factors, such as rising inflation and medical costs and the emergence of market-based alternatives and other forms of sociability, forced transformations whereby sociability became a secondary concern (Largo, 2016).

Although the Spanish mutualism still growing over barely two decades between the First World War and Spanish Civil War, democratic friendly societies lost their position (especially relevant in the province of Barcelona) as providers of welfare, and even sociability, in favour of bureaucratic societies (mainly employer's mutualities); other forms of sociability, like trade unions and commercial insurance companies (Pons & Vilar, 2014). The statistics clearly indicate a process of bureaucratisation during the decade of the 1920s, which increased during the Second Republic (1931-1939). This fact affected the organization of mutual aid societies, directing them towards a more technical functioning and vertical structure. The increase in size and the reduction in the proportion of the budget

spent on benefits and sociability costs are both indicative of the progressive increase of bureaucratic mutual societies to the detriment of traditional and democratic mutualism, a transformation that involves a hierarchization of these societies (Largo, 2016).

Some of the cohesion-building characteristics of traditional mutual aid lost relevance, like the traditional rituals and the recreational aspects. When, after the Civil War, the State began to offer sickness insurance, competing with the principal coverage of the friendly societies, the democratic friendly societies had already lost a great part of their social capital, and had little to offer apart from reduced subsidies (Largo, 2013).

### **3. The economic and collective action problems of democratic friendly societies in the province of Barcelona**

Some of the collective action problems of democratic mutualism as adverse selection, moral hazard and correlated risks were studied in Largo (2016). Here we will focus on two key aspects: firstly, the problems linked with the small size of democratic friendly societies and secondly, the problem of lower implication of the partners.

The atomization of mutualism reduced the management and supervision costs, important aspects given that these societies were managed by the members themselves, but it also lessened the economic capacity, political influence and diffusion of information among the different societies. In this sense Le Soc (1908) manifested that, for a smaller sized mutual aid society of some one hundred members, it was difficult to establish exactly the amount of the benefits to be paid, but with more than five hundred members it was impossible for everyone to know each other, inspection was made difficult, and some of the costs were increased.

The friendly societies were generally small and vulnerable, and failures due to financial problems (insolvencies or bankruptcies) were relatively frequent.<sup>4</sup> Actuarial mathematics were unknown to the managers of the societies that, lacking any statistics about morbidity,

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<sup>4</sup> Between 1909 y 1917 there were dissolved or fused annually between 0.5% and 1% of the federated societies (Federation Annual Reports from 1909 to 1917).

calculated the fees based on custom and the (low) economic capacity of members. The scarce financial capacity of most of the societies did not permit them to cover long-term events, like maternity, chronic illness, or old age, obliging them to discontinue benefits in the case of a long-term condition (over three months) or to suspend the activities of the society in the case of an epidemic, as was the commonly reflected in the regulations (Vilar & Pons, 2011).

About the lower implication of members, the idea that the friendly societies were democratic, transparent, and self-managed institutions is based on the role played by the general meetings or assemblies. In these meetings, the board of directors had to present their reports and the accounts of the entity for the approval of the membership. A new board of directors was chosen, or the existing one was partially or totally renewed; and, motions or matters presented by any affiliate could be discussed. This is how things stood on rules; but this was not the only reality. A reputed mutualist lamented in an article about the “languid life” of the mutual aid societies. In it, he described a typical annual general meeting of a society of five hundred affiliates, of which twenty-five attended, and of nine board members, four were present. The memory of the previous general meeting was approved without discussion, as no one remembered the meeting; the accounts were not read. The board of directors was chosen (almost always the same people) and some personal matter or another of a member was discussed and the meeting was adjourned until the next year.<sup>5</sup> This *indifferentism*<sup>6</sup> created failures in the mechanisms of supervision and even in the internal democracy of the societies; and, combined with the aging of the membership, caused by the scarce affiliation of young people, threatened the future or mutualism in the medium and long terms.<sup>7</sup>

If the supervision mechanisms failed, this favored the abuses committed by people in positions of responsibility, as was denounced in the last decade of the XIX<sup>th</sup> century (Vila, 1891): the direct contact with the affiliates (in the case of the collectors and nurses) and the

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<sup>5</sup> *El Porvenir de la Mutualidad*, 206, p. 12, Sept-Dec 1931

<sup>6</sup> In original Spanish “indiferentismo”

<sup>7</sup> *El Porvenir de la Mutualidad*, 84, p. 3, June 1914



scarce participation in the general meetings (in the case of the boards of director) was used for personal advantage. On the other hand, there were also cases of fraud on the part of the members, who gave false information when joining, or collected benefits and then left the society, only to join another. Because of these behaviors, corruption and fraud were not unknown in the small societies. In this context, Vila recommended the creation of a mutualist federation to solve these problems.

#### **4. The Federation of Friendly Societies of Catalonia and its policies**

The Federation was founded in 1896, under the name of the *Unión y Defensa de Montepíos* (Union and Defense of Friendly Societies).<sup>8</sup> This association modified its name on a few occasions, depending on institutional and legal changes or because geographic coverage, becoming a federation in 1919. It originally arose from the need for an organization that would represent the interests of Barcelona's mutualism, after the success of a collective claim to the authorities.

The organizational structure of the Federation was inspired by the type of societies of which it was comprised. In broad strokes, there was a board of directors, which was charged with the daily management and which had to present reports to the annual general meetings, comprised of directors or representatives of the affiliated friendly societies. Each representative had one vote, regardless of the size of the society.

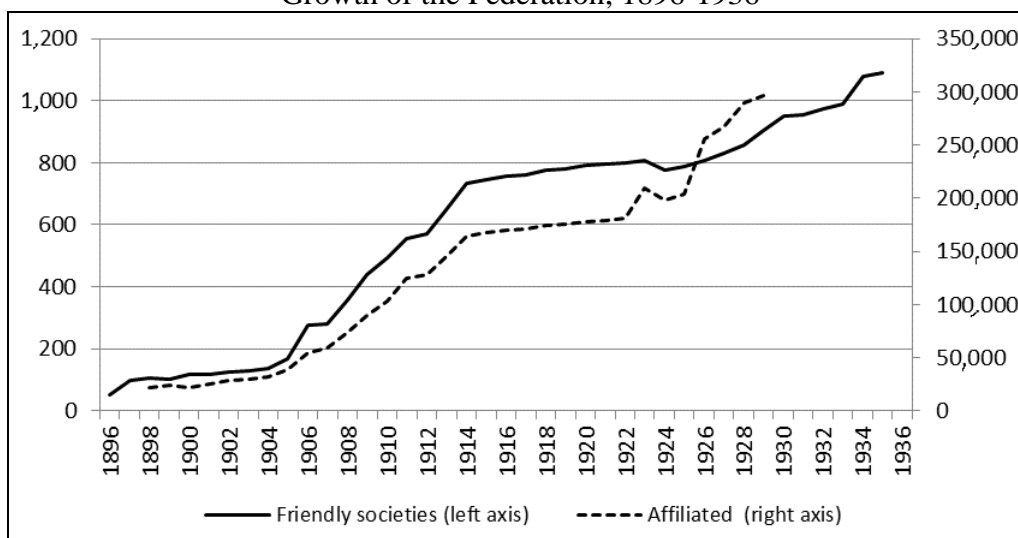
Its successes when defending the interests of mutualism and its work as a consultant and intermediary before the administrations incentivized a rapid increase in the number of federated societies. In the figure 1, one can appreciate the evolution of both the number of federated entities (on the left vertical axis) and of the number of affiliated members (right

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<sup>8</sup> Among the bibliography of the Federation, at the margin of occasional references about the general studies of mutual aid societies (López, 2003), the works of Moreta (1994) and Solà (1994, 2003) should be highlighted, as they explain in a descriptive manner the trajectory and most relevant characteristics of the entity through the XX<sup>th</sup> century, underscoring its growth and the defensive role played, as well as its capacity to pressure the political powers. Grabuleda (2002) focuses on its founding as a response to the needs of mutualism at the end of the XIX<sup>th</sup> century, highlighting the ideological differences that faced off during the first years of its existence.

vertical axis). Between 1896 and 1935, the number of societies rose from 51 to 1077, and the number of affiliates rose from 21,910 (in 1898) to surpass 300,000 in 1929.

Figure 1.  
Growth of the Federation, 1896-1936



*El Porvenir de la Mutualidad*, 193, July 1929 (supplement), Balance 1932 and 1933

In 1927, the Federation extend its area of operations to the rest of Catalonia. Although, there was a noteworthy growth of the Federation's presence in the other three Catalan provinces (Girona, Lleida and Tarragona) through 1935, the weight of the capital is undeniable, as much for the number of federated entities as for the number of affiliates. The importance of the geographic extension was less economic than moral, strengthening the role of the entity as a voice of Catalan mutualism and not only of those of Barcelona.

Table 2.  
Geographic distribution of the federated societies

Year	Barcelona (city)	Barcelona (province)	Girona	Lleida	Tarragona	Total
1926	697	110				807
1928	730	121	4	1	1	857
1932	776	161	14	1	20	972
1935	860	170	24	5	18	1077

Federation's Balances (various years).

The growth of the Federation is reflected in the growth of the percentage of affiliates in relation to the total population in the areas of operation: this grew from 2.1% out of the total population in the province of Barcelona in 1900, to 10.6% of the total Catalan population in 1930.<sup>9</sup>

About the weight of the entity in the context of Catalan mutualism, in 1904, 24% of the societies and 26% of the affiliates of the province of Barcelona belonged to the Federation. These percentages increased over the length of the period, and an estimate from 1934 indicates that 62.5% of the societies, and 76.4 percent of the affiliates of Catalonia were federated.<sup>10</sup>

#### 4.1. The proposals of the Federation

The relevance of the Federation, in addition to the advantages of the progressive communization of resources and services, centered on the fact that the entity permitted the affiliated societies to blend the advantages of a small size (the creation of trust and reciprocity, and the reduction of the costs of supervision) with the access to resources of a greater network. As examples of the benefits gained by communalizing resources, we can

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<sup>9</sup> *El Porvenir de la Mutualidad*, 193, July 1929 (supplement); Annual Report 1932; Census Instituto Nacional de Estadística for these years (web). The membership figures of 1930 correspond to the year 1929.

<sup>10</sup> *Boletín del Instituto de Reformas Sociales*, 47, May 1908 and Federation statistics.

cite the creation of a pharmacological cooperative, discounts in medical consultations, or the diffusion of information related to mutualism.

As has already been mentioned, the leaders of the Federation were aware of the problems mentioned above, and they undertook diverse actions to confront them. The most noteworthy are shown in the following table.

Table 3. The problems detected by the Federation and its proposed solutions

Problems of Catalan mutualism	Proposals of the Federation
Scarce political pressure	Petitions/supplcations to the administrations. Meetings of representatives with the authorities (Civil Governor, Finance Minister, Catalan Deputies and Senators)
Dissemination of Information	Bulletin, conferences, publications, assemblies, informal meetings, and statistics
Improper behaviors of people in positions of responsibility	Oversee accounts, demand good practices from the directors and representatives
Improper behaviors of the affiliates	Creation of a registry of “people not to be insured” available to the directors, publishing the names in the bulletin.
Internal conflicts or fights among members	Tribunal of Arbitration (1910)
No coverage over 40 years old in case of the dissolution of his society or geographic movement	Permanent Section " <i>El Refugio Mutual</i> " (“The Mutual Refuge”) (1914)
Decrease in youth affiliation	Permanent Section " <i>Los Pequeños Mutualistas</i> " (“The Little Mutualists”) (1925)
Scarce coverage for long-term illness and disability	Permanent Section " <i>Largas Enfermedades e Invalidez</i> " (“Long-term Illness and Disability”) (1929)
Lack of trust	Increase contacts between affiliates (social capital improvements)

Elaboration by the author, based on the bibliography and documents of the Federation

The measures indicated were aimed at solving specific problems, they were the product of experience and debate of the needs of the worker’s mutualism, and they required a significant dose of pedagogy for implementation. At its foundational rules, the Federation

established that all its actions should be compatible with the independence of the federated societies. Their leaders knew that violating this principle would mean the end of the entity, in front of societies that were jealous of their autonomy, for which reason the Federation's capacity for action was limited. Many of its initiatives failed, like the creation of a mutual bank, although others enjoyed relative success, like the permanent sections.

#### **4.1.1. The Permanent Sections**

Among the initiatives of the Federation to palliate some of the problems which Catalan mutualism faced in the first third of the XX<sup>th</sup> century, the creation of "permanent sections" should be underscored.

The Federation didn't offer benefits connected to the coverage generally extended through mutualism, that means, it did not act like a mutual aid society. Even so, it provided for the creation of so-called "sections", connected to the entity, to which the federated societies could voluntarily sign up, paying an additional fee for upkeep.

The sections which came to function in an effective manner were "The Mutual Refuge" ("*El Refugio Mutual*"), formed in 1914, a rearguard for affiliates over the age of forty who were not admitted in another society; "The Little Mutualists" ("*Los Pequeños Mutualistas*") formed in 1925, that inculcated in those under the age of sixteen years the philosophy and practices of mutualism; and, "Long-term Illness and Disability" ("*Largas Enfermedades e Invalidez*") founded 1929, the objective of which was to compensate for the traditional difficulty of the mutual aid societies to attend to their members after three months of incapacity (Largo, 2013). These Sections had their own legal entity, and their administration and assets were independent of the Federation, although they did share the same official address. The re-electable boards of directors (which were unpaid), the general meetings which were the maximum decision-making body, the systems of supervision, the reasons for receiving aid, the excepted illnesses, etc. created a structure and functioning that were like the ordinary friendly societies, although it was attempted that their size and the use of actuarial techniques, would give them an economic capacity the ordinary society

could not reach. This capacity made it easier to make some payments in justified cases and to maintain a more guarantee-based policy towards the insured.

The degree of interaction between the sections and the Federation was elevated. The presidents of the sections were voting members on the board of directors of the Federation, that means they attended their meetings, and the president of the Federation, in case of a serious anomaly, could demand the account books and call an extraordinary general meeting of any section, although there is no evidence that this ever occurred.

In the case of conflict between the “Mutual Refuge” and “Little Mutualist” sections, and their affiliates, both parties had to obey the rulings of the Tribunal of Arbitration of the Federation, while the Long-term Illness section obeyed the Federation’s board of directors and, in the final case, the Tribunals of Justice of Barcelona.

To continue, and due to their importance, I describe with broad strokes the need to be met, the principal characteristics, and the spread of the Sections.

### **The Mutual Refuge<sup>11</sup>**

The age limit to enter a mutual was established in rules at forty or forty-five years old. This was justified as a necessary condition for the economic viability of the mutual aid societies, since these, generally, did not apply differentiated quotas in relation to age and, as is logical, the more veteran members would mean greater benefit payments. A society should aim at having more young members than older ones, as they would contribute to the solvency of the fund by contributing the same dues by having a lesser morbidity rate.

Initially, this generalized rule did not seem to cause any serious problem. Any person could join if they were younger than the maximum entry age, and enjoy the benefits offered if they paid their dues. Even so, two relatively frequent occurrences could cause people who had passed the age limit and who had regularly paid their dues to lose coverage, without having any solution whatsoever. The first case, of an affiliate who had to move his or her place of residence to another area. The societies generally had a specific geographic

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<sup>11</sup> Used as a reference the Regulation of 1930 (S.P. El Refugio Mutual, 1931).

area of operations and it was generally stipulated that a person who moved would be expelled from the society without any right to be reimbursed. The second situation is that the society itself could dissolve<sup>12</sup>. In such situations, the generalized limitation of the age of admission was a problem, as these cases were relatively frequent and for the older people, there was no possibility of being accepted in another mutual aid society. Neither the legislation nor the regulations of the friendly societies offered an answer to this situation, which all mutual aid members over the age of forty could potentially suffer<sup>13</sup>.

The Refuge meant the institutionalization of a re-insurance that had until that time not existed in Spain, and had, broadly speaking the functioning of a mutual aid society. It had two types of members, the corporate and the active, who comprised a board of directors of fourteen members. The corporate ones were the federated associations that belonged to the Permanent Section. The active members were the individuals of both sexes hailing from the member societies that, for whatever reason, remained without coverage after the age of forty, if the reason for their exclusion did not affect their honor or trustworthiness.

Given that the quotas were different between societies, to establish the benefits five groups were established, based on the monthly quotas of the original societies from when they came; benefits were offered for medical and major surgery, minor surgery and aid (single payments) for pregnancy and death. During the first third of the XX<sup>th</sup> century, the benefits were extended to cases of work accidents, disability, and long-term illness, if they had these rights in their original mutual aid society.

In respect to the growth the Refuge, in Figure 2, one can see the evolution of the societies and of the number of persons listed. In 1932, 56% of the federated societies belonged to the Section, and they paid benefits for 6,069 *pesetas* to a total of 43 people<sup>14</sup>.

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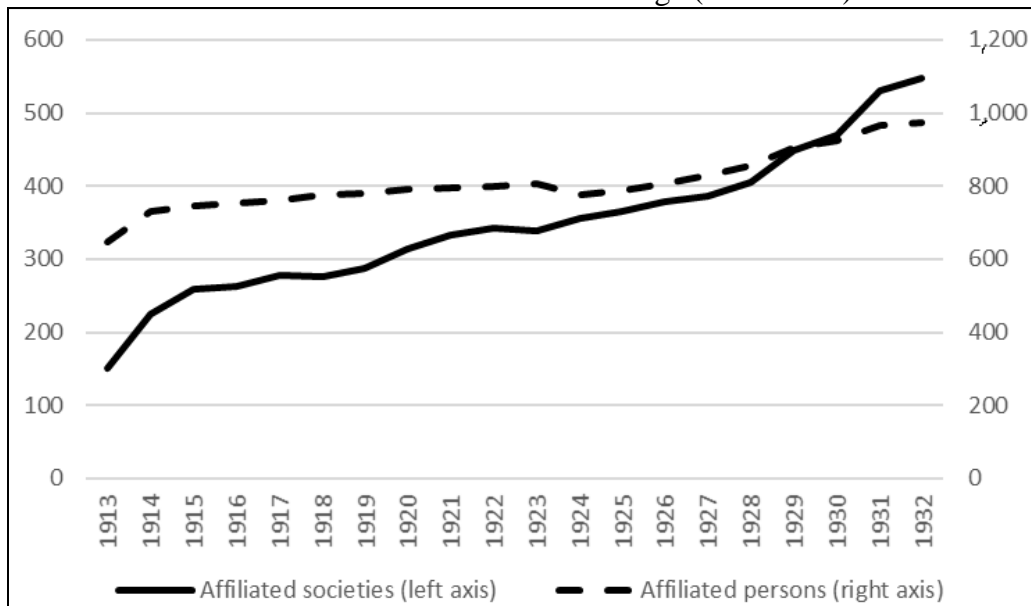
<sup>12</sup> With the advance of the XX<sup>th</sup> century, in the rules was included the possibility of traveling to another location without losing rights, for such reason the first case lost relevance during the first decades of the century. The loss of protection in the face of dissolution of the society, however, remained a problem until the appearance of the Mutual Refuge.

<sup>13</sup> *El Porvenir de la Mutualidad*, 109, p. 2, July 1916.

<sup>14</sup> Balance 1932. Federation and Sections.



Figure 2  
Growth of the P.S. The Mutual Refuge (1914-1932)



Balance 1932. Federation and Sections

### The Little Mutualists<sup>15</sup>

“The Little Mutualists, Section of Childhood Mutuality”, was the second permanent section created by the Federation, after “the Mutual Refuge”. The problem to be palliated was related to the process of aging which the traditional friendly societies experienced, due to the limited capacity of these societies to attract young associates. This phenomenon, connected to socio-economic changes and in sociability, came to light as a serious problem in the medium and long terms, and the awareness and informational campaigns about mutualism were proposed as the best solution to confront the situation.<sup>16</sup> Even so, the board members of the Federation decided to create a new Section, which would offer benefits from birth until the age of sixteen, and would facilitate their entry into mutual aid societies one they could do so legally, and last, but not least, would foment the creation of a “mutualist consciousness” from the first years of their lives. There were various categories of member: the corporative, who were federated societies belonging to the Section,

<sup>15</sup> Used as a reference the regulations of 1929 (S.P. Los Pequeños Mutualistas, 1929).

<sup>16</sup> *El Porvenir de la Mutualidad*, 47, p. 1, May 1911.

represented by their delegates; active, and adherents, who were those who were signed up by family members, and were between three and sixteen years old, respectively. On the other hand, there existed the figure of protector member and member of honor who contributed economically or with voluntary work, but did not receive anything.

The children signed up could access some benefits for which there was no corresponding version in the workers' mutualism. The societies received some new members, of whom they knew their medical history, and who during years had received a mutual-aid education via documentation and the celebration of annual festivities, etc.<sup>17</sup> In this way, the Section provided material benefits to the young and improved the future expectations of the participating mutual aid societies.

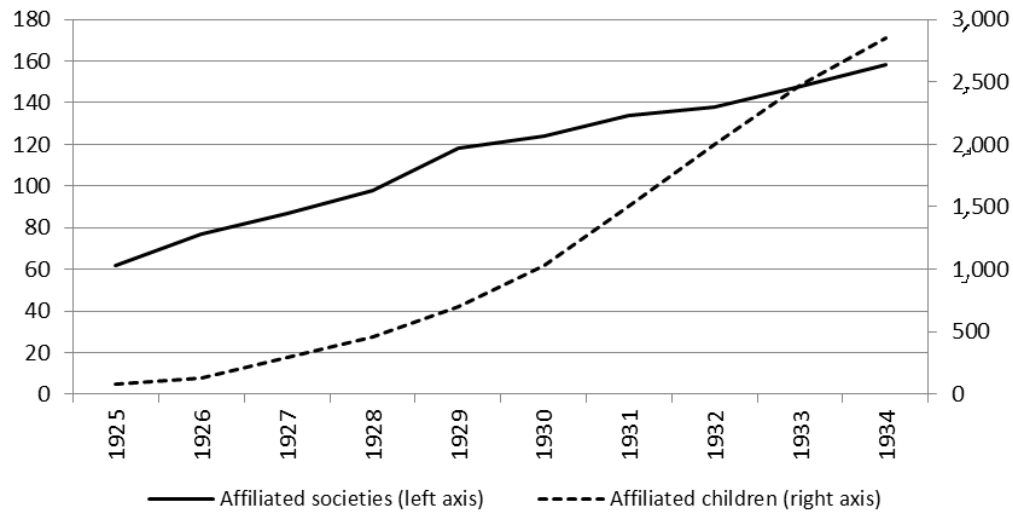
The corporative members and the representatives of the active members occupied the positions in the board of directors, comprised of twelve members. With the aim that the children collaborate in the administration, it was agreed that for each position on the board, there was, as an adjunct, a mutual aid member elected by his or her companions, with voice, but no vote.

The monthly dues paid by the children were distributed in three saving accounts – one of savings, another of long-term savings (money saved until one reached the age of twenty), and another for retirement (to be available upon reaching the age of sixty-five), that, in the case of leaving the Section or death, would be given to the beneficiary. As much the dues as the benefits (which in the case of members between the age of three and sixteen included illness and death benefits) were reduced. In the case of orphans, the board of directors studied each case, the ability to provide economic aid, and or, take care of the education and general assistance of the orphan. The following graphic shows the evolution during the first decade of its existence.

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<sup>17</sup> Each year a children's festival was celebrated with the aim of promote the mutualism, in addition to entertainment. To incentivize attendance, prizes were raffled among attendants and deposits were made to the accounts of those who did not receive prizes (*El Porvenir de la Mutualidad*, 221, p. 12, July 1935).

Graphic 3.  
Growth of the P.S. “The Little Mutualists” (1925-1934)



Balance 1934. Federation and Sections.

In 1935, the percentage of federated entities belonging to “the Little Mutualist” reached 15%. The Section had more than 3,500 members and 30,000 *pesetas* in reserve, having paid more than 50,000 *pesetas* in benefits for illness during its ten years of existence. The statistics showed morbidity and mortality rates somewhat lower than the general population.<sup>18</sup>

### “Long-term Illnesses and Disability”<sup>19</sup>

The third Permanent Section of the Federation attempted to cover a need which few mutual aid societies could satisfy. It dealt with establishing a subsidy for long-term illnesses and disability.

The greater part of the friendly societies had a subsidy that in the cases of medical and major surgery covered a maximum of ninety days. Although some societies provided benefits during one hundred or one hundred and fifty days, they could not insure a longer

<sup>18</sup> *El Porvenir de la Mutualidad*, 221, p. 12, July 1935 and Balance 1932. Federation and Sections.

<sup>19</sup> Used as a reference the regulations of 1929 (SP Largas Enfermedades e Invalidez, 1929).

duration of benefits with the dues paid by the members. In the case of inability to work, when this situation was extended over a longer period, these people remained without benefits when they had been sick for months and had spent their modest savings. The theoreticians of mutualism were conscious of this situation, but the solutions that were proposed were difficult to carry out: increasing the dues of members, who had little purchasing power or expand exponentially the size of the societies. In 1918, there were among the federated societies a total of 188 societies with a disability benefit, with 47,312 members subscribed, 303 of which were disabled with a right to benefits, and to whom an average of 0.67 *pesetas* per day were paid. As regards the benefit that encompassed long-term illnesses or disability, this was only offered by four societies, with 988 members, of which thirty-one were beneficiaries, of an average of 0.66 *pesetas* per day (Cunillera, 1918; 4).

During the second decade of the last century, the debate over the establishment of a long-term benefit was very active in the Federation. After a great informational effort through numerous conferences, the new Section began functioning in January 1930.

The previously federated societies that wished to join the Section had to request this in writing, attaching a copy of the statutes and an account of the membership, with socio-professional and medical information about the members. The Section could accept a society's admission with or without exclusions of the membership of specific affiliates. Although all the societies subscribed were considered associates of the Section, the board of that entity from which they hailed was the intermediary for any matter, whereas supervision of the sick was the only contact between the Section and the associates. The board of directors, of twelve members, was comprised solely of delegates from the member entities, who paid the dues of the members and accepted, on their behalf the corresponding benefits.

On the other hand, the associates had the obligation to accept the decisions which the board of the Section deemed appropriate, like, for example, allowing a house visit during periods of illness.

In 1932, there were 82 entities subscribed in the Section (8.4% of the federated societies) with a total of 16,381 members, and benefits were paid out to 34 societies, with a daily payment of 253 *pesetas* to a total of 128 people. This limited success could be because the dues, although low, were in addition to those already paid to the societies, for which, even though the benefits were high, the additional cost limited the success of the initiative.

The development of the permanent sections was uneven, and it is indicative of the concerns and necessities of mutualism. If we consider the success of each Section after three years through the percentage of affiliates over the total of federated societies, this was 34% for “Mutual Refuge”, 10.4% for “Little Mutualists”, and 8.4% for “Long-term Illness and Disability”.<sup>20</sup> In 1932, of the 972 federated societies, 58% were enrolled in one section or more, and less than 5% were in the three active sections.<sup>21</sup> There is no overall correlation between size and membership. In them are societies of all sizes. There are small societies that belong to the three sections, while bigger societies did not participate in any.

#### **4.1.2. The fight against *indifferentism***

The founders and leaders of the Federation were led by a great idealism, almost a faith, in the capacities of self-help to solve the working class’ problems, but they were well aware about the obstacles on the way, such as the mentioned *indifferentism*, which makes very difficult to reach the full potential of mutualist movement. The solution found against the low involvement of the members was a wider divulgation of the mutualist cause and strengthening the links between affiliates. In order for mutualism to reach its full potential, it was necessary to mobilize and motivate the mutualists, removing them from their apathy. It was proposed to promote forward education through all means, through conferences, publications, in brochures, books or daily press, and to promote the Federation's bulletin ·*El Porvenir de la Mutualidad*.<sup>22</sup>

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<sup>20</sup> Federation’s Balances and Annual Reports (various years).

<sup>21</sup> Balance Federation and Sections, 1932.

<sup>22</sup> *El Porvenir de la Mutualidad*, nº 91, p. 2, enero 1915.

Between the twenties and thirties, a large number of conferences, meetings, events co-organized with other social entities, or simply the organization of recreational acts of brotherhood like festivals, dinners or awards were organized. Through these events, it was intended to strengthen ties and mobilize affiliated in favor of cooperation. Both the dissemination of information and the organization of social events were a strategy that was given great importance to put an end to apathy in mutualism.

These acts had a good participation and served to promote the Federation as a representative of Catalan mutualism. Certainly, had a positive effect on the generation of social capital, but they couldn't compensate the factors mentioned above that led to the decline of democratic mutualism.

## **Conclusions**

The design and traditional functioning of contemporary mutualism were adequate for reduced societies, with a certain degree of homogeneity (professional and economic). The friendly societies satisfied some needs (facing the costs of sickness and burial), scarcely covered by other institutions during the second half of the XX<sup>th</sup> century. During the first third of the XX<sup>th</sup> century, relevant changes were produced: commercial illness insurance companies and other forms of societies appeared, competing with friendly societies, as much to obtain profit or to attract new members. The public social welfare system began to gain importance. The growth of medical and pharmaceutical costs, in addition to the inflation caused by the First World War, reduced the already scarce economic solvency and economic impact of some societies that were less qualified to adapt themselves to the social changes. Those that could adapt opted for growth through fusions and aggressive membership policies, and for using actuary techniques, keeping at the same time the rhetoric of mutual values.

In that context, the Federation proposed measures in defense of mutualism and to solve problems of collective action and linked with the scarce economic capacity of smaller mutualities, but it could not avoid the decline of the democratic mutual societies. Although the leaders of the entity were conscious of the need to achieve economies of scale and modernizing the management, the Federation defended the interests of the smaller entities so much as the larger ones. Will be necessary more research about the institutional changes of democratic friendly societies and their implications in social capital and collective action. The comparative studies at international level will be key for understanding the interrelations with factors as a market competence or the role of the State.

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