

# Overview of the Development of Health Cooperatives in the Territory of Serbia and Modern Aspects

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**Summary:** *Health cooperatives were initiated in Serbia in the late 19<sup>th</sup> century, while a fully developed model of modern health cooperatives was in 1921, providing a model for other countries. Today, there are currently very few health cooperatives in Serbia. An initiative was submitted in 2020 to promote their re-establishment and recommend that the government consider public-cooperative partnership forms to enhance healthcare accessibility and quality. Health cooperatives could address challenges in organizing preventive activities, health education, services not covered by health insurance or expensive in private practice, rural health development, reduction of emigration of health personnel, profiling and complication of health services, and development of medical research, among other sectors.*

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## INTRODUCTION

Man's need for association in work to achieve common benefit has been established for several millennia [1]. Throughout history, various forms of cooperative association have emerged, including home cooperatives that were related by nature and fulfilled the primary conditions of cooperatives - the existence of a common interest in cooperative establishment and work. Cooperatives were formed by various peoples, such as the Slavs and Germans, and market-oriented cooperatives in Old Rome that later evolved into craft and trade guilds. Modern concepts of cooperatives emerged in Rochdale, England, in 1844 and were quickly adopted in other regions, such as Sobotišťe in Slovakia and Bački Petrovac in Vojvodina in 1846, indicating the awareness of the need for the cooperative association. [1] The establishment of the third cooperative in the world in Bački Petrovac marked an essential innovation of immeasurable importance for the state. The development of cooperatives in various business spheres led to the initiation of new cooperative principles, officially adopted in 1934 at the 14th Congress of the International Cooperative Union in London. Over the last two hundred years, cooperatives have developed significantly and have become an indispensable segment of economies worldwide. [2] Despite changes in their forms, the primary and most essential

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principles of realizing the economic interests of cooperative members as members of cooperatives have remained unchanged. The recent recognition of cooperatives as a compulsory subject in food and agricultural schools in our country attests to their continuing relevance. Numerous definitions exist for cooperatives, with modern legislation defining them as “a legal entity that represents a special form of organization of natural persons who realize their economic, social, cultural, and other interests by operating on cooperative principles and who manage and control cooperatives”. [3] Cooperatives can be defined in various ways regarding the role and terminological concept of their members. For instance, according to the Law on Cooperatives in Serbia, a cooperative member is “a person who is a member of a cooperative and operates wholly or partially through the cooperative, i.e., who sells its products or services through the cooperative, acquires products, or uses services necessary for the performance of its activities or in another way directly participates in the performance of the activities for which the cooperative was founded”. [3] In Serbia, there are different forms of cooperatives, including agricultural cooperatives, housing, consumer, craft, student-youth, social, and health cooperatives. [3]

The International Cooperative Alliance (ICA), an international institution with a long-standing tradition in this field, defines cooperatives as “an autonomous association of voluntarily associated persons to realize their common economic, social, and cultural needs and desires through a jointly owned and democratically controlled business entity”. [4] Furthermore, cooperative values are based on self-help, democracy, equality, justice, solidarity, and self-responsibility. Cooperative principles are founded on open and voluntary membership, democratic control, independence and autonomy, economic participation, training, a socially responsible business based on inter-cooperative care, and care for the community as a whole. [5] Despite differences in definitions, spheres of business, geographic location, or country development, cooperatives have continuously developed and today unite around 800,000 people in various forms of cooperatives worldwide. [6] According to the European Commission, there are approximately 250,000 cooperatives in the European Union that employ about 5.4 million EU residents and serve around 163 million citizens. [2] The EU’s continuous efforts to promote cooperatives, improve laws and regulations, and maintain and improve their contribution to the community have led to this significant development. Cooperatives Europe (2018) describes the overall “charm of cooperatives” as satisfying human needs, not human greed. [6] Health cooperatives in the Republic of Serbia are defined as cooperatives that assist with voluntary health insurance, procurement of medicines, financing of treatment costs, and other types of assistance. [3] Although the current Law on Cooperatives allows for the establishment of various types of health cooperatives, they are virtually nonexistent in practice. Therefore, on January 21, 2020, the Committee for Health and Family of the Assembly of the Republic of Serbia presented an initiative to promote the work and establishment of health cooperatives in Serbia. [7] One of the challenges is the legal framework, which needs additional clarification.

Another challenge is the health insurance system, which limits the benefits of cooperatives, and it may be desirable to consider other organizational models of health cooperatives. Despite historical models of cooperative organization, the absence of economic interest and the enormous progress of medicine have made it challenging to apply these models today. [7]

## HEALTH COOPERATIVES IN SERBIA – THEN AND NOW

Health cooperatives, initiated in Serbia during the 19th century, can be regarded as Serbian invention that provided a model for other countries. This cooperative model was the first of its kind (within modern cooperative organization concepts). It was developed in Serbia, the Kingdom of SHS, and Yugoslavia. The emergence of health cooperatives played a significant role in solving various public health, educational, demographic, and other problems after the Balkan Wars of 1912-1913 and First World War. Numerous foreign delegations, including representatives from America, India, Poland, and Japan, visited Serbia to learn about and implement the successful cooperative concept in their respective countries. This model was unique in its application to state administration and management of the health system. Experts in Serbia developed this innovation with the joint effort of politicians, administrative state bodies, professionals, and the public to create a tailored model to address the country's needs and challenges. Historical scholarship has overlooked health cooperatives, an essential part of the healthcare system between the two wars. According to historical accounts, health cooperatives were once highly valued but are currently less prominent. Also, health cooperatives were particularly important for rural areas where it was vital for the survival of the people. The cooperation with experts from the United States, notably the American Mission, was instrumental in the success of the health cooperatives. The cooperation between Serbia and America during the First World War is well documented. It is considered the most outstanding bilateral cooperation between the two countries, especially cooperatives. In Homer Folks' book, *The human cost of War*, published in May 1920, he describes the situation in Serbia at the end of the First World War. The term "new kind of poor" was coined to depict the plight of the Serbian people at that time. The cooperation between Serbia and America during that time was crucial in helping Serbia form the critical state systems in the post-war period and thereby "stand on its feet - step by step." [8]

The outcome of the author's several years of research resulted in the "Initiative for promoting work and establishing health cooperatives in the Republic of Serbia." The initiative was submitted to the Committee for Health and Family of the National Assembly of the Republic of Serbia in 2020, requesting a public hearing in the Assembly of the Republic of Serbia to emphasize the importance of health cooperatives, promote their re-establishment, and address the legal aspects. The initiative aims to recommend that the government of the Republic of Serbia consider public-cooperative partnership

forms and provide support for establishing a health-cooperative movement in Serbia to enhance national healthcare accessibility and quality. It highlights the desirable changes in the healthcare system of the Republic of Serbia to address the sustainability and further development of the system. [9]

Although there are very few health cooperatives in today's Republic of Serbia (the cooperatives became part of the public health system in 1949 through changes in the law), it is evident that health cooperatives are of the importance for the society, given their historical, but also modern and global successes.

## INITIATIVE FOR THE RE-ESTABLISHMENT OF HEALTH COOPERATIVES FROM 2020

Promoting and establishing health cooperatives in the Republic of Serbia have sparked an initiative to hold a public hearing in the Parliament of the Republic of Serbia to highlight the importance of modern forms of association in health cooperatives aligned with global trends. The legal framework governing the work of cooperatives and health institutions will be explained to enable the formation and operation of different business models of modern health cooperatives. The initiative aims to recommend to the Government of the Republic of Serbia the importance of developing this form of association, with the primary goal of providing better and more accessible health care at the state level through forms of public-cooperative partnership and government support. This initiative is motivated by global trends and challenges faced by young people worldwide who are forced to change their economic thinking to survive in a modern market that shows certain inequalities following the global financial crisis of 2007/2008. Despite the dominance of the investor-owned enterprise model at the faculties of economics and schools, there is increasing interest, both among governments and international organizations, such as the United Nations (UN), the International Labor Organization (ILO), and the UN Food and Agriculture Organization (FAO), on the potential and importance of cooperatives to improve living conditions and tackle the crisis of inequality. The UN General Assembly resolution 56/114 on cooperatives and social development, the UN draft guidelines for creating a supportive environment for cooperative development, and the ILO Recommendation 193 on encouraging cooperatives highlight new trends and clarify the importance and role of cooperatives in modern society. [10]The International Organization for Health Cooperatives also recognized the importance of health cooperatives in addressing global health challenges, such as reducing access to health care, rising prices, increasing pressure on healthcare professionals, and the growing gap between the need for personalized solutions and standard ones. In the case of the Republic of Serbia, health cooperatives could address challenges in organizing preventive activities, health education, services not covered by health insurance or expensive in private practice, rural health development, reduction

of emigration of health personnel, profiling and complication of health services, and development of medical research, among other sectors. The International Organizations of Health Cooperatives identifies three crucial characteristics concerning the undervalued view of health cooperatives, including the higher success rate of profit-oriented organizations compared to public and cooperative ones, the complexity of cooperative health organizations, and the lack of sufficient data on their performance in providing health care and addressing the health needs of the population. Therefore, understanding the principles of business and organization is essential for establishing and developing health cooperatives. An analysis of the development of health cooperatives in 15 countries reveals that the number of cooperatives and their workforce is increasing, along with their complexity and range of services, including risk protection, prevention, provision of health care at different levels, and distribution and development of medicines, clinics, and more. The International Organization for Health Cooperatives reports that there are currently 175 health cooperatives employing 15,653 workers in Australia, 785 health cooperatives employing 19,702 workers in Belgium, 1933 health cooperatives employing 96,023 workers in Brazil, 130 health cooperatives with 1,132 workers in Canada, 152 women's cooperatives with 17,383 workers in Colombia, 1832 women's cooperatives with 17,383 workers in France, 6,756 health cooperatives with 233,397 workers in Italy, 145 health cooperatives with 91,969 employees in Japan, 4 with 2,271 workers in Singapore, 507 health cooperatives with 52,006 workers in Spain, and 298 health cooperatives with 19,367 workers in Sweden. [11]

According to international organizations dealing with the issue of cooperatives, utilizing information from previous historical heritage can benefit the further development and establishment of health cooperatives. Serbia has a rich history of health cooperative societies, particularly during the period from 1921 to 1941, where the health cooperative movement showed remarkable success and growth in preventive and curative action, increasing equality in access to health care, improving socio-economic conditions, health education, institutional linking medicine with agriculture, and more. [12] Experts recognize these historical successes, and the transfer of the health cooperative model as it existed in Serbia after WWI indicates the achievements of the state, profession, and cooperatives. King Alexander I Karadjordjevic was declared the first cooperative member and strongly supported the health cooperative association. In addition, many prominent medical science figures influenced the initiation and development of this form of association in the country, such as Dr Gavrilko Kojic, Professor Milan Jovanovic Batut, and Croatian expert professor Andrija Stampar. Today, one century after the initiative for opening health cooperatives, they continue to exist, even before the Balkan wars.

## PROPOSAL FOR INITIAL CONCEPTS OF THE IMPLEMENTATION OF MODERN HEALTH COOPERATIVES IN SERBIA TODAY

The implementation of health cooperatives is possible in the Republic of Serbia today. Interested individuals or cooperative associations can initiate the issue of health cooperatives with the support of competent ministries. Educating individuals about work, organization, legal frameworks, etc., is necessary; competent institutions must raise these issues. The development of the model of health cooperatives can be different depending on the chosen methodology. However, a short proposal for implementing health cooperatives in the Republic of Serbia might include essential institutions, including the Ministry of Health, other competent ministries, scientific and professional institutions, and cooperative associations that could launch an initiative to establish health cooperatives. The initiative could initially be based on a model of subsidies and project financing for specific areas of the health system that have been observed to have low efficiency or capacity. Education about the work of health cooperatives is crucial and could be initiated through the aforementioned institutions or project financing. Potentially interesting models of health cooperatives, such as cooperatives for diagnosis, health care, and care services; cooperatives for health insurance services; cooperatives for scientific medical, pharmaceutical, health-economic, and other research; and cooperatives for the production and distribution of medicines and medical devices might be planned to support country healthcare requirements. It is essential to work on enabling the conditions for the autonomous work of newly formed health cooperatives through the adequate promotion of health cooperatives and support of cooperative unions. The ultimate goal is to form an autonomous and financially self-sustaining health cooperatives supporting health equity and health equality principles.

## CONCLUSION

The literature rarely mentions health cooperatives as contributing to social improvement. However, the idea of health cooperatives, in which the population voluntarily unites to preserve health and healthcare for personal and community interests, is a timeless concept. The transfer of knowledge and technologies is facilitated through health cooperatives, which function as multidisciplinary corridors for transferring knowledge across various fields. Health cooperatives engage in health education, from counselling centres for children, training farmers, livestock farmers and vegetable growers, to preventive actions against infectious and other diseases. The international community recognized the success of health cooperatives, and numerous countries copied the entire model or transferred experiences from the work of experts. Health cooperatives faced challenges, such as the consequences of previous wars, trade guilds and lobbyists of the private health sector, and the lack of money and the state apparatus. However, with diligent work, health

cooperatives saved every year. They increased their fund, founded new cooperatives, provided more health services, had more cooperative doctors, and gained attention and interest from distant countries. As a result, health cooperatives have been established worldwide, and this concept should be included in textbooks to teach future generations about successful forms of association that are not profit-oriented. Today, health cooperatives have been developed primarily regarding health insurance, pharmaceutical and biotechnology companies, prevention, risks, and healthcare provision. The European Union and the United States of America have developed various forms of health cooperatives.

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## Pregled razvoja zdravstvenih zadruga na teritoriji Srbije i moderni aspekti

**Rezime:** Zdravstvene zadruge su u Srbiji pokrenute krajem 19. veka, dok je potpuno razvijen model modernih zdravstvenih zadruga počeo sa upotrebom od 1921. i predstavljao je uzor drugim zemljama. Danas u Srbiji gotovo da nema zdravstvenih zadruga. Inicijativa iz 2020. godine promovise njihovo ponovno uspostavljanje i preporučuje da vlada razmotri oblike javno-zadružnog partnerstva kako bi se poboljšala dostupnost i kvalitet zdravstvene zaštite. Zdravstvene zadruge bi mogle da se bave izazovima u organizovanju preventivnih aktivnosti, zdravstvenog vaspitanja, usluga koje nisu pokrivene zdravstvenim osiguranjem ili su skupe u privatnoj praksi, razvoja ruralnog zdravlja, smanjenja emigracije zdravstvenog osoblja, profilisanja i usložnjavanja zdravstvenih usluga i razvoja medicinskih istraživanja, među drugim aktivnostima.

**Ključne reči:** zdravstvene zadruge, Srbija, inicijativa za zdravstvene zadruge, zdravstvena pravičnost, zdravstvena jednakost