



The co-operative model in Trentino - Italy

A case study

Report



**THE CO-OPERATIVE MODEL IN TRENTINO (ITALY)
A CASE STUDY**

REPORT

OECD Working Papers should not be reported as representing the official views of the OECD or of its member countries. The opinions expressed and arguments employed are those of the authors.

Working Papers describe preliminary results or research in progress by the author(s) and are published to stimulate discussion on a broad range of issues on which the OECD works. Comments on Working Papers are welcomed, and may be sent to CFE Directorate, OECD, 2 rue André-Pascal, 75775 Paris Cedex 16, France

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

Cover: © OECD LEED

© OECD 2014

You can copy, download or print OECD content for your own use, and you can include excerpts from OECD publications, databases and multimedia products in your own documents, presentations, blogs, websites and teaching materials, provided that suitable acknowledgment of OECD as source and copyright owner is given. All requests for public or commercial use and translation rights should be submitted to rights@oecd.org. Requests for permission to photocopy portions of this material for public or commercial use shall be addressed directly to the Copyright Clearance Center (CCC) at info@copyright.com or the Centre français d'exploitation du droit de copie (CFC) contact@cfcopies.com.

ABOUT THE OECD

The OECD is a multi-disciplinary inter-governmental organisation of 34 member countries which engages in its work an increasing number of non-members from all regions of the world. The Organisation's core mission today is to help governments work together towards a stronger, cleaner, fairer global economy. Through its network of 250 specialised committees and working groups, the OECD provides a setting where governments compare policy experiences, seek answers to common problems, identify good practice, and co-ordinate domestic and international policies. The OECD member countries are: Australia, Austria, Belgium, Canada, Chile, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States. The European Commission takes part in the work of the OECD. For more information on the OECD, please visit www.oecd.org/about.

ABOUT THE OECD LEED PROGRAMME

The OECD Programme on Local Economic and Employment Development (LEED) has advised governments and communities since 1982 on how to respond to economic change and tackle complex problems in a fast-changing world. Its mission is to contribute to the creation of more and better quality jobs through more effective policy implementation, innovative practices, stronger capacities and integrated strategies at the local level. LEED draws on a comparative analysis of experience from the five continents in fostering economic growth, employment and inclusion. For more information on the LEED Programme, please visit www.oecd.org/cfe/leed.

ABOUT THE OECD LEED TRENTO CENTRE FOR LOCAL DEVELOPMENT

The OECD LEED Trento Centre for Local Development was established by the OECD, the Italian Government and the Autonomous Province of Trento (Italy) in 2003. The Centre is an integral part of the OECD (LEED Programme). The mission of the Trento Centre is to build capacities for local development in OECD member and non-member countries. Trento Centre objectives are: (i) to improve the quality of public policies implemented at the local level through continuous monitoring and assessment of current practices and by using the results of comparative research and studies in the making of policy recommendations and action plans; (ii) to develop capacity in the design, implementation and evaluation of local economic and employment development strategies to help grow local economies in OECD member and non-OECD member countries; (iii) to promote innovation in local economic and employment development across the globe; and (iv) to strengthen the relationship between policy makers, local development practitioners and the scientific community and to facilitate the transfer of expertise and exchange of experience between OECD member and non-member countries. For more information on the Trento Centre and its activities and events, please visit www.trento.oecd.org.

ACKNOWLEDGMENTS

This report has been written by the Local Economic and Employment Development (LEED) Programme of the Organisation for Economic Co-operation and Development (OECD) undertaken in cooperation with the Federation of co-operatives of the Autonomous Province of Trento.

The report was supervised and edited by Ms. Alessandra Proto of the OECD Secretariat. The principal authors are: Professor Sergio Alessandrini (University of Modena e Reggio, Italy), Mr. Samuel Barco (Sevilla, Spain) and Professor Patrizia Battilani (University of Bologna, Italy).

The OECD is grateful to Mr. Diego Schelfi, Presidente, and Mr. Caro Dellasega, Director General of the Federation of co-operatives of the Autonomous Province of Trento for the support and interest demonstrated in this work. The work would not have been possible without the engagement and valuable contributions of Mr. Egidio Formilan, Head of Intercooperation and Study Office of the Federation of co-operatives of the Autonomous Province of Trento.

Special thanks should be given to all the interview partners, whose commitment has been fundamental. They participated in meetings and provided documentation and comments critical to the production of the report.

The authors would like to thank Elisa Campestrin, as well as other colleagues in the LEED Programme, for their essential assistance with this report.

TABLE OF CONTENTS

INTRODUCTION.....	7
Main issues to be addressed.....	7
Method of work	7
HISTORICAL INTRODUCTION.....	9
Origins and key factors in the European co-operative movement.....	9
The co-operative movement in Trentino, Italy: historical, economic and social contributions to the region	11
Some concluding remarks.....	23
CONTEMPORARY CO-OPERATIVE MOVEMENT.....	24
The role of the legal and fiscal framework for the development of co-operatives	24
The peculiarity of the Autonomous Province of Trento: a determinant factor for the development of the co-op system in Trentino?.....	25
Overview of the major sectors co-operatives operate in within the province: agricultural, credit, consumer, social, etc.....	32
Outline of sectoral size (turnover, staff, membership, etc).....	42
THE GOVERNANCE OF THE TRENTO CO-OPERATIVE SYSTEM: THE ROLE OF THE TRENTO FEDERATION OF CO-OPERATIVES.....	59
A complex governance system: the importance of networks for the co-operative movement	59
The role of the Trentino Federation of Co-operatives (FTC)	60
The contemporary role of the Federation for/to the co-operative movement	64
RESILIENCE	68
The economic resilience of the co-operative movement	68
CONFRONTING THE TRENTO CO-OPERATIVE SYSTEM WITH OTHER INTERNATIONAL CO-OPERATIVE SYSTEMS.....	74
COSTA RICA.....	76
URUGUAY	81
QUEBEC	86
ANDALUSIA.....	94
VÄSTRA GÖTALAND	100
FRANCE.....	106
ANNEX I: STUDY VISIT INTERVIEWS – 4/5/6 JUNE 2014, TRENTO, ITALY	112
ANNEX II: INTERNATIONAL REVIEW PANEL	113
BIBLIOGRAPHY	115

Tables

Table 1.	Consumer co-operatives (1896-2000).....	13
Table 2.	Co-operative banks (1896-1989).....	14
Table 3.	Landskulturrat's Trento and Bolzano sections: allocated and used funds (1888-1894)	16
Table 4.	Co-operatives in Trentino (2004/2013).....	33
Table 5.	Co-operatives' capacity to create employment and the evolution of their financial position	38
Table 6.	Rural banks in Trentino: organisational dimension (2000/2013).....	44
Table 7.	Rural banks in Trentino: selected balance sheet indexes (2004/2013).....	44
Table 8.	Economic and financial position of agricultural co-operatives.....	50
Table 9.	Consumer co-operatives	51
Table 10.	Labour, social, service and housing co-operatives.....	54
Table 11.	Economic and financial position of LSSA co-operatives	54
Table 12.	Co-operative consortia active in Italy in 1951 and 1981.....	60
Table 13.	Co-operatives' capitalisation (Equity/Assets ratio), 1951-2012: sectors breakdown.....	70
Table 14.	Net worth (Patrimonio netto PN) of the co-operative movement	72
Table 15.	Co-operative growth in Costa Rica	76
Table 16.	Co-operatives in Uruguay (2009).....	82
Table 17.	Co-operatives in Uruguay (2004).....	82
Table 18.	Co-operatives in Västra Götaland (2010).....	101
Table 19.	Co-operatives in France (2014).....	107

Figures

Figure 1.	Share of co-operative by sector in Trentino and Emilia Romagna	27
Figure 2.	Employed in co-operatives by sector in Trentino and Emilia Romagna.....	28
Figure 3.	Co-operatives and networking in Trentino.....	35
Figure 4.	Average turnover 2012 (€/1000)	37
Figure 5.	Average fixed assets 2012 (€/1000)	37
Figure 6.	Assets and Total Debt/Equity Ratio (€/1000)	39
Figure 7.	Value Added over production Ratio.....	40
Figure 8.	Value Added: creation (percentages)	40
Figure 9.	Value Added: distribution (percentages).....	41
Figure 10.	Production and employment share of co-operatives in Trentino, 2012 (percentages)	42
Figure 11.	Market share of rural banks.....	44
Figure 12.	SAIT and DAO: growth of total sales index	52
Figure 13.	LSSA co-operatives: FTC members	53
Figure 14.	LSSA co-operatives : Non FTC members.....	53
Figure 15.	FTC's organisation chart	63
Figure 16.	The network of FTC administrators (n=146)	65
Figure 17.	The network of FTC administrators (n=368)	67
Figure 18.	Co-operatives' capitalisation (Equity / Assets ratio), 1951-2012.....	70
Figure 19.	Distribution of social economy companies in Andalusia according to their activity.....	96

INTRODUCTION

The Trentino co-operative model has gained wide acclaim for its positive economic and social impact upon the territory. Developing a strong understanding of why the model has been so effective is important in identifying those factors which other localities could utilise as potential criticalities. This case study has therefore focused on developing an in-depth understanding of the Trentino model of the co-operative movement and its Federation. In particular, it has examined and assessed the various components which have contributed to making the Trentino model highly effective in delivering economic and social benefits for the province of Trento and its residents.

Main issues to be addressed

While examining what has made the Trentino co-operative system (or model) so successful, it is also necessary to understand the wider capacity of the co-operative movement to address social needs and deliver economic impact, as well as the challenges it may confront.

The research aims to develop a deeper understanding of the co-operative movement itself, alongside how it has addressed some of the challenges frequently confronted. Furthermore, it provides a detailed case study that will be of use to an international audience eager to understand what has made the co-operative movement in Trentino so successful.

Accordingly, the study has focused on the role and impact of the co-operative movement within Trentino, its specific structure (including the institutional, policy, legal and fiscal frameworks), its economic contribution (in terms of value, job creation and maintenance, etc.) and its social impact (including the social return on investment).

Method of work

The OECD has formed an expert panel composed of the OECD Secretariat and 3 international senior experts. This panel has undertaken diagnostic work, conducted interviews with relevant local individuals and institutions also during a 3-day study visit in June 2014; and, identified the strengths and weaknesses of the model through comparison with international good practice.

This panel has undertaken a diagnostic work including the review of the existing literature on the evolution of the co-operative movements and the reports of the Trentino Federation of Co-operatives. The panel conducted interviews with relevant local individuals and institutions during a 3-day study visit in June 2014. The strengths and the weaknesses of the model were identified with an interdisciplinary approach according to the areas of expertise, political, economic and organizational. The Trentino model has been compared with international good practices. During the interviews, participants were asked to describe the policies and procedures of their departments, co-operatives or consortia, their ways of working with members, and their perceptions of the benefits and challenges associated with the competitors, the associated co-operatives or the local institutions and communities.

In this regard the expert panel was asked to identify and evaluate the evolution of the co-operative movement in order to:

1. Promote local development and benefits for the members with the incentives of the legal and fiscal framework;

2. Address the challenges arising from the increased competition with traditional enterprises and the economic recession;
3. Discuss good practices and lessons learned by co-operatives in order to identify key elements and factors to successfully scale up the resilience capacity of co-operatives;
4. Discuss good practices and lessons learned by other co-operative models in order to identify key elements and factors for innovation;
5. Identify and explore options for future directions and activities in areas where the co-operative advantages can be exploited to provide sustainable opportunities.

HISTORICAL INTRODUCTION

Origins and key factors in the European co-operative movement

Four specific key aspects underpin the extensive history of co-operative enterprises in Western countries: the bottom up process that allowed co-ops to come into existence, being deeply rooted in their territory, having strong ties to specific social, political and cultural movements and finally, creating a variety of typologies and market sectors. Although each Western country developed its own co-operative model, these key features were common to all.

While co-operatives date back to the dawn of the market economy, they became fully developed and evolved during the industrial revolution when legal frameworks gradually introduced the right of freedom of association and deregulated the setting up of enterprises, including limited liability companies. These new laws were aimed at the development of non-profit organisations and investor-oriented corporations, but they also provided a fertile environment which allowed co-operatives (member-oriented enterprises) to emerge and flourish through bottom up processes. In this context, the founding fathers of the co-operative movement were able to create a diverse set of co-operative models, each addressing a precise set of needs. Three different types of co-ops emerged: customer-owned co-ops (consumer co-ops, co-operative banks, utilities co-ops) worker co-ops (manufacturing or construction), and producer-owned co-ops (in agriculture).

Certain types of co-ops were more suitable for an urban economy while others improved the working and living conditions of rural populations. The first consumer co-operatives (Rochdale, England in 1844), credit unions (Germany in 1852) and worker or craftsmen co-operatives (France, in 1834) all emerged in urban areas. At the same time, rural areas became the cradle of the Raiffeisen banks, which originated in Germany in 1864 as well as the farmer co-ops which began organising at the beginning of the 19th century even though modern producer-owned co-ops could already be found in Denmark in the 1880s (Fay 1908; Leonardi 2000; Zamagni Fornasari 1997).

Until the final decades of the 20th century, the rural and urban contexts also determined and heavily influenced which different actors participated in developing co-operatives and a co-ops set of values and ideals. For example, consumer co-operatives, following the Rochdale model, as well as worker co-operatives were often promoted by trade unions and, more generally, by the international working class movement (especially in Europe). Credit unions were usually established by the urban middle class, such as shopkeepers or craftsmen and were ideologically linked, in some way, to other liberal-minded organisations. Finally, both the banking and food producing co-operatives situated in the countryside were set up by farmers and often shared some kind of religious affiliations (i.e. Denmark and Italy).

This brings us to the third key characteristic: the connections between co-ops and the cultural, social and political movements of the time. More than one ideology found its way to the co-operative existence as E. Furlough and C. Strikwerda highlighted in 1999 while talking about the ideological flexibility of co-operatives.

Despite this inherent “flexibility”, Western co-operatives shared several common values over their long history. The first is the ideal of citizens working together to improve the standard of living for the whole community. Since co-ops have historically been deeply rooted in the local community, all their many activities and initiatives improve life, not only for members but also for the other people living in the territory. In fact, in 1995 the International Co-operative Alliance (ICA) introduced a new Co-operative Principle, number seven, called “Concern for communities” which

states “While focusing on member needs, co-operatives work for the sustainable development of communities through policies and programs accepted by the members”.

The co-operative model of enterprise can be applied to any business activity, indeed, co-ops exist in many different sectors of economic activity, including agriculture, retailing, housing, financial services, public utilities, and the production of goods. After the Second World War, many other economic activities adopted the co-op form of organisation: health and child care, tourism and social services, facility management, personal or business services, car-sharing and even philharmonic orchestras (Zamagni 2012). This is evidence of the fourth key feature of Western co-ops. They encompass a world of variations, types and variety.

Even though co-ops have emerged in these new sectors, traditionally co-ops have flourished in three primary sectors: retailing, finance, and agriculture or the agro-industry. Co-operatives operating in these sectors experienced one important change in the latter part of the 20th century. They grew considerably larger and were able to exploit economies of scale and invest in innovation and marketing. Beginning in the 1950s, many European co-operative leaders were convinced that the agricultural sector should have a limited number of nation-wide co-operatives. Consequently, during the 1960s and the 1970s (Jenkins, 1996; Bertagnoni 2004), the amalgamation process became a common feature in the European co-operative movement. Rationalization and amalgamation not only increased the farmers’ power in the market but, more importantly, it enabled them to take part in the development of agro-industry and to subsequently obtain an increasing share of the value of their production. This amalgamation process went forward without considering product specialisations for each country and usually started in the dairy and meat sector, continuing on to wines. However, each country grew to specialise in a certain kind of product, which depend on its latitude or geographic features. The same was true for co-operative firms and as a consequence: in Denmark, co-operatives dominate the production of dairy and meat; in Sweden and Finland forestry; Spain the wine sector; in Italy and France wine and dairy; in Ireland beef and milk production; and in the United States grain and cotton (Battilani 2014). The overall result of this significant transformation was twofold. While there has been a decline in the total numbers (both co-ops and co-op members) on the other hand, market shares have remained stable or increased. Agro-industry co-operatives are the most numerous in the world. An ICA global survey concluded that 110 of the world 300 largest co-ops operate in the agriculture sector.

Finance (banks and insurance) is another sector where co-operatives have flourished. The origin of co-op insurance or mutual societies dates back to the 19th century, before European countries established social protection systems. They usually managed their own facilities and operated in all lines of insurance, including life, non-life and health insurance, or provided some sort of welfare coverage. The birth of the welfare state, after World War Two, pushed these mutual societies to change the role they played since healthcare, retirement and similar services began to be directly provided by the state. In Germany and Sweden the old insurance co-operatives were integrated in the public structure (at a state or regional level), in other countries, such as France or Italy, they began providing complementary or supplementary insurance and welfare coverage. On the contrary, the diffusion of co-operative banks was strictly connected to local development and mutual trust. They were set up in order to answer the needs of small urban or rural activities and therefore, were small-scale operations. In order to overcome their disadvantages of size, during the second half of the 20th century, co-operative banks formed wide and sometimes powerful networks with local banks at the bottom and central institutions providing coordination, clearing and specialised services at the top.

Even though consumer co-ops were particularly successful after World War Two, the final decades of the 20th century brought many problems causing Austrian, German, Belgian and French consumer co-operatives to go bankrupt, while Scandinavian and British co-ops entered a long period of decline that only recently began to reverse. On the other hand, in smaller countries such as Italy, Switzerland and Spain, consumer co-operatives became very successful due to a long process of amalgamation and enormous investment in large outlets. Most of the co-operatives, which were able to maintain or increase their market shares, also changed their public image and set of reference

values. In most cases, they tried to identify themselves as groups that would take care of a consumer's health and environment.

During the 1980s, due to increasing size and the huge investments in food processing, retailing or finance, the financial constraints traditionally limiting co-operatives became the focus of attention. This led to different kinds of solutions: from the invention of New Generation Co-operatives in the US to the creation of groups of enterprises in which co-ops can own conventional companies in some European countries. One of the main features of these new organisational structures is an attempt to gain some of the advantages of investor-oriented firms (especially in capital-raising activities) while retaining the mutual/co-operative status.

As a brief summary of Western co-operative enterprises, we could say that they are and have always been voluntary organisations, which have emerged as a result of a bottom up process driven by social values and inspiration which sometimes changed over time. Very often the worker, religious, and economic movements had an impact in shaping and fostering this form of enterprise (Schneiberg, King and Smith 2008) and helped define the economic and social goals of the co-operative. Consequently, co-ops are enterprises that are socially oriented. Since the beginning, they have been characterised by a world of variation in term of types and market sectors. Over the past decades they have experienced a substantial wave of innovation, allowing new forms of co-operative enterprises to emerge (i.e. the new generation co-operatives in the USA and co-operative groups in Italy).

The co-operative movement in Trentino, Italy: historical, economic and social contributions to the region

The origins of a co-operative model in the province of Trentino

Can this world of variation be classified and organised into a limited group of models? Since the 1930s, the International co-operative alliance has tried to outline a sort of universal model by defining a set of co-operative principles. However, the local environment where a co-operative was established and promoted has had a significant impact on the development of co-op enterprises themselves and their surrounding territory. Therefore, we can hardly say that one universal model exists at this time. The ICA Principles must be interpreted as guidelines for legislating and creating models in each country.

In addition, policy, culture and the legal framework have generated different co-operative practices just as they have produced different forms of capitalism (Soskice and Hall 2002) and co-operative models have changed over time even within the same country.

A part from the 1908 contribution by Fay (Fay 1908), no taxonomy of co-operative models exists to list the variety of forms. Fay, the young economist who wrote the first geography of co-ops, distinguished the various European countries based on the sector playing the central role in their national co-operative system: Germany was represented as the cradle of credit co-operatives; France of worker co-operatives, Britain of consumer co-operatives and Denmark of agricultural co-operatives.

In reconstructing the history of the Trentino co-operative movement, we will take into consideration both the *anchor of the system*, following Fay's ideas, and the environment represented by the *Actors, the Legal/Policy framework* and the *Political/Societal awareness*.

The legal and policy framework

To understand the origins and development of co-operative enterprises in the province of Trento, it is important to consider its historical and geographical features. The province of Trentino, which is situated in the very north of Italy just to the south of the German speaking province of

Bolzano, was part of the Austria-Hungarian Empire until 1919. Consequently, it has incredibly strong ties with the Austrian cultural and economic traditions so even the origins of co-operative movement were deeply affected by the cultural heritage and economic innovations carried out within the Austria-Hungarian Empire and in Germany. In addition, it can easily communicate with the other Italian provinces because of the shared Italian language.

Composed primarily of mountains and valleys, Trentino has always faced the difficulties and disadvantages of an alpine economy. In the first half of the 19th century, agriculture in Trentino was primarily for self-consumption, with all the ensuing consequences: lack of specialisation, absence of innovation, and low productivity (Leonardi 1990 and 1996). However, its traditional commodities such as grapes, milk and raw silk could have become the focus of specialised agriculture and at least some valleys were suitable for fruit, especially apples. According to some historians the fragmentation of land ownership between a myriads of small farmers made it even more difficult to introduce innovations which could have fostered specialised and market oriented agriculture.

In the 1850s, the destruction caused by the vine disease (the *Oidium Tuckeri*) quickly followed by the silkworm disease (pebrine) and the Great Depression in the 1870s, provided the impetus for a new agricultural policy supporting innovation and the shift from self-consumption to market, over the whole Tyrol area. The Austria-Hungarian government financed the creation of two secondary schools which also did agricultural research, the *Istituto Agrario e Stazione Sperimentale* in S. Michele all'Adige in 1874 (the Edmund Mach Foundation, since 2008) and the *Landwirtschaftliche Landeslehranstalt* in Rotholz in 1879. Furthermore, in 1881 the Tyrolean Diet (the Landtag) in Innsbruck (a sort of provincial parliament) passed a law creating the *Landskulturrat* (the Provincial Agriculture Council, PAC) aimed at the rationalization and modernisation of the agricultural sector. The sectors including wine, silk, fruit, milk and cheese products that could be easily placed on the market needed to be increased and strengthened. While the sectors busy producing for self-consumption, such as cereal, needed to be re-scaled. The PAC carefully considered both of these objectives and supported small land owners by providing farmers with technical consultancy, plants, nursery items, grafts and even set up communal wineries and fruit producer associations.

The *Landskulturrat* was organised into two sections, one operating in the German speaking Tyrol with the other in the province of Trento, and had an impressive network of branches (called *Consorti agrari distrettuali*) which allowed it to disseminate and promote the innovations from the S. Michele all'Adige Institute and the *Landwirtschaftliche Landeslehranstalt*, across all the valleys. By 1914, a total of 9561 farmers had joined the Trento section. This institutional framework rapidly set up between 1874 and 1881 became the basis of the Trentino co-operative movement.

Building a co-operative backdrop from 1880 to the First World War

The first co-operatives in Trentino date back to the 1880s. More precisely in 1883 and 1885 two credit unions were set up respectively in Rovereto and Trento and then, several years later in all the larger towns in the Tyrol area. This kind of bank was specifically designed to serve the needs of the urban middle and working classes, and its principal aim was that of rationalising the credit granted to craftsmen and small businesses, thus encouraging economic growth while reducing dependence on usury. The bylaws followed the Schulze Delitzsch model of limited liability and their constituency was the liberal-oriented urban middle class. Setting up a co-operative made it possible to gather the capital needed to start up a banking business reserved for co-op members, while at the end of the business year, part of the profits were paid out to the co-op bank members. Unlike the German model, Italy's co-op banks or *Banca Popolare*, began life as limited liability undertakings, in keeping with the express wishes of Luigi Luzzatti. At the time, the economist believed that if the banks had been an unlimited liability undertaking, the urban middle classes would have been discouraged from joining, which in turn would have hindered their success. The underlying principle of the Italian people banks was to spread the idea of savings throughout the middle and working classes and provide easy access to credit for people living in towns who, with their limited assets, naturally found it difficult to gain the trust of the ordinary banks (Luzzatti 1895).

Since the people banks granted short-term loans usually by drawing bills of exchange, they were particularly successful in mid to large size towns where they could finance the working capital requirement of craftsmen, shopkeepers or small merchants. However, this banking practice was not suitable for rural areas where farmers needed long term loans, because they were usually paid for their crops only once a year. Therefore, this type of bank did not spread across the province, even though they were successful in the most important towns, accounting for 20% of provincial savings in 1900 and 23% in 1912 (Leonardi 1982).

In 1890, a second type of co-operative was set up in Bleggio (in the Giudicarie valley) by the local farmers and the priest, Lorenzo Guetti. It was essentially the rural version of the consumer co-operatives and took the name Co-operative Family: it provided goods to members (small farmers in the surrounding valley) at a low price and was an outlet for local products (Giacomoni and Tommasi, 1999). This form of shop rapidly spread across the valleys, so at the end of century, in 1899 there were 114 of these shops (see Table 1).

Table 1. Consumer co-operatives (1896-2000)

Years	Number	Members	Years	Number	Members
1896	87	11 194	1928	286	37 414
1897	97	14 346	1929	286	37 606
1898	111	16 700	1930	286	37 851
1899	125	16 551	1931	281	35 962
1900	135		1932	280	34 600
1901	154		1947		26 108
1902	167		1951		28 127
1903	179		1958		30 000
1904	191		1960	254	
1905	207		1961	251	
1906	213		1962	251	
1908	242		1963	251	
1909	244		1964	251	
1915	270		1965	251	
1918	269		1966	251	
1919	259	31 217	1967	251	
1920	271	33 403	1968	251	
1921	287	35 918	1969	251	
1922	289	37 251	1979	220	
1923	293	37 513	1986	208	
1924	292	37 103	1990	178	
1925	293	37 590	1994	165	
1926	292	38 277	1998	119	36 000
1927	289	38 037	2000	103	40 077
1928	293	37 513	1986	208	

Source: Giacomoni and Tommasi 1999; Ianes 2003.

The third kind of co-operative, the rural bank, was established in Bleggio in 1891, by the same actors who had promoted the consumer co-operative. They were inspired by the ideas of Raiffeisen, the Burgomaster from Prussia who invented a form of banking enabling peasant farmers to access the small loans they needed in order to buy animals and machinery for their farms. This kind of co-operative was specifically designed for a social class that normally had no cash reserves, but owned a limited amount of property in the form of fields, tools and livestock. The basic idea of the rural banks was to utilize this capital as a basis for generating credit by setting up rural banks which required a symbolic membership fee. All members were jointly and unlimitedly liable for the obligations incurred by the co-operative. In fact, it was the unlimited liability of its members that gave the rural bank its credibility as these banks were founded almost without any capital of its own (given the insubstantial nature of capital shares). This basic premise, underlying the foundation of the first rural banks in the Trentino province, naturally resulted in a series of other factors- first and foremost a condition of considerable mutual trust and understanding which was based on belonging to a specific local area and their shared cultural or religious values.

These rural banks were a faithful copy of the German model: the bank's services were restricted to a geographical area, which more or less coincided with the local parish and its members were united in a shared religious faith. Rural banks grew very rapidly in the province of Trento, reaching the outstanding number of 76 by 1898 and 179 by 1914 (see Table 2). In terms of collected savings, the rural banks represented 6% in 1900, and 16% in 1912 (Leonardi 1982). Parish committees and numerous parish priests pledged their support to set up these banks with a Catholic orientation over the valleys in Trentino.

Table 2. Co-operative banks (1896-1989)

Years	Numbers	Members	Loans/ deposits*	Years	Numbers	Members	Loans/ deposits*
1896	27	1354	40.1	1961	143	23 813	41.8
1897	48	3081	55.7	1962	143	24 335	43.1
1898	76	5483	52.6	1963	142	24 674	46.9
1899	93	6768	54.3	1964	140	25 125	47.8
1900	92	7266	53.6	1965	140	25 534	44.8
1901	105	8088	55.2	1966	140	25 745	44.2
1902	126	10 011	52.4	1967	140	26 200	42.3
1903	135	12 999	51.6	1968	138	26 189	42.4
1904	139	14 183	51.4	1969	137	27 349	43.5
1905	146	15 573	49.5	1970	136	27 836	44.1
1906	143	16 503	48.1	1971	136	28 324	39.9
1907	147	17 135	41.7	1972	134	28 785	36.5
1908	154	18 344	39	1973	133	29 489	37.4
1909	159	18 361	39.3	1974	133	30 230	42.2
1910	156	20 022	39.2	1975	133	30 993	35
1911	167	21 724	40.8	1976	132	31 996	41.4
1912	169	22 678	41.9	1977	131	33 427	42.8
1914	179	24 250	43.9	1978	129	34 688	42.3
1945	141	21 162	19.9	1979	128	36 378	44
1946	143	21 260	20.6	1980	127	38 094	44
1947	143	20 780	37.6	1981	127	39 801	43.3
1948	142	20 813	26.9	1982	127	41 162	38.6
1949	141	20 574	32.1	1983	127	41 996	37.8
1950	140	20 319	44.1	1984	127	4366	35.8
1951	140	20 429	46.4	1985	126	45 900	35.7
1952	140	20 722	49.4	1986	125	48 248	35
1953	140	21 131	56	1987	125	50 476	33.9
1954	140	22 027	57.4	1988	119	52 603	35.9
1955	140	22 560	52.9	1989	113	54 603	38
1956	140	22 262	52				
1957	140	22 531	49.2				
1958	142	22 981	47.2				
1959	143	23 374	43.5				
1960	143	23 722	42.1				

* current accounts overdrafts excluded

Source: Leonardi 1982 and lanes 2003.

One weakness of rural banks in Italy, in general, was connected to the loans/liabilities ratio, which remained incredibly high for decades (usually above 1 or 2); so they were dependent on inter-bank loans (generally granted by other Catholic banks) to reach their goals. Although the Trentino co-operative banks were able to maintain a lower ratio (0.98 in 1896 and 1.02 in 1899), in 1899, the Trentino Catholic Bank was set up in Trento to provide coordinating and clearing functions for the area. It is worth mentioning that Trentino rural banks always provided less credit than the amount of savings collected from members which means that despite the extremely low level of capital and reserves, they could grant credit on the basis of the collected savings and did not have to depend strongly on inter-bank loans. This is part of the reason they were able to become the anchor of the system, together with the *Sindacato agricolo industriale Trento (SAIT)*, which will be introduced in the following paragraphs.

During the initial phase of their history, the role of the rural banks seemed to be more of a distributor of trust than of credit as such. At the end of the day, the funds for the loans came partly from savings and partly from other banking institutions. In fact, it was this extreme need for trust that led historians writing on the history of co-operatives in Italy to offer an economic justification for the bank's policy of selecting members based on religious grounds (Cafaro 2001). They became the real anchor of the system and spread across the province following the same geographical pattern of consumer co-ops.

Between 1891 and 1893 a fourth kind of co-operative emerged, which can be considered the forerunner of food-processing co-ops. In 1891 a social dairy was set up in Romeno (in the Non valley) and won an important award for the quality of its cheese only three years later in Vienna at the International Agricultural Exposition.

Despite the crucial importance of milk production for the valleys' economy, it took some time for dairy co-operatives to spread. One reason for this delay was that the Alpine farmers had traditionally adopted a co-operative behaviour in milk processing by founding community dairies on a time-share basis (*latterie turnarie*). Local farmers delivered their milk to the dairy, where in turn each of them would process their own milk and milk from others; usually, a farmer would then be granted all of the product he obtained during his turn and a corresponding debt was calculated which would be paid back by the farmer delivering milk to the dairy for a certain number of days. Since the 1860s, time-share community dairies had been set up in many valleys (1860 in Smarano, 1866 in Coredo, 1878 in Primero, and 1890 in Tuenno, etc) (Dalpiaz 2013). This form of collaboration meant that the producers only shared their milk, whereas the risks involved in the working and sale of dairy products was the responsibility of the individual members. On the contrary, in true co-operative dairies, the members also shared the working and sale of their products. Even though the time-share solution presented many disadvantages in a market-oriented context and, most importantly, it did not stimulate innovation in the process or the products, truly co-operative dairies continued developing quite slowly. In 1912 they were only 65 of the 403 communal dairies (Moschetti 1918; Leonardi 1982).

At the beginning of 1890s, the first communal wineries were also set up in three different valleys in Trentino (The Non valley, the lower Sarca valley and the Valsugana valley), then many others followed. While some were successful, others closed down in only a few years and in 1915 there were 25 winery co-operatives over the valleys.

The aim both of co-operative wineries and dairies was to create the conditions necessary to transform the self-consumption agriculture into a market-oriented one by providing the many small farmers with unified food processing facilities and commercialisation channels.

In order to complete the picture of the Trentino province at the turn of the century, it is important to mention that drying silkwood commodities commercialisation co-operatives also emerged as well as some workers and craftsman co-operatives. For example, the electrical workshop in Cavedine (1900), a peat bog co-operative in Brez (1900), a mill in Cloz (1900), and two shoemaker co-ops in Trento and Rovereto (1901). In 1910 there were 42 of them. Finally, in 1901 the first electricity co-operative was also set up in Legos and although the development proceeded quite slowly, in 1910 there were 7 of them.

To sum up we can say that in the short span of three decades an extensive co-operative backdrop had been created and included a great variety of co-op typologies and market sectors.

The actors outside the co-operatives

The initial co-operative experiences, in the Trentino province, were promoted by the urban middle class of Trento and Rovereto. So, in the early days, the main characters were shopkeepers,

professionals, and in general the elite of the largest towns in the region. However these experiences remained isolated and were able to create a true co-operative movement.

Afterwards, the main characters promoting co-operatives in Trentino were a single public agency (the *Landskulturrat*) and the community's priests.

The *Landskulturrat* played a crucial role. It promoted the co-operative ideals and stimulated the setting up of this new form of enterprise, by distributing models for bylaws, providing accounting records and financing co-operative start-ups. From 1888 to 1994, the Tyrolesean Diet granted funding to the *Landskulturrat* in order to improve co-operative enterprises. However, until 1893 the *Landskulturrat's* Trento section was unable to use this money and only in 1893 and 1894 was it finally successful in using 89% and 100% of the money granted (see Table 3). At the time, there were too few co-operatives, no coordinating entity and the *Landskulturrat* itself provided coordination and assistance to the existing co-ops. In the early months of 1895 the Trento section gathered all those responsible for co-ops (they were 73, included 21 priests), the representatives of the agricultural sector and the catholic associations with the idea to set up a Federation of co-operatives, which effectively started its activities in the end of that same year. Subsequently, the *Landskulturrat* reduced its involvement in coordination but continued fostering the creation of co-operatives particularly in the dairy sector (Zaninelli 1982).

Table 3. Landskulturrat's Trento and Bolzano sections: allocated and used funds (1888-1894)

Years	Trento section		Innsbruck section	
	allocated	used	allocated	used
1888	1 000	120		
1889	2 000	200		
1890	2 000	0		
1892	2 000	720		
1893	2 000	1 771		
1894	2 000	2 000		
Overall	11 000	4 811	16 500	16 500

Source: Leonardi 1982.

So far we have described the crucial role played by the *Landskulturrat*, but we haven't highlighted that its boards as well as its branches, the *Consorti Agrari Distrettuali*, included many local priests, such as Lorenzo Guetti and Silvio Lorenzoni, who were particularly active in developing co-operative enterprises. They promoted co-operatives within the community and in the local newspapers, brought the importance of co-operative models to the attention of *Landskulturrat* and they were both the founding members and the executives of many rural banks and co-operative families. The first 45 rural banks created in South Tyrol had at least 19 parish priests in executive positions. In 1912, 72 parish priests held offices in the bodies of rural banks (Leonardi 1996).

In the Austria-Hungarian Empire, the law gave parish priests the crucial role of community educator, thus going much further than simply educating people on religious faith. Therefore, the local communities listened to their priests and held their point of view in high regard. In addition, priests were part of the restricted circle of educated people who lived in the rural areas at that time so their skills and abilities were fundamentally important especially in the operation of rural banks. They also spent most of their time in touch with the farmers, the ordinary people of the valleys and they knew more than any other elite the needs and difficulties of their parishioners.

When Catholics became more active in social activities, new actors entered the scene of the co-operative movements. In 1898 the Trentino Diocesan Council was created to promote and oversee all the activities and Associations where Catholics were involved and of course this included co-operatives.

The actors and networks within the Trentino co-operative movement

From the initial stages, the founding fathers of the Trentino co-operative movements focused their attention on the importance of networks. We have to bear in mind that the Raiffeisen model included second level economic organisations to provide coordination and clearing activities, particularly for the rural banks, as well as an apex organisation which could represent the co-operatives' interests within the society and the economy. In fact, the lack of capital in rural banks, at least in the early years, created economic fragility and the need for support from larger banks. This fragility was always very clear to the founding fathers, who also worked towards the creation of provincial level co-operatives that could provide the individual banks with greater manoeuvring room.

Although the founding fathers of Trentino co-operatives, Lorenzo Guetti and Silvio Lorenzoni strongly supported creating an organisation to provide centralised services to member co-operatives, particularly in the banking sector, this project was never realised. As mentioned above, a Catholic bank was established, instead, in Trento in 1899 (in 1900 it collected 4% of regional savings, in 1912 19%). In addition in 1909 a *Banca Industriale* (Industrial Bank) was set up to help the development of producer co-operatives in the region (Leonardi 2014).

The first coordinating organisation of the Trentino co-operative movement dates back to 1895, when the *Federazione di Sindacato tra i Consorzi co-operativi della parte Italiana della Provincia* (Federation of Co-operatives Operating in the Italian Part of the Province) was established and the parish priest Lorenzo Guetti chosen as its first president. The Federation was composed of two sections: one for the rural banks and one for other types of co-ops. This division was due to the fact that some co-op leaders believed that co-operative banks needed a separate organisational structure to provide supervision and oversight in order to foster trust.

The apex organisation represented the co-operative world as a whole within the economy and the communities of the region and actively promoted the development of each co-operative sector. It had several specific aims: a) the promotion of co-operative enterprises, particularly the ones stimulating savings among farmers and contributing to the moralisation of society; b) the enhancing of co-ops by improving by-laws and adopting good technical and managerial practices; c) the supervision of co-ops by monitoring their performance through ordinary and extraordinary inspections; d) the protection of the economic, ethical and legal interests of co-ops; e) to address credit, purchasing and marketing activities and the promotion of mutual relations; f) and to provide mutual aid and all possible assistance.

Some years later, in 1899 the first consortium, the *Sindacato Agricolo Industriale Trento* (SAIT) was set up. The founding members were the consumer co-operatives who needed a warehousing and central purchasing organisation. It grew very rapidly and at the beginning of the 20th century, it built a large new warehouse connected with the railways on the outskirts of Trento. Moreover it supported and stimulated the setting up of producer co-operatives. For example, it directly purchased some mills, partly financed the building of silkworm dryer ovens, participated in the setting up of communal wineries, and financed communal dairies, etc. From 1911, it also branched out into the credit sector, collecting money on interest-based deposits.

In conclusion, until World War I cooperation among and between co-operatives was based on three organisations: the Catholic banks (which was not a co-operative, but operated as a clearing house for the rural banks), the Federation which represented the co-operative instances in the regional communities and economies and a consortium, and the SAIT for economic activities which developed an active policy to promote and enhance co-operative undertakings. From a certain point of view, the SAIT operated as a small universal bank, collecting deposits and financing new enterprises.

The emerging model in the second half of the 20th century

Legal and policy frameworks

The evolution of the Trentino co-operative movement after the Second World War was strictly tied to the concepts of autonomy and economic development in an alpine area. In 1951, the economy of the province of Trentino was still backwards: 41% of the population was employed in agriculture and the province ranked 67 out of 90 Italian provinces, in terms of per capita GDP. Industrialisation was in the early days and was based on small enterprises operating in declining sectors; tourism desperately needed a radical re-organisation and the modernisation of agriculture had never been fully completed.

However, by 2013 this bleak picture had been entirely re-painted when the quality of life rankings in Trento reached the number one position in the country. Therefore, the post WWII history of Trentino is also the history of a successful catching up; and co-operative enterprises contributed to it.

Being classified as an autonomous region in Italy had a strong impact on the legal framework that shaped this economic development. In 1919, after World War I, Trentino passed from the Austro-Hungarian Empire to Italy and the centralisation and intensive Italianisation processes initiated immediately afterwards by the Fascist government, strongly reduced the autonomy Trento and Bolzano had enjoyed under the Austrian Empire. This clearly caused great discontent, especially among the German speaking populations. After World War II, both the Peace Treaty between Austria and Italy and the Italian Constitution granted considerable autonomy to the former Tyrol area in order to protect the identity of the German speaking population. In 1947, the Autonomous region of Trentino Alto-Adige was created with exclusive legislative control over many key areas including agriculture, handicraft, and tourism. The region had shared legislative power over industry and water management (this is the first Statute of Autonomy, usually described as autonomy in cohabitation).

Because of the growing tension between the German and the Italian speaking populations, a new agreement between Austria and Italy was signed in 1971, stipulating that Bolzano would be granted additional autonomy by Italy, and Austria would not interfere in internal provincial affairs. Consequently, in 1972, the newly created Provinces of Trento and Bolzano were granted the exclusive legislative power previously exercised by the Region (this is the second Statute of Autonomy also described as coexistence and separation).

These special Statutes of Autonomy allowed the Region and the Province of Trento to autonomously manage its own industrial and economic development policies which required more than a decade to take effect as seen in the consistent migration out of the area up through the 1960s. In the early years, financial contributions for the agricultural sector continued to be the primary focus, while, since the 1960s, a variety of policy instruments have been used to promote the economic development as a whole. The approval of the Provincial Urban Plan in 1967 (updated in 1985) was particularly important in fostering economic development and stimulating modernisation in the local economy. It is also important to note the establishment of the University of Trento in 1962 (the first group of Faculties arrived in 1973) and the founding of the *Istituto per la Ricerca Scientifica e Tecnologica* (Institute for Scientific and Technological Research) in 1976.

Initially, the industrialisation process across the Province was based on companies and entrepreneurs from outside the area who re-located to take advantage of the lower costs of labour (Ianes 2003). However during the 1980s and 1990s, a new generation of small local entrepreneurs emerged when the industrial sector was facing a difficult period and large companies from the earlier decades began closing down (Bonoldi and Petri 2009).

In conclusion, even though local economic policy fostered industrialisation, it was unable to create a sustainable and long-lasting solution. The tourism sector, which was based on bottom up

processes driven by local entrepreneurs, was more successful, and today the Trentino valley is one of the most important Italian tourist destinations.

During the 1950s, laws were enacted to improve the co-operative sector by strengthening the supervision over co-operatives and partially financing new investments. In fact, the promotion, development and supervision of co-operative enterprises was specifically included in the autonomous region's exclusive legislative competencies. In 1954, the regional Co-operative Supervision Law assigned these functions to the Federation of Trentino Co-operatives. For the rest of Italy, the supervision of co-operatives was regulated by the so called Basevi Law (1947) and was handled by the national apex organisations including their provincial branches. During the 1950s, another set of laws was passed to finance the buildings of new plants, the renewal of agro-industrial enterprises and for modernising the retail sector. Then during the 1960s, the autonomous Region started managing the local system of subsidies under the Common Agricultural Policy. In general, the laws did not distinguish between conventional or co-operative enterprises, so a lot of funding was channelled into co-operatives since most of the agriculture in the region was managed by co-operatives.

The evolution of co-operative sectors over the second half of 20th century

After World War II, a free and independent co-operative movement was reborn, starting with the same sectors that had been active over the previous century: retailing, agro-industry and banking. However during the 1970s and 1980s, co-operatives started to spread in new sectors such as social services, facility management, catering and many other personal or business services. This was a time when the co-operative movement was able to recognise the new needs emerging from society and satisfy them using the co-operative form of enterprise.

Rural banks. Rural banks were hit hard by both the Great Depression and Fascist government policies but after WWII (Leonardi 2005), were able to quickly regain the community's trust as can be seen by the growth of bank deposits. In 1966, rural banks operated 139 (157 branches) of the 148 banks (219 branches) in Trentino. This figure confirms how rooted these banks were in each valley and community but at the same time, highlights the extreme fragmentation of this sector which prompted the Bank of Italy to suggest merger strategies, in 1968. The Federation took a very cautious position on this issue because it was aware of the connection between the co-operative banks' location and the uplands economic development. So, until the Nineties this process of concentration proceeded slowly, decreasing the number of banks to 136 in 1971 and to 113 in 1989. However the creation of their own clearing house between 1972 and 1974, greatly improved their overall efficiency.

Until the 1980s, rural banks collected 44% of the provincial savings. Besides the 70% of the credit they provided was within the province. From 1950 to 1990 the ratio of loans/deposits varied between 39% and 47%, reaching a low in the 1980s, then grew to 71% in 2000. Through the 1970s, rural banks primarily granted loans to agriculture and retail, and then afterwards to industry, tourism and agriculture. In conclusion we can say that rural banks maintained their pivotal role in the Trentino economy and within the co-operative system, they had played in the 19th century.

Consumer co-operatives. After WWII, this sector developed with the emergence of modern distribution systems. The topography of Trentino and the consequent cost disadvantages slowed both the concentration process and the investment in mass distribution. In the retailing and banking sectors, the co-operative movement was driven by the conviction that the quality of life, in small communities across the valleys, depended also on the availability of shops and bank branches and therefore took charge of their survival keeping small shops and bank branches from closing down and slowing the merger of smaller co-operatives. In 1992, the Trentino consumer co-ops' consortium, SAIT, signed an agreement with Coop Italia, the central purchasing organisation of the Italian leader for mass distribution, the *Coop Consumatori*, which itself is a co-operative.

Agricultural co-operatives. The last 60 years of agricultural co-ops in Trentino can be summarised by one idea: how to make upland farming viable. The aim was twofold: to generate a reward for farmers and to keep them in their valleys. The modernisation process could not prevent thousands of workers from leaving agriculture (they were 41% of population in 1951 and just 14% in 1971) however, it did create the conditions to prevent a mass exodus from the mountain area. Attention was focused on four products: wine, milk, cheese and fruit (apples and small fruits such as strawberries). One dedicated consortium was set up for each of these categories and mountain farming finally became market oriented.

Worker co-operatives. Worker co-ops have always been less strongly rooted in the Province of Trentino than in other Italian regions like Emilia Romagna, for example. Although this kind of co-op dates back to the 19th century, it was only in the 1980s that they grew to a significant size. In 1950, there were 28 worker co-ops, most of them in the construction sector, and this number didn't change significantly until 20 years later. The first true development of worker co-operatives in the Province of Trento began in the 1980s and was spurred on by a 1985 policy adopted to reduce unemployment which granted incentives for hiring laid off workers and provided financing for public works under a special project, called *Progettone* (the Big project). The Federation contributed by fostering the creation of worker co-operatives which increased in number from 21 (in 1979) to 123 (in 1988); there were also 39 worker co-operatives connected to the *Lega Trentina* and 37 which joined neither the Federation nor the *Lega Trentina*. In 1987, the Federation called for the creation of a new second level organisation due to the fact that most of these worker co-operatives were small in size and specialised in low value added activities. Since then the *Consorzio Territorio Ambiente* (Territory and Environment Consortium) has helped these co-operative with long term technical and commercial assistance.

Social co-operatives. The Trentino Province can be considered the cradle of a new type of co-op, the social coop, which emerged during the 1970s. These co-ops are multi-stakeholder enterprises, with non-profit sector origins, which bring together providers and beneficiaries of a community service under one membership. These groups are linked to the evolution of the Italian local welfare systems. There were only 14 of these co-ops in 1983, then 22 in 1988 and 55 in 1995. A Trentino provincial consortium, named *Consolida*, was quickly created to provide member co-operatives with technical and managerial help, vocational training courses and to organise promotional activities within the communities. The Province of Trentino was the first to regulate social co-operatives in 1988, while the Italian government waited until 1991 (Borzaga e Ianes 2006).

The actors outside the co-operatives

Despite the many changes in the province during the second half of the 20th century, the set of outside actors affecting the co-operative movement was similar to the previous century. In fact, the public subject continued playing an important role along with the various organisations linked to the world of Catholics. Additional agents from provincial social life began to interact with the co-operatives, but never gained similar importance. For example, the stunted development of co-operatives supported by left-oriented organisations which, in 1980, led to the creation of a second apex organisation, the *Trentino Lega*. Otherwise co-operatives continued to be strictly interwoven into the political, social, cultural and religious fabric of their specific territory.

After WWII, the Autonomous Region (until 1971) and then Autonomous Province took the role of the *Landskulturrat* (which was a public agency) in promoting the co-operative model. As we have seen above, the Region and the Province exercised their exclusive legislative power in this sector in order to modernise the existing co-ops and make them a vital part of the economic revival in the region. Changing from a status of Autonomous Region to that of Autonomous Province did not produce any significant changes for co-operatives: the Federation of co-operatives was recognised as an important economic stakeholder and was invited to participate in many technical committees for instance, the committees charged with assigning financial aid. The positive relationship between the Federation and the Region or the Province was also the result of political engagement by co-

operative leaders such as Tullio Odorizzi who was President of the Federation from 1963 to 1976, Regional Council member from 1961 to 1967 and President of the Trentino Alto Adige Region from 1949 to 1961.

From 1945 to 1992 co-operatives had a very tight connection to the Catholic Party (called DC-Christian Democrat Party). Many co-operative leaders were supporters of this Party and many held political offices. After the DC Party disappeared in 1992, the Trentino co-operatives never built a close relationship with any specific political party.

In conclusion, we can say that until the 1990s, there was a two-tier connection between co-ops and the public subject: the former assumed an institutional dimension such as participation in technical committees, and the latter was driven by ties to the Catholic Party. The multi-faceted expression of the Catholic world continued to be a reference point for the entire second half of 20th century, as it had been in the past. Even official co-operative ceremonies (from anniversaries to every sort of celebration) revealed these strong ties to the Catholic groups by including mass and sermons or other clearly Catholic events.

The rebirth of the co-operative movement after the Fascist dictatorship ended was accompanied by the return of parish priests to the Federation. The priests had left their institutional roles within the co-operative movement, after the Fascist takeover of the Trentino apex organisation in 1925. When the Federation was re-established, the priests were invited to sit on the Boards again until 1964 when the Diocese decided to renovate and redesign its role within the co-operative movement. From that point forward, parish priests refused institutional roles in order to act as spiritual leaders although, during the 1970s and 1980s it wasn't unusual to find priests among the founders of a new generation of co-ops involved in community activities (Ianes 2003). In any case, parish priests no longer play the institutional role of community educator as they had had under the Austrian Empire. In conclusion, the Catholic organisations have continued to stimulate and promote improvements in co-operatives throughout the second half of the Twentieth century.

The past two decades have seen managers included among the actors affecting co-operatives. In fact, the success and growth of many undertakings, has resulted in the hiring of a new generation of managers who do not come from within the co-operative movement but have grown up in conventional enterprises. This could change the features of co-operative enterprises by stimulating a mixture of co-operative values and economic goals.

The actors and networks within the Trentino co-operative movement

It is undeniable that if Trentino co-operatives have become stronger and stronger during the second half of 20th century, this is partly due to the cooperation among the co-operatives. The Federation has played the crucial role of defining the strategic framework which allowed the growth of single co-operatives and the consortia itself to take place. Since its re-foundation after WWII, the Federation has chosen an internal organisation around the different sectors with the establishment of four different committees: one for the co-operative banks, another for the agricultural sectors, one for the worker and social co-operatives, and the last one for the consumer co-operatives. This type of organisation has made it possible to strengthen the collaboration among co-operatives operating in the same sector. The modernisation and rationalisation of co-operatives became a clear strategy, under the Odorizzi presidency. On many occasions and especially during the annual gatherings of late 1960s and early 1970s, the Federation focused its attention on mergers between co-ops as an instrument for creating more viable undertakings as well as stronger consortia (Ianes 2003).

The consortia were clearly considered the anchor of the whole system, which would provide the economic viability for a network, which was still marked by the presence of a great number of small undertakings. To this end, they stimulated single co-operatives to adopt convergent strategies in terms of quality of production, innovation etc.

The growing list of consortium members was impressive over the decades. Taking a closer look at those operating in the agricultural sector we note that in 1949 the Federation supported the creation of the CCPA (*Consorzio delle Co-operative dei Produttori Agricoli della Provincia di Trento*, Consortium of Trentino Farmers) to coordinate the phases of fruit production and centralise its commercialisation on behalf of the member co-operatives. In 1951, the CAVIT (*Consorzio delle cantine sociali del Trentino*, Consortium of Trentino Wineries) was set up which since the beginning provided technical consultancy, participated in national wine expositions and fairs, commercialised wine within and outside the borders of Trentino. In the same year the CCS (*Consorzio dei caseifici sociali del Trentino*, Consortium of Trentino Communal Dairies) was also created to provide technical assistance and help farmers with maturing cheese and promoting local products. Between 1973 and 1978, the CCS contributed to the creation of a second consortium, named *Trentingrana*, to centralise the ageing, commercialisation and directs sales of grana cheese. To sum up, since the 1950s, the three most important Trentino agricultural sectors (wine, milk and fruit) benefited from the services of second level co-operatives for promoting, and improving the quality of their products. Even when these organisations were not always successful, they laid the foundations for modernising agriculture and above all for the development of the agro-industry across the valleys.

Especially due to opposition from the Bank of Italy, it took longer to set up the clearinghouse for co-operative banks, which was granted permission in 1973 within the framework of the Second Statute of Autonomy.

The consortium model spread into other sectors. As mention earlier, consumer co-operatives had had their own consortium, the SAIT, since the end of the 19th century. It survived the Fascist era and after WWII continued to manage warehouses and organise centralised purchasing.

The consortium's model was also applied to the new co-operative sectors, as soon as their size made it possible to exploit some economies of scale. So, in 1986 *Consolida* was created for social co-operatives and in 1988 the *Consorzio Territorio Ambiente* (later called CLA) was set up for workers co-operatives.

The last organisation which deserves to be mentioned is the *Lega Trentina* which was created in 1980 by the left-oriented co-operatives. So far, we have described the Trentino co-operative movement as completely uniform and unified, but this wasn't actually the case. We have already mentioned the existence (until WWI) of *Banca Popolare* credit unions which never connected with the Catholic based co-operative movement, and now it is time to talk about the left-oriented undertakings. Before WWI, there were a few in retailing, and these increased up to 60 in the building sector after the war, before disappearing during the Fascist regime. After WWII, the few remaining left-oriented co-operatives joined the Federation even though there were longstanding rumours about creating a separate apex organisation just for them (Leonardi 1982, II vol, Ianes 2003) which finally occurred in 1980 when 22 groups joined to form the *Lega Trentina*. Although the number of co-operatives doubled in just two years, this organisation never reached a significant size. Then in 2000, a decade long reconciliation unified all co-operatives within the Trentino Federation.

Under the rights to autonomy, both the Federation and the Consortia always focused their activities within the borders of the Province, yet they collaborated with the national level co-operative organisation. In 1950, the Federation joined *Conf co-operative*, the Catholic national apex organisation, and in 1963, the co-operative banks joined the national clearinghouse, even though they maintained their point of view that it was necessary to have a provincial structure of this type.

In brief, after WW II, the Trentino co-operative movement shaped into a proper system consisting of strong links within (among the co-operatives operating in the same sectors and between the co-ops and their consortium) yet weaker links between the different sectors. From this point of view, there has been a change with respect to the 19th century when both these types of links were weaker. Indeed, the SAIT (the only single consortium), the rural banks and the Federation strengthened both types of collaboration to the same degree.

Some concluding remarks

Concluding the history of the Trentino co-operative movement, we could focus on the features which have characterised this model over the 19th and the 20th centuries.

The first key aspect is the close connection with the social and political provincial backdrop, which played a crucial role both in the early years and during the rebirth after the Second World War. These connections have taken different shapes over the years from the involvement of parish priests to the permanent relationship with the public subject with the 19th century *Landskulturrat*, to the current Autonomous Province.

The second key aspect is how the system functions, considering that since the beginning, this co-operative movement conceived of itself as a system. Until World War I, there were two anchors at the municipal level, the rural banks and the Co-operative family, and two anchors at the provincial level, the Federation and the consortium of the consumer co-operatives, SAIT. During the second half of the 20th century there was a radical change in how the system functioned. While rural banks kept the pivotal role they had always had, the agro-industry became the second pillar. In addition, there was a move from the community to the provincial level thanks to the consortia.

The final aspect refers to the attitude for innovation. The creation of co-operative banks or farmer and consumer undertakings in the 19th century were all expressions of the innovative attitude held by valley communities. During the second half of the 20th century, innovation took the form of modernising the traditional sectors and above all of the invention of new types of co-ops and activities.

CONTEMPORARY CO-OPERATIVE MOVEMENT

The role of the legal and fiscal framework for the development of co-operatives

As we have seen, history and tradition are important features of the contemporary cooperation movement. The legal context in which co-operative operates reflects the special provisions of the Italian Civil Code (art. 2511) and tax legislation which recognise the social contribution of the co-operative principles, in particular, among the others, the mutual ownership and operation principles. The “mutual purpose” is the distinctive characteristic acknowledged by art. 45 of the Italian Constitution, while “mutual operation” assumes that the goods and services produced by the co-operative are delivered to the members.

The Italian legal framework sets the minimum quantity of mutual transactions that will meet the needs and purposes shared by all members. According to the Code the subsistence of mutuality (*mutualità prevalente*) is established by numeric criteria rather than narrative definitions or assumptions. The criteria are set reflecting the specific activities (output) or the operation conditions (inputs): the revenues from sale of goods or services to members of more than 50% of the total revenues, or else, the labour costs of the members are in excess of 50% of the total labour cost. Likewise in agricultural co-operatives, the total value of assets contributed by the members must exceed 50% or for co-operative banks, requiring that more than 50% of assets are either loans to members or risk-free assets.

Other provisions regard the treatment of the surplus or net profits and the benefits of tax exemptions or reductions. The rule is that they should be invested for further job creation or local social initiatives. For this reason, the co-operatives are restricted from distributing profits among current members in favour of reinvesting towards new democratic employment or initiatives that are the consequence of the mutual nature of the co-operative as such.

Although debated in the literature, the creation of indivisible reserves appears as a logical solution to their structural under-capitalisation (Furubotn-Pejovich, 1970; Vanek, 1977; Tortia, 2003, 2005). The Italian law requires co-operatives to invest up to 80% of their surplus in a reserve that may not be divided among members, with several benefits. The reserves contribute to self-capitalise the growth of the co-operative and encourages investments in the “social” business. Reserves are permanently owned by the co-operative, ensuring financial stability in the long term. They act as a disincentive for hostile takeovers by traditional firms, as the reserves reverts to the state if they are not allocated within the co-operative sector.

Based on the prevalence of mutuality, the distinction between “mainly mutual” and “other co-operatives” provides different rules of capital remuneration and tax exemptions. More specifically, “mainly mutual” co-operatives, adopting the plough-back rule, are restricted from distributing dividends on the subscribed capital above the maximal ceiling of the postal bonds increased by 2.5 points and the surplus (net profit) may benefit of tax exemptions or reductions and should be reinvested in new initiatives that are the consequence of the mutual nature of the co-operative as such (Fici 2009).

After the 2003 reform of civil code, the fiscal regime and the tax concessions have been further differentiated according to the type of co-operative and her mutualistic objective. As Forte and Mantovani (2009) point out, at present, it appears that do exists at least nine different tax regimes for the different types of co-operatives, which may support the idea of an intensive political interaction and a seemingly paradoxical coexistence of pervasive rent-seeking interests at national level to shield

the cooperation movement. It appears that “mainly mutual” co-operatives and their consortia in the agricultural sector are taxed only on a portion of their net annual profit equal to 20%, while the remaining 80% is part of the indivisible reserves, which includes legal reserves (30%), Statutory reserves, free revaluation and Mutualistic Fund (equal to 3 per cent of the net profits). This latter is regulated by Article 43 of Regional Law n. 5 of 2008 and can be used to develop new co-operatives.

Production, worker and service co-operatives enjoy an exemption of 70% of the indivisible reserves, while the remaining 30% is subject to IRES (*Imposta sul reddito delle società* - Corporate tax).

Consumer co-operatives have the lowest fiscal benefit because only 45% of their net profits are exempted. The exemption for the indivisible reserves is abolished when the consumer co-operative don't meet the prevalence of mutuality criteria only for the 45%.

Social co-operatives are a particular case, since they are, by nature and definition, considered with prevalence of mutuality and therefore totally exempted. However, when the labour costs of the members are lower than 50% of the total labour cost, they are taxed on 30% of net profits and exempted for the 70% when allocated as indivisible reserves, including the 3% of the mutualistic fund. The tax concessions are extended to consortia which are made up of at least 70% of social co-operatives. Furthermore, social co-operatives can benefit from total IRES exemption from income when they can present at the same time: i) the requisites necessary to be classified worker co-operatives; and ii) total wages paid to members of not less than 50% of the total costs incurred excluding costs of raw and subsidiary materials.

Similar rules apply for co-operative credit banks (*Casse Rurali*), with the particularity that the share of net profit subject to IRES amounts to 27%. The minimum share of profit that these institutions should devolve to reserves in fact amounts to 70%, to which 3% of net profit to be devolved to the compulsory mutualistic fund.

In the case of co-operatives without prevalence of mutuality (“other co-operatives”), but this is not the case of Trentino Federation of Co-operatives’ (FTC) members, they can enjoy some fiscal benefits only when their charter states the indivisibility of the legal reserves. In this case these reserves up to 30% of the net profits are exonerated from the corporate tax. They must allocate the 3% to Mutualistic fund and the remaining 67 per cent is taxed with the ordinary rates.

A further tax concession concerns IRAP (*Imposta regionale sulle attività produttive* - Regional tax on production). Provincial Law (P.L.) n. 1 of 19 February 2002 provides a reduction by 1% point from the applicable tax rate determined by state regulations.

In summer 2011, to ensure State budgetary discipline, the Financial Law has introduced a revision of the fiscal concessions to co-operatives: the increase of the taxable income by 10%, from 30% to 40% (from 55% to 65% for consumer co-operatives); the extension of the tax bases to the legal reserves with a 10% new charge. It follows that the taxable base of profit is equal to 43% for the generality of co-operatives, increased to 68% for the consumer co-operatives and 23% for agricultural co-operatives.

The peculiarity of the Autonomous Province of Trento: a determinant factor for the development of the co-op system in Trentino?

The Trentino Autonomous Province (PAT) has wide administrative and legislative competences over a large range of subjects, from territory planning and the use of natural resources to social issues such as employment policy and economic development¹. From a political and administrative point of

¹ The autonomy of the Trentino Alto Adige Region was established in 1946 and then ratified by the Italian Parliament with a constitutional law. In 1972 the Autonomous Statute became law and the Trentino Alto Adige Region was divided into the Autonomous Provinces of Trento and Bolzano and

view, the governing body of PAT has invested much effort to promote the transformation needed to create employment and meet the expectations of citizens. The model based on the development of the manufacturing industry, helped by the delocalisation of large industrial plants, reached its maturity and left unsolved many typical problems of industrial decline (Salvatori 2012). Rising unemployment, environmental problems of destructured industrial areas, but also the persistence of marginality in peripheral areas preserved the rural environment and the agricultural tradition of cooperation and other local based form of association.

For historical and cultural tradition the Province (PAT) has always recognised and rewarded the co-operative model. More than elsewhere, mutualistic values, participation and support for the community development are part of its social capital. As a widespread reservoir of goodwill and good practices (the roots), this positive attitude has been capitalised by the traditionally relevant sectors: the consumer, credit and agricultural co-operatives. However, the economic growth that accompanied the Second World War has profoundly changed the Trentino province, creating new needs and a diversified range of political actors. The co-operation movement resisted the political interference carefully maintaining its "formal" independence and preserving its autonomous nature.

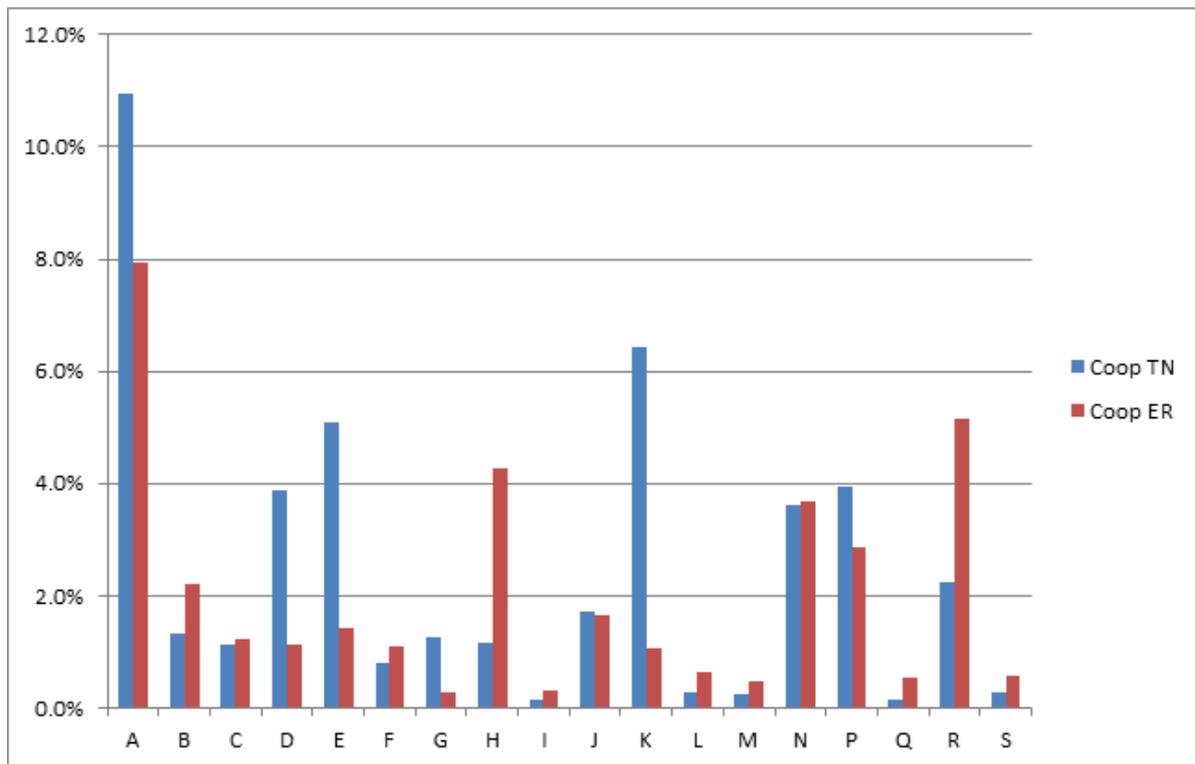
The most significant proposal, and the forerunner of a national legislation breakthrough, is the extension of the concept of mutuality to non-members (*external mutual interest*) and the recognition of social co-operatives (Law 1988) in their capacity to manage services and activities in favour of particular weak categories and to respond to other new social values, such as the environment, the waste collection, the promotion of tourism, the management of cultural activities. This vision, that was supported directly by regulatory measures and public financial contributions, has helped to strengthen, over the years, the principles that underpin the co-operation (democracy, participation, open door, etc..) and to extend the scope of operation of the business model in other areas, not only oriented by social objectives, but also in production and employment, areas in which Trentino had a marginal experience.

The next two figures show the different distribution of the co-operatives in Trentino and Emilia Romagna, a region that have a deep tradition in co-operative values. The number of co-operatives and the employment are classified using ATECO 2007 sections. To make possible the comparison we used the ISTAT census data (ISTAT 2012)². It emerges that Trentino has 415 co-operatives with 13 087 employees, compared with Emilia Romagna with 3 831 and 152 095 respectively. In the two regions the co-operatives represents 1% of the all firms, while the contribution to employment is much more relevant, near 10% in Emilia Romagna and 7.9% in Trentino.

Other economic and social differences emerge when comparing the two co-operative systems. Those can be explained by historical reasons, political orientation and local opportunities supporting their regional development. Trentino co-operatives tend to concentrates in three sectors: Agriculture (A), Financial services (F), water and waste management (E), both for the density of co-operatives and the number of employees. The financial sectors have become very important with more than 55% of the employment of the sector, followed by agriculture, near to 40%. Instead Emilia Romagna has a larger concentration in agriculture (A), transport (H), recreational activities (R), travel agencies and leasing (N). More than 30% of the employees works in co-operatives offering services, like travel agencies, business services and transport. In this respect it appears difficult to argue that the structure of the co-operation movements may be entirely justified in term of rational allocation of resources (specialisation or endowment of resources). Other factors have exerted a more significant role.

the administrative political role of the two autonomous provinces was recognised and endowed by a decentralised institutional structure that has no equal in Italy.

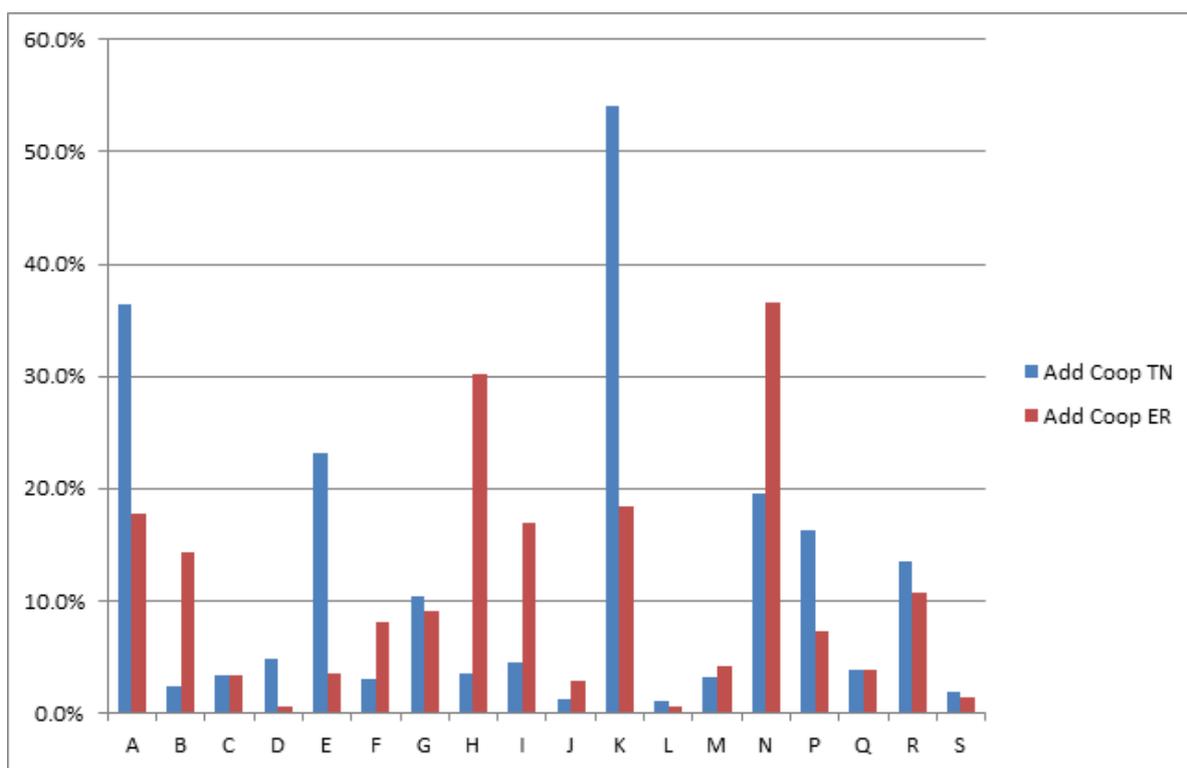
² The methodology and the classification of Census data are not comparable with FTC database.

Figure 1. Share of co-operative by sector in Trentino and Emilia Romagna


Source: ISTAT 2012.

Legend: A - Agriculture, forestry and fishing; B - Mining and quarrying; C - Manufacturing; D - Electricity, gas, steam and air conditioning supply; E - Water supply; sewerage; waste management; F - Construction; G - Wholesale and retail trade; H - Transporting and storage; I - Accommodation and food service activities; J - Information and communication; K - Financial and insurance activities; L - Real estate activities; M - Professional, scientific and technical activities; N - Administrative and support service activities; O - Public administration and defence; P - Education; Q - Human health and social work activities; R - Arts, entertainment and recreation; S - Other services activities.

Figure 2. Employed in co-operatives by sector in Trentino and Emilia Romagna



Source: ISTAT 2012.

Legend: A - Agriculture, forestry and fishing; B - Mining and quarrying; C - Manufacturing; D - Electricity, gas, steam and air conditioning supply; E - Water supply; sewerage; waste management; F - Construction; G - Wholesale and retail trade; H - Transporting and storage; I - Accommodation and food service activities; J - Information and communication; K - Financial and insurance activities; L - Real estate activities; M - Professional, scientific and technical activities; N - Administrative and support service activities; O - Public administration and defence; P - Education; Q - Human health and social work activities; R - Arts, entertainment and recreation; S - Other services activities.

Some regional rules characterise the local co-operative system and are not reflected in national legislation:

- In the region, the co-operatives are not required to pay the annual contribution for the revision (*contributo di revisione*). Instead, co-operatives are required to pay the cost of the revision only when is made and the Province intervenes with a financial contribution equal to 50% of the cost;
- A number of provisions concerning controls have been unified and coordinated: Regional Law n. 5 of 9 July 2008, which regulates the legal control of accounts, reduces the burden on co-operatives, establishing an exemption threshold for small co-operatives, and enhancing the role of co-operative associations (the FTC for the province of Trento), in the two revision processes (*Revisione amministrativa* and *Revisione co-operativa*);
- The register of co-operatives (*Registro degli enti co-operativi*), in which co-operatives must be registered in Trentino, is held by the offices of each Province; the provincial offices will then submit the registration to the National Register.

The corporate law reform of 2003 has helped to strengthen the co-operative belief on self-employment and commitment to local development and civic empowerment, as well as the choices of provincial public authority (Borzaga-Mittone 1997; Borzaga Fici 2004; Gonzales 2010).

Regional competence remains the reference criteria for the development of co-operatives and their supervision. Benefits and contributions are instead provided by provincial legislation and co-operatives can access to these benefits under various sectoral laws (agriculture, construction, trade, commerce, services, social, etc.) or through public procurement like any other legal form. This is a general rule.

Below is a brief presentation of the various facilities that can be granted to the co-operatives by the Autonomous Province of Trento.

1. Supervision and control. The rules were stated in Regional Law n. 7, January 29, 1954, as amended by D.P.G.R. (Decree of the President of the Regional Council) March 2, 1994, n.3. The law has been recently replaced by Regional Law n. 5 July 9, 2008, which regulates the subject including the social co-operatives.

Four areas are covered by the regional autonomy: a) role of the Authority of supervision and revision; b) registration of co-operatives, along with a regular supervision of their registered status; c) revisions of the co-operatives; d) actions and measures implemented in the event of irregular behaviour in the management of co-operatives, with the possibility of closing the activity.

As a result of this legal changes and to ensure that guidance is provided to the cooperation movement with appropriate degree of specificity and competences, the two distinct functions of the Authority (art. 1) were divided between the Province, which is responsible for the supervision and the register, and the recognised representative association, namely the Trentino Federation of Co-operatives (FTC), exercising the function of revision of the financial statements and accounts.

Supervision is essentially divided into three strands: i) the registration in the provincial registry of co-operative bodies and the continuous monitoring of the fulfilment of the conditions for inclusion; ii) the execution of periodic or extraordinary reviews; iii) measures in case of serious irregularities in the management of the co-operative.

As far as the definition of co-operative and the requirements for registration and membership, the register (*Registro Provinciale degli Enti Co-operativi*, as defined in art. 13) is divided in two sections: for co-operatives with prevailing mutuality in the exchanges with their own members and for those with non-prevailing mutuality in the exchanges with the general community and citizens.

Both sections consist of the following 12 categories:

- Agricultural co-operatives.
- Co-operatives of agricultural work.
- Agricultural consortia.
- Consumer co-operatives.
- Co-operatives of retailers.
- Transport co-operatives.
- Production co-operatives and labour.
- Housing co-operatives.
- Fishing co-operatives.

- Consortia and financial guarantee co-operatives.
- Co-operative consortia.
- Other co-operatives.

Within the co-operatives with prevailing mutuality two other categories have been added:

- Rural banks, Raiffeisen banks or co-operative banks.
- Social co-operatives.

The category of social co-operatives is divided in three subcategories:

- Co-operative of social-sanitary services, cultural and educational services.
- Co-operatives aimed at providing employment for disadvantaged people.
- Consortia of social co-operatives.

As the representative association, FTC in 2004 assumed the role of the audit authority and created an independent and distinct unit, the Audit Division (*Divisione Vigilanza*) that has capacity and resources tailored to the needs and will fulfil the function with all applicable rules and regulations.

The first responsibility is to manage the co-operative revision (*Revisione co-operativa*) as requested by art. 19, for all affiliated co-operatives and to the other registered in the provincial register. The second responsibility is the account audit (*Revisione legale dei conti*) of the co-operatives (at present, all *Casse Rurali* and the three financial consortia) which identifies the activities covered by the Decree. 39/2010.

The financial situation and the management of the co-operative are audited at least every second financial year for the purpose of determining its economic conditions and proper compliance by management. *Casse Rurali* are audited every financial year. Co-operative revision, which is also mandatory for any registered co-operative, is operated at least every two years. The usual practice for the Trentino co-operative movement is to include in it the review and the assessment of the economic and financial situation, if the co-operative is not subject to the statutory account audit.

2. "Business Services" - Provincial Law n. 17/1993 (for the promotion of economic activities). The provincial law n. 17/93 provides for several measures to promote innovation and enabling technologies through specifically designed financial incentives that cover part of the costs associated with the investment. This fund is designed to serve micro, small and medium enterprises, including co-operatives, and the purpose is to provide subsidies for costs related to the certification of activities or products, the reorganisation of the production process, the expansion of business functions (administrative, commercial, computer, etc.). Grants are allowed also for study initiatives, development of strategic plans, and acquisition of quality certifications, internationalisation of activities and operation of consortia.

3. With the Regional Law n. 20/93, Trentino-Alto Adige has set up a fund for the financing of co-operatives and their consortia and associations, for initiatives aimed at the **promotion and development of the culture** of co-operation.

4. As for social co-operation, it should be noted that in Trentino the regional LR 24/1988 anticipated the national law recognising the rules for the co-operation of social solidarity (the reference standard is the national L.381/1991).

5. " **Legge Unica**" – Provincial Law n. 6/1999 (for the promotion of economic activities). The law provides a specific package of funding opportunities to support productive investments in both tangible and intangible property by small and medium companies, including co-operatives.

Businesses funding in innovative R&D projects can benefit from grants ranging from 20% to 80% of the capital invested, with a maximum of € 3 million per project. In specific cases, it is also possible to benefit from profit-participation loans for recapitalisation, relocation costs and intervention for the recovery, restructuring and conversion of businesses established in Trentino. Some of these measures were financed with the European Structural Funds in the framework of Docup 2000-2006 and FESR 2007-2013.

To date, some 2000 companies have gained access to support for fixed investments in various sectors of the economy, receiving on average about € 200 000 per contribution.

Specific measures are also foreseen for start-ups launched by young people or women (covering 50% of the start-up costs), the promotion of consortia and business networks (average contribution of 45% for business services), internationalisation activities (up to 70% for trade shows, 50% for international marketing), the facilitation of access to credit, other tax reliefs (reduction of IRAP by 3%, vehicle IPT fixed at € 151).

This law also supports investment initiatives dealing with environmental protection and access to equity loans. The principles of law are declined only in specific criteria for each economic sector.

The access to the financial contributions is defined by a grid of priorities: support entrepreneurial initiatives to foster local economic growth, namely, development of alternative activities and succeeding in discontinued operations; creation of new entrepreneurial initiatives and redevelopment; development of business networks; business innovation for small businesses and growth in size. The incentives for the purchase of property are addressed only to those who are starting a new initiative or replace an asset.

The financial contributions are provided through three alternative procedure: an automatic procedure (over the counter) for less than € 500 000 of capital expenditure incurred in the 18 months applying the *de minimis* regime; an evaluation procedure (call for applications) for amounts less than € 2 500 000 and however incurred after the submission of the application and finally a negotiating procedure for amounts in excess of € 1 500 000.³

6. A measure initially instrumental in the development of social co-operation can be identified in the *Progettone* established by Provincial Law n. 32 of 27 November 1990. Through this tool it is possible to employ workers in activities justified by public interest; established condition is more than 53 years old for man and 49 years old for women. The workers should be redundant and dismissed from the production cycle and no longer able to find work. In operational terms, the Autonomous Province of Trento entrusted the worker co-operatives and the social co-operatives which were members of the two consortia (CLA – *Consorzio Lavoro Ambiente* and *Consolida*) to design and manage specific programmes for redundant workers. The selected beneficiaries are placed in the *Progettone* with an open-ended contract (*tempo indeterminato*) until the beneficiary reaches the minimum retirement age. Priorities are identified by the Provincial Law for specific task or works: for men, recovery and enhancement of the environment, maintenance of cycle paths in the province, care of public parks, etc. while for women, opportunities were found as library assistants, archivists, custodians, activity specialists or assistants to elderly, etc.

³ Allegato B, Modifiche ed integrazioni ai criteri e modalità per l'applicazione della legge provinciale 6/1999 di cui all'allegato a) della deliberazione della Giunta provinciale n. 2804 di data 22 dicembre 2005

In a recent resolution of the provincial Labour Agency of 14 March 2013 the criteria and the priorities have been modified to mitigate the impact of the recession on two vulnerable groups: those which lack no more than 60 months (260 weeks) to get retirement benefits (age pension or seniority pension), and those still unemployed who proved their commitment in active job search, including the participation in the active policy programmes agreed with the Labour Agency.

Overview of the major sectors co-operatives operate in within the province: agricultural, credit, consumer, social, etc

The widespread presence of co-operatives throughout the province makes Trentino a genuine and real "co-operative district" with few analogies around the world (Cattinelli 2007, Co-operative Europe 2009; PAT 2011)⁴. This is the usual statement adopted in the last decade for presenting the Province of Trento, the Trentino Federation, Euricse and other transnational initiatives of the movement. The co-operative turnover, which guarantees stable employment to more than 20 000 people, is € 2.61 billion, while the net worth amounts to € 3.67 billion (FTC 2014). Furthermore, additional statistics are used to illustrate the extent of the phenomenon: the market share of co-operative businesses in the agriculture sector is almost 90%, while it stands at 60% in the credit sector (*Casse Rurali*), and 38% in terms of consumption (*Famiglie co-operative*).

From a systemic perspective, as Fontanari-Borzaga (2010) of EURICSE point out, we should consider that the co-operatives represent only 1% of the total number of active enterprises in the province. However, despite this marginal position, their ability to generate value, income and employment reaches very high levels: 13% of production; 13.2% of value added; and 15% of employees. This extraordinary performance of the co-operative network is not limited to the evaluation of their **direct** output, as is usually done in interpreting and reporting data, but take into account two other components: the **indirect** impact on the backward sectors providing inputs to the production process of the co-operatives, and the **induced** impact on the consumers through the income generated by the local co-operatives.

During the field consultative process, various aspects of the federation and the co-operative activities were discussed and evaluated with managers and other stakeholders. The primary sources of information for this study include the Federation, various other provincial departments and the co-operatives themselves. To ensure consistency with other data sets (for instance, the provincial register of co-operatives) the co-operative categories were used in this study. It appears that the large majority of the co-operatives examined in this study were included in the provincial register and have thus already included in the FTC database.

FTC co-operatives are divided into the following economic categories: agriculture, consumer and retail, financial and LSSA (labour, social, services and housing co-operatives) which includes manufacturing, resource and community development, housing, tourism and recreational activities as well as social services. This last category is very heterogeneous and reflects the dynamism of the cooperation movement in the last 20 years.

⁴ The term "co-operative district" appears in a book discussing management strategies. Cattinelli, the author, in chapter 11 presents the Trentino Federation as a "collective entrepreneurial force" in its capacity to "rationalise and coordinate" the fragmented movement. Two years later, the EU Coordination Committee of Co-operative Europe ASBL refined the concept, but not the substance, in a document addressed to the European Commission for the new programming phase of Structural Funds, being later adopted by the local movement, policy makers and Agencies. The co-operative district may not be intended as a product supply chain or an approximation to the well-known Marshallian district. On this point the literature is quite inconsistent. Therefore in this report we will define its main feature as the network of economic transactions and social relationships, both related to a well-defined vision of society that is identified with the territory and empowered with shared rules that characterize the co-operative vision. On the valorisation of local resources and the development function see Borzaga-Tortia (2010).

Co-operatives vary greatly in size, scope, and operational focus. The diverse nature of the organisations, that are able to function successfully according to co-operative principles, witnesses the flexibility of their business model.

Table 4. Co-operatives in Trentino (2004/2013)

	Number of co-operatives				Active members			
	2004	2008	2010	2013	2004	2008	2010	2013
First Level Co-operatives	506	523	517	508	19 9947	256 015	273 753	289 069
Agriculture	70	68	68	69	18.982	17.749	17 167	15 414
Consumer and retail	86	84	80	80	64 170	85 278	96 491	108 933
Financial	50	47	46	43	93 886	113 603	120 352	125 153
LSSA	279	292	294	289	19 443	23 596	24 070	24 370
Other	21	32	29	27	3.466	15 789	15 673	15 199
Central and second level Co-operatives	22	20	22	25	n.d.	5.847	7.078	10 153
Total	528	543	539	533	199 947	261 862	280 831	299 222

Source: FTC, Yearly Reports.

As Table 4 outlines, in the last decade total active membership in co-operatives (first level) increased by 44.6%. Membership increased by 69.7% in “consumer and retail” co-operatives and by 33.3% in the financial service sector. The agricultural sector experienced a net loss in active members, ranging from a 37.9% decrease in the dairy products to a 9.1% decrease in the wine sector. As far as the LSSA, the younger and heterogeneous sector of the Federation, experienced a net gain in active members, ranging from a 93.1% increase in the social communitarian activities to a 56.4% increase in the production sector. The positive expansion of the cooperation movement continued during the recent economic downturn and deterioration in the province's fundamentals.

Some of the changes in membership numbers can be attributed to reporting practices of the Federation, in particular for the active members classifies as consumer and financial co-operatives. These overall figures tend to divert attention from other major facts and mask the dynamism among each co-operative sector. They consider the net reduction of the number of co-operatives since 2009 due to some mergers and the increasing number of closures not matched by new member co-operatives. Apart the agricultural sectors, that appears solid and well consolidated (but with few members), consumer and banking continued their path of restructuring with closures and mergers. Only the LSSA shows a net increase in the number of co-operatives as well as in the number of active members. Therefore, the overall expansion of memberships in the last four years was mainly fuelled by the wave of new members in consumer co-operatives and co-operative banks. In addition they have a distinctive characteristic: in both type of co-operatives their active members are customers that can be attracted with improved and quality services and better financial conditions. Despite the co-operative principles and the mission, that are respectable merit goods, the operational and management tools and practices are not much different from a private or capitalistic enterprise.

A different story can explain the continued expansion of the LSSA co-operatives; their approach and mission is supply-oriented and tend to create value-added, redistribute the extra-income to members and reduce income inequalities. These goals endorsed by the cooperation movement have their own merits, including the creation of employment for the members, offering services, even public services, where the public sector is unable to offer them to the persons who are in need or when the reduction of public expenditure undermine the quality of services as well as the long-term economic and social prospects.

An effective feature of the co-operative movement is its ability to create interactions between actors and implement formal and informal networks. The relational content enhances the personal character of the co-operative. Figure 3 depicts the network of a total of 496 co-operatives and capital

firms which have in common the administrators⁵. In total 905 individual actors are involved in the management and work of this large sample of co-operatives. We expect that the actors in this position may gain or exchange information and plan common strategies. A central question arising from the above perspective concerns two aspects: the mechanism and the paths behind the formation of consortia or informal clusters; and, the involvement (measured by the centrality) of the most influential actors – co-operatives or persons - within the network or sectors.

Graph-based methods provide quite interesting results as they tend to confirm the emergence of a core-periphery structure. The paths and the hierarchies emphasise the difference between three classes of co-operatives: those in the inner core, very near to the governance structure of the Federation (the blue node), interconnected with large number of nodes and close links between actors in the same sectoral network (for instance, *Cassa Centrale Banca*, SIBT for the rural banks network or APOT for the agricultural co-operatives); those in the inner core or in the periphery that have sectoral or intersectoral connections among them. It appears very interesting the shape of the network of the three agricultural sub-sectors, centered on *Trentingrana* (in the top of the figure) or on *Melinda* (on the bottom-right side) or on *CAVIT* (on the top-right side) which are quite far from the centrality node represented by the Federation. Finally the third class in which networks are shaped by intersectoral connections on a local base, for instance, those with administrators in the agricultural co-operative and the local rural banks (linking red and green lines) or in the periphery, where all administrators are the representative of the local community without links with other co-operatives.

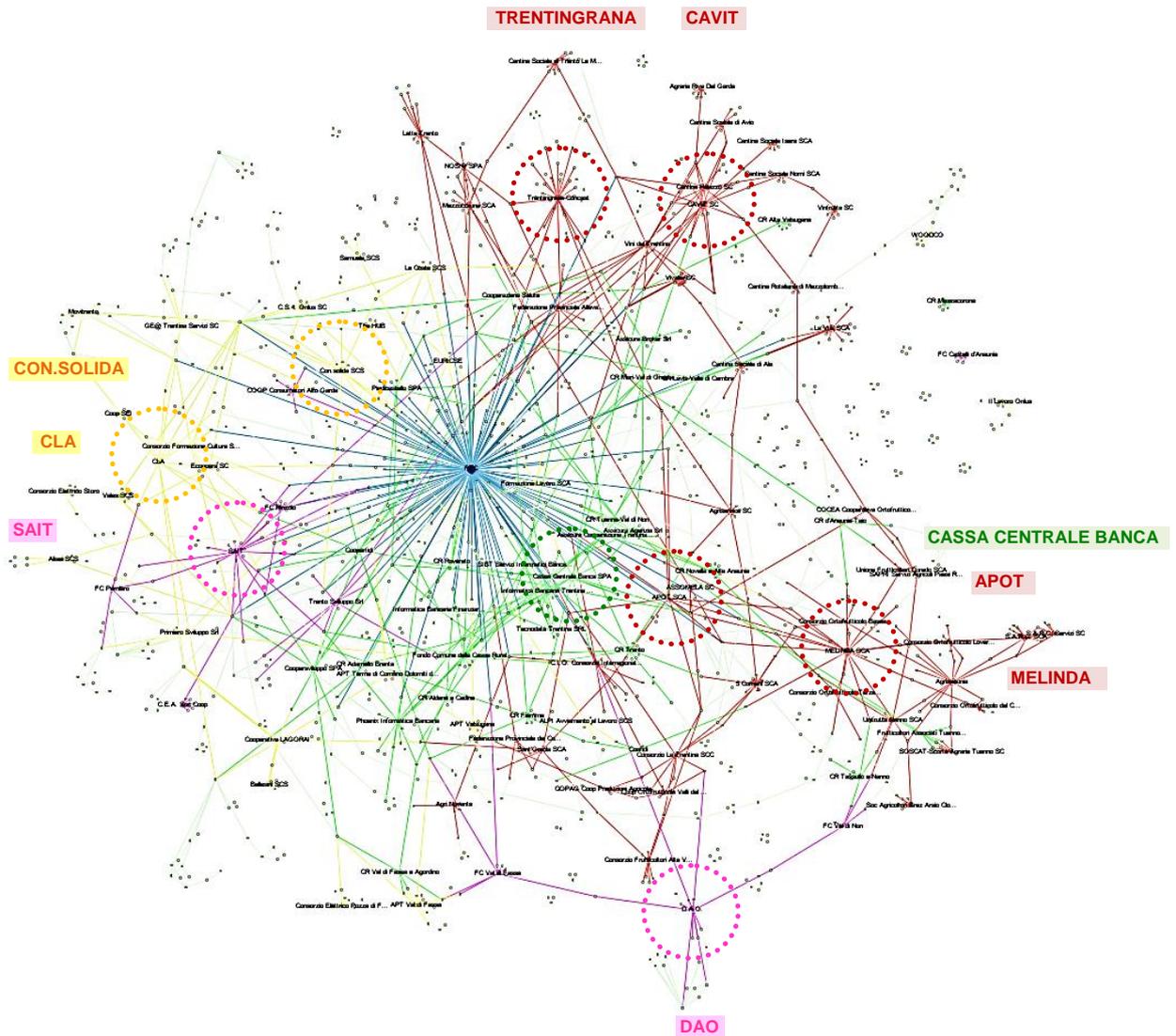
The graph shows 1795 connections with 1401 nodes. Excluding the administrators, we find 48 co-operatives, the top ranked actors, with more than 8 connections with other nodes. This central and influential group has the control of 558 links, near a third of the interconnection of the overall co-operative movement, which poses a question of distribution of power and information within the network. The highest level of control is concentrated in two sectors with small tightly-knit cores. The first is centered on 14 financial co-operatives or controlled joint stock-companies which offer financial and insurance services as well as automation services to the rural banks (in total 157 links). This network core supports the system robustness, helping the adaptation to large fluctuations of the actual recessionary phase.

The second network regards the agricultural sectors and appears much wider and more dispersed. We find several cores and larger distances among the hub nodes connecting 12 fruit consortia/co-operatives with APOT in a more central position. In total the fruit network generates 137 interconnections. Wine cellars and grape growers display a similar structure: in total 8 co-operatives, share their administrators with a network of 92 interconnections. The network stability is achieved by the number of direct links that facilitate the network stability and the exchange of information. A more centered nested structure is also displayed by the dairy sector, with two consortia and 34 links, and the Breeders Federation of Trento Province (*Federazione Provinciale Allevatori*) with 11 links.

The consumer co-operatives show a different development under the perspective of the core periphery structure. The SAIT consortium and DAO are the hubs with 33 links, but they appear far from centrality within the FTC system and are sparsely connected. In addition the graph show a non-central set of small nodes, which are indirectly linked to the hub. A similar structure is repeated in the LSSA sector, with only two consortia and 5 small hubs that generate 76 links and a large number of dispersed co-operatives in the periphery. The weak centrality, that may be due to the social objectives promoted by the actors, is the main characteristic of this new dynamic sector.

⁵ The common administrators have been defined as persons having an elected position in the governance bodies of the co-operative or the capital firms, who are not involved in the daily management or having an executive position in the affiliated co-operative/company or consortia. The personal characteristics of each member of the board of 290 co-operatives are gathered from the AIDA database. The nodes were arranged using Force Atlas layout algorithm of Gephi 0.8.2 beta, with repulsion strength of 800, auto-stabilisation strength of 80 and gravity of 30.

Figure 3. Co-operatives and networking in Trentino



Source: Elaboration from AIDA-BVD, sample of 290 co-operatives.

Legend: blue (FTC); green (rural banks); yellow (LSSA); magenta (consumer); red (agricultural).

Sound governance practices and financial credibility guarantee expertise and sustainability. The co-operatives' operations are supervised by the Federation to which all member co-operatives submit their annual financial reports. If requested, FTC - through the Audit Division - provides the certification service with an independent auditing. In 2013 more than 240 co-operatives have been certified, including all rural banks and the largest co-operatives and consortia. The overall turnover of 464 co-operatives is more than € 2.60 billion in 2013, rural banks excluded. Their gross income ranges from less than a thousand euros to large organisations (consortia) such as Melinda, Mezzacorona Group, CAVIT, SAIT, D.A.O. Società Cooperativa with more than € 100 million. It is interesting to note that while the large majority of co-operatives are small in scale and scope, many of Trentino's largest organisations are also co-operatives: four organisations are listed in the top 20 enterprises of Trentino province.

High concentration is also a further characteristic that emerged within the co-operation movement in the last decade. The concentration index is measured by the revenues of the largest co-

operatives as percentage of the total revenues. In 2012 the 8 largest consortia⁶ and co-operatives, with a revenue higher than € 50 million, have a combined revenue of € 1.17 billion, that is near half (45%) of the total revenue of the cooperation movement of the province: 6 out of 8 are agricultural co-operatives/consortia. For the economic doctrine this situation may be defined as an oligopoly dominated by a small number of powerful interrelated firms.

The strategic behaviour of these large co-operatives, that may be measured by the length and distance of the pathways in figure 3, show a clear tendency to distinguish (or detach) themselves from the overall organisation or groups. They turned themselves into management-dominated enterprises, strongly committed to extract from the competitive business the highest revenues for their members. They have built up a well-defined and recognised corporate identity, without losing their original co-operative identity and culture. Their managers are aware that they must use the opportunities offered by the markets, they know the “value for money” of their products and it is no surprise to see that these co-operatives are also the major exporters of the province.

The evident positive performance of the agricultural co-operatives is due to the idea of vertical integration and concentration (economies of scale), implemented over time by the Federation and the Province. This means that the first level co-operatives, spread over the territory, have a direct link between members and the co-operative structure, offering advice and resources to the small producers. The second level co-operatives, namely the consortia, are governed by a pact among co-operatives to develop all marketing functions and relations with the value chain. Mastering on the accumulated experience, the second level consortia organised their strategic goals to increase market shares in final product markets through aggressive sales efforts. They were supported by aggregation, facilities operating at optimal scale and efficient managerial functions, enabling co-operatives to reach economies of scale. However, the cost reduction pressure was not enough to succeed in the evolving consumer markets and achieve rewarding results for the members. Today the consortia focus their marketing strategy on quality factors, in particular those involved in production and reflecting the consumer’s preferences, instead of using discounts or promotions to underbid competitors. They avoid to pressure on product prices and address their strategic design and incentives on members to innovate in quality and sustainable production techniques. Being able to capture part of the increased marketing margins, the gains return to the active owners preserving their entrepreneurial responsibility.

The active membership and the interaction among co-operatives maximize the producers’ interests. Despite the recession and the falling demand of consumers in the last decade, the results rewarded the efforts: growing refunds for the fruits, milk and grapes to the farmers, appreciation of the true value-added of the “co-operative principles” in the quality of the local communities.

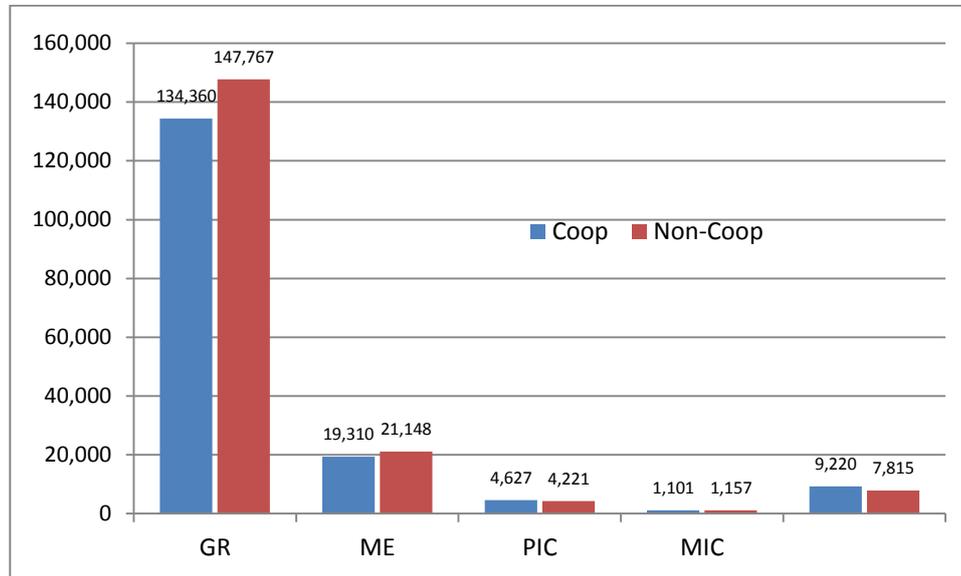
Apart the statistical dominance of some large co-operatives or consortia, the overwhelming majority of Trentino co-operatives have less than € 1 million in revenue or assets, and yet the average co-operative total revenues or total investments are as almost € 8.7 million and € 4.3 million respectively. Total revenues or total investments, however, should not be used as critical parameters for evaluating the role and the performance of a co-operative. Many of the smaller co-operatives create externalities and make significant contributions to the general quality of life in their service areas. The magnitude of these contributions is difficult to quantify in particular when the social services are considered. In Trentino, consumer co-operatives (*Famiglia co-operativa*) will often serve as one of the few remaining businesses in the rural communities, sustaining the level of local services. Furthermore, some of the largest rural banks (*Casse Rurali*) or agricultural consortia (Trentingrana, CAVIT, Melinda) are primarily focused on the provision of services to smaller member co-operatives, which in turn provide services to individual members.

The two figures below show the average turnover and investment of co-operatives classified by size classes. The average values are compared with the private enterprises in order to shape the

⁶ Considering the co-operative with a total revenue higher than € 50 million. Data from AIDA BvD

structural differences due to the different values and mission. As can be noticed there is evidence that the co-operative model leads to lower capital investments in all classes. On the contrary, we see lower percentage differences in large co-operatives when considering the capacity to generate sales and revenues, suggesting that the co-operative model is able to overwhelm the capital disadvantage with higher revenues from their sales.

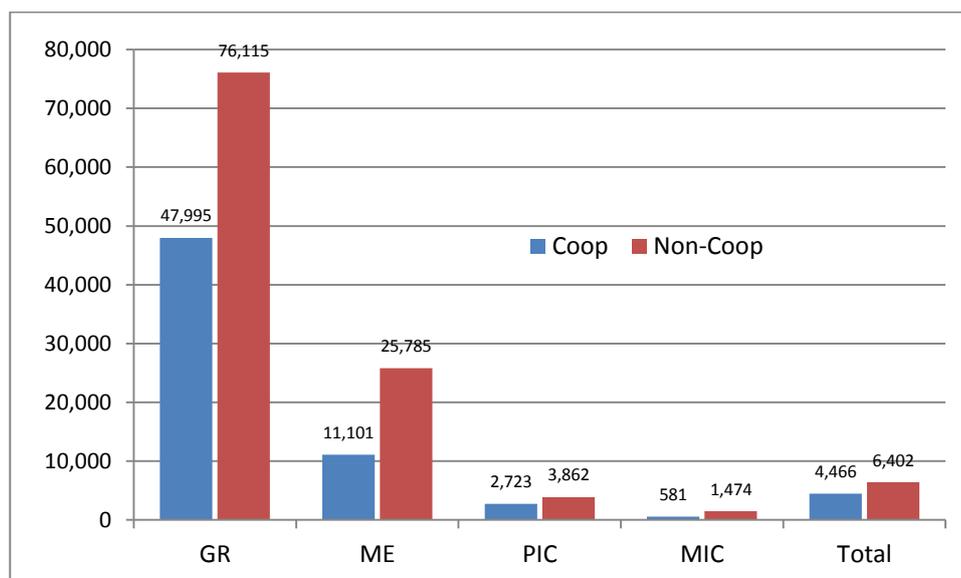
Figure 4. Average turnover 2012 (€/1000)



Source: Elaboration from AIDA-BVD, sample of 290 co-operatives and 2280 non co-operatives.

Legend: GR - Large; ME - Medium; PIC - Small; MIC - Micro, as defined by Commission Recommendation 2003/361/EC

Figure 5. Average fixed assets 2012 (€/1000)



Source: Elaboration from AIDA-BVD, sample of 290 co-operatives and 2280 non co-operatives.

Legend: GR - Large; ME - Medium; PIC - Small; MIC - Micro, as defined by Commission Recommendation 2003/361/EC

Along with the advantages of a wide spread presence of small co-operatives, just to mention the priority for providing services to the local communities, their size structure and, often, their unique nature continue to present some limitations, in particular when highly technical competences are required. This is the case for service and production & worker co-operatives, 58 and 99 co-operatives respectively in 2013, and more than 13.000 members. Small size suggests that the level and quality of management the co-operative can afford may not be the same as with larger organisation like CLA, their consortium. The limitations, still to be documented, may involve some kind of compromises in the organisational structure of the co-operative. Some of them appear to have adopted a self-employment or a self-help form of action culture, not very different from the perspective of a private organisation engaged in supplying services. They have few employees, and often they find that they could not afford to produce a sustainable income. This explains the increased mobility in some co-operative sectors with closures and new entries.

Another way to assess the impact of co-operatives is to shape their capacity to create employment opportunities and the evolution of their financial position, as shown in table 5. The analysis of the income statements of 290 co-operatives reveals notable and mixed changes at the employment and revenues levels, which are the two traditional variables considered by the Federation in its yearly report. It also extends the evaluation of the co-operative system in term of assets and liabilities that may be useful to measure other concepts of the operations, like creditworthiness, risk or risk-sharing, performance, sustainability, as well as long-termism in decision making.

Table 5. Co-operatives' capacity to create employment and the evolution of their financial position

	2004	2008	2012
Assets	1 614 863	2 135 242	2 557 863
Debts	1 041 193	1 291 896	1 550 244
Debts v banks	261 499	387 113	527 993
Other Finance	119 204	7 805	34 132
Financial Debt	380 703	394 918	562 126
Average Debt/Asset	0.64	0.61	0.61
Financial Debt/Net Worth	0.85	0.57	0.68
Net worth (CR excluded)	447 209	690 219	823 482
<i>Net worth (CR included)</i>	<i>1 651 576</i>	<i>2 347 525</i>	<i>2 753 768</i>
Total revenues	1 949 201	2 357 257	2 544 709
Employees	9 008	11 235	14 109
Salaries	189 203	249 784	309 725
Capital investment	711 042	995 173	1 232 698

Source: Elaboration from AIDA-BVD, sample of 290 co-operatives.

Trentino co-operatives (excluding *Casse Rurali- CR*) employed 14 100 people in 2012, which represents an increase of 25.6% from 2008 and 56.6% from 2004 due, to a large extent, to the growth of social co-operatives offering community services. Total wage bills (salaries and benefits) for the co-operatives increased to € 309 million, up from € 250 million in 2008. This positive trend, despite the economic crisis, confirms that co-operatives continue to play an important role as local engines of economic growth and job creation. After all, they are resilient and they respond to a need that other organisations might not address and fill.

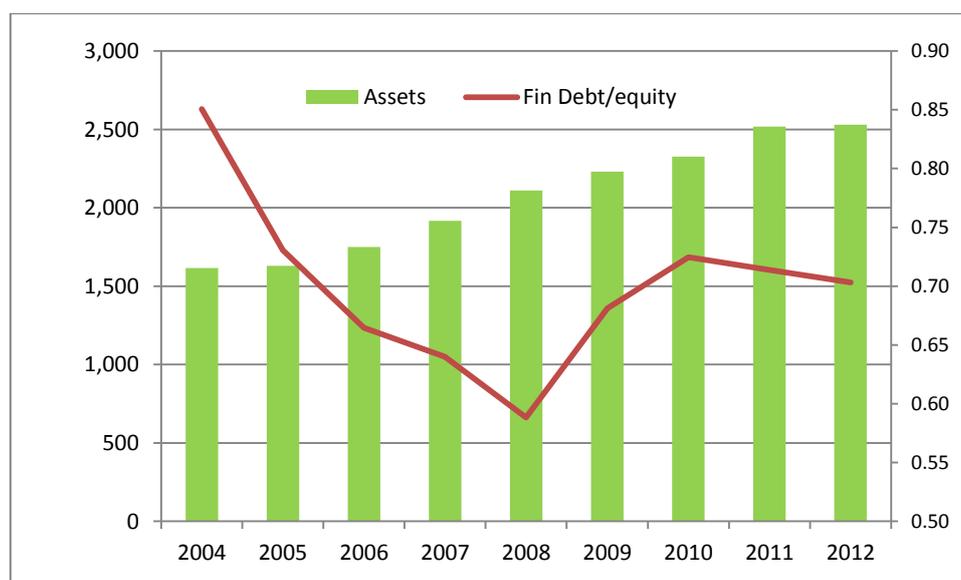
The reactivity to the economic difficulties enabled the co-operative system to resist the slowdown: in 2012 total revenues increased to € 2.54 billion compared to € 2.35 in 2008. This represents a net increase in revenue of 7.9%, compared to a 30.4% in the period 2004-2012. Reflecting in part the global economic slowdown, it is important to note that the changes are also affected by the negative seasonal performance of sales and revenues of the fruits sector, which saw their revenues decrease by € 47 million.

Another component of the success of co-operative is their commitment to innovation and investment supported by the Province and the co-operative financial institutions. Capital investment

amount to € 1.23 billion in 2012 and prove a significant increase from the € 995 million of 2008. Much of this increase is reflective of investments by agricultural consortia in new facilities for conservation and production, and the modernization of the distribution network of the consumer co-operatives.

It appears that the overall positive performance is consolidated into their net worth and cumulated investments. Excluding *Casse Rurali* and the other financial institutions, in 2012, total assets controlled by co-operatives were € 2.56 billion. The average debt-to-asset ratio, that measures the percentage of debt financing in relation to the total assets, declined to 0.61, down slightly from 0.64 in 2004. Although the financial debt has increased in the last decade, at the same time retained incomes and indivisible reserves have grown by even more, resulting in a lower average debt-equity ratio (0.71 in 2012 compared to 0.85 in 2004).

Figure 6. Assets and Total Debt/Equity Ratio (€/1000)



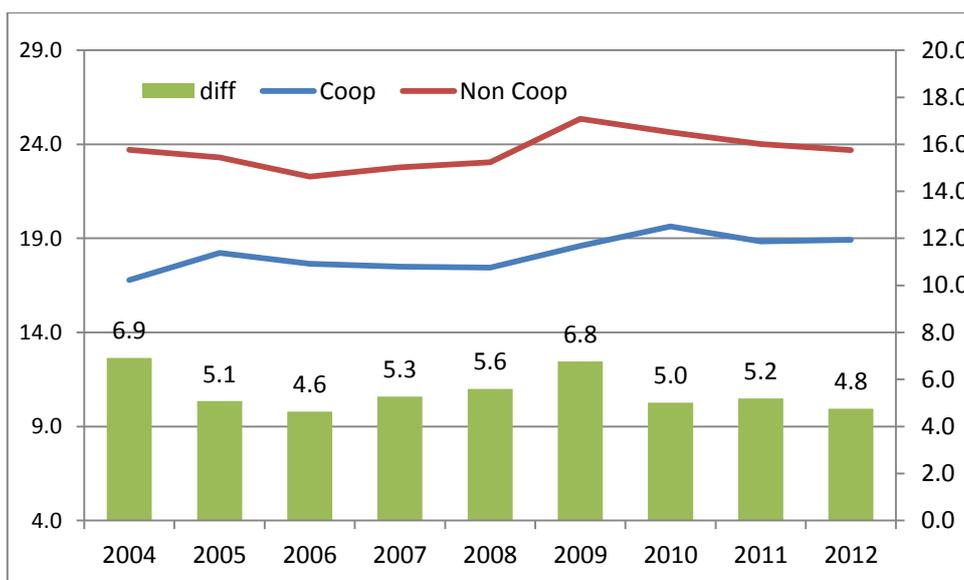
Source: Elaboration from AIDA-BVD, sample of 290 co-operatives.

These positive findings shown in Figure 6 confirm the capacity of the co-operative system to manage the increase of their assets with a consolidation of their overall financial position supported by the quality of the governance structure and its practices. Once again, the financial indicators are largely influenced by higher debt exposure in some sub-sectors, in particular the dairy and fruit co-operatives, compensated by other less capital intensive. In general, the overall co-operative system may be considered financially sound when the net worth value (*Patrimonio netto*) of the *Casse Rurali* is included. The cumulated amount is € 2.75 billion, with an increase of 16% since 2008.

All the above figures indicate the strength and the capabilities of the “co-operative district”, but one feature emerges with particular force and makes the Trentino co-operative system a special case-study in the co-operative world. The solidity of the system, from an economic perspective since the cultural tradition and vision cannot be denied, looks soundly based on the size and dominance of the co-operative banks: when they are excluded, the level of overall debts is larger than the net worth (€ 1.549 million and 795.6 million respectively) signalling that the non-financial co-operatives are taking on greater risks that could end up into problems for some co-operatives or, worse, a financial crisis for some sectors. Some alarming signals have already emerged in recent years. The systemic reaction provided the resources and the coordination capacity to find a sustainable solution for the members: from the wine group La.VIS in 2010 or dairy co-operatives (Fiavè) in 2009, to end up to the Cassa Rurale of Folgaria. Of course, contrary to the past experience of the co-operative

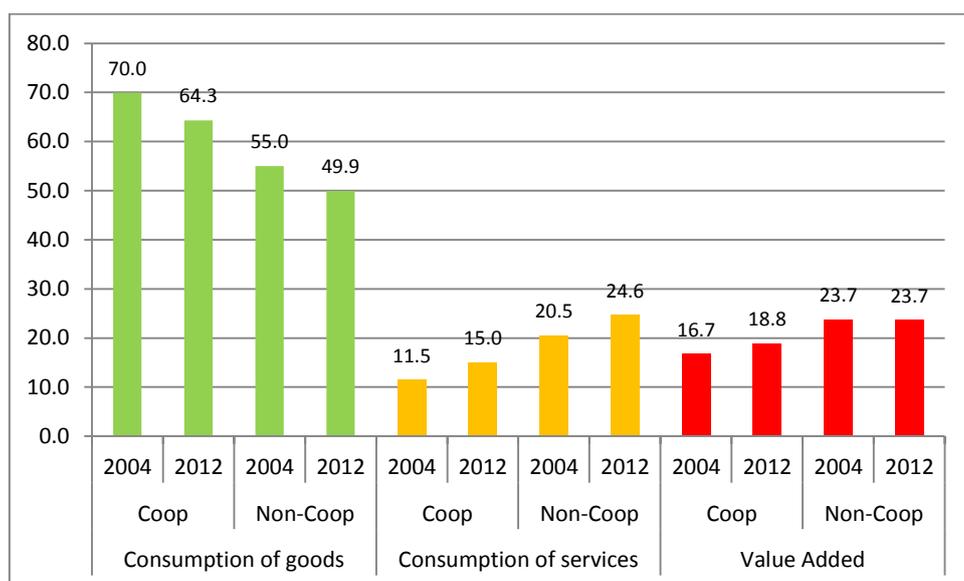
movement, the financial rescue package or eventual bailouts look less likely to be absorbed by the Province which may be reluctant to pay the losses. Considering the legal statute of the co-operative, we should also exclude the possibility to extend the participation to new private owners. As a result the solution remains within the co-operative systems, with closures of some facilities and mergers with some other, more solid, co-operatives. This sort of financial dualism within the cooperation movement is a distinctive characteristic and poses several questions to the logic of group and network: one can consider the net worth of *Casse Rurali*, successfully positioned at the centre of the overall co-operative systems, as part of the heritage of the tradition to all members; or, differently, one can consider the net worth of the *Casse Rurali* as a guarantee for the depositors being covered by the net assets, savers and depositors which are also members of the co-operative, not to the system.

Figure 7. Value Added over production Ratio



Source: Elaboration from AIDA-BVD, sample of 290 co-operatives.

Figure 8. Value Added: creation (percentages)



Source: Elaboration from AIDA-BVD, sample of 290 co-operatives.

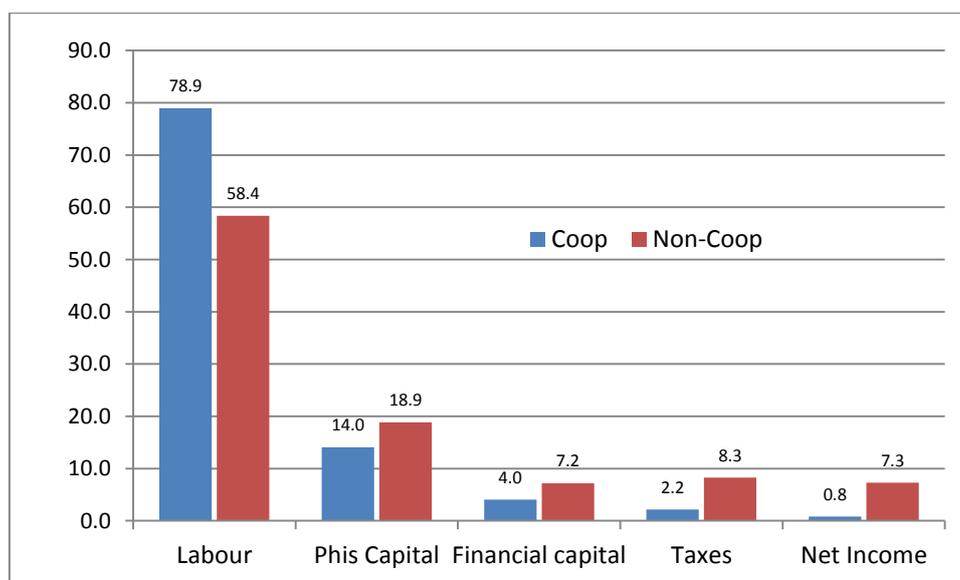
Another feature is intrinsically connected with the co-operative mission: the way in which the value created by the co-operatives' activities affects their capacity to reward their members. When evaluating value-added⁷, it is important to recognise the difference between creating and distributing the value.

Figure 7 reveals that the co-operatives operate in sectors with a very low value added, compared to the traditional firms of the province. The share of value added over the value of production, is rising over the period, with an average value of 19%. The difference is 5 to 7 percentage points below the average of the non-co-operative firms. Of course, the finding is the consequence of a different cost structure, in particular the share of intermediate costs that is subtracted from the value of production. This is usually due to the reward of the members that can be attained with higher prices and internal service operations (figure 8). For agricultural co-operatives this is represented by higher costs for purchases of raw materials that limit the formation of value added. On average consumption costs cover more than 70% of the value of production, compared to an average of 50% of traditional firms.

Another characteristic of the co-operatives is the lower incidence of costs for services (15% compared to 24% of traditional enterprises); again this finding, in part, can be attributed to the greater degree of internalization that co-operatives have, keeping inside the organization more stages of the value chain for the benefits of the members. Being also undercapitalised, co-operatives have also a lower incidence of depreciation of the capital stock, 2.6% compared to 4.5%. (Figure 8)

There is no doubt that the production of value added is lower in the co-operatives, but it is also revealing the difference in distribution the value added in accordance to their mutualistic approach. In fact, as shown in Figure 9, the distribution of added value clearly shows that the remuneration the work takes on a dominant role (78,9% of value added, compared to 58,4% in the traditional firms). The result is effectively in line with the aims of mutuality and with the advantage that the co-operatives pursue in relation to its members, since the labour cost also includes the remuneration of the worker-members. Other significant differences regard the lower shares of financial expenses and capital costs. The lower share of taxes is the direct consequence of their governance structure and their recognised mutualistic mission.

Figure 9. Value Added: distribution (percentages)



Source: Elaboration from AIDA-BVD, sample of 290 co-operatives.

⁷ Value Added (VA) includes rewards to labour, depreciation, financial costs, revenue taxes and entrepreneurial compensation for risk. VA remains when the intermediate costs are deducted from the sales or turnover.

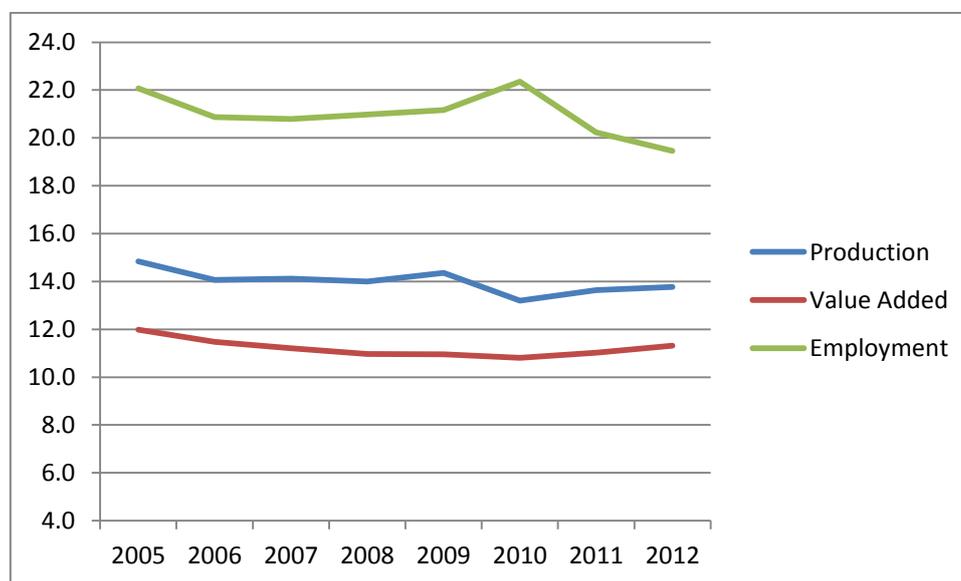
Despite of the remarkable capacity to create employment and the improvement of the overall financial position, which are two positive features in favour of the co-operative system, we notice that the share of the co-operative system, measured by its total output, has continued to decline since the 2004. The average loss is 0.5%. For 2012 it is estimated that co-operatives accounted for 20% of total employment and 14% of gross production, in line with previous estimations made by Fontanari-Borzaga (2010). Figure 10 shows also that the capacity to create value added, with a share of 12%, is bouncing back to their pre-crisis levels.

Of course, measurement of output and value added faces serious problems, when excluding the sector-specific characteristics and the substantial differences in production techniques and in markets orientation. However, from an industrial point of view, the overall system shows a negative correlation between the growth of output (and value added) and employment, confirming that employment (higher than the pre-crisis level of 2008) tends to be locked in low value added sectors and activities.

In other words, the share of co-operative production decreased because the growth of output per worker was dominated by the increase in the number of workers employed in labour intensive activities, using a range of simple technologies that require low investments.

To the extent that the new employment was concentrated in the LSSA sector (production and social co-operatives) which are less exposed to technological innovation, the results is a low value added per worker too. However, other sectors have experienced better growth and performance. Agricultural co-operatives and their consortia, which are the main actors of the co-operation movement, succeeded with a share over 50% in production and value added, implementing successful strategies, based on competitiveness, external exposure and investments in innovation, both technological and marketing oriented.

Figure 10. Production and employment share of co-operatives in Trentino, 2012 (percentages)



Source: Elaboration from AIDA-BVD, sample of 290 co-operatives and 2280 non co-operatives.

Outline of sectoral size (turnover, staff, membership, etc)

Rural banks

The rural banking system of 43 rural banks (*Casse Rurali*) and the Central Bank of rural banks (*Cassa Centrale delle Casse Rurali*), founded in 1974 as a second level consortium, is a strong

network which makes up a large part of the market share of the province of Trento. They have a strong interest in serving and financing ‘real economy’ activities through retail, commercial and SME financing. In recent years rural banks have experienced an increased competition on their traditional market segments and they responded with an intense process of reorganisation to reinforce their presence in the communities with a comprehensive range of payment and financial services, including insurance related products (Ascot Srl, the Assicura SPA since 2010). At 31 December 2013 the 43 rural banks have 378 branches. As a result of mergers, the number of banks has been reduced in a decade by 22 units, while 35 units were added to the branch network (Table 6). The overall system has branches in 187 municipalities of the province, out of a total of 217, and in 133 municipalities the rural bank is the only operator offering financial services. Focused of this large customer base, rural banks have benefitted from relatively stable income streams across business cycles. Besides, they have a moderate risk profile compared to other banks, thanks to the inherent better personal knowledge of the territory’s strengths and opportunities and the effective peer monitoring. They holds 59% of market share in direct deposits and 56.8% of market share in loans to residents in the province. Considering only the services offered to small businesses and families - their members and main customer base - the percentage rises respectively to 71.0% and 65.5%.

The state of a banking market with a potential dominant position raises a number of concerns. The first is the interpretation of the “territorial competence”⁸ that restricts competition, often claimed by competitors. Recent empirical research by Barbetta, Grillo et al. (2012) rejects the market-power hypothesis. It appears, in fact, that the strong position of the rural banks did not have adverse effects on the conditions of competition within the system and that their mission in favour of the local community did not harm their relative efficiency *vis-à-vis* other banks. On a comparative regional bases, similar conclusion were confirmed by Barra et al. (2013) which explicitly define the Trentino system as a special case of the co-operative banking. A positive and pro-competitive evolution, as has also been recognised by the Bank of Italy in her recent reports on the regional economy: “During the 2007-2013 period, the rural banks’ branches were characterised by a volume of assets (loans and deposits) per worker greater than those of the other banks in the province” (Banca d’Italia, 2014, pag. 48).

We can see on Figure 11 the change of the market share and the improvement in efficiency of the rural banks compared to the overall banking system of the province. The ratio of loans / deposits, which was at the beginning of the decade lower for the rural banks, shows a significant increase before decreasing to the pre-crisis levels as a consequence of the economic slowdown that impacted the growth of the province and the demand of loans. Consequently, the evidence shows that the rural banks system, although its high degree of financial autonomy and dominance, was not totally sheltered from the increased risks and the incoming recession and responded with a contraction of loans.

During the last decade, rural banks have contributed marginally to the creation of employment, an overall total of 2 294 employees in 2013. However the number of employees steadily increased over 380 units since 2000 to respond to the higher quality of services and the increase of active members, over 125 000 with an increase of 30% in the last decade.

The mutualistic purpose is pursued in the traditional and conservative form of “internal” mutuality in facilitating the access to credit and teaching the wise use of savings. This would mean that rural banks, by the nature and the control of their respective members, avoid riskier activities and practices that operate at relatively high capital levels and, differently than other banks, keep them on granting loans to members and customers for a longer period in times of financial and economic distress. This contribution has been estimated in € 44.5 million in 2013, an average € 350 for each

⁸ The territorial competence of the rural bank is specified in the statute and includes the municipalities in which the bank has its head office, branches and the surrounding area, so that there must be territorial contiguity between these areas.

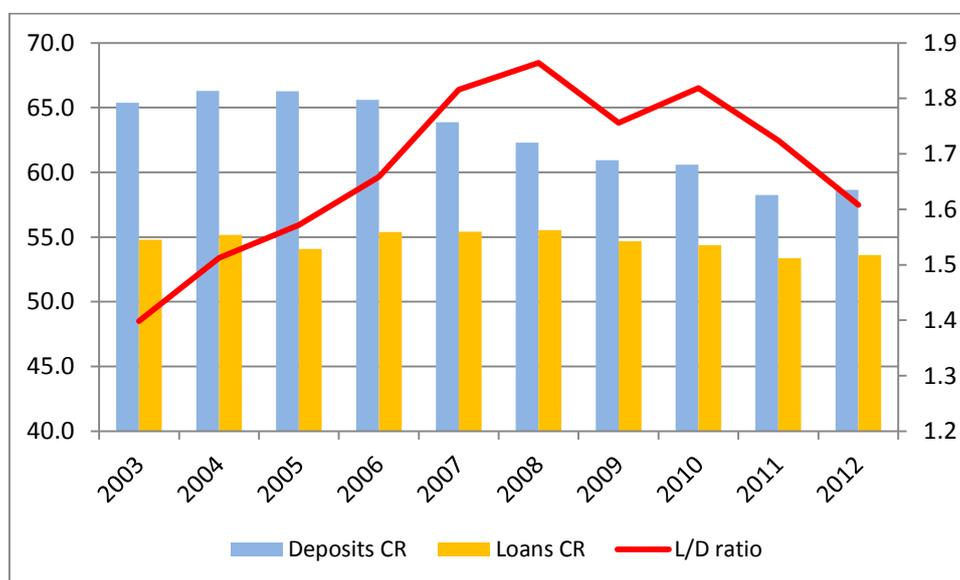
member (FTC 2014b, pag. 5). Attached to this we find the “external” mutuality function, that is becoming increasingly important as a sort of corporate social responsibility to promote the ethical values of sustainability in the local communities. Supported by the co-operative vision, they are committed to the community and social context in which the co-operative bank itself lives and operates. Based on the principle of solidarity the rural bank supports social activities like local development and culture, social and health care, charitable activities, education of the population with a net contribution in reducing the public spending that has been estimated in € 23.7 million.

Table 6. Rural banks in Trentino: organisational dimension (2000/2013)

Rural banks	2000	2004	2008	2010	2013
Number	65	50	47	46	43
Agencies	343	364	381	383	378
Active members	76 862	93 886	113 603	120 352	125 153
Employees	1 930	2 094	2 309	2 319	2 294

Source: FTC and Bank of Italy.

Figure 11. Market share of rural banks



Source: FTC and Bank of Italy.

Table 7. Rural banks in Trentino: selected balance sheet indexes (2004/2013)

	2004	2008	2012	2013
Assets	10 270 786	14 390 624	17 829 776	18 606 625
Net worth	1 204 550	1 678 777	1 958 148	
Total revenues	248 341	351 782	350 482	336 874
Employees	2 094	2 309	2 319	2 294

Source: FTC and Bank of Italy.

The Trentino experience is also notable for his creative approach dealing with the new information technologies and the impact of automatization on the traditional modes of business. The co-operative vision and the local capacity of networking transformed the problem into an opportunity. The main actor is IBT (*Informatica Bancaria Trentina*) that in 1986 started to supply an original information technology system for banks that today is adopted by more than 80 small Italian banks. The need to provide the rural bank with information technology systems that could be easily shared and used by their staff at reasonably low costs has prompted FTC to pool the potential demand and buy in 2003 a majority stake in the company. The assistance and outsourcing services to

banks are provided by SIBT (*Società Informatica Bancaria Trentina*) founded in 1998 as a joint initiative of IBT and some rural banks.

The other actor is Phoenix, a joint stock company, founded in 2002 as an evolution of the Common Fund of Rural Banks Trentine to serve the common needs of the members: operating the ATM and store documents of the local rural banks; assisting them in their hardware investments. Pursuing the logic of networking, the Central Bank and the Federation become also shareholders. Today the company (a joint stock company with a yearly turnover of € 71 million) is more focused on software and web infrastructure for internet banking, offering solutions to more than 250 Italian banks or institutions and encouraging the evolution from bank counter services (namely cash-in and cash-out) to more innovative self-service areas in the need of other different vendors that may be offered in a uniform manner, such as payment of utility bills, municipal taxes and fine payments, school meal cards or transport ticket and passes.

In this dynamic context the co-operative vision has been preserved with the needed adaptations to the characteristics of the sector: aggregation in order to gain from economies of scale; networking with a common goal to minimize and share costs, extending the cooperation with non-co-operative firms.

Agricultural co-operatives

Farming structure in Trentino has always been characterised by the presence of a large number of small enterprises, family based and endowed with relatively small portions of land. Each farm has on average an extension of 1.5 hectares and this condition had a negative influence on the productive structure. Economies of scale were precluded with adverse effects in efficiency and performance. The solution was found in the two-level co-operative method which separate production and marketing activities. At the first level the co-operative provides the farmers the technical and financial support for innovation and other forms of advancement in production. The second level consortia, created at the end of the eighties, improved the product development and reinforced the marketing function providing guaranteed sales and stable prices to more than 7 000 farmers.

Co-operatives categorised in this sector include three different markets: apples, wine and dairy products (Table 8). Over the time, their role has been largely recognised by programs and financial support from the provincial government, especially in the more depressed mountainous areas. It is important to note that in Trentino the agricultural development and its structure is strictly linked to the presence of co-operatives which account for 80% of the provincial production and manage almost all the marketing and distribution activities of local producers. Therefore, by the tradition inspired from the Raiffeisen statutes, these forms of collaboration and mutual assistance among farmers were the means for reaching economic independence and freedom from poor living conditions (Leonardi, 1986; Odella 2003).

At the origin, the primary services provided by the agricultural co-operatives were marketing the members production and technical advice, in order to generate sustained income to the associated members. Over time, the agricultural co-operative model transformed itself in a self-governance mechanism by which producers increased their awareness and become more active on the issues of quality and safety of products. In addition, new questions were posed to the provincial government in the nineties, as the re-orientation of the development model for Trentino to respond to the manufacturing crisis. It is also a case where the innovative action of the dispersed small group of producers – the first level co-operatives - was able to transform the whole system of production by means of the co-operative collective accountability (Parri and Sandri 2002).

The results was an improvement of the quality of farming, the reduction of the use of pesticides, the introduction of checks and control (code of behavior, protocols, product specifications) carried out by the second level co-operatives in charge of all marketing activities.

Fruit

In this sub-sector, farmers continue to perceive the co-operatives as an effective organisation for growing, processing, and marketing their produce. The production of fruits, specifically, has a relevant role in Trentino's economy accounting for an average 36% of the value of the regional agricultural production.

There are 30 million fruit trees and 11 000 farmed hectares. The most widespread production is apple, with 500 million tons in 2012, but other fruits complete the offer available in Trentino with 400 tons of strawberries, raspberries, blackberries, blackcurrants, redcurrants, cherries, plums, and kiwis. The fruit district of the Val di Non concentrates a relevant quota of apple production (10% of the national production and 5% of the European production). This was the outcome of a specialisation process occurred in the territory during the last forty years. First and second level co-operatives played a relevant role in designing the programme and developing the results.

In particular, growing size and increasing technical preparation of both active members and workers, alongside with the utilisation of up-dated technologies and research, have complemented the success of 32 agricultural co-operatives (first level), enabling them to respond to the changing needs of the markets and to the EU production standards. Another factor of success was the variety specialisation. Of the three varieties traditionally cultivated in the province (the Golden Delicious, the Canadian Reinette and the Red Delicious) the Golden Delicious alone accounts for over 80% of the Val di Non's yearly production. Specialising on a single variety, producers were thus able to realise economies of scale in terms of pest treatments, fertilising intervention and even in terms of market control. Concentration of production and market capacity to deal with large buyers was the principal task of the fruit and vegetable consortia that in the last decade have created large structures for storing the produce, with controlled atmosphere refrigerating units and equipment for a cost effective manufacture.

The second level consortia deal with the promotion and sale with active marketing strategies and well-known brands. "Melinda", the consortium that groups together the fruit and vegetable co-operatives from Val di Non and Val di Sole; "La Trentina" and CIO, the consortium that joins the co-operatives from Valle dell'Adige, Valsugana and Alto Garda; "Sant'Orsola", a co-operative specialised in small and soft fruits. All three consortia belong to the *Associazione Produttori Ortofrutticoli Trentini* (APOT), which is a third level co-operative organisation that coordinates the entire fruit and vegetable sector of the province. All these innovations support the aggressive approach to the market, sustained since 2003 by the recognition of the DOP certification label.

Active and total membership in the co-operatives have both decreased since 2000, indicating the rationalisation of the farms and the win-win solution of the marketing strategies for the small farmers, with an average size of 1 hectare for farm. In 2000, active membership was 32 co-operatives with 9 842 producers. By 2013, total membership is the same but active producers were down to 7 132.

Fruit sector assets in 2012 were calculated at € 497.3 million compared to € 314.8 million in 2004. This increase is reflective of the process of new investments in storage and marketing facilities within the province. Liabilities also increased, from € 309.3 million in 2004 to € 358.1 million in 2012, resulting in an increase in the debt-to-asset ratio from 0.66 to 0.72, the highest levels among agricultural co-operatives. The large investments, which could be afforded only by the consortia, were financed with bank loans. All debt financial ratios reached their apex in 2004, before deleveraging during the decade. It appears that the fruit sector expanded again in the context of the crisis with new investment and additional loans from banks. Total revenues in 2012 were €575.6 million compared to € 415.3 million in 2004.

The number of employees in 2012 was 1 520 compared to 1 346 in 2004. The wage bill in 2012 was also higher, at € 32.4 million as compared to € 23.9 million in 2004. Capital investment saw a significant increase, from € 163.8 million in 2004 to € 242.7 million in 2012.

Wine

The wine producing sector in Trentino (186 cellars in 2011) is a strong protagonist at a global scale with a total turnover of € 477 million. More than 75% of its production is exported in Europe and in more than 46 foreign markets. The 16 wine co-operatives receive and process the grapes from 7 188 active members which own 8 100 hectares of vine and produce 120 000 tons of grapes: 83% of the provincial production. Efficient manufacturing scale and capacity to sell the wines at a premium price based on the brand and/or quality enable the co-operatives or their consortia to reward the small producers.

Many factors explain the remarkable success of the co-operatives in the wine sector. Members have targeted rarer grape varieties, selected according to the soil characteristics and taking into account the climatic conditions (the so called zoning), to gradually replace the less valuable and more common grape varieties. The objectives of the co-operative action paved the way for the success of CAVIT, their second level consortium, based since the sixties on the “culture” of quality wine: developing new market strategies, making them feasible and transforming a group of 11 fragmented small co-operatives into a large competitive organisational structure. The control over the production processes would not have been possible without a certain amount of social control over the behaviour of the single producer and without extensive changes in farming practices. Innovations of this kind take into due consideration the ecological, social and economic aspects, which are at the base of the co-operative principles.

A further innovation has been suggested and implemented by CAVIT in 2010 with the PICA project (Integrated Agricultural and Grape Growing Mapping Platform) with the application of IT technologies to the associated grape growers. IT supports all technical decision of the growers and the cellars: in defining the choice of the best grape varieties based on the technical-environmental parameters of the territory and in providing an avant-garde optimisation system that allows the cellar agronomists and oenologists to receive specific information about each growing area and each vineyard management operation. The final aim is to reach total sustainability of the management of the environment and the landscape.

Today, three large organisations emerge in the wine sector: the CAVIT consortium (second level), the largest Italian co-operative in the wine sector with € 153 million of sales revenue and several participation with other local cellars, Mezzacorona cellar with her diversified participations in the wine and apple markets (Valentina brand launched in 2009) and La Vis group, which together account approximately 90% of the local market share. These three actors have successfully managed to market abroad a growing production, especially to the US, Germany and North Europe. Widespread distribution network, foreign acquisitions, optimum value for money for the branded products, and a remarkable entrepreneurial energy have ensured an extensive marketing and increased the valorisation of Trentino products.

Rationalisation of farms and selective strategies among the small farmers has reduced the number of active and total members: from 9 145 active members in year 2000, total membership was down to 7 188 in 2013.

Wine sector assets in 2012 were calculated at € 633.8 million compared to € 469.2 million in 2004. This significant increase is reflective of the continuous process of investments in the co-operative cellars and marketing facilities within the province. Liabilities also increased, from € 318.1 million in 2004 to € 395.1 million in 2012, but with a slower pace resulting in a decrease in the debt-to-asset ratio from 0.68 to 0.62. Based on more conservative and prudent investment policies, it

appears that the co-operative's managers relied more on their accumulated reserves to meet their financing needs. Total revenues in 2012 were € 477.4 million compared to € 434.4 million in 2004.

The number of employees in 2012 was 538 compared to 444 in 2004. The wage bill in 2012 was also higher, at € 21.8 million as compared to € 18.8 million in 2004. Capital investment saw a significant increase, from € 204.4 million in 2004 to € 351.5 million in 2012.

Dairy sector

The origins of the dairy co-operative sector can be traced to the establishment of a number of creameries during the 1890s in order to undertake collective processing by dairy groups. The whole history of the dairies is strongly characterised by mergers and combinations, in order to improve efficiency, rationality and competitiveness in the markets.

Concast is the second level consortium, operational since 1951, created by 105 creameries or dairy co-operatives with a strong financial support of the Province. At first, the economic management of the consortium was guaranteed largely by provincial contributions and the remaining costs were divided between the dairies under the milk delivered. However, with the growth of the Consortium and their members, only part of the operational expenses could be covered by the proceeds of the commercial service. Therefore, the large part of creameries became uneconomic in relation to the available milk supply and the dairy sector entered a phase of concentration. Local creameries diversified away from milk and butter - the sole product for many small creameries, or merged into large co-operative ownership as new centralised processing plants and store facilities were opened in the valleys.

The rationalisation of production structure within the co-operatives ended up with the creation of a second consortium, *Trentingrana*, specialised in the production and marketing of hard cheese (known also as *Grana Trentino*), that was established in 1973 with the aim to promote the commercialisation of this new product. Initially 17 dairy processing co-operatives were required to give a part of the production of cheese, then, in 1983 the obligation to transfer the produce become total. Finally, in 1993 *Trentingrana* underwent a major and substantial change in its ownership structure merging with *Concast*. Considering the difficult environment of the dairy products, controlled by large food producers and with comparatively lower margins, these three steps supported the dairy co-operatives. Today the new consortium handles the majority of Trentino cheese and cream sales with an annual turnover of € 56 million. The new strategy was driven by a clear market orientation that is exercised by professional and active managers, whose primary concerns is the growth and the profitability of the sales, which in turn means better return, and stability, for the producers that deliver their milk through the affiliated co-operative.

The consortium has played and still plays different functions related to the overall dairy sector, from marketing the product, storage facilities to formal quality control and technical advice. This latter become a crucial issue in 2009, with the difficulties of *Fiavè-Pinzolo-Rovereto* co-operative⁹, the second largest reality in the sector with more than 36% of the Trentino production of milk. Although the co-operative was not a member of the consortium, the management, fearing the negatives consequences of the brand and territorial identity, re-considered the system of incentives, adopting higher standards and more effective quality tests on products, on the bases of which the "quality label" will be attributed.

Again, it appears a singular parallelism in the institutionalisation of the dairy cooperation movement. From the basic functions of aggregating and selling the products provided by their members, ensure fair treatment and distribute benefits to members, in the eighties the demand for

⁹ The cost of the rescue operation was absorbed by the Province and the local rural banks disbursing € 22 million for the purchase of properties owned by the co-operative, as a partial restoration of € 42 million of debts, and in order to avoid bankruptcy the co-operative merged with the Trento Latte.

efficiency has turned the co-operatives into more managerial shapes. That means absorb new concepts into the co-operative vision and integrate them with the rational logic based on top down organisational structures, hierarchies and centralised decision making. Along similar lines, since 1989 Trentingrana implemented an organisational structure similar to any commercial organisation for improving the higher quality and profitability of production.

Not all milk produced in the province is processed into cheese. Milk and milk products are handled by a third consortium, *Trento Latte*, created in 1949, made up the largest proportion of sales after the mergers in 1988 and 2011 with three dairy co-operatives. The mergers are supported by a new processing plant that increased the operational and marketing efficiency of 350 members with an overall turnover of € 47 million. Active and total membership in the co-operative have both declined since 2000, indicating that rationalisation is also occurring within the production side of the sector. In 2000, active membership was 20 co-operatives with 1800 producers. By 2013, total membership had dwindled to about 18 and active producers were down to 911.

Dairy sector assets in 2012 were calculated at € 173 million compared to € 130 million in 2004.¹⁰ It is unclear whether this increase is reflective of the process of new investments and the elimination of facilities formerly operated by Trentingrana within the province. Liabilities also increased, from € 101 million in 2004 to € 135 million in 2012, resulting in an increase in the debt-to-asset ratio from 0.78 to 0.82. Among the three sub-sectors, dairy co-operatives display a general weakness due to the specific market conditions in which they operate. This explain why the value of net worth is the lowest, both in absolute and relative term compared with assets or turnover, and why they were more likely to use debt financing in the recent years. Improvements are noticeable in the total revenues that reached € 158 million in 2012, up from € 98 million in 2004. The number of employees in 2012 was 312 compared to 236 in 2004. The wage bill in 1998 was also higher, at € 10 million as compared to € 7.5 million in 2004. Capital investment saw a small increase, from € 41.4 million in 2004 to € 49.5 million in 2012.

¹⁰ Averages values are biased by the activities of the larger consortia such as Melinda, CAVIT and Trentingrana in the agricultural sectors and the Casse Rurali system. For instance, the merger of Caseificio di Fiave and Trento Latte in 2010 changed the structure of the dairy industry and has made it more difficult to identify the financial element of the new co-operative entity, Trento Latte.

Table 8. Economic and financial position of agricultural co-operatives

	Agriculture overall			Fruit		
	2004	2008	2012	2004	2008	2012
Assets	914 045	1 149 415	1 304 349	314 876	441 800	497 344
Debts	628 740	783 969	888 827	209 332	295 977	358 104
Debts v banks	154 240	252 951	334 034	52 053	69 157	127 658
Other Financ	112 135	112	36	70 716	0	36
Financ Debt	266 375	253 063	334 070	122 769	69 157	127 694
Average Debt/Asset	0.69	0.68	0.68	0.66	0.67	0.72
Leva FinDbt/PN	1.19	0.86	0.99	1.48	0.62	1.10
Net worth	221 716	334 829	348 287	78 865	102 338	105 014
Total revenues	948 254	1 253 584	1 211 303	415 297	623 165	575 653
Employees	2 026	2 368	2 370	1 346	1 450	1 520
Salaries	50 195	53 862	64 227	23 929	26 979	32 401
Capital investment	409 658	518 291	643 660	163 798	199 875	242 711
	Wine			Dairy		
	2004	2008	2012	2004	2008	2012
Assets	469 178	560 106	633 844	129 991	147 509	173 161
Debts	318 122	367 703	395 063	101 286	120 289	135 660
Debts v banks	83 304	131 656	157 087	18 883	52 138	49 289
Other Financ	41 419	0	0	0	112	0
Financ Debt	124 723	131 656	157 087	18 883	52 250	49 289
Average Debt/Asset	0.68	0.66	0.62	0.78	0.82	0.78
Leva FinDbt/PN	1.07	0.82	0.82	0.78	2.24	1.61
Net worth	118 301	205 748	212 275	24 550	26 743	30 998
Total revenues	434 421	472 534	477 441	98 536	157 885	158 209
Employees	444	578	538	236	340	312
Salaries	18 781	19 593	21 817	7 485	7 290	10 009
Capital investment	204 413	273 067	351 494	41 447	45 349	49 455

Source: Elaboration from AIDA-BVD, sample of 290 co-operatives.

Consumer cooperation

Consumer co-operative activity first appeared on the dispersed rural areas at the turn of the last century. Agricultural producers joined together to form *Famiglie Cooperative* (FC) in order to make purchases of farm supplies and household basic commodities. These initial forms of cooperation have grown into an extensive retailing system always coordinated by *SAIT*, their second level consortium created in 1899.

With 364 shops, *SAIT* is the largest co-operative in Trentino in terms of gross sales, € 322.5 million in 2012. Its divisional structure is representative of the types of services and products it provides to the *Famiglie Cooperative* and their shops. Consumer co-operatives currently have 38% of the market share, and a turnover of € 478.6 million based upon figures for 2013. They include retail operations, more than 60 stores located within the urban centres, in densely populated areas, tourist centres and major suburbs, as well as distribution of both consumer products and general merchandise, and management and logistic services to 74 *Famiglie Cooperative* with more than 350 shops in the smallest communities in the valleys. Along with the stores' growth under the *Famiglia Cooperativa's* names, *SAIT* decided to expand the activities in other two directions: the larger superstores in three urban areas in association with *Coop Italia*, and providing distribution and retail services to other affiliated local stores like *Supermercati Trentini*, *Coop Trentino*, *Liberty* and recently *Gol Market*.

Table 9. Consumer co-operatives

	2004	2008	2012
Assets	364 548	481 255	575 845
Debts	242 259	281 473	334 725
Debts v banks	86 913	73 380	112 592
Other Financ	1 615	1 985	25 382
Financ Debt	88 528	75 365	137 973
Average Debt/Asset	0.66	0.58	0.58
Leva FinDbt/PN	0.91	0.44	0.64
Net worth	97 322	171 173	214 704
Total revenues	605 355	739 610	862 881
Employees	2 107	2 366	2 536
Salaries	48 754	59 103	69 905
Capital investment	179 668	264 987	332 839

Source: Elaboration from AIDA-BVD, sample of 290 co-operatives.

In 2012, the total assets were estimated to be € 575.8 million, while total liabilities were estimated at € 334.7 million as a consequence of large investments in the new logistic platform and the superstores implemented during the first half of the period. Accordingly the debts with banks continued to rise and are reaching € 112 million. The debt-to-asset ratio in 2012 was down to 0.58, considerably lower than the value (0.66) calculated in 2004. Overall revenues generated from sales to consumer co-operatives were € 862 million respectively. In 2012 employing 2 536 people compared to 2 107 in 2004, a 20% increase. The total wage bill in 2012 was € 69.9 million compared to € 48.7 million in 2004.

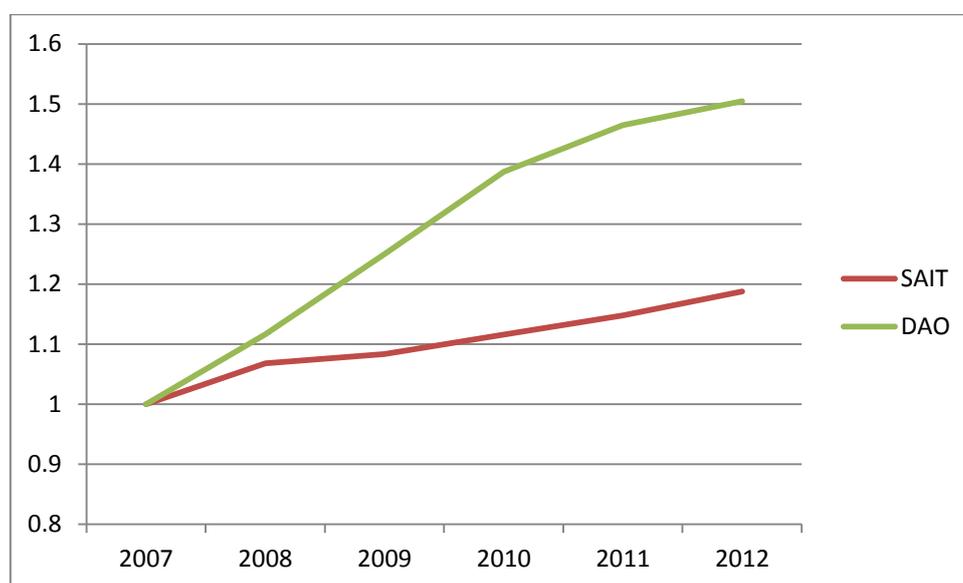
SAIT is responsible for a number of joint tasks on behalf of the federated co-operatives, such as purchasing, distribution, credit and informational activities. Its main goal and commitment is to preserve the “local service” capacity of 200 stores in the marginal areas of the territory. As a central actor and distribution centre, SAIT has implemented this strategy with consultant services, training focused on customer service and sales and financial services necessary to conduct the small stores. Practically, in 113 municipal area of Trentino only the co-operative model is able to offer shopping at normal prices, thanks to the social objectives and the economies of scale achieved as a common buyer and distribution centre.

In the last decade the number of FC members has increased sharply, from 64 170 in 2004 to 109 500 in 2013, while the number of FC has been substantially reduced through mergers from 93 to 80 in the same period. The FC varies greatly in size. The largest has 12 745 members in 2012 (FC Atesina), five other FC have more than 3 000 members, whereas the smallest has only 96 members (FC Valle S. Felice). The necessity to face the competition of extra-regional GDO's, as well as some local private entrepreneurs, and the changing needs of consumers forced the decision to open two superstores in 2002 and 2004 in the two main urban centres and offer a greater variety of products. In fact, after the initial expansion, the decision ended up with poor results with a drop of sales in the last years.

The conflict between the “economic results” and the “social commitment” is a real challenge for the consumer movement. The sector has been hit by a series of negative situations that eroded the operative margins, such as the stagnation of demand and a general fall in consumption or the more aggressive competition from the local private enterprises in the large urban areas. The reorganisation of the stores in the valleys may enhance their economic efficiency and their competitiveness with the stabilisation of sales, but this was not enough to balance the erosion of the commercial margins and the contraction of the sales in the two superstores. SAIT reacted extending the offer of services, like the “cooperation card”, which were well accepted by the customers and members (with an increase of 61% in the decade), but the market share of the consumer movement continue to attract the interest of the competitors. Particularly dynamic are two other local co-operatives which act as a centralised buying organisation for the domestic retailers: CEA and DAO, with a total revenues from sales of

€ 170.8 million. At the end, these changes may have increased the distance between individual members and their co-operatives and in many cases, members have turned into mere customers.

Figure 12. SAIT and DAO: growth of total sales index



Source: Elaboration from AIDA-BVD, sample of 290 co-operatives.

Even though financial records may be considered positive, the model of “local community” promoted by the cooperation movement and pursued by SAIT seems to suffer from the effects of a prolonged slump in consumer spending and a reduction in operating margins of co-operatives. SAIT itself shows other difficulties in managing the two superstores which were opened during the decade. The maintenance of community stores and the pursuit of traditional social principles are becoming particularly costly, especially when the affiliated stores have to operate competitively with other players who obviously do not neglect the opportunity to settle in urban areas with strong demand avoiding the unprofitable marginal areas. However, competition is still within the cooperation movement as shown by the positive experience of DAO retail co-operative (Figure 12). In several occasions SAIT made public this critical issue and asked for assistance or protection measures, in order to preserve the status quo, or better, to “defend” the tradition of “local” mutuality in the retail cooperation. With poor results, since the erosion of its market share of SAIT continued at quite a strong pace even in a negative cyclical phase for the grocery business.

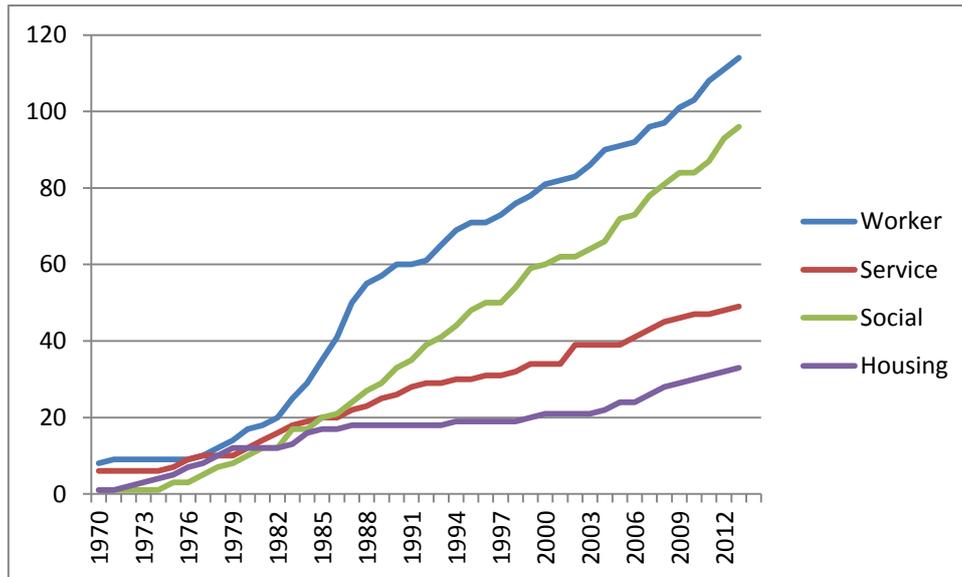
It is therefore not obvious a reflection on the co-operative model for the valleys, which must be preserved and protected, but without hindering the innovative initiatives that may spur the co-operation movement, as for example the evolution or transformation into a new model of “community co-operative” creating relationships and offering non-traditional services. If anything, it is this challenge that can prevent the formation of dominant positions, or policies, for those who in the past have had the strength to support the unique co-operative movement that protect consumers.

Labour, social, service and housing co-operatives (LSSA)

LSSA is the recent development of the traditional co-operation movement in Trentino. This sector continued to expanding its presence in the province with 291 co-operatives in 2013. Since the start in the eighties, FTC decided to merge the social objectives into four activities: labour, social, services and housing. Their number has expanded very rapidly during the past two decades as can be viewed in Figure 13 below. There is however a wide diversity in size, membership and the way they function with respect to the “traditional” co-operatives. The number of social and worker co-operatives has far exceeded that of the service co-operatives and housing

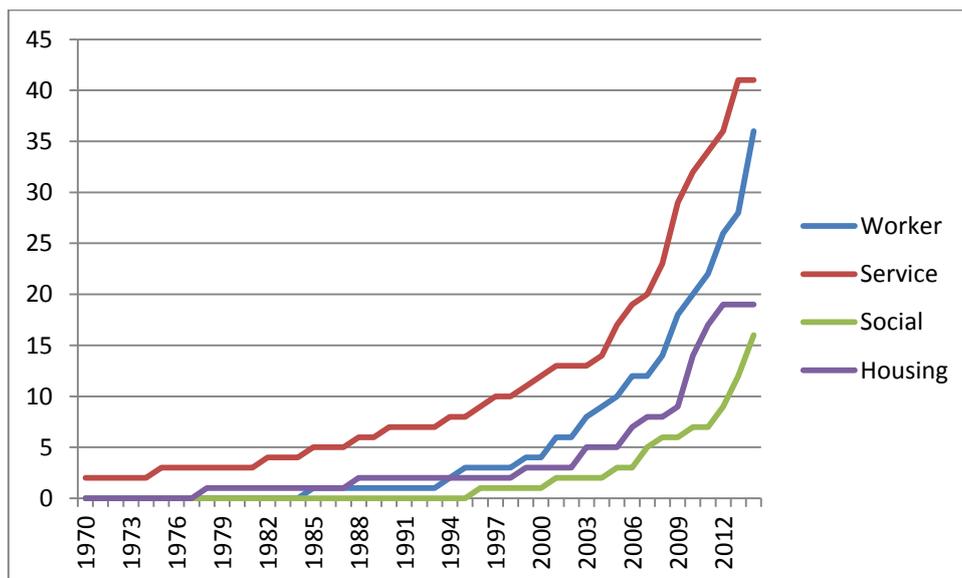
The social base of the four subsectors of LSSA is represented by more than 25 000 members in total, with almost 8 000 employees (including part timers). Hundreds of people who were unable to get onto the job market were assisted and then employed thanks to an inter-cooperation strategy promoted by the social and labour co-operatives. More than 3 000 affordable homes have been built and handed over since the set-up of the first housing co-operatives. The co-operatives are mainly providing services, although some new co-operatives, still in the service sector, are seen as an opportunity for self-employment, since they are organised and formed with a minimum membership of 3 (three) persons, usually with high technical competences.

Figure 13. LSSA co-operatives: FTC members



Source: Autonomous Province of Trento, provincial register for co-operatives.

Figure 14. LSSA co-operatives: Non FTC members



Source: Autonomous Province of Trento, provincial register for co-operatives.

Table 10. Labour, social, service and housing co-operatives

	2004	2008	2012
Assets	287 422	410 670	576 824
Debts	142 156	197 981	298 832
Debts v banks	14 250	57 826	78 177
Other Financ	5 239	5 708	8 715
Financ Debt	19 490	63 534	86 893
Average Debt/Asset	0.49	0.48	0.52
Leva FinDbt/PN	0.17	0.38	0.42
Net worth	114 316	167 434	205 475
Total revenues	335 338	423 773	496 881
Employees	4 411	6 224	8 668
Salaries	88 384	124 953	162 615
Capital investment	100 124	163 601	204 466

Source: Elaboration from AIDA-BVD, sample of 290 co-operatives.

Not all new co-operatives are member of the Federation and endorse the traditional motivation of solidarity and local commitment (Figure 14). Considering their high mobility, and the frequency of cancellations from the provincial register, these new co-operatives seem more interested in the incentives than in true mutualistic objectives in accordance with the local co-operative law. The marginal role of the social services in the non-Federation sample is self-explaining. The weak sense of cooperation may be an explanation for the increased number of labour and service co-operatives shown in Figure 13 and 14 that compare the distribution of new members within and outside the Federation.

Table 11. Economic and financial position of LSSA co-operatives

	Worker			Service		
	2004	2008	2012	2004	2008	2012
No of co-operatives	91	91	98	67	58	64
Assets	112 610	155 525	199 882	88 768	132 725	188 682
Debts	56 069	71 804	94 768	41 600	67 601	97 755
Debts v banks	8 500	19 025	28 365	3 124	22 930	24 717
Other Financ	10 428	19 540	28 572	3 319	22 953	26 968
Financ Debt	18 928	38 565	56 937	6 443	45 883	51 685
Average Debt/Asset	0.50	0.46	0.47	0.47	0.51	0.52
Leva FinDbt/PN	0.44	0.55	0.66	0.14	0.78	0.75
Net worth	43 137	70 188	86 921	44 453	58 789	68 866
Total revenues	147 616	193 175	236 221	95 388	114 849	115 716
Active members	2 237	2 546	3 953	281	467	392
Employees	42 345	53 930	75 378	8 450	11 819	11 657
Salaries	37 806	61 555	70 606	33 584	55 586	68 944
Capital investment	112 610	155 525	199 882	88 768	132 725	188 682
	Social			Housing		
	2004	2008	2012	2004	2008	2012
No of co-operatives	77	78	94	44	43	32
Assets	71 512	103 392	137 180	14 531	19 028	51 079
Debts	30 020	39 608	55 275	14 468	18 968	51 033
Debts v banks	2 626	5 442	12 815	0	10 429	12 280
Other Financ	5 743	10 612	16 087	0	0	2 986
Financ Debt	8 369	16 054	28 902	0	10 429	15 266
Average Debt/Asset	0.42	0.38	0.40	1.00	1.00	1.00
Leva FinDbt/PN	0.31	0.42	0.58	0.00	156.83	332.66
Net worth	26 668	38 391	49 642	58	67	46
Total revenues	82 309	113 771	143 273	10 024	1 978	1 669
Active members	1 893	3 211	4 322	0	0	1
Employees	37 577	59 204	75 581	12	0	0
Salaries	28 649	46 358	64 883	85	102	33
Capital investment	71 512	103 392	137 180	14 531	19 028	51 079

Source: Elaboration from AIDA-BVD, sample of 290 co-operatives

Labour & production co-operatives

Production co-operatives are economic enterprises functioning in a market and subject to competition from other enterprises. They group together workers who are or who wish to become joint owners and joint managers and they operate in accordance with co-operative principles. Differently to other regions in Italy, these co-operatives played a marginal role with the exception of a few co-operative experiences in the extraction of porphyry.

A renewed interest for the production co-operative could be associated to the economic crises in the early eighties when this type of organisation was regarded as a tangible solution to the rising unemployment that the province was facing at that time. In addition the co-operative was seen as suitable instrument to deal with the growing awareness towards the environment and the protection of the natural resources of the territory. The other reason for their success was their intrinsic characteristic of being a labour intensive business, and therefore did not require a major capital investment. The financial support of the local Province, with the *Progettone*, proved an effective instrument to support the organisation of unemployed persons or redundant workers in co-operatives to take over the activities that had been abandoned or to start up new ones for public interest, for example in construction for roads and housing. New jobs were created and the co-operatives played an essential role in fostering the sense of community spirit, which is a critical component of successful community development. At the same time, being able to attract educated and young active members, the new labour co-operatives increased the range of services offered in museums, libraries, sports centres, etc.

Since the start the collaboration between the provincial Service for Nature Protection and Environmental Valorisation (*Servizio Conservazione della Natura e Valorizzazione Ambientale*) and the co-operative system was very intensive and important, in particular with CLA (*Consorzio Lavoro Ambiente*), the second level consortium which represents the labour co-operatives. With a total revenues of € 58.7 million, the main areas of work cover: construction and territory, industrial and civil cleaning, catering, global service projects, reception management, environmental surveys, safety and technical assistance. This institutional links shows that the worker co-operation is both social co-operation and "induced self-employment" co-operation that is built by the processes of outsourcing in the public sector. It responds to a demand of work or to the rationalisation of the labour organisation in sectors similar to public services, which are included in the *Progettone*. This interpretation could be justified in origin, at the end of the eighties. Today, the turnover generated with public resources covers only 10% of the total turnover of CLA, and therefore we can say that the worker co-operatives operate with market rules based on criteria of quality and efficiency of service or product.

In 2012, the total assets were estimated to be € 199.9 million, while total liabilities were estimated at € 94.7 million. The debt-to-asset ratio in 1998 was 0.47, significantly lower than the value (0.50) calculated in 2004 and the average of the system.

Revenues generated from production and related activities were € 236.2 million, with an increase of 22.2% during the recession phase 2008-2012. In 2012 the worker co-operatives employed 3 953 people compared to 2 237 in 2004, a 76% increase. The total wage bill in 2012 was € 74.4 million compared to € 42 million in 2004.

Service co-operatives

Service co-operatives generally group together those who provide services with an interest in sharing marketing or in receiving products or services together. Members are industrial and artisan enterprises (mainly for marketing porphyry products), shopkeepers, hoteliers as well as households (electrical consortia). They adopted the consortium approach (CLA, CET and others) establishing common aims and working together to promote a wide variety of products and services, ranging from: porphyry, tourism, driving schools, taxi services, transports, energy, trade fair services. Other

co-operatives work in the cultural sector or in sports, publish newspapers and magazines, manage radio stations, organise cultural and sports events and manage public facilities.

We also notice that in some valleys, where the co-operative vision is deeply shared, some tourist information offices (*Aziende di Promozione Turistica*) are run as co-operatives, as are the consumer co-operatives that provide members services at better market conditions, or the old model of electricity consortia that produce and distribute energy for a large number of members. Electricity consortia were originally founded at the beginning of the twentieth century in all the valleys in Trentino, then in the sixties the majority were made public and only four are still in service.

In some cases members are not enterprises but municipalities, as the Consortium of Trentino Municipalities (*Consorzio dei Comuni*), which provides services for all the municipalities in Trentino, and *Upipa* which in Trentino manages the residences and provide services for the elderly.

Service sector assets in 2012 were calculated at € 188.6 million compared to € 88.7 million in 2004. This increase is reflective of the process of new investments in new facilities and up-graded infrastructures within the province. Liabilities also increased, from € 41.6 million in 2004 to € 97.7 million in 2012, resulting in an increase in the debt-to-asset ratio from 0.47 to 0.52. Total revenues in 2012 were € 115.7 million compared to € 95.4 million in 2004.

The number of employees in 2012 was 392 compared to 281 in 2004. The wage bill in 2012 was also higher, at € 11.6 million as compared to € 8.4 million in 2004. Capital investment saw a significant increase, from € 33.5 million in 2004 to € 68.9 million in 2012.

Social co-operatives

Of special importance for the development of this sector was the law passed by the Region Trentino Alto Adige in 1988 that regulated the no profit sector of social co-operation, which preceded the national law. Later in 1993, Regional Law n. 15 recognised two forms of social co-operatives: co-operatives working in health, culture and education management; and co-operatives working in various fields such as that of agriculture, industry and services relating to the employment of disadvantaged persons.

The 94 social co-operatives meet a variety of needs, with two main objectives: the first is to work alongside the local government to supply services for those with social disadvantages; the second is to guarantee members normal work opportunities that are closer to their character and to their vocation in life.

The number of social co-operatives experienced a significant increase in the late seventies and early eighties, with the spontaneous interaction among households, enterprises, workers and volunteers. The areas of work cover almost all care services offered together with the public sector, charities and other associations. Responding to this bottom-up wave of proposals and initiatives to help the more disadvantaged groups of the communities, the regional council of Trentino Alto Adige was the first in Italy to approve Law 24 1988 that recognises and regulates the social co-operatives. Such Regional Law can be considered the turning point for the movement which saw later a wider recognition in 1991 with the approval of Law 381 addressing the concepts of social economy and social co-operatives (Borzaga, Santuari 2001).

The social co-operatives cover a wide range of services offering social assistance and home help to enhancement of the quality of life for disadvantaged individuals; care homes for the young; day centres for the elderly; centres for the homeless; welcome centres for immigrants; care and transport for the disabled. They also provide activities to retrain people with social disadvantages to go back to work, which range from laboratories to park maintenance, cleaning jobs, mechanics and carpentry work. They may substitute the public services, although being supported by the local government. Their advantage is the local ownership and control combined with the establishment of small,

municipality-based organisations that at the start-up allowed members to take advantage of their capacity to address the local needs better than the municipality with its internal services. The social co-operatives create a strong collaboration end-user/public administration/ co-operative in the offer of social or public services and offer the services that the public administration is not able to offer.

The most frequent situation is therefore that the public sector is the main contractor of these social services co-operatives, typically municipalities or local health authorities. Given the competitive address of the public procurement, these co-operatives are likely to be exposed to competition based on cost-reduction. Combined with diminishing public revenues, the competition has become very strong and “unfair” when the “co-operative responsibility” certification, which is a strong issue among the FTC members, and the internal organisational procedures are not properly applied.

Yet, the large majority of social co-operatives, that are locally owned and controlled, could continue to provide services in communities where it is no longer profitable for a private firm or a municipality to do so. Only few were able to grow in size and extend their services outside the province. Small size and local orientation are two critical aspects that support the creation of consortia (and other types of support structures). In other words, they replicate the traditional structure of cooperation evolved in Trentino, with the second level consortia as coordinator and manager of the commercial activities for the co-operatives.

The difference is that the co-operatives sell services not goods (or buy goods for the members) and the benefit may arise from networking and economies of scale in contracting and tendering large contracts, find new markets, compete in open markets and improve their competitiveness. Apart the economic network and its growing size within the Federation, the main activity of the consortium is not contracting, but representing the social co-operative in larger forums and policy debates with the Province and other public authorities at different levels.

Consolida is the second level consortium of social co-operatives. It was set up in 1986 with about fifty social co-operatives, the majority of which are type A, i.e. that offer social assistance and educational services; the others are type B, i.e. that work towards reinserting people with personal and social difficulties in the workplace. Even though its function and objective may seem similar to those of the co-operatives networks in agriculture and retail, its scope is in practice much wider because of the heterogeneity of services of the member co-operatives. The consortium, which is the largest network of social enterprise in Trentino, produces only € 6.8 million of revenues, in part as general contractor guaranteeing the local municipalities a complete qualified execution of services. *Consolida* carries out research and promotes training initiatives for members, board members, management and workers of the co-operatives. The variety of work covered by the network of co-operatives can range from social inclusion of people with various forms of disability, to working with infancy to adolescence, working with the elderly, immigration and in social tourism. Bringing together co-operatives from different sectors, the challenge is to create synergies among different types of co-operatives and provide support to their activities, as general contractor in public tenders, or promoting access to new markets outside the province.

Social sector assets in 2012 were calculated at € 137.2 million compared to € 71.5 million in 2004. This increase is reflective of the continuous growth of their activities within the province. Liabilities also increased, from € 30.0 million in 2004 to € 55.3 million in 2012, resulting in a reduction in the debt-to-asset ratio from 0.42 to 0.40, the lowest among the co-operative sectors in Trentino. Total revenues in 2012 were € 143.3 million compared to € 82.3 million in 2004.

The number of employees in 2012 was 4 322, compared to 1 893 in 2004. The wage bill in 2012 was also higher, at € 75.6 million as compared to € 37.6 million in 2004. Capital investment saw a significant increase, from € 28.6 million in 2004 to € 64.9 million in 2012.

Housing co-operatives

Although housing co-operatives emerges from the widespread and urgent need to access the primary need of having a home at cost price, without the extra costs of the intermediaries, in Trentino housing co-operatives represent the smallest category in the LSSA sector in terms of numbers and financial activity. Collective ownership or shared property of housing units can help increase the number of affordable units available and prove favourable especially for those who would otherwise be unable to do so financially, especially if the co-operative can build in areas available at better prices than the majority on the market. But their role has been marginal, having provided only 3 000 homes in the last decades. Only more recently co-operatives moved into a non-traditional activity in order to meet new needs, such as managing protected housing or car parking infrastructures. Many of them are non-members of the Federation. Compared with other co-operative sectors, housing co-operatives offer different services and have different goals that can be assigned to a second level consortium. They strongly need collaborative structures instead of networking or marketing structures; quite often, they seem to be more political or representative tools than economic organisations. Although the small size, we find three consortia:

- **The provincial consortia for housing “G. Veronesi”**, began in 1966 as Consortium Acli¹¹ Casa. It offers technical, administrative and informative assistance and support, in the phases of locating areas and then in the construction and management of the calls for tenders on behalf of the member building co-operatives.
- **The Consortium Casa Rovereto**, set up in 1999. There are about ten member co-operatives and a thousand of homes have been built since the start.
- **Coopcasa**. The most recent, the Consortium Coopcasa was set up in 2010 with the aim of supporting the local construction co-operatives which were badly affected by the economic crises and promote the social housing within the province as an instrument to achieve the first house to people that otherwise are excluded by other social benefits or are in objective difficulties to buy the house at market prices. The members are: Trentino Federation of Co-operatives, Consorzio Lavoro Ambiente (CLA), Consortium Casa Rovereto and Confcooperative Bolzano. The consortium is a legal entity that brings together three consortia from different sectors and they can use its legal form to act directly on markets participating directly to tenders or by concluding contracts in the name of their co-operative members.

¹¹ . Italian Christian Workers' Association.

THE GOVERNANCE OF THE TRENTO CO-OPERATIVE SYSTEM: THE ROLE OF THE TRENTO FEDERATION OF CO-OPERATIVES

A complex governance system: the importance of networks for the co-operative movement

Since the very beginning, the organisation of networks has been a key feature of co-operatives in many Western countries. For example the attempts by consumer co-operatives to centralise warehouses or purchasing activities by setting up regional or national wholesale groups in Sweden, the UK and Italy over the 19th and 20th century (Friberg et al 2012; Consumerism 2005), or the creation of National Federations consisting of all the co-operatives from a single country, since the last decades of the 19th century. To mark the importance of networks, in 1966 the idea of co-operation among co-operatives has become one of the Seven Co-operative Principles.

Usually the co-operation among co-operatives takes two distinct forms. The first type of network is represented by apex organisations, which normally have a multitude of provincial or local agencies. These groups were set up almost everywhere to represent the co-operatives instances in the social or political arena. The largest two Italian apex organisations are the *Legacoop* (Socialist in origin) and the *Confcooperative* (of Catholic origin). In the Italian context they also provide technical, legal and accounting assistance to co-operatives, as well as supervise their accounts (since 1947, as required by Italian Law, inspectors are periodically sent out to check individual co-operatives' accounts and to ensure that they observed their own by-laws). The functions of Italian apex organisation are completed by the presence of a set of National Associations, one for each individual sector in which the Italian co-operatives operate. The latter provides an independent management and designs targeted strategies for the whole sector they represent.

This description could seem like a top down organisation in which the single co-operative applies a strategy chosen elsewhere. However, the situation is completely different because both the apex organisation and the sector associations have many local agencies (at provincial or regional level) which play fundamental roles within the co-operative system. We can consider each local agency as a kind of a local system which is in turn linked with the whole co-operative system.

The second type of network is based on economic motives for wholesale societies in retailing, clearing house in the banking sector or marketing and trading groups in agro-industry. It allows for economies of scale to be exploited, the use of skills and human capital not available within the single co-ops, or the exercise of monopsony (Menzani Zamagni 2010). Frequently some type of formal connections fostering the collaborative attitude of co-ops was also set up. For instance wholesale groups were often built up as second-level co-operatives, called consortia, which could therefore admit only co-operatives as members.

The idea of a consortium has a long history both in Italian and Austrian history. As we have already mentioned in the first part of this report, in Austria the idea of consortium came from Raiffeisen. In addition, the 1873 law which made the creation of co-operative enterprises possible also included consortia.

In Italy the consortia gained a legally independent status in 1909 (Law no. 422, 25/1909), thus enabling them to participate in bids for tenders up to the value of 2 million Lire. In truth, such consortia had already existed for several years, in a local or provincial form, created by the consumer co-operatives in order to provide themselves with the necessary structures for wholesale purposes, but without a proper legal status. The second half of the twentieth century was to witness the further

extensive use of the consortia, as a means of encouraging the growth and economic efficiency of the smaller co-operatives. In 1951, there were at least 109 such consortia, operating in various different sectors. They were particularly prominent in the agricultural sector (especially in milk collection and cheese making), in the retail trade and in the electronics sector. In general, they were well capitalised, and in some cases were of substantial size. By 1981, there were 882 such consortia in Italy. Although they were still most common within the agricultural sector, there was also a significant number in the crafts, construction and transport sectors. The history of the consortia reveals that they made a vital contribution to the development and modernisation of the co-operatives in many sectors and made significant contributions to the success of a number of consumer and agro-industry co-operatives.

Table 12. Co-operative consortia active in Italy in 1951 and 1981

Sector	No. 1951	Average size 1951, (mio euro 2014)	Capitalisation Index (Equity/ Total Asset) 1951	Consortia in deficit 1951	No. 1981	Average size 1981 (mio euro 2014)	Capitalisation Index (Equity/ Total Asset) 1951	Consortia in deficit 1981
Agriculture	32	0.55	0.29	5	336	4.87	0.18	64
Crafts	4	0.09	0.12	1	106	0.78	0.20	28
Industry	-	-	-	-	29	2.00	0.30	10
Retail	15	0.36	0.32	6	36	9.46	0.12	7
Construction	4	0.06	0.22	0	153	4.11	0.29	40
Fishing	1	0.22	0.07	0	10	1.74	0.12	1
Manufacturing and labour	4	4.97	0.11	2	9	1.16	0.16	3
Services	2	4.27	0.33	2	106	0.69	0.20	35
Utilities	42	0.08	0.37	1	21	1.16	0.21	2
Communications	-	-	-	-	2	0.24	0.31	1
Banking	-	-	-	-	3	1.82	0.37	0
Credit Guarantee	-	-	-	-	29	2.69	0.24	6
Joint co-operatives	-	-	-	-	42	3.85	0.21	16
Unidentified	5	46 027	0.36	1	0	-	-	0
Total	109	-	0.31	18	882	3.53	0.21	213

Source: Battilani 2010.

Over the last three decades many consortia have changed their structure as a consequence of the 1983 Law (no. 72 of 19 March, the so-called Visentini) which gave co-operatives (consortia included) the opportunity to become shareholders in joint-stock. This created the preconditions for the creation of the co-operative groups.

To sum up, the creation of the consortia and their subsequent development is closely interwoven with the history of the Italian co-operative movement and has been a reference point in the Raiffeisen model. They have allowed for a system linking the various different co-operatives and encouraged modernisation. The Italian co-operative movement can be represented as a scale-free network with many different typologies of hubs: the Consortia, the National Apex Organisation, the Regional Apex Organisation (as the Trentino Federation), the Sector Associations, the biggest co-ops (which usually are organised as co-operative groups). The Trentino Federation and its Sector Associations as well as the many consortia based in the province of Trento are important hubs of the Italian co-operative movements.

The role of the Trentino Federation of Co-operatives (FTC)

Over the years, the cooperation movement, represented by the Trentino Federation of Co-operatives (*Federazione Trentina della Cooperazione*), has successfully operated economic and social activities, while also serving as catalysts for social organisation and cohesion. The concept of autonomy is widely used by its Chairman at the annual meetings of the Federation. With a primary concern for the community development, co-operatives continue to represent a model of economic

enterprise that places high regard for democratic and human values. Its capacity to evolve from a defensive model for poor families and small farmers towards an economic stakeholder (or player) that addresses the economic rents or the allocative failures of the market is the proof of its strength and political determination to build a action for satisfying the member preferences.

The Trentino Federation is the only recognised organisation that represents, assists, protects and oversees the growth of the co-operation movement in the province of Trento. The Federation is founded upon the co-operative values and principles as laid out by ICA (International co-operative Alliance) and upon the solid principles of the social doctrine of the Church.

The Federation in this way aims to "contribute towards the social and economic improvement of the person, the community and the territory by coordinating the development of co-operative culture and enterprise" (FTC, 2010). The method is to join forces acting as a service centre that promotes and supervises the members (art.4 of Statute, 2014). It is therefore a platform with internal formal rules and routines to reach shared decisions and common policies inspired by the principles of co-operation and mitigate tensions that inevitably originate from different co-operative sectors.

Apart the coordination with the Province (provincial register for co-operatives), as a guide for the interaction with members, the Federation combines a mix of hard and soft policies. Hard policies deal mainly with the financing of new co-operatives or strategic initiatives for the cooperation. As part of a proactive strategy, loans and grants are finalised by *Promocoop Trentina SPA* in its role of financial arm of the Federation (80% ownership) that operates and manages the Mutualistic Fund and the Participatory Fund established by L.P. n. 16 of 12 September 2008. Another tool is provided by *Cooperfidi SC*, that guarantees the loans to the member co-operatives granted by banks or other lenders. Founded in 1980, the co-operative has 1 175 members, most of them from the agricultural sector.

Soft policies are instead part of the services which deal to change individual behaviour focusing on organisational aspects, training, auditing and consultancy. A large part of the Federation daily activities is carried out by the Departments/Offices of the Federation (bottom of figure 15). The activities are designed to oversee member co-operatives and reinforce their entrepreneurial structure. When needed, the Federation also provides services for data processing and administration support (bookkeeping, legal, fiscal, trade union, organisational, technical and financial support).

As one can see from Figure 15, the Federation is highly institutionalised, with formal structures and processes that are important to turn its Board into an effective governance devise.

The **Assembly** is the body which sets the overall strategic direction of the Federation. It is composed of all associated co-operatives, companies or association that complement the local co-operative system and non-profit social enterprises. The Assembly (ordinary) is convened at least once a year.

The **Board** (*Consiglio di Amministrazione*) is composed of a Chairman and 22 members who are elected across the range of directors and member of the federated co-operative categories. The **Board members** have the most extended power to direct and manage the ordinary and extraordinary administration of the Federation and to adapt the statute to the provisions of law. The Board may also delegate an Executive Committee to decide on the powers of its competence. The Board appoints the Director-General of the Federation.

The **Executive Committee**: its task is the coordination of the activities of the Board, ensuring the implementation of the guidelines determined by the Board of Directors.

The **Director-General** is Chief of Staff, oversees the functions of coordination and control of the operational structure. Special duty of the Director-General is to implement the resolutions and the

indications of the Board and the Executive Committee, assist the Board in defining strategies, plans and programmes and to ensure coordination and the link between the committees.

Consultative Committees. The Federation has two consultative committees that act as a channel for the exchange of idea and opinions. The Board appoints the components of both committees. From two different perspectives, these committees play a critical role for a large and diversified Federation. They play a critical role when implementing three distinctive assignments: business development orientation, methods of enhancing member participation and strategies for maximising member capital and overcome potential rivalries. The Committees are therefore involved in specific areas of information sharing, between elected members and among the sectors of cooperation. In practice, the meetings are an effective form of coordination contributing to greater alignment within and among sectors.

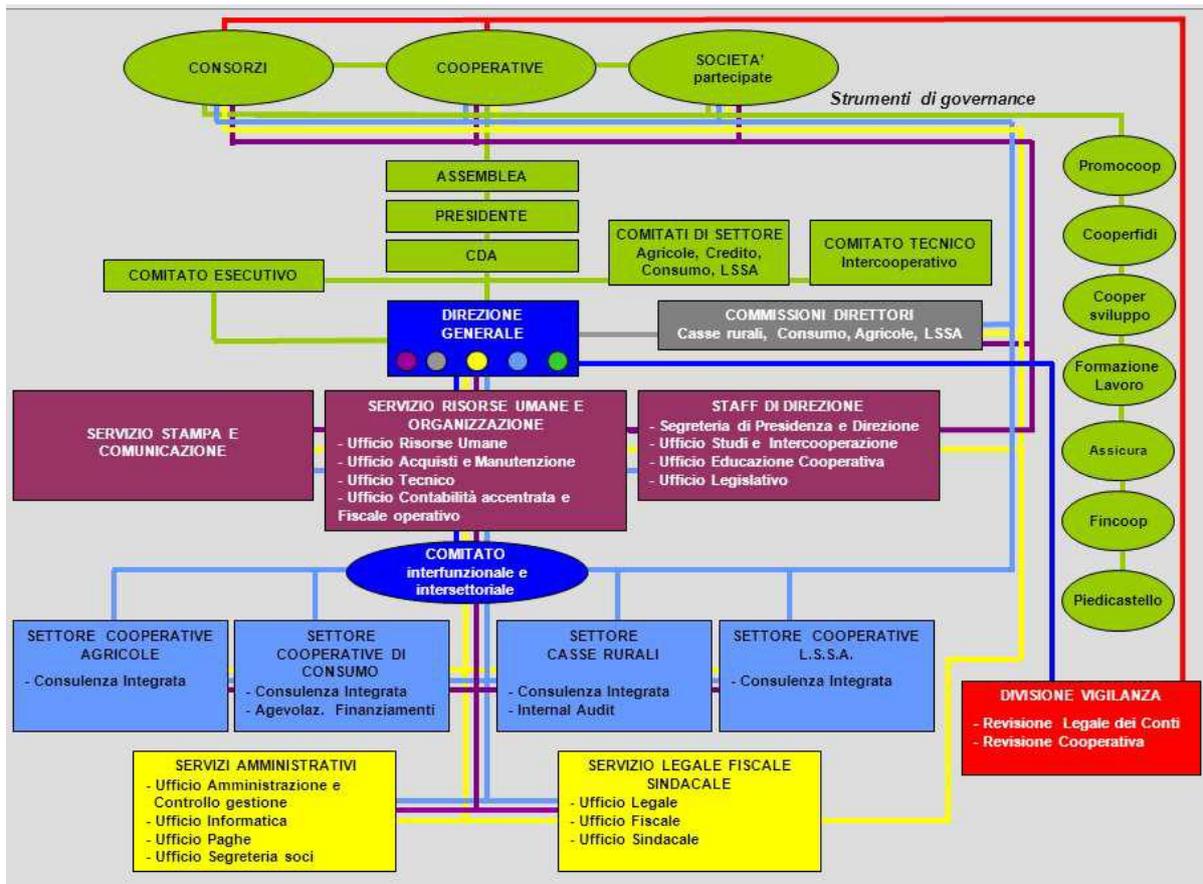
The **Sector Committees** (*Comitati di Settore*) reflect the sectoral base of the Federation. With about 25 elected members each, including some members of the Board, the four committees have an advisory task for the analysis of the sector-specific problems and the definition of the strategic direction within each co-operative sector. Their members are appointed by the Board.

The second committee, the **Inter co-operative Technical Committee** (*Comitato Tecnico Intercooperativo*), with 18 elected members and 11 internal managers or directors of the Federation, has the task to advise on technical matters and on broad strategic policy issues related to international cooperation and geo-cooperation.

The two committees meet at least four times a year. Their recommendations are addressed to the General Directors.

The debate on governance does not seem to affect the organisational dynamics and complex structure of the Federation, which remains lined up to the core values and the historical cooperation principles. In practice the resilience is due to several other factors: pragmatism based on the positive results that have been achieved; gradualism in accepting the commercial dimension that satisfy the social aims; trust in the new professional management, and managerial methods, of the large sectoral consortia. In this evolutionary perspective the co-operative is a firm in itself, with many inputs suppliers (farmers, savers/households, workers) as owners and a common goal to maximize the aggregate member surplus or well-being (Feng-Hendrikse 2008). However it seems that the traditional co-operative values and practices, as well as the evolutionary perspective, have been challenges by the social co-operatives that brought into the Federation new insight and ideas and, often, raised difficult questions that reflect its bottom-up culture and action-oriented practice. New ideas are grounded on the social enterprise values, social responsibility and the civic society concepts (Putman, 2004; Bruni-Zamagni, 2004). Being the most active members, they proposed and implemented initiatives in support of the participation of women, the promotion of entrepreneurship, self-employment and inter-sectoral cooperation. These themes are considered strategic for the revival of a “civil society” (Salvatori 2011) in particular for the new generation of co-operators with interesting proposal such the “*Piano d’ambito economico*”, “*the Hub*”, and *PartecipAzione*.

Figure 15. FTC's organisation chart



Source: FTC website.

The **internal governance** is supported by 7 associated companies:

1. **Promocoop Trentina spa** was set up in 1992 is a non-profit organisation which has been assigned the task of managing the Mortgage Funds (*Fondo Mutualistico*) of the co-operation movement in Trentino. The resources of the fund are used to promote and develop new co-operative enterprises and initiatives. With LP n. 16/09/2008 Promocoop, as part of a strategic plan to support the movement, manages the *Fondo Partecipativo* with a public share is 49% of each intervention.

2. **Cooperfidi SC** was set up in 1980 with the aim of facilitating members' access to credit at the best possible conditions, and to coordinate relationships with banks to limit the cost of financial guarantees. Cooperfidi also opened up to agriculture and individual enterprises in 1998.

3. **Coopersviluppo spa** was created to promote and sustain development initiatives for consumer co-operatives. It was set up in 1996 in Trento by members SAIT, the Trentino Federation, Cassa Centrale Banca, Cooperfidi and Promocoop. It has a current share capital of € 2,582,300.

4. **Formazione Lavoro spa** is an organisation set up by the Federation, the second level consortia and co-operatives in 2001 to provide formal learning occasions and training for employees, management and members of co-operative enterprises. Formazione Lavoro also carries out research, distance learning and offer training support in setting up new enterprises.

5. **Assicura Brokers srl**, set up in 2012, works with the top insurance companies to offer insurance services to member co-operatives. Assicura offers insurance packages and plans that cover the needs of the co-operative enterprise, based upon their specific needs, and carries out research to

find the best deals available on the market. Assicura also manages policies and eventual claims, helping to reduce the extra stress to co-operatives.

6. **Fincoop spa** is the financial company of the Federation, whose founding members are the consortia, with the original deposit of 5 million, and the rural banks with 6.8 million.

7. **Piedicastello**, established in 2005 with a registered capital of € 1 500 000, is a joint-stock company 100% owned by the FTC for the development of the "Citadel of Co-operation". The priority includes the recovery and conversion of a dismissed industrial site of 52 300 square meters that will house the offices of the Federation itself, the Cassa Centrale, the Consortia of the second degree and its subsidiaries. The costs incurred by the implementation partner, initially covered by loans guaranteed by the FTC, in 2013 were transferred to the Federation with the provision of a loan of € 14.83 million, the first event in the recent history of the Federation.

Although not acting as arm's length of the Federation, in the systemic network of the co-operative movement we may include **Cooperazione Salute**, a mutual association founded in 1996, that offers complementary and supplementary benefits to members of co-operatives for health and welfare. In recent years, Cooperazione Salute arranged and proposed several innovative conventions with private and public institutions to cover co-payments and the costs of services (e.g. dental care) excluded from the statutory benefit package funded by the national health system.

The contemporary role of the Federation for/to the co-operative movement

The Federation brings together 273 000 individual members organised in 533 co-operatives (respectively, 501 co-operatives and 32 affiliated entities) from all co-operative sectors. The Federation employs 187 persons, of which 92 are women and 95 men (FTC Assembly, 2014).

The effectiveness of the Federation governance and its decision making process is significantly affected by the formal and informal professional and social networks that the co-operators have been able to build. During the review we examined the role of the elected persons and director's networks at several levels, inside the Federation and inside the federated co-operatives. These co-operators have been defined as persons having an elected position in the governance bodies who are not involved in the daily management or having an executive position in the affiliated co-operatives or consortia.

Networks may be valuable to the Federation for the following reasons: first, connections with (peer) co-operatives through board members and directors enable a co-operative or consortium to gain access to information, even prior its public disclosure. Such information is especially valuable when co-operators are planning strategic alliances or expanding into new markets or businesses. Early notice of critical business changes allows the co-operatives to reconsider and adjust their own strategy in time. Furthermore, co-operators with strong networks are reputable figures in the local community with access to politicians, employers' organisations, and regulators.

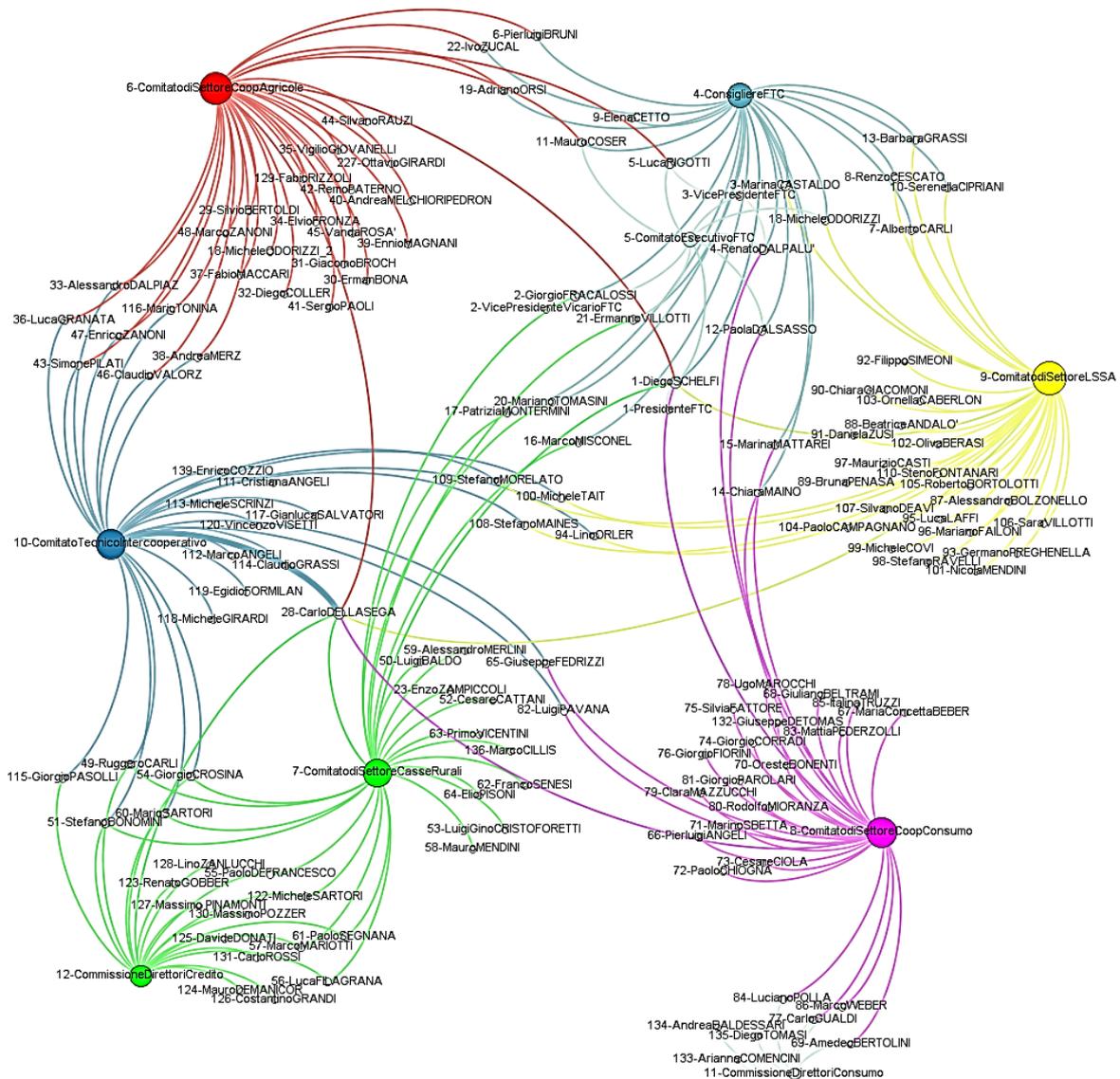
Networks do not only increase co-operator's influence but they also bring additional skills, knowledge, and information to the co-operatives and to the Federation which may lead to better governance and performance improvements. Thus, a large network reflects information, reputation and experience, and can be regarded as a guarantee of the FTC quality.

Formal connections and relationships can be built for different purposes: accumulating managerial discretion and governance power which could enable the co-operator to influence board decision-making or to collect and share information among other actors and federated co-operatives. While the former function can be measured by adjacent or direct connections, the latter may be represented by the distance of indirect connections as a proxy of the information oriented network. However, these two functions are not exclusive: direct measures expressing influence and managerial

power also capture information collection ability that could influence many downstream (indirect) activities that benefit the governance of all co-operatives (Hendrikse, Feng 2013).

To quantify co-operators' networks, we resort to several graph measures. Both connections are reported in the network graphs where administrative bodies or co-operatives are nodes and shared co-operators are links between co-operatives.

Figure 16. The network of FTC administrators (n=146)



Source: Elaboration from AIDA-BVD, sample of 290 co-operatives.

Legend: blue (FTC); green (rural banks); yellow (LSSA); magenta (consumer); red (agricultural).

Figure 16 depicts the FTC administrators' network, namely the Commissions and Committees members that surround the Board. Each circle stands for a node: for example, the Board (*Consiglio*) in the top right of the figure share 22 people sitting on the same board. The lines between circles are the links between nodes (elected members). The size of a circle is proportional to the number of links. The nodes of the Agricultural Committees in the top left corner and the Rural Banks'

Committee are the nearest to the node of the Inter Co-operative Committee, while the LSSA and Consumer committees appear to have the shortest distance to the Executive Committee. Elected co-operators in the administrative bodies are represented as circles in different shades.

As links between two nodes are established, the graph show 203 connections among 146 elected administrators or co-operatives (nodes). Excluding the Federation Chairman and the Director, which share 7 links, a group of 10 board members (among the 22) have a sequence of more than three nodes, being member of the Board, the Executive Committee, the Sectoral Committee or the Technical Interco-operative Committee. In the above graph, 4 members representing the rural banks have multiple paths, while the other 6 members are equally representing the other 3 sectors of the co-operative movement, indicating the centrality of the financial sector in the governance of the Federation.

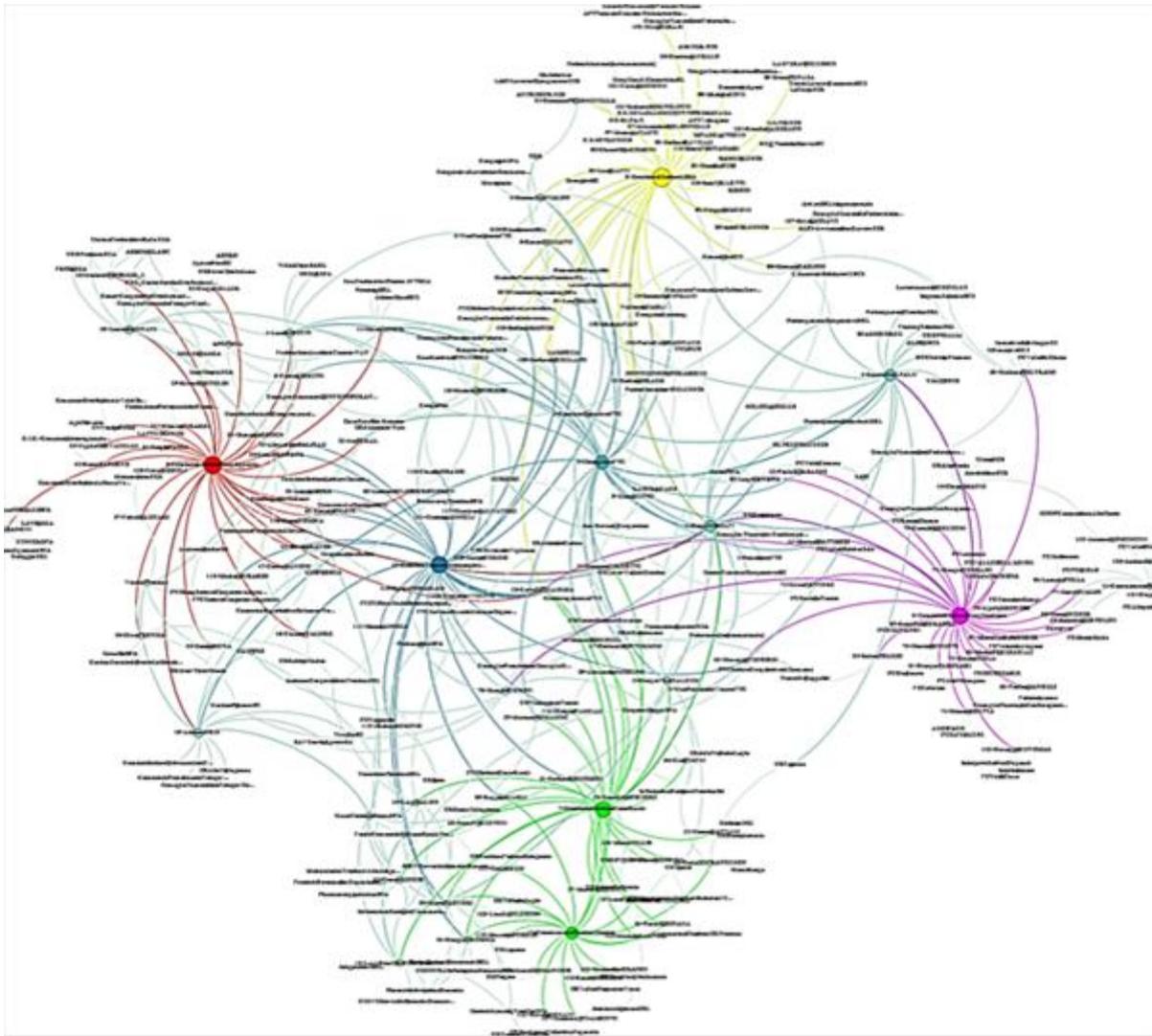
There are several measures to define the centrality of the network. Centrality may be intended as a number of connections: Figure 16 indicates seven hubs that are connected to the other most connected actors, in particular the members of the four sectoral committees¹². Another measure of centrality (closeness centrality) is intended as the average number of interactions that a node should undertake in order to reach other nodes outside the hub in the network. From this point of view, apart the central figure of the president, there are two interesting features of the FTC governance model. Large part of the interactions among administrators converge to the Board node (top right of the figure) and the Interco-operative Committee (left side). However there are some horizontal connections, sector to sector, identified by a small group of nodes interconnected with three sectoral Committees, namely Agriculture, Rural Banks and Consumer. LSSA has no linkages of this kind. As gatekeepers that control the flow of information, these actors play a critical role in the governance model. By taking out these small central nodes (actors), the network is likely to be less interconnected. Figure 16 is useful when considering who is responsible for sharing information within the network.

Figure 17 shows the resulting network that includes the direct connections with the co-operatives in which the FTC administrators are board members. We control for the role of networks in the policy-making setting process as well as the position of member co-operatives and consortia. The graph show 555 connections with 368 elected administrators (nodes). Excluding the FTC Chairman and the Director, which together generate 25 connections, a group of 13 Committee members (and some of them also Board members) have a sequence of more than eight nodes, being also member of the Board of the most relevant federated co-operatives and consortia. In total they generate 130 connections among co-operatives and consortia with more than € 1.2 billion yearly turnover, excluding the *Cassa Centrale Banca SPA* and *Fondo Comune delle Casse Rurali Trentine*. All together these board members may have accumulated power and status and may build on these advantages a strong influential position vis-à-vis the other members of the board and the committees. In the above graph, 5 members represent the rural banks, 4 members the agricultural co-operatives, 3 members the LSSA aggregate and only one represents the consumer co-operatives.

Apart the centralised position of SAIT for the consumer co-operatives, again the centrality of the network is established on the “old sectors”, the rural banks and the plurality of agricultural co-operatives highly interact inside the network; less interaction with other sectors can be observed for the LSSA sector.

¹² The high values are confirmed by the Eigenvector centrality measure.

Figure 17. The network of FTC administrators (n=368)



Source: Elaboration from AIDA-BVD, sample of 290 co-operatives.

RESILIENCE

The economic resilience of the co-operative movement

Resilience is the capacity to withstand stress and adversity. Over the past decade, the never-ending 2008 crisis has put the coping ability of the co-operative movement to the test. A thorough investigation could conclude that this form of enterprise shows an unexpected resiliency in times of crisis. One of the reasons is that co-operative undertakings have come to the current crisis better capitalised than conventional enterprises and that co-operative banks have used a reduced amount of derivatives, for a variety of reasons. At the same time, the empirical literature seems to support the idea that co-operatives increase in number when unemployment increases (Perotin 2006). Thus they have a countercyclical behaviour.

However, from a psychological point of view, resilience also means using challenges for growth that makes future hardships more tolerable. In an economic context, this can be thought as the ability an enterprises has in finding new missions and models which make future adversity less dangerous.

On the basis of this consideration we will investigate the resilience of co-operatives by focusing on four aspects:

1. The resilience due to higher capitalisation.
2. The tendency to set up co-operatives in times of crisis.
3. The ability of co-operatives to enter new sectors and to provide answers to new sets of needs.
4. The contribution to the economic and social resilience of the province.

Why were Italian co-operatives well capitalised at the onset of the international crisis? The capitalisation of Italian co-operatives is the long run consequence of a mixture of national policies and legislation on the one hand and enterprise strategy on the other, which dates back to the 1970s and 1980s.

The literature on co-operative enterprises had traditionally identified under-capitalisation as one of the typical weaknesses of co-ops due to a variety of reasons: as a consequence of the fact that members would tend to privilege strategies that maximise returns over the short term of their expected presence in the co-operative (Furubotn-Pejovich, 1970) or because they would maximise the income of the working members and keep as low as possible the returns to capital (Vanek, 1975 and 1977; Ward, 1958).

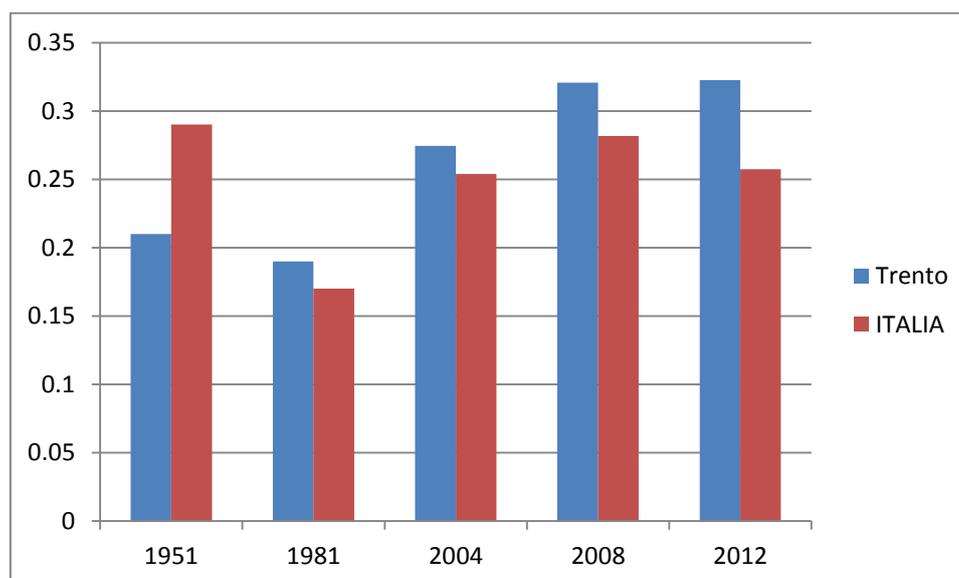
However in 1951, at the end of the period of post-war re-organisation, Italian co-operatives were in general small and showed a satisfactory equity ratio, reaching 0.30 on average (Fig.18). Only in the 1970s, partly as a result of the strategies for growth adopted by individual co-operatives, and partly because of the oil crisis, the financial position of Italian co-operatives worsened. The umbrella federations put pressure on the State to pass legislation encouraging co-operatives to improve their capitalisation and to help encourage the use of member loans rather than bank loans. The response to such pressure was tangible, leading to at least three subsequent developments. The first was a law passed in 1977 providing an incentive to self-financing through the de-taxation of retained earnings. The second was the 1983 law (no. 72 of 19 March, the so-called Visentini Law) giving co-operatives

the opportunity to become shareholders in joint-stock companies and opening the way for a further means of financing investments and the creation of co-operative groups comprising joint-stock companies as well. Finally, Law 59, which was passed in 1992, introduced the figure of the financing member (*socio sovventore*), together with the concept of co-operative shares (*azioni a partecipazione co-operativa*), thus enabling people to become shareholders of co-operatives merely through the contribution of capital. The new legal framework along with the pro-capitalisation campaign developed by the apex organisations strongly affected the co-operative debt/equity ratio. A survey published at the end of the 1990s by the Central Office of the Chambers of Commerce, covered the long-term impact of this strategy aimed at capitalising co-ops. The survey covered co-operatives belonging to *Confcooperative* and monitored changes over the period 1987-1996 (Battilani and Zamagni 2010). In this period, the average size of the co-operatives surveyed doubled (in terms of employees) and the equity/assets ratio improved, passing from 12% to 18%, while net assets doubled and total capital tripled. The degree of coverage of investments by net assets remained inferior to that of capitalist enterprises, in spite of the improvements, but the members of co-operatives participated in the funding of their enterprises through other channels, such as loans. We can therefore conclude that the members of co-ops ended up, directly or indirectly, supplying more funds to their enterprises than capitalist entrepreneurs. A similar study was carried out in 2000 by the research unit of *Legacoop*, covering the evolution of their associate member co-operatives in the preceding two decades (*Centro Studi Legacoop*, 2001). The results were similar to those from the *Confcooperative*: in the twenty years covered by the survey, the average size of co-ops doubled and the equity/assets ratio jumped from 10% to 25%. In conclusion, since the beginning of the new century capitalisation has been actively pursued by the apex organisations and single co-operatives, thus positively effecting co-operative resilience.

The situation of Trentino co-operatives over the second half of the 20th century was very similar to the general picture described above, even if the capitalisation was lower than the national average in 1951 and higher in 1981 (Figure 18). In addition in the first decade of the 2000 there is evidence that Trentino co-operatives have higher capital ratios than the Italian average, with a capital structure presenting similar features in all sectors (Table 13).

While reporting lower levels than traditional firms, figure 18 shows that the equity/assets ratio (market capitalisation) of the Trentino co-operatives is around 7% higher than the national average. In addition, during the negative cycle of recent years, the level of capitalisation reported in their financial reports did not deteriorate significantly. All indicators show a vital capacity to stabilise the net worth or improve their capitalisation levels. This is evident for the agricultural co-operatives, which are the core of Trentino model, but can also be extended to service and consumer co-operatives.

Which are the reasons that led to this result? During the reviews we have found the crucial role played by the rural banks, a role of proximity and interaction as well as monitoring, with resulted in a significant impact in the intermediation of financial flows. The provincial legislation has also activated alternative channels which were possible with the corporate reform of 2003, such as the “Participatory Fund” managed by the Trentino Federation, or the constant monitoring activities provided by the account auditing (*Revisione legale di conti*) as a model of good practice. The widespread presence and proximity of rural banks is still a distinctive feature within the Italian co-operative experience. They were able to preserve and to pass on the traditional culture of saving and proper use of financing and borrowing. The co-operatives are therefore not only guided by the principles of democracy, mutuality and solidarity, but they are also expression commitments and responsibility of the members and their leaders. Ultimately, the search for operational efficiency and control of variable costs cannot be separated by an equal attention paid to the composition of the capital structure, in terms of needed equity and prudent amount of financial leverage to increase potential growth. Definitively, operations and growth may be financed by external sources, but they should be supported by equity or loans from the members.

Figure 18. Co-operatives' capitalisation (Equity / Assets ratio), 1951-2012

Note: Co-operative banks are not included.

Source: 1951 Battilani-Busc database 313 co-operatives (Trentino) and 8176 co-operatives (Italy); 1981 Battilani-Busc database, 644 co-operatives (Trentino) and 50370 co-operatives (Italy); 2004-2012, BVD-Aida, 13818 co-operatives (Italy) and 284 co-operatives (Trentino).

Table 13. Co-operatives' capitalisation (Equity/Assets ratio), 1951-2012: sectors breakdown

Sector	Trentino					Italy				
	1951	1981	2004	2008	2012	1951	1981	2004	2008	2012
agriculture	0.22	0.14	0.27	0.29	0.29	0.29	0.14	0.23	0.25	0.24
consumption	0.16	0.2	0.26	0.34	0.35	0.26	0.21	0.25	0.28	0.25
services	0.32	0.23	0.30	0.30	0.32	0.32	0.20	0.24	0.24	0.22
manufacturing	0.38	0.17	0.28	0.32	0.26	0.25	0.15	0.48	0.43	0.40
building and housing	0.27	0.06	0.27	0.32	0.32	0.29	0.19	0.25	0.28	0.26
utilities	0.35	0.25	0.72	0.67	0.65	0.39	0.19	0.44	0.39	0.34
others	-	-	-	-	-	-	-	-	-	-
all sectors	0.21	0.16	0.27	0.32	0.32	0.29	0.18	0.24	0.27	0.24

Note: Co-operative banks are not included.

Source: 1951 Battilani-Busc database 313 co-operatives (Trentino) and 8176 co-operatives (Italy); 1981 Battilani-Busc database, 644 co-operatives (Trentino) and 50370 co-operatives (Italy); 2004-2012, BVD-Aida, 13818 co-operatives (Italy) and 284 co-operatives (Trentino).

The Trentino model, with its long-lasting tradition, has also been able to preserve the long-term vision necessary for the generational change: the “co-operative” is the tool supporting the community, it does not die or does not melt because it has the ability to adapt to market changes in order to protect the members’ interests. In this way, the effects of legal limits on the use of assets in case of dissolution are diluted and the members have a greater propensity to actively participate in the capitalisation of their “own” co-operative through the accumulation of reserves and more careful use of borrowed funds.

Indeed, this vision justifies the evolution in the co-operatives’ governance and their external networking that included structural links with the joint-stock companies and profit oriented firms. This may seem a contradiction with the logic of mutual benefits and co-operative’s values. Yet, this is not the case, when they match the co-operative logic. The creation or acquisition of several joint-stock companies by agricultural co-operatives (such as CAVIT, Mezzacorona Cellar) or financial co-operatives (as Common Fund of Rural Banks Trentine and others) are not only aimed at

strengthening the commercial function in support of their members, but also proved a useful tool for finding financial resources that were not available or were too risky to the co-operative.

In this perspective, the professional managers and sound financial practices are the basis of the resilience of the co-operative movement.

The tendency to set up co-operatives in times of crisis. There is abundant literature investigating the factors fostering the entry of worker co-operatives with one reason being that the creation of worker co-operatives is countercyclical. Take for instance the essay on experiences in Israel and the US by Russell and Hanneman (1992), Russell (1995) and Conte and Jones (1991), Perotin (1996). These studies provide a multitude of explanations for this phenomenon that are worth mentioning. The first is connected to the fact that co-operative members split losses as well as profits, and thus the co-operative form becomes more attractive relative to the conventional enterprise as the risk of bankruptcy increases. The second relies on the co-operative attitude towards employment and wages. While conventional enterprises fluctuate employment and keep income stable in times of crisis, co-ops do the opposite. The result is that the entry of a co-operative is more likely to be countercyclical than entry of a conventional enterprise. In conclusion, the economic resilience of co-ops must also be connected to their increased attractiveness during times of higher employment.

The ability of co-operatives to enter new sectors and to provide answers to new sets of needs. To analyse this aspect we can fit the life-cycle theory to co-ops, by identifying which characteristics of co-operatives are subject to a life cycle. The first aspect we should take into consideration is the sectors in which co-ops have traditionally emerged. As we discussed above, co-ops initially flourished, above all, in agriculture, retailing, and finance. However, during the last decades, in well off countries both the number of co-ops, the number of co-op members and market shares have been generally declining or stationary. At the same time, co-ops have emerged in new service sectors, such as personal or business services. Developing or newly industrialised countries have showed a different pattern of specialisation where traditional sectors maintain a pivotal role. All of this suggests the existence of a life cycle with respect to the sectors in which co-ops can flourish that is connected to the stage of development of each country. Therefore, in developing or newly industrialised countries, there is room for the further development of co-ops in agriculture, insurance, or retailing, while in the richest nations they have to spread into personal or business services in order to maintain an important role in their economies.

The second aspect we would like to take into consideration is that of ideals, inspiration or, even better, the aims pursued by members who decide to join a co-operative. In fact, for many decades co-ops, particularly in Europe, have been designed for self-help and to improve the standard of living for the poor, in a context where no welfare state was being provided. Over the last few decades, the emergence of an affluent society has changed the pattern of needs of co-operative members: new generations usually do not ask for protection but for improvements in their human capital and their entrepreneurship talent if they are workers or farmers, as well as the possibility to buy healthful or fair trade foods if they are consumers. In conclusion, the resilience of the co-operative movement should be seen in connection to its ability to define a new pattern of ideals, inspirations and goals, not only to the level of capitalisation.

The contribution of the Trentino co-operative movement to the wider economic and social resilience of the province. One of the vexing issues in the evolution of cooperation movement concerns the existence of multiple purposes and objectives for the co-operative members. Some of these are embedded in different interpretations of the social and the economic goals of cooperation. They derive from various interpretations of internal (member) and external (societal) benefits of co-operative organisation assessed from both short vs. longer term perspectives. Others deal with internal operations and practices which are specific to the operating sector.

The detailed analysis of the nine sectors above shows that the cooperation movement has increased its role in the province. Their value added is growing with a real net contribution to the

overall welfare. Their contribution to employment is also substantial and is open to new opportunities for start-ups and innovative initiatives.

With its organisational logic, the Federation continues to play a fundamental role to preserve the co-operative method of democracy, participation and service. This means, in practice, emphasis on local responsiveness and commitment, decentralised or at least well-coordinated decision making, participation and involvement. However the needs for efficiency, and predominant attention to the financial and economic health of the members co-operatives (the bottom line), has driven organisational forms toward bureaucratic shape and logic. Efficiency needs hierarchies, centralised decision making and a top-down flow of authority. This logic is distinct from a grounded co-operative logic and this raises the fundamental dilemma to move to a less complex but bureaucratic organisation.

The predominance of each tendency varies across types of co-operative organisations, and size too, which reflects the specific need of each sector. Agriculture and banking co-operatives offer a clear example of evolution toward a centralised approach driven by efficiency and market orientation with an increased emphasis on earnings (benefits for the farmers or customers). Consumer and social co-operatives prefer the participatory approach and organisation to meet internal goals which often are locally defined or member specific. When participation declines and organisations tend toward greater centralisation of decision making (bureaucratic logic), it becomes increasingly difficult to recognise differences in co-operatives' behaviour from investor or commercial oriented firms' behaviour. The co-operative character is at risk and cannot be preserved when the co-operative have greater internal costs, lower productivity and internal conflicts.

The second challenge is related to the "Net worth" (*Patrimonio netto*) of the cooperation movement. In 2012 it is estimated to over € 2.5 billion. The large majority, over 70%, is owned by rural banks, but their share has continued to fall in the last decade in favour of the consumer and LSSA co-operation.

Table 14. Net worth (*Patrimonio netto* PN) of the co-operative movement

	2004	2008	2012	2004	2008	2012
Agriculture	221 716	334 829	348 287	13.6	14.6	14.1
Consumer	87 856	164 591	202 898	5.4	7.2	8.2
Banking	1 204 550	1 615 505	1 678 777	73.8	70.3	68.2
LSSA	118 148	182 366	231 464	7.2	7.9	9.4
Total PN	1 632 270	2 297 291	2 461 426	100.0	100.0	100.0

Source: Elaboration from AIDA-BVD, sample of 290 co-operatives.

The challenge for each co-operative member is to remain the primary beneficiary of the initiative that has been originally organised and not become the "residual" claimant. In the FTC system this aim is guaranteed by the second level consortia, with a strong board governance controlled by management that continues to push for sales growth. Often, this action involves non-member related business activities, as is evident in LSSA and consumer co-operatives. The traditional model inspired the accumulation of large indivisible reserves within the rural banks, that over time developed their business with non-members (for instance, lending to the Province). The accumulated net worth, however, had been considered as a form of "collective equity" that could be used for the co-operation movement. The Federation itself views this equity as the product of the "systems" or the "district" as has been recently redefined by its management.

The tensions are however growing among some members. The competitive market conditions for some sectors, like fruits or dairy products or services, justify the recent acquisitions or joint-ventures with private-owned firms to ensure business oriented initiatives to market and non-members. Allocation practices in the redistribution of the economic benefits and refunds remain a central feature of the co-operative action, and this may challenge the future governance practices in

case of difficulties of some large co-operatives. Of course to the detriment of local community welfare that marked the tradition of co-operation in Trentino.

The Federation experience shows that co-operation has economic advantages and is attractive to producers and users. Explaining the resilience of the co-operation movement in the province, even in a critical period of economic recession, is not an easy task, given the heterogeneity of the actors. Agricultural, consumer and banking co-operatives provide many services that could not be realised in quantity or quality by each single member. Then, only the co-operative is able to meet the interests of the members and enhanced their individual revenues and benefits, as one can expect from a mutualistic behaviour.

From this respect, the co-operatives have been more efficient than private enterprises. However, the notion of co-operation has different meaning depending on who is defining: a public interest role (art. 45 Italian Constitution), a “merit good” that favours the superior social solution (Jossa 2010, Elsner 2012)) an “ethical value”, as dictated in the regional and provincial laws or because members believe in the ethical values of honesty, openness, social responsibility and caring for others. All definitions fit well into the range of objectives for a better society and the circumstances accompanying the long history of the Trentino co-operative movement. The co-operative form, better than other organisational forms, creates benefits, supports some external economies or reduces the cost of marginalisation (personal or territorial). This was clearly incorporated in the principles of the early co-operatives that handled the primary need of the member families and those principles evolved into new activities and initiatives.

Today the situation is different for at least two real reasons that increase the complexity of the movement. The activities of the traditional co-operatives have changed and grown in size: for instance, the role and the size of the rural banks or the large consortia in consumer and agricultural sectors. In addition, their economic and financial development is much more closed to the capacity, the competitive capacity, to serve the non-members.

The same benefits arise even for some social co-operatives that provide services unmet by the public sector. Realising the market failure, as economists define the situation, the social co-operatives have internalised such opportunity in providing the public services to the local community. This exchange may have been spontaneous or coordinated with the local authorities, but the co-operative status guaranteed the respect of the democratic principles and a larger public interest. Therefore, the co-operative tradition in Trentino could be considered as a social norm that continues to protect and enforce the concept of autonomy, so often recalled by the President of the Federation meetings.

CONFRONTING THE TRENTO CO-OPERATIVE SYSTEM WITH OTHER INTERNATIONAL CO-OPERATIVE SYSTEMS¹³

In the present chapter we will try to present six international cases of co-operative systems. The first problem we face in the selection of cases is to define the idea of co-operative system. The literature on this is scarce contrary to what one may expect considering the relevance of territories in the co-operative identity. Nevertheless, there are some relevant exceptions such as the works of CRISES, a French-Canadian research centre on Social Innovation where we find the proposal of the territory as system producer. Thus, the territory would produce systems of various types:

- **Political systems** where being part of the territory inspires alliances and coalitions between social and political actors providing the basis for the territorial governance.
- **Production systems** where proximity induces the networking of actors involved in the production of a good or service.
- **Territorial systems** of innovation where some groups of actors create the conditions either to generate innovation or to disseminate it.

Furthermore, they also propose that “these systems of actors produced by the territory can build on the sense of identity, of belonging, on the geographical proximity that nuances social distances and therefore favours forms of consultation and partnership”¹⁴.

Another line of development can be found in the literature about legal framework assessment and the idea of enabling environment which is in the origin of the proposal of entrepreneurial/entrepreneurship ecosystems¹⁵. This approach has been increasingly used in the development of the Social Entrepreneurship agenda in the European Commission and is now part of the main political documents in this area.

Combining both lines of thought we propose to describe the six systems included in this chapter according to these dimensions:

Actors: we will try to describe the numbers and the biodiversity, i.e. the existence of different types of actors not only within the co-operative sector (e.g. different types of co-ops) but also outside it (e.g. if they interact significantly with public actors or trade unions).

¹³ The author would like to thank Jan Olsson, REVES (Europe); Gordon Hahn, Coompanion (Sweden); Francesca Petrella, Maître de Conférences à l’Université de la Méditerranée à Aix-Marseille (France); Nadine Richez-Battesti, Maître de Conférences en Sciences Economiques à Aix-Marseille Université (France); María Inés Vázquez, Universidad de la República (Uruguay); Rafael Chaves, Universidad de Valencia (Spain); Alberto Mora, ACI(United States); and Dalia Borgei, Universidad de Costa Rica (Costa Rica), for their helpful insights and comments on the elaboration of the case studies.

¹⁴ “C’est systèmes d’acteurs générés par le territoire relèvent de l’identité, du sentiment d’appartenance, de la proximité géographique qui nuance les distances sociales, ce qui induit des formes de concertation et de partenariat”. Bouchard M.J., Carrière J. et al. (2005).

¹⁵ This approach has developed in the past thirty years to highlight the environmental factors that up to 1985 have been neglected in the literature about entrepreneurship.

Legal/policy framework: Legal framework is one of the most accepted environmental conditions to describe a friendly ecosystem. We propose to enlarge it to policy framework since we believe that policies different from legal dispositions are relevant in this case.

Political/societal awareness: within this dimension we will try to, at least, propose some ideas related to the sociological conditions that foster/hinder the development of a co-operative system. Since in order to do it properly we would need to mobilise more resources than those available to us we will base the assessment of this dimension on a few interviews with local key informants.

In relation to the Policy Framework we will be using the taxonomy proposed by Chaves (2012)¹⁶:

- **Soft policies:** aimed at creating a friendly environment.
 - Institutional measures (legal forms, public bodies to support them, etc.).
 - Cognitive measures (research, training and education, awareness raising, statistics...).
- **Hard policies:** aimed at supporting the development of companies.
 - Offer policies: aimed at improving the competitiveness of co-operatives.
 - Financial policies and technical assistance.
 - Demand policies: aimed at the activities of co-operatives: social clauses or support in exporting for example.

In relation to political/societal awareness we can bring in the proposals of Chaves and Demoustier (2013). According to them, a policy framework towards Social Economy (SE) as a “differentiated sector” has been developed in many countries in recent years thanks to presence of certain favourable conditions which are gathered around three streams: problems, policy and politics ones. All three of them include “knowledge” instruments, i.e. indicators, research and other data, which helped policy entrepreneurs (within and outside government/policy makers) to produce such changes in the policy framework. The same could be applied to Co-operatives and in the case of the problems stream we can signal whether there is an alignment or not of the co-operative system with some of the key challenges of the territory/community.

One final consideration on this societal dimension: it is based in the constructivist approach of policy networks¹⁷. We believe that this is a methodological instrument with significant explanatory power for understanding the birth and evolution of these systems. An important point in this work is the definition of interests model of this approach. Thus, in accordance with this meta-theory, human agents do not exist independently from its social context and shared system of meanings. This means that agents and structures interact and as a result of this interaction are formed identities, preferences and interests. So the interests are socially constructed. This is especially important to really understand what happens in models of public-private dialogue. Thus, with a constructivist approach we can bring in the analysis those intangible capitals that also produce system, that produce territory and community.

¹⁶ Chaves (2002): “Las políticas públicas y las co-operativas” in *Ekonomiaz N.º 79, 1er cuatrimestre*, 2012. Spain.

¹⁷ See Börzel (1997, 3) for Policy Networks and Risse and Wiener (2001) and Checkel (2004) for Social Constructivism in Political Science.

COSTA RICA

Costa Rica is a small country in Central America with only 51 100 km² and a population of 4 586 353 (2011). But despite its size it is renowned both for its well preserved nature and its human development. Thus, in 2010 Costa Rica was cited by the United Nations Development Programme (UNDP) as having attained much higher human development than other countries at the same income levels and it appears at the top of some not-GDP-based index (like the happy planet index).

Furthermore, over 25% of Costa Rica's national territory is protected by SINAC (the National System of Conservation Areas), which oversees all of the country's protected areas. Costa Rica also possesses the greatest density of species in the world.

It is a Republic with a significant record of political stability which is the more significant if we compare it with its neighbours. It has not gone through civil wars period like most of them, but this does not mean that the situation beyond its border and the influence of the USA has not had a disruptive influence in the internal life and development of this wonderful country.

Actors

Co-operatives

Co-operatives play a central role in Costa Rica's economy and society. They have been present in the country since socialist intellectuals brought these ideas from Europe back in the beginning of the 20th century. Another two relevant moments in its history are: i) 1943, when under the impulse of the *Centro de Estudio para los Problemas Nacionales* (National Problems Study Centre) several co-operatives were created; and ii) 1970s and 1980s (after the 1968 law on Co-operatives) where the number of co-operatives grew at a steady pace. We can see in Table 15 this development:

Table 15. Co-operative growth in Costa Rica

Year	Number of co-operatives ¹⁸
1963	67
1973	289
1983	407
1990	398
1993	375
2000	318
2008	347
2012	376

Source: National Co-operative Census, Infocoop, 2012.

This is also related to the development of the second level structures such as the Federations (sectoral groupings) and the Unions (geographical groupings) during the sixties. There are also a number of consortia.

These groupings play a key role in the political representation of co-operatives, as a matter of fact Costa Rica shows a high level of political influence from this sector. They are organised in one representative organisation at national level, the CONACOOOP (National Council of Co-operatives) and one organisation representing the self-managed co-operatives (*co-operativas autogestionarias*)¹⁹. This type of co-operatives was sanctioned by the 1982 reform of the Co-operative Law and this included the representative body for them. We can therefore state that there is a relevant degree of biodiversity in the system from the point of view of co-operatives. Nevertheless this biodiversity is

¹⁸ These are only adult co-operatives, i.e. the pupils and students co-operatives are excluded.

¹⁹ CPCA: Comisión Permanente de co-operativas de Autogestión (Self-managed co-operatives Permanent Commission).

somehow hindered by the stop in the development of the legal framework (see below). Thus we find four basic types of Co-operatives:

- The so-called traditional ones (credit, consumers, services).
- Self-managed (workers co-operatives).
- Co-managed (a mixture of workers and producers, the state can also be part of them).
- Groupings.

They are present in almost all sectors of activity playing a significant role in:

- Credit/Insurance: 14% of the profit in the financial sector, 9,2% of the whole population covered by a health insurance.
- Agriculture: 36,5% of the national production of coffee.
- Public services: 708 000 beneficiaries of co-operative electricity providers, over 33 million users per year in public transport managed by co-operatives.

Though they are also present with a high stake in industry (418 MEUROS on assets on 2012) or distribution/trade (64 MEUROS).

From the public side we find one institution whose role is the promotion of co-operativism (INFOCOOP), including controlling/supervisory powers. It is responsible for the elaboration of a very complete national census of co-operatives every four year. This census produce a vast array of relevant data about the presence of co-operatives in Costa Rica's society as those above mentioned and, for example, the following ones:

- 21% of total national population is a member of a co-operative (88 7335 persons).
- 21 632 direct jobs.
- 218 schools have pupils or students co-operatives (with the 376 adults co-operatives make a total of 594 co-operatives).
- Over 33 millions of users of transport co-operatives as public services.

Institutional setting

In Costa Rica we find a very symmetric institutional setting with one body representing co-operatives and one body in charge of policies (be them support or control ones), both created by law in 1973 as previously mentioned:

- CONACOOOP (National Council of Co-operatives).
- INFOCOOP (National Institute for the Promotion of co-operativism). This public body have a mixed nature since its board is composed of seven members, four coming from the Co-operative sector and three from the State (National Bank of Costa Rica, Ministry of Agriculture and Ministry of Labour and Social Security).

This does not mean that there are no other relevant bodies such as the CPCA, which is the organisation representing self-managed co-operatives, on the private side and CENECOOP which is the public body in charge of the training (a typical institution in many Latin-American countries).

Another relevant public actor is Banco Popular y de Desarrollo Comunal. This is Bank created by Law 4351 on 1969. It is the Bank of the Workers of Costa Rica and it is governed by the Assembly of Workers where different social sectors seat, two of them being the traditional co-operatives (represented by CONACOOOP) and the self-managed co-operatives (represented by the CPCA). Their weight in the governance of the Bank is evidenced by the fact that two of the four members of the National Directory comes from them (the President and one of the vocal). It has played a relevant and sometimes controversial role in the development of Co-operatives.

Policy Framework

As we pointed out above, Costa Rica is a very stable country and this stability is even more outstanding if we consider the region. The current Constitution dates back to 1949 (though it has had several reforms since that year). What is more important to our study is that it includes an article on the duty of the State to promote co-operatives:

Article 64.- “The State shall promote the establishment of co-operatives as a means to provide better living conditions for workers”²⁰.

The introduction of this article is directly linked to the relevance of co-operativist ideas in the first half of the forties thanks to the labour of the *Centro de Estudio de los Problemas Nacionales* (the National Problems Study Centre).

Another relevant point is the complexity and scope of the policy framework. Thus in the INFOCOOP we find five areas of policies: promotion, supervision, education and training, technical assistance and funding. These covers the four categories of policies mentioned above:

- Soft policies: Institutional and cognitive ones.
- Hard policies: offer (divided into financial and technical assistance instruments) and demand ones (addressed at facilitating the access to foreign and public markets).

Soft policies

Institutional policies

Legal framework

It is well develop framework thought it pace of adaptation to changing conditions has decrease in the last twenty years. The first piece of legislation on this issue is from 1943 when a chapter on co-operative Associations was included in the *Código de Trabajo* (Labour Code). This does not mean that there existed no co-operative prior to that date, since some has been set up already in the twenties. Then in the 1949 Constitution article 64 (above mentioned) was introduced (although the reform of the 1871 on 1943 also included an article on this issue). It is worth mentioning that this new Constitution was also the result of a thoughtful change of the State after a Civil War on 1948.

On 1968 and independent Law on Co-operative Associations is passed and then reformed substantially on 1973. It is in this reform when INFOCOOP and CONACOOOP are born. The following relevant reform occurs on 1982 when the new type of self-managed co-operative is introduced in the legislation. This reform created also the CPCA which is a body included in the CONACOOOP but in charge of the political representation of this sub-sector.

²⁰ “El Estado fomentará la creación de co-operativas, como medio de facilitar mejores condiciones de vida a los trabajadores”.

These decades are rich in the updates of the legal framework, but then since beginning of the nineties we have witnessed a period of stagnation in this area despite the demands for a relevant reform.

One relevant feature is the tax treatment of co-operatives, but which have to be taken into consideration with care, given the sharp differences both in the fiscal policies and in the level of tax fraud. There are several advantages, including for example the exemption of up to 50% of the income for co-operative members in the personal income tax.

Cognitive policies

Within this area we find classical training and education policies but also others such as the elaboration of the national census on co-operatives (last one from 2012). The INFOCOOP performs a wide range of activities in this area including research.

Apart from this, it is relevant to mention a Law (1980) on the Compulsory Teaching of Cooperativism (*Ley 6437 sobre la Enseñanza Obligatoria del Cooperativismo*) which makes it mandatory the education of co-operativism in all schools in the country, whether public or private.

Hard policies

Offer policies

Financial

This type of policies are very relevant in the history of co-operative. Thus, already in 1947 a section to promote the development of co-operatives is created in the National Bank of Costa Rica. Since the creation of the INFOCOOP they also have had an intensive role in providing reimbursable funding. Thus, according to the census, almost 23% of co-operatives have a debt with INFOCOOP (the largest figure, followed by 18.15 which has no debt).

Technical assistance

INFOCOOP provides technical assistance in the two basic dimensions of the co-operatives: managerial/technical and co-operative dimension.

Demand driven policies

Also in this area we find relevant policies in Costa Rica since they enjoy preferential treatment in public purchases in equal conditions of sell, purchase or distribution of goods as well as services. Furthermore, they also have the right to manage the services of energy distribution, factories and workshops belonging to the state²¹.

Political/societal awareness

One relevant thing when considering a system is its degree of openness and its biodiversity, both features making the system more resilient. In relation to both elements there is one relevant trend in many of them: their evolution towards more complex social economy systems. This does not mean that all of them tend to evolve into Social Economy, and thus include other types of actors different from the co-operatives into them, nor that this term should be taken into account in its narrowest definition. In that sense, we can include here other similar denominations such as solidarity economy, popular and solidarity economy, etc. In this case, though the use of terms such as social economy or solidarity economy is increasingly more common, they do not constitute well known and

²¹ 4179 Law from 22/08/1968 on co-operative Associations.

widespread concepts in the country. From that point of view, we are then dealing with a slightly less complex ecosystem that to a certain extent is showing some limits in their capacity to face societal challenges. This, despite the fact that co-operatives may be fit for some of these challenges, such as the re-construction of the welfare state and the evolution towards a model where the state does not provide for everything.

Nevertheless, one significant obstacle in this is the fact that the public image of co-operatives has been somehow tainted in the last decades. One possible explanation for that comes from within the system itself. We must bear in mind that its close ties with the public and with the political life of the country has made it possible for the emergence of some acute criticism, to the point that some well-informed actors may even consider the existence of a high risk of clientelism and corruption.

Other relevant external influence worth mentioning is religion. Costa Rica's Constitution declares that there is an official religion: Catholicism. As Coque (2002) states, religion (specifically the Catholic Church) is one of the three basic drivers of the development of co-operatives in America (the other two being the European migrants and the national governments). Along with it comes also the programme Alliance for Progress (initiated in 1961), which was one attempt from the USA to counterbalance the growing influence of the Cuban revolution. This is one of the reasons why the sixties is an important decade for the development of Co-operative, thanks to the simultaneous drive of both the USA influence and the different programmes of the Catholic Church.

Final Remarks

Costa Rica is well-known as one of the countries where the co-operative system is most developed. They have enjoyed great political stability and a comparatively high degree of welfare state development and this has allowed for a system with a high level of biodiversity. Nevertheless, it also shows some grey areas and clear setbacks, maybe because Costa Rica, despite its stability, has also suffered from external influences which have hindered its development. The fact is that despite recent, very positive, developments towards a more open, transparent and innovative system, a reinforcement of the bottom up approach with a more transparent governance is highly needed. However, we cannot produce easy euro-centric judgements without taking into account the environmental conditions of the region (with clear and heavy external influences that produce a high level of disruption) and, on the positive side, its amazing achievements which make it one of the world champions in co-operative development.

Moreover, this case can also show the perils that lie ahead of the development of political subsystems with well and solid apex organisations unless a system of checks and balances is established. There are potential negative externalities in producing vertical developments in the governance structure of these systems and we should have those in mind. This is even more the case if we deal with (Neo-)corporatist regimes, i.e. where the representation of interests is conveyed more in a corporatist manner than in a pluralist²² one.

Finally, we would like to signal that it does not show one unique anchor but maybe two: the credit co-operatives and the “new” self-managed co-operatives. This is clearly reflected in their influence in the governance system and structure. However, agricultural co-operatives and public service co-operatives do play a relevant role in society. On the other side, the Federations and Unions can also be key players in the system, but without playing the same role as consortia in the Trentino system.

²² See some key ideas about the differences between corporatism and pluralism in political systems here: [http://en.wikipedia.org/wiki/Pluralism_\(political_theory\)#Corporatism](http://en.wikipedia.org/wiki/Pluralism_(political_theory)#Corporatism)

URUGUAY

Uruguay, whose official name is Oriental Republic of Uruguay, is a small South American country. In fact, with an area of approximately 176 000 square kilometres, Uruguay is geographically the second-smallest nation in South America after Suriname. It has a population of 3 286 314 inhabitants.

It is also well ranked in the Human Development Index (HDI), among the high developed countries. It is placed in the 51st position (2012) only third in his continent, after Chile (40) and Argentina (45), though if we use the Inequality-adjusted index it climbs to the 44 position, one place ahead of Argentina and just behind Chile. In other index with an environmental bias Uruguay is not so well placed due to its ecological footprint.

Its recent history is also marked by the political oppression during the dark years of dictatorship (1973-85).

Actors

Co-operatives

According to Coque (2002) Uruguay is a significant element in the history of co-operatives in the continent since is one of the four entrance routes of modern agricultural co-operatives in Latin-America. Uruguay is also a country with a well-developed biodiversity of co-operatives since it belongs to those Latin-American countries where worker co-operatives have a relevant presence. Furthermore, they also have the social co-operatives (see below). There are nine types of co-operatives according to the Law:

1. Worker co-operatives.
2. Agricultural co-operatives.
3. Consumer co-operatives.
4. Housing co-operatives.
5. Credit co-operatives.
6. Insurance co-operatives.
7. Mutual guarantee co-operatives.
8. Social co-operatives.
9. Co-operatives of artists.

It is worth mentioning the relevance of the housing co-operatives which are considered international best practices.

According to the last data available (2009) in Uruguay there are:

- 1 164 co-operatives.
- They have 907 698 active members.
- 27 449 direct jobs.

This census (2009) does not use the taxonomy of co-operatives but rather the economic activity according to the International Standard Industrial Classification of All Economic Activities adapted to Uruguay. The only data we have on the different types of co-operatives is the break down per region, but then, again, it uses a different taxonomy from those types including in the law. Thus we can find in this census the following data:

Table 16. Co-operatives in Uruguay (2009)

Type	Number
Agricultural and Rural Development Societies	125
Credit	67
Consumer and others	31
Medical	40
Dental (Dentists)	36
Worker and Social Co-operatives	284
Housing	581

Source: Census of Co-operatives, INACOOOP (2009).

It is relevant to notice that there are no data on co-operatives of artist and, on the other hand, there are on types of co-operatives not included in the Law.

If we compare these data with those from the previous census (2004) prior to the new law (2008) we see that the classic co-operatives are decreasing (agricultural, consumer, housing) with the exception of credit and the new ones are increasing.

Table 17. Co-operatives in Uruguay (2004)

Type	Number	Members
Agricultural and Rural Development Societies	179	39 049
Credit	60	539 295
Consumers	38	23 1890
Worker Co-operatives	279	8 365
Housing	685	26 332
Total	1 241	84 4928

Source: Census of Co-operatives, CUDECOOP, 2004.

In relation to the data provided in the new census it is also interesting to see that co-operatives are present in 55 types of activities of the above mentioned classification.

One very interesting element from the point of view of the systemic approach is the growing relations among actors and its increased complexity. There is an effort to develop links not only with the main coordination unit (INCACOOOP as we will see below) but to go beyond and, building on that coordination, develop ties with other ministries and bodies. An example of this is the recent study to identify sectors of the economy with more opportunities to develop or strengthen the co-operatives. Nevertheless the official title of this document refers to Social Economy which is also relevant in systemic terms.

Finally, in relation to the actors, though it may be also included in other sections, it is worth signalling that this is an open system with close ties at regional level (Mercosur) and beyond. Thus, since 2001 there exist a specialised meeting on co-operatives, i.e. a permanent body within the Mercosur institutional system. This body was created on Montevideo and it includes representatives of governments and the co-operative sector from the four full members of Mercosur (Brasil, Paraguay, Uruguay and Argentina).

Institutional setting

Here again we have a symmetric architecture of the system with one Confederation representing all types of co-operatives (CUDECOOP, Uruguayan Confederation of Co-operative Entities) and one body implementing most policies (INACOOOP, National Institute of co-operativism).

The former is the result of a process of convergence which has as a milestone the creation of the *Mesa Nacional Inter Cooperativa* (National Inter Co-operative Board) on 1984 which led to the founding of the Confederation on 1988. It is made of Federations or similar groupings (such as some credit co-operatives) and one member which is an NGO whose mission is the promotion of co-operatives.

The latter, INACOOOP, was created by the Law 18407 on 2008. It proposes advices on and implements the national policies on this area. It is co-funded by the sector through the so-called para-taxes or *prestación coactiva* (coercive provision²³) included in the Law (articles 2002 to 2005). This provision depends on the type of co-operatives (for example social co-operatives or representative groupings are exempted) and the economic performance. Its board is composed of five members, three proposed by the government and two by CUDECOOP.

It has two main tools to perform its activities: one promotion and education fund (FOMCOOP) and one special revolving fund (FRECOOP). The latter is aimed at organisational development activities.

Apart from this it is worth mentioning that social co-operatives fall within the area of support of the Social Development Ministry which up until 2012 has an unit or General Directorate for this matters. Now, we can only find a department of two persons within the Socio-Labour Division.

Supervision falls within the general supervisory body: *Auditoría Interna de la Nación* (Internal Audit of the Nation) with some exemptions for social co-operatives and credit co-operatives.

Finally, the central coordinating role of the INACOOOP has allowed for the development of other more or less specialised ties with certain departments of the Government. The most relevant one is the relation with the Ministry of Industry or the Agriculture one.

Policy framework

In this case we have a different story in the development of this framework since at the same moment when in Costa Rica the governments were pushing for the growth of this sector with new and updated legal provisions in Uruguay there was a dictatorship which was not interested in doing so. Thus, despite the efforts to produce in 1974-75 a reform of the 1946 law on co-operatives, this did not take place until 2008 with the Law 18407. This slow pace of reforms is now changed and this law has been updated and 29 article changes in 2013.

Soft policies

Institutional policies

Legal framework

In this case there is no article in the Constitution, only an indirect mention. As we have already mentioned the development of the legal framework was firstly hindered by the dictatorship, but also at the beginning of democracy (mid-eighties) the sector was not well organised to push for a much needed and adequate reform. Then, in the nineties it was the time for neoliberal policies and not

²³ Equal to 0,15% of the profits.

enough interest in this distinctive form or entrepreneurship. We have even the case of the Law 16.060 on corporations which impose the commercial law on co-operatives (1989). Furthermore the strategy failed because there was not an adequate body to support the policy entrepreneurs within the government. As Gutiérrez (2007) puts it:

“We said that one of the difficulties (...) was the lack of a single specialised state body, to give its official guidance on the matter. The processing of the draft (proposal of Law) fully confirmed it”²⁴

There was an honorary commission on co-operatives, set up on 1991 but was not active or without sufficient resources. Nevertheless, the efforts from the sector and a friendlier international and local context, made possible the reform on 2008. The above mentioned Law 18407 introduced the creation of INACOOOP, takes on new forms such as the co-operative of artist and develops the social co-operatives created by Law just two years before, following the Italian model (Type B). They are in fact work insertion co-operatives and their target group is larger than the one of the Type B co-operatives since the members can come from any “sector with unmet basic needs, youth, disabled, ethnic minorities and any group in extreme social vulnerability”²⁵. Social co-operatives were created by a Law 17978 from 2006.

Cognitive policies

In this area we find less variety than in Costa Rica, but again there are training and education measures, some research and awareness raising measures such as the Census, though it has only been done once and we do not know if it will become a periodic survey.

Hard policies

Offer policies

Financial

Here we find the above mentioned two funds, the FOMCOOP which provide grants or similar and which can be used for targeted and more general promotion actions. Thus, we find among those actions supported in 2012: Support for co-operatives taking *empresas recuperadas*²⁶ or support for the changes in Statutes derived from the reforms of the Law. Here we find also other measures which would fall in the soft policies such as radio programme, the events of the Co-operative Day, etc...

FRECOOP is a typical revolving fund with different lines: guarantees for public tenders, subsidies for the interest rate of loans for innovation projects, regular investments, etc. It seems not to provide working capital.

²⁴ Gutiérrez (2007), “2008: Odisea en el tiempo, o “La larga marcha hacia la sanción de la ley general de co-operativas del Uruguay” in LA ECONOMÍA SOCIAL EN IBEROAMÉRICA Enfoques de interés en España, Portugal y Uruguay. Fundibes, Fundibes, España, 2007. Own translation.

²⁵ Law 18407 from 2008 on the co-operative System.

²⁶ *Empresa recuperada* is a Spanish term which refers to those companies where the workers reclaim the ownership of a company which usually was being abandon by its owner/s. It is increasingly being used also in English speaking countries. As wikipedia notes: “Fábricas recuperadas means “reclaimed/recovered factories.” The Spanish verb recuperar means not only “to get back”, “to take back” or “to reclaim” but also “to put back into good condition”. Although initially referring to industrial facilities, the term may also apply to businesses other than factories”. See: http://en.wikipedia.org/wiki/Workers'_self-management#The_f.C3.A1bricas_recuperadas_movement

Technical assistance

Some of the support provided through FOMCOOP is qualified as technical assistance since they are consultancy services or a type of technical assistance support. Nevertheless, these types of measures are not very relevant.

Demand driven policies

We have not found any type of support to participate in public tenders apart from the guarantee scheme from FRECOOP above mentioned, nor have we found any data on differentiated support on exports.

Political/societal awareness

In this case we can point out some elements. Firstly it is quite significant the strategic approach of the co-operative sector towards the societal challenges. Thus, they have presented in June 2104 the “Programmatic Proposals of the co-operative movement to express the will of the sector to participate in the construction of the plans to be carried forward for the country's sustainable development in economic, social, environmental and territorial terms”. This document, though having a clear lobby intention, is expressed in societal terms and for example it makes referent to go beyond simplistic economic development towards a more holistic approach. Moreover it states that there is a scarce understanding of the “co-operative system” by the general public.

Another relevant point is that these programmatic proposals and other documents are expressed in wider systemic terms, i.e. they refer often to the wider term of social economy where co-operatives play a central role. Thus the final part of the document is entitled “Proposals to Meet the Current Challenges for the Development of Co-operative System and the Social Economy”. In this sense, though, we are in a similar situation to that of Costa Rica, previously mentioned, the use of such terms is increasingly more common, but it is not sufficiently widespread and, which is more relevant, the system has not yet evolved into a more complex one including other types of social entrepreneurship. Moreover, there are moves to produce a Law on Social Economy.

Finally it is worth mentioning the differences in the political and administrative systems which have an influence in the development of such systems. We have already signalled the relevance of the influence of the Dictatorship in the policy development of the policy framework. This is modern history in many countries in South America: we are not dealing with fair democratic battle of ideas, we are dealing with a country with a tormented recent past. Nevertheless, the current situation has served to heal many injuries and, as we have seen, the Co-operative movement is also participating in such a development. However, here there are also perils that lie ahead. Again, we are not in the presence of a clear pluralistic political regime (we could also argue that Mediterranean states such as Italy or Spain are not yet so, though there is a trend to overcome rigid corporatist structures), although in this case the vivid memories of a difficult past (among other elements) can play in favour of more open and participatory models. In brief, although the environmental conditions linked to the representation of interests place most Latin-American countries, in an axis from corporatist (more vertical) towards pluralist (more horizontal) regimes, closer to the formers; in this case we have not seen the same problems as those mentioned above for the case of Costa Rica.

Final Remarks

In this case we cannot identify clear anchors of the system, though we could say that traditionally agricultural, housing and credit co-operatives have played a key role but recent developments and environmental conditions seem to favour a trend towards a higher relevance of workers co-operatives (including social ones). This could be of interest since it seems to parallel similar trends in Trentino.

It also shows an increasingly complexity/biodiversity in the system supported by the developments in the policy framework and relevant role in the region and at international level. This latter and a certain degree of openness seem to favour policy learning and adaptation.

QUEBEC

Quebec, or the *beautiful province* as they call it, is one of the thirteen Canadian provinces²⁷. It is its largest province by area and its second most populous one after Ontario, their neighbours. Moreover, it is the only Canadian province that has a predominantly French-speaking population, and the only one to have French as its sole provincial official language. Canada, a Federal State, is also a country very proud of its nature, to the point of including the Maple Leaf in the flag when they decided to drop the Union Flag and the unofficial Canadian Red Ensign back in 1965. Despite this, its ecological footprint, though lower than the one of its neighbours is still very high (the eight country in the list of highest footprint per inhabitant).

Traditionally well ranked in the HDI, in the last edition (2012) lost four places, falling to the 11th position. Quebec is placed fifth in the internal rank of provinces, after British Columbia and, with 0.903, it is just below the Canada's 0.908 points (which means it would be placed in 14th position in the global index).

It is the second largest province of Canada by area with 1 542 056 km² and also the second most populous one with 7 903 001 inhabitants (2011 data).

Quebec is one of the world champions in co-operative and social economy development. They are also very active in the international scene, to the point of being the host of the First World Forum on Social and Solidarity Economy back in 2011.

Actors

Co-operatives

The figures of the co-operative movement in this Canadian province are impressive. There are some 3 300 actives co-operatives and mutuals in Quebec and they have 8.8 million members (producers, consumers and workers). The most relevant sectors are:

- Finance (including insurance).
- Food industry and agriculture.
- Housing.
- Forest industry.
- Funeral services.
- Health care and schools.

Other relevant figures are:

- Non-financial co-operatives amount to 2 800 and have around 1.2 million members. They employ more than 44 000 workers and have a turnover of over 11 billion CAD.

²⁷ Officially ten provinces and three territories: Northwest, Nunavut and Yukon.

- Co-operatives have a significantly higher than traditional business survival rate, be then after five years (62% vs 35%) or ten years (44% vs 20%).
- 60% of jobs are located in regional co-operatives.
- 40% are located in urban areas of Quebec, Montreal and Laval.
- They persist over time: 16 non-financial co-ops have more than 75 years of existence.
- They create more jobs than other types of businesses: From 2003 to 2007, the number of net new jobs in the non-financial co-operatives increased by 12.4% to 3.1% per year. During the same period in Quebec's economy the number of net jobs increased by 6.1% to 1.5% per year.
- The 1st and 5th private employers in Quebec are Desjardins Group (credit co-operative) and Network Federated Coop.
- All these data is extracted from the website of the apex organisation (*Conseil québécois de la coopération et de la mutualité*, see below) and it shows the relevance they give to producing statistics of many different types as a key element in their dialogue with Quebec's society.

On a slightly different note, if we look at all the sectoral federations existing in the province (see below under the institutional setting paragraph) we are able to see the rich biodiversity of the types of co-operatives existing.

The Law identifies the following ones:

- Producers.
- Agricultural.
- Consumers.
- Housing.
- School (milieu scolaire).
- Workers co-operative.
- Shareholders workers co-operative.
- Solidarity co-operative.

Other actors

Furthermore, from the financial side, the incredible richness of the system is outstanding. See below all the various organisations and resources that support social economy's development:

- *Chantier de l'économie social Trust (la Fiducie du Chantier de l'économie social).*
- *Association des centres locaux de développement du Québec (CLD).*
- *Alliance de recherches universités-communautés (ARUC) en économie sociale et le Réseau québécois de recherche partenariale en économie sociale (RQRP-ÉS).*

- *Capital financière agricole (agricultural finance capital).*
- *Capital régional et coopératif Desjardins.*
- *Caisse d'économie solidaire Desjardins.*
- *Comité sectoriel de main-d'oeuvre de l'économie sociale et de l'action communautaire (CSMO-ÉSAC).*
- *Conférence régionale des élus (CRÉ).*
- *Conseil québécois de la coopération et de la mutualité.*
- *Chantier de l'économie sociale.*
- *Fédération des coopératives de développement régional (CDR).*
- *Fondation.*
- *Fonds de solidarité FTQ.*
- *Investissement Québec.*
- *Portail Économie sociale Québec.*
- *Ministère du Développement économique, de l'Innovation et de l'Exportation.*
- *Regroupement des corporations de développement économique communautaire du Québec (CDEC).*
- *Réseau des Sociétés d'aide au développement des collectivités (SADC).*
- *Réseau d'investissement social du Québec (RISQ).*
- *Réseau québécois du crédit communautaire.*
- *Table nationale des Corporations de développement communautaire (CDC).*

Moreover, one relevant element of the Quebec case is the significant participation of the trade union in the system. Thus, the *Fonds de Solidarité* (Solidarity Funds) of the FTQ (the biggest trade union in the province) and *Fondation from the CSN* (Confederation of National Trade Unions) have played, and still are, a key role in the participation of workers in the management of companies and in the funding of co-operatives. Furthermore, their collaboration in the development of social economy is highly significant. Thus, although the Fonds de solidarité FTQ has not yet made any direct investments in social economy businesses, it has invested \$25.5 million in social economy investment funds. Both funds take part in the Social Economy Trust (*Fiducie de l'Economie Sociale*) specialised on patient capital for this type of company. Another relevant type is the research actors, which will be addressed in the cognitive policies section.

Finally it is worth mentioning that given the development of the concept of social economy in the province there is also a series of actors in this field which enhance the biodiversity of the system. As an example, we have visited the site of the representative body of social economy (*the Chantier*

de l'Économie Sociale) and in the section on networks of social economy promoters²⁸ we have found 27 entries to different organisations and networks.

In this case social economy basically includes all co-operative actors and on top of that other actors in the form of associations and similar.

Institutional setting

According to its complex nature, the institutional setting of the Quebec province is rich and vast. On the co-operative side we see that the political representation of co-operatives in Quebec is organised in two layers, one Confederation presenting an unitary representation, the *Conseil québécois de la coopération et de la mutualité* (CQCM) (Quebec Co-operatives and Mutuals Council) and a long series of sectoral federations:

- *Confédération québécoise des coopératives d'habitation.* (Housing co-ops).
- *Fédération québécoise des coopératives forestières.* (Forest co-ops).
- *Fédération des coopératives de développement régional du Québec.* (Regional development co-ops, i.e. a network of supporting organisations promoting the creation of co-operatives).
- *Fédération des coopératives de câblodistribution et de télécommunication du Québec.* (Telecommunication and Cable co-ops).
- *Réseau de la coopération du travail du Québec.* (Worker co-ops).
- *Fédération des coopératives funéraires du Québec.* (Funeral care co-ops).
- *Fédération québécoise des coopératives en animation et en formation financière L'Actif.* (Financial information/education co-ops).
- *La Coop fédérée.* (Food and agriculture co-operatives which have moved into energy, tools for agriculture and meat transformation).
- *Fédération des coopératives québécoises en milieu scolaire.* (School co-ops).
- *Fédération des coopératives des paramédics du Québec.* (Paramedics co-ops).
- *Fédération des coopératives du Nouveau-Québec.* (Inuit co-ops).
- *Fédération des coopératives d'Alimentation du Québec.* (Food co-ops).
- *Fédération des coopératives de services à domicile et de santé du Québec.* (Home care and health co-ops).
- *Fédératoir des coopératives de travailleurs actionnaires du Québec.* (Workers-shareholders co-ops).
- *Fédération québécoise des coopératives de maisons familiales rurales.* (The maisons familiales rurales are rural co-operatives working in the area of education with a different approach).

²⁸

Error! Hyperlink reference not valid.<http://www.chantier.qc.ca/?module=document&uid=885>

On the public side, the central role is played by the Ministry of Economy, Innovations and Export, where there is one Directorate for the Development of Co-operatives. However there are also sectoral relations with other policy departments and with other administrative levels (local, supra-local and regional ones). Thus, as an example, there *exists Fondation pour le développement des coopératives en Outaouais* (a Foundation whose aim is the development of co-operatives in this region within Quebec).

Nevertheless, there is another layer of complexity, since, as we have already mentioned, the social economy is a well-developed concept in this province and therefore we must take that into account when assessing the system. In this line there is one unitary representation of the social economy: the *Chantier de l'Économie Sociale de Québec* (the Social Economy “Yard”). There is also a public “counterpart” in the same Ministry, the Directorate of Social Economy.

Policy framework

In this case we are dealing with one of the most complex and developed policy framework which combines both an extent framework aimed only a co-operatives with another wider one aimed at social economy. For example in the latter case the position paper of the International Forum on Social and Solidarity Economy identified 26 areas with their corresponding measures in the various fields of social economy. In the case of the co-operatives the Ministry of Economy, Innovations and Export has in this legislative terms defined a four axis Policy Programme on Co-operative Development²⁹ with up to thirteen different measures (including the adaptation of the Law on co-operatives, see below).

In the same line, we could quote the introduction of Prof. Marguerite Mendell to the paper on public policies in Quebec towards social economy in the above mentioned International Forum on Social and Solidarity Economy:

“In Québec, where the sector is highly organised, an ‘innovation system’ to support the development of the social economy includes several activities that are key to the strategic development of the social economy, including: consultation, representation and promotion; support for the development of collective enterprises; financing; human resource training and development, and partnership research”³⁰. The same applies to co-operatives.

Soft policies

Institutional policies

Legal framework

There are two main Laws, the Act on Co-operatives (RLRQ c C-67.2) and the Act Respecting Financial Services Co-operatives (CQLR c C-67.3). Both are recently updated Laws since the one on co-operatives has been reformed ten times since 2004 and it replaced the previous Act on 1983. This is the result of one of the four axes of the co-operative development policy. The government has collected best practices, analysed them in the view of the Quebec socio-economic reality and in close collaboration with the sector amended the Law to update it.

Other Acts/Laws are:

²⁹ http://www.economie.gouv.qc.ca/objectifs/informer/politiques-strategies-plans-daction/page/politiques-et-orientations-10445/?tx_igaffichagepages_pi1%5Bmode%5D=single&cHash=4834980a12138858cd574ed93f5f5ae4

³⁰ Chamberlain, Toye, Huot and Émilien Gruet (2011).

- Act on the assistance to the development of co-operatives and non-profit entities (RLRQ, chapter A-12.1). With its corresponding decrees.
- Act on the Co-operative Investment Regime (RLRQ, chapter R-8.1.1).
- Law on the Regional Co-operative of electricity of Saint-Jean-Baptiste de Rouville and repealing the Act to promote rural electrification through electric co-operatives (SQ 1986, chapter 21).
- Non-financial co-operatives are governed by the Co-operatives Act. (RLRQ, chapter C-67.2) and its Regulations (Chapter C-67.2, r.1.1).

The complexity of the ecosystem is also reflected in the legal framework and since 2013 Quebec joins those territories with a Social Economy Act. In this case it came into force on October 10th 2013. It is not a so detailed Law, since “The object of this Act is to recognise the contribution of the social economy to the socio-economic development of Québec and to determine the role of the Government in that area”³¹.

Finally, it is worth mentioning that in the program of the Ministry in this specific area we can find a measure aimed at the “inclusion of co-operatives and other collective enterprises in all government measures aimed at companies”³².

At this point, given the complexity and richness of the Quebec co-operative system it is extremely difficult to produce an exhaustive description of all the policies in this territory, so in the following chapters we will try to summarise the most relevant ones at provincial level.

Cognitive policies

In relation to those policies managed by the Ministry, we can include here the fourth axis of the co-operative development policy: “Recognition by the government of the specific co-operatives and the promotion of co-operatives” with measures such as the Youth Strategy which has deployed 23 leaders in schools across the province to educate young people in primary and secondary co-operative entrepreneurship through school projects.

Another measure from Axis 3 (improvement of support services to co-operatives) could be included here: the development of structuring activities. The types of project which can be funded by the Ministry within this measure are strategic positioning, development of new services, research, sectoral analysis, etc..

Quebec is also very advanced in the area of co-operative training and research. All Universities has a chaired or an institute related to co-operatives and/or social economy. It is worth mentioning the Guy-Bernier Chair on Co-operatives of the UQAM (University of Quebec in Montreal) or the Canadian Hub on Social Economy Research which acted as a facilitator promoting collaboration among six regional research centres across Canada including the Alliance Community-University Research in the Social Economy (ARUC-ÉS) and the Quebec Network for Partnership Research on Social Economy (RQRP-ÉS).

Another relevant centres/chairs:

- Institute for Co-operative Education of the Concordia University.

³¹ Explanatory notes of the Social Economy Act (Bill 27).

³² See note 14.

- The Karl Polanyi Institute of the same University.
- Chair on Leadership on Education in the Creation and Management of Co-operatives and Collective Enterprises (CLE COOP) from Laval University.
- The co-operative programme of the Sherbrooke University (the first to be established back in 1966).

Hard policies

Offer policies

Financial

Here we can include all those measures of Axis 2: “Capitalisation tools and suitable financing for co-operatives”³³. These can be divided into two main types: direct investment or tax measures. In the first case we find the following ones:

- Assistance program for the capitalisation of companies in the social economy: unsecured loan including a discount on interest rates. It allows the members to complete their social capital payment.
- *Coopératif Desjardins (CRCD)*: Venture capital fund with tax benefit. It aims in particular at the financing of co-operatives least fuelled by the general public. The originality of this fund lies in the fact that people who invest seven years or more receive a tax credit totalling 50% of the amount invested.
- Assistance Programme Entrepreneurship Changing: Arts and Culture (Montreal): Government financial support for the creation and development of collective enterprises in the arts and culture in Montreal.
- Co-investment funds (2012): Provides funding for various co-operative projects: the taking over of a company by its workers, start-ups or the expansion of an existing co-operative.
- Co-operative development fund Nunavik (2012): Supports the direct participation of the Inuit population and co-operatives of Northern Quebec to northern development.

In relation to the tax measures there are these two policies:

- Co-operative Investment Plan: Tax advantage to promote the capitalisation by members. Allows members of a co-operative to deduct from their taxable income the amount invested in shares of an eligible co-operative.
- Reduction in deferred tax: This measure encourages the reinvestment of dividends. It allows deferring taxation of dividends reinvested in shares until redemption of these shares to members.

Technical assistance

In the case of this type of policies, the Quebec system follows a clear partnership approach and therefore the government supports financially the work carried out by the co-operative sector. Therefore, what we can find here is a “Partnership agreement on the development of co-operatives”³⁴

³³ Ibidem.

³⁴ Entente de partenariat relative au développement des coopératives.

which puts together in a single program the support services to co-operatives. This partnership agreement is signed by the Quebec Council of Co-operatives and Mutuals and establishes the four components that will be funded:

- Promotion of co-operatives and co-operative dialogue in the region.
- Provision of technical assistance to new co-operative entrepreneurs.
- Provision of support services to existing co-operatives.
- Development of structuring activities (see above, included in cognitive measures).

The partnership also establishes the types of actors which are eligible for this funding.

Demand driven policies

In this case we have not found a programme which is tailor-made for co-operatives nor any preferential treatment for co-operatives in public tenders. Nevertheless there are programs to develop what it is called social or sustainable procurement which is targeted partially/totally at social economy companies. The most relevant one could be the Quebec government's "*L'économie sociale j'achète*" (Social economy: I buy it). The initiative includes an invitation for municipalities and public institutions to sign a declaration of commitment to purchase from social economy enterprises. Finally an action plan from the provincial government should follow the adoption of the Social Economy Act and this should include measures to improve access to public procurement for social economy companies.

Political/societal awareness

We can see that co-operatives have an impact in the political system of Canada and Quebec. This can be easily deduced from the complete and detailed policy programme on Co-operative Development which has been put into practice in this legislative term in Quebec, including the reform of the co-operative Law and the introduction of an Omnibus Law on social economy on October 2013. Furthermore, there are other actors such as trade unions which also acknowledge their relevance not only in declarations but also in concrete actions such as the degree of commitment of their pension funds in this area.

The strategic approach in relation to societal challenges in this case is being taken on mostly by the social economy. This is also somehow predictable. When a system like this increased its complexity and scope by developing a strong social economy dimension it is strategically logical for it to somehow "assume" the role of *avant-garde* actor, the role of leadership in systemic transformation, which make it more adequate for it to be closer to the above mentioned societal challenges. The most relevant question in this case is the friendly coexistence of both subsystems (social economy and Co-operatives).

One final point worth remembering is the communitarian soul of the Canadian society. According to the Encyclopaedia Britannica *communitarianism* is a "social and political philosophy that emphasizes the importance of community in the functioning of political life, in the analysis and evaluation of political institutions, and in understanding human identity and well-being"³⁵. This stream of thought has well established in both North American countries since it reflects closely its set of values and beliefs. Both co-operatives and Social Economy, due to its socio-economic nature and principles find a fertile soil in it.

³⁵

<http://www.britannica.com/EBchecked/topic/1366457/communitarianism>

Final Remarks

QUEBEC is an outstanding example of a complex system with probably the highest biodiversity for a subnational territory. One interesting lesson could be also its capacity to adapt and to establish links with new actors digesting this increased complexity to grow both qualitatively and quantitatively. The co-existence of co-operatives and new actors from social economy is not without tensions but Quebec has shown its capacity to produce system with both actors.

With this complexity it is difficult to identify anchors in the system, maybe the *Dejardins co-operative* (Credit) could have played such a role.

ANDALUSIA

Andalusia is the second largest region in Spain with an area of 87 597 km² and it covers most of the South quarter of the Spanish mainland. It is also the most populated region with 8 424 102 inhabitants (year 2011). In order to have a somewhat “visual” reference, it can be noticed that it is bigger than the Netherlands, Belgium and Luxembourg all together. The second region in this category is Catalonia with almost one million inhabitants less (7 519 838).

Furthermore we have to bear in mind that Spain has a highly decentralised political system where the region is the highest sub-national unit and the one with the highest level of competencies. Thus, for example, the expected budget (expenditures) for this year (2014) will be € 29 619 630 660 for the region and the total expenditure for all national Ministries will be around 100 000 MEUROS. From the point of view of its political features, Andalusia has been an Autonomous region since 1981, which means that it enjoys political competencies similar to German Länder (among these competencies we could signal the exclusive competencies in health, education and active employment policies).

Spain is ranked 23rd in the Human Development Index with 0.888 points and Andalusia is below that (0.860) placed 16th out of the seventeen regions in Spain. It is also a region with very high level of unemployment: The latest available data from the Labour Force Survey for the third quarter of 2013 show an unemployment rate of 36.37% (1 447 300 unemployed) and 2 532 300 employed persons³⁶. The activity rate is 58.54%, and males exceed females by 15 points. GDP per capita in Andalusia may fall below the 75% EU average in 2014, due to the crisis. This data make unemployment the top political priority and the main concern in Andalusian society.

Actors

Co-operatives

The first element to be aware of when assessing the co-operative system in this region is that the social economy concept refers basically to co-operatives and similar types of companies. Thus, the data provided by all regional actors when they refer to this sector include:

- Co-operatives.
- Labour societies³⁷ (employee owned companies by shares). This type of company is internationally accepted as a co-operative and therefore they belong to those bodies (as CECOP or CICOPA) representing workers co-ops.

³⁶ Please note that with these levels of unemployment affect the development of WISEs since there are no “relevant” niches where to focus, but almost the whole territory and all sectoral groups (age, education, gender, etc.).

³⁷ Sociedades Laborales.

- Work insertion companies (many of whom are owned by co-operatives).
- They may include the self-employed.

In this case we will make reference to the first two since the third type is not significant in numbers in the region. Thus we can undoubtedly state that Andalusia is the leading region in Spain in social economy as the following data can demonstrate:

- 7 026 companies, 24.03% of all SE companies in Spain (first region well ahead of Catalonia with 11.17% and Valencia 9.25%).
- 65 597 jobs, i.e. 18.73% of the total employment in SE (co-operatives and labour societies) in Spain, again the first region in Spain, followed by Vasque Country (17.61%)¹ and Catalonia (14.87%).

Types of co-operatives according to the Law:

- Worker co-operatives. Within this type the Law identifies three special subtypes:
 - *Co-operativas de impulso empresarial* (co-operatives of entrepreneurship support). This are based on the *coopératives d'activités et d'emploi* (business and employment co-operatives) model.
 - *Co-operativas de interés social* (basically the Italian social co-operatives).
 - Transport co-operatives.
- Consumers co-operatives. Special subtypes:
 - Housing co-operatives.
 - Credit co-operatives.
 - Insurance co-operatives.
- Service co-operatives. Special subtypes:
 - Agricultural co-operatives.
 - Fisheries co-operatives.
- Special co-operatives: mixed co-operatives (mixing at least two of the types, not the subtypes).

The Law signals that the regulation of the Act should also regulate three other special types:

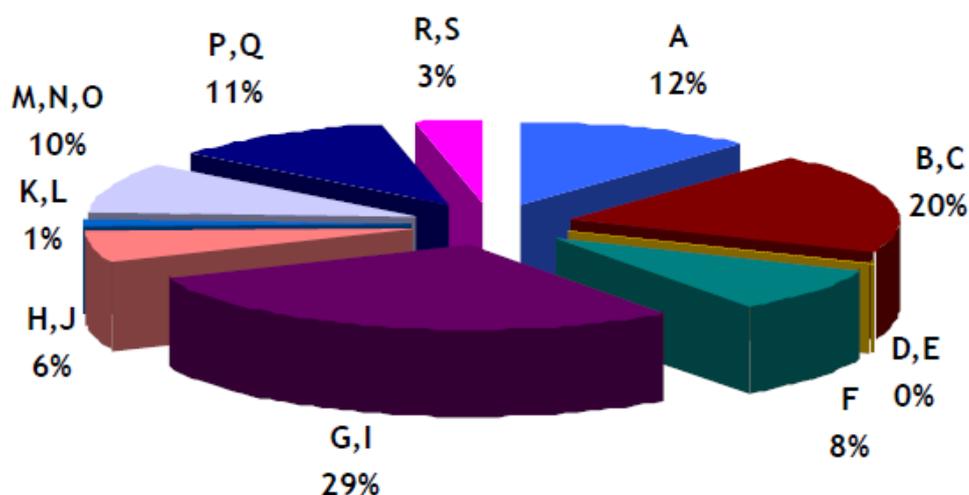
- Social inclusion co-operatives (B-types social co-ops).
- Public services co-operatives.
- Co-operatives for the community use of the land.

Therefore we can state that there is a rich biodiversity of co-operatives and that the system innovates to allow for new types to develop. Nevertheless, on the negative side, it is worth mentioning that some usually relevant types play a highly secondary role in the regional system both

because of their quantitative relevance and because of their qualitative participation in the governance and networks of the system. We are talking about credit and insurance co-operatives and public services provision except for education, culture and health/social services (electricity, water, etc).

CEPES-Andalucía, the umbrella organisation representing Social Economy (and the only one representing all types of Co-operatives) has a very good statistical service with periodic report (quarterly) but those reports do not show the distribution by co-operative types, instead they show the breakdown according to the economic activity (CNAE³⁸). In the following figure we can see the data from the last quarterly report (Data from the end of 2013):

Figure 19. Distribution of social economy companies in Andalusia according to their activity



Source: Informes estadísticos de CEPES Andalucía. 4th trimester 2013.

Legend : A agriculture, forestry and fishing ; B mining industries; C manufacturing; D electricity, gas, steam & air conditioning; E Water activities, sewerage, waste management and remediation; F construction; G wholesale and retail; repair of motor vehicles and motorcycles; H transportation and storage; I accommodation; J information and communications; K financial and insurance activities; L Real estate activities; M professional, scientific and technical activities; N administrative and support services; O public administration and defence; compulsory social security; P education; Q health and social services activities; R arts, entertainment and activities; S other services; T activities of households as employers and producing goods and services for own use; U activities extra-territorial organisations and agencies.

One final consideration, the size of Andalusian co-operatives is relatively small, with almost 68% of the employment concentrated in companies with less than 250 employees.

Institutional setting

The social economy concept developed very soon in Andalusia, and this development (along other considerations) produced that there is not an umbrella organisation for all types of co-operatives. On the contrary, all co-operative families have their Federation which then adhere to CEPES-Andalusia, the Confederation of Social Economy of the region. Thus there are four Federations representing the main types of Co-operatives:

- EMCOFEANTRAN, representing transport co-operatives.
- FAECA, representing agricultural co-operatives.

³⁸ CNAE-2009 is the National Classification of Economic Activities resulting from the international revision process known as Operación 2007, and has been compiled according to the conditions set out in the Regulation passing NACE Rev.2.

- FAECTA, representing worker co-operatives.
- FEDECCON, representing consumer co-operatives.

Then, there are other members representing Labour Societies (FEANSAL), Self-employed (five different organisations) and other types of companies (such as WISEs, Social Economy Schools, etc.). In total there are 17 members in CEPES-Andalucía.

Here we have also a very symmetric design with CEPES-Andalucía the umbrella organisation playing a central role and together with the DG for Social Economy they can be considered a perfect “dance couple” with more than twenty years of intense political collaboration (CEPES-A became a formal organisation in the late 90's just three years before the General Directorate changed his name from Co-operatives to social economy). The singularity of the Andalusian ecosystem comes from the inclusion as core members of the trade unions are key actors following the neo-corporatist political and administrative culture of the region.

Apart from them, there are solid, iterative and intense relations with other key actors such as Universities and financial sector (mostly regional saving banks and the scarce co-operative banks). Thus there are agreements with all public universities of the region (10) and representatives of social economy seats in the General Assembly of Andalusian Saving Banks according to the Regional Law. These other actors are key in having a diversified ecosystem which make it more resilient and productive.

One final point is that despite the central role of the DG on Social Economy, the signature of the Pact means that all ministries must consider social economy in the development of their policies. This has led to the increase, both in intensity and scope, of links with other sectoral departments. There are also some provincial pacts and other minor political agreements with sub-regional administrative levels.

Policy framework

Soft policies

Institutional policies

Legal framework

The first relevant issue to mention in this paragraph is that the Spanish regions have full competences in co-operatives except when it comes to the general tax Law. Nevertheless, labour societies, being companies by shares, are subject to the national company law and therefore the reform of that piece of the legal framework is more difficult.

Thus, the Regional Co-operative Act is very recent (end of 2011) although the regulation is taking more time. This is the second Co-operative Act in twelve years (the previous one dated from 1999 and it was reformed on 2002).

When it comes to supervisory powers, both dimensions (accounts and co-operative principles) fall within the regional government action. Nevertheless, given the size of Andalusian co-operatives (only those over 50 workers and/or a turnover of over 5.7 MEUROS) the majority of Andalusian co-operatives do not must pursue a compulsory annual audit of their accounts. Nevertheless, all Andalusian co-operatives must present their accounts of the previous year to the co-operative registry of the regional government.

A second relevant element is that the region has its own “Constitution”, the so called Statute of the Region, which has been voted in referendum on 1981 and also the reform in 2007. In this case

social economy was introduced into the Statute in four relevant articles. In the case of the previous one, co-operatives were mentioned following the constitutional mandate to support the development of co-operatives (Art. 129).

A third element is the inclusion of social economy in other relevant Laws, such as the one on Andalusian Universities (they must have a place in the social council of each one), Cooperation for development, on Regional Saving Banks and Employment Service (they also must have a seat Advisory Council of the Regional Employment Service along with Trade Unions and Employers).

Finally, it is worth mentioning the Andalusian Pacts for Social Economy (2002, 2006 and 2011). These Pacts are political agreements which, following a neocorporatist approach, set the main elements of a holistic policy program to be developed during the duration of it. Therefore they suit perfectly the “environmental conditions” of this ecosystem. They are signed by the three main actors of the system: regional government, CEPES-Andalucía and the trade unions.

Cognitive policies

There exist also a variety of cognitive policies, the most significant ones are training, with some international best practices as the Andalusian School of Social Economy and Post-graduate courses on almost every public University of the region. The less developed element, considering the degree of development of the others, is research. Nevertheless, this does not mean that there are no research activities funded by public bodies, or run by the own Co-operatives but, for example, they lack a body similar to Euricse³⁹.

However, when it comes to awareness raising policies and activities, there are a wide variety of them, starting by the production of statistics report quarterly and the existence of a central balance sheet data office on social economy. CEPES-Andalucía also produces yearly a survey to assess the awareness of the Andalusian society about this sector. Thus, in the last 2013 survey⁴⁰, 74.8% of the population considers social economy an specific economic sector and 16.5% have heard about CEPES-Andalucía (towards only 7% on 2005). These services are produced through a grant from the Regional government aimed at the development and structuring of the sector.

Hard policies

Offer policies

Financial

In the case of financial instruments, apart from a slightly preferential tax treatment (adapted also to the financial structure of the co-operatives), there are grants and loans aimed both at the start-up of new companies and at the growth of them. They are included in one annual call for proposals and divided into the following lines (according to the strategic design mentioned in the Pact):

- a) Line 1. Promotion of Employment in Co-operatives and Labour Societies.
 - Measure 1.1. Inclusion of new Members in Workers Co-operatives and Labour Societies.

³⁹ Euricse is the “Istituto Europeo di Ricerca sull’Impresa Cooperativa e Sociale” (European Research Institute on Co-operative and Social Enterprises), a research body of the Trentino system. <http://www.euricse.eu/en>.

⁴⁰ <http://www.cepes-andalucia.es/fileadmin/media/docs/Proyectos/2013%20Informe%20Tecnico%20Instantaneas%20de%20la%20Sociedad%20Andaluza.pdf>

- Measure 1.2. Hiring Managers and Specialised Technical Personnel.
- b) Line 2. Dissemination and Promotion of Social Economy.
- c) Line 3. Promoting Social Entrepreneurship.
- d) Line 4. Competitiveness Innovation and Social Economy.
- e) Line 5. Inter-cooperation.
- f) Line 6. Vocational Training.

There is also another Line called *Associationism* whose aim is the support of representative organisations such as CEPES-Andalucía and the sectoral Federations. Co-operatives are eligible for Lines 1 and 5 and the other lines are for the Confederation, the Federations and their specialised bodies (the Andalusian School of Social Economy and Innoves⁴¹ Foundations).

Finally, one relevant national instrument is the so-called capitalisation of the unemployment benefits, which means that an unemployed person can use these benefits to pay the social capital when entering a workers' co-operative.

Technical assistance

A series of technical assistance instruments have existed over the last twenty years and some of them, such as the Strategies School (*Escuela Estrategias*) have developed a high degree of expertise. This School is one of the nodes of the Regional Body for the support of entrepreneurship⁴², their singularity comes from the fact that it has a framework agreement with the Federation of Worker Co-operatives, it shares the building with the central offices of this Federation and it has developed an expertise in supporting co-operatives which has made it the referent node in this issue for the whole Regional Body.

There are other tools such as the *FIDES Emprende* (one of the programmes of the above mentioned Andalusian School of Social Economy) or the different projects and services of the INNOVES Foundation (a foundation “owned” by the sector aimed at the promotion of innovation among social economy companies).

Demand driven policies

Despite the inclusion of this issue in previous pacts, no relevant, systemic policy has been carried out in this direction.

Political/societal awareness

We can see that despite the size of the region both in human and geographical terms, we can confirm that we are dealing with a well-developed ecosystem. There are several indicators for this (for example the results of the survey mentioned above or the existence of the pacts, just to mention two of them). We could also mention that several political and social documents (for example from the so called *Indignados*) mention the social economy as a key actor to face the challenges of the region.

⁴¹ This is a Foundation whose goal is to foster innovation within Social Economy companies. <http://www.innoves.es/>

⁴² Fundación Andalucía Emprende. <http://www.andaluciaemprende.es/>

Nevertheless there are some threats ahead. The most relevant of them: the close relation between political actors and social economy representatives. Thus, the influence of the main political party (in power since the birth of the Autonomous region in 1981) in the life of the Confederation is very high despite efforts to maintain its independence. Furthermore, the high economic dependence of those organisations from the public support may also erode their independence and legitimacy.

Final Remarks

This case shows some relevant examples which can be of interest for the Trentino province. The first lesson is its capacity to go beyond co-operatives and move into a social economy ecosystem but without the co-operatives (and not only social co-operatives) losing its central role. The second one is how to establish a long term structured strategy of collaboration with the public body, whose most visible results are the pacts, but which also serves as an excellent way of building a more integrated ecosystem.

Here again we find two anchors of the system, with no so good relations among them: workers co-operatives and agricultural ones. They play a central role in the apex organisation's life, although the former enjoy more power within it (the former President for almost 20 years comes from that sector). This prevalence, along with the existence and significance of labour societies, may have also facilitated the evolution towards a social economy ecosystem.

VÄSTRA GÖTALAND

The Swedish regional administrative model is rather complicated as there is no real homogeneous model. The 21 counties which traditionally was the sub regional administration is in a phase of slow changes which means that some parts of Sweden has gone further in decentralisation and regional autonomous decision making. The Swedish region of Västra Götaland is one of the examples where reform has gone furthest. Västra Götaland was created in 1998 by a merger of the three former counties (Gothenburg and Bohus, Älvsborg and Skaraborg).

It is the second largest (in terms of population) (after Stockholm) and its population of 1 590 000 amounts to 17% of Sweden's total one. It has an area of 23 498.8 km².

Västra Götaland has competence in a number of areas: health system; regional development; culture; and public transport. In these areas the region is autonomous in decision making and has a regional assembly of 149 members. However there is still a national authority the County Administrative Board of Västra Götaland which coordinates the competence of the State within the region combined with a supervisory responsibility.

Sweden is ranked seventh in the HDI and we do not have decentralised data.

It is important to bear in mind that Sweden is a welfare state where national public bodies and municipalities offer a major part of the welfare services. Furthermore, according to Monzón and Chaves (2012), Sweden is one of those countries where social economy concept is growing in acceptance among key actors of the system and within this concept co-operatives, specially workers and social ones, play a relevant role.

Actors

Co-operatives

Västra Götaland presents a completely different ecosystem since it seems to be in a previous state. There is not a central organisation representing the sector and neither there are many statistics about co-operatives. The only ones we have found are in the web site of the region and are included in the social economy section:

Co-operatives (excluding housing co-operatives⁴³):

- 494 co-ops have 1-9 employees.
- 138 co-ops have 10-49 employees.
- 15 co-operatives have 50-249 employees
- One has over 250 employees.

Nevertheless, we can use the data provided by Martignetti and Bartilsson (2014) in one of the cases submitted for the works of the SEN project:

“Gothenburg and West Sweden have had a thrilling development of social enterprises the last decade. The region Västra Götaland have 1.5 million inhabitants.

6% of all companies in Västra Götaland are social economy organisations. 4,2 % of the region’s employees are employed within that sector. And the number of co-operatives increases every year. 2013 it started +25% more co-operatives than 2012 in Gothenburg. Gothenburg Coompanion has supported more start-ups than the other two big urban areas in Sweden together. The region has also been the leading region in the development of work integration social enterprises”⁴⁴.

Finally, the gross data provided by an expert mention around 3 000 enterprise/organisations with 30 000 employees in the social economy.

Other relevant data can the national data included in the last report on European Social Economy by Monzón and Chaves (2012) on 2010⁴⁵:

Table 18. Co-operatives in Västra Götaland (2010)

Type	Number of co-operatives	Jobs
Worker co-operatives (2010)	3 391	96 552
Agricultural co-operatives (2009)	30	27 5000 members and 35 000 jobs
Consumer co-operatives (2010)	44	14 638
Co-operative banks (2010)	55	5 386
Housing co-operatives (2009)	5 582	7 274
Co-operative communities	2 520	17 966

Source: The social economy in the European Union (2012).

Consumer co-operatives are very relevant, playing a key role in the retail sector, also agricultural co-operatives are not so numerous but very significant in their sector. Finally housing co-operatives, with a long history, are very relevant.

Thus, we have an ecosystem with a low level of biodiversity but which is evolving towards a more complex one with social economy.

⁴³ Despite being relevant in the region.

⁴⁴ Martignetti and Bartilsson (2014): Reves financial programme – Gothenburg Initiative. SEN project case. www.socialeconomy.pl.

⁴⁵ According to one of the experts consulted his table does not correspond to reality particularly on worker co-operatives where he estimates around 1000 worker co-ops in Sweden and maybe 10000 members.

Institutional setting

As we pointed out above the regional ecosystem is more developed than the national one. We can easily see it in the institutional setting which has evolved rapidly in the last decade and it also has produced significant results in terms of policies.

Since 2001 there exists a sort of integrated body, an association called the *Göteborgs Regionens Social Economy* (GSE) which had an important role for the development of the policy framework. Furthermore, they managed to set up a Council made of MPs of the regional parliament and representatives from the networks of the social economy whose aim was to monitor and develop, on a dialogue basis, an “action plan” for the region. This resulted on the signature of a Compact. This is an “agreement between the City of Gothenburg and social economy aims to strengthen opportunities for collaboration between the city and the social economy as well as for individual citizens to participate in the democratic process and to find concrete expression to their social engagement”⁴⁶. This agreement is based in the British Compact⁴⁷.

Another relevant actor is the *Tillväxtverket* (the Swedish Agency for Economic and Regional Growth) which is the Managing Authority for the Regional Operational Programmes of ESF and ERDF through their regional offices. ESF has played a central role in the development of social economy. Furthermore the Agency also provide funding for the main actor in co-operative development in the region: *Coompanion* (in 2014 they are granted 3.7 MEUROs from them). In the absence of “dancing partner” in the government exclusively dedicated to social economy, we could say that this is somehow playing that role.

Finally, there is another relevant actor in the Ecosystem: *Coompanion*⁴⁸. They are a co-operative development agency but they also play a relevant role in structuring the ecosystem. They are themselves a co-operative and the Swedish member of the CICOPA (the international organisation representing worker co-operatives within the International Co-operative Alliance). Furthermore they also held the co-presidency of REVES (an unique European Network of Public Authorities and Social Economy organisations). This international presence plays a role in making the Ecosystem more open and connected with other countries, facilitating innovation. They also support the structuring of the sector through their active engagement in the above mentioned umbrella organisation (they held the presidency for a long period) and through workshops to identify the needs in terms of policy. Therefore they can be considered are a key entrepreneur within the ecosystem.

Policy framework

Here we are in a region which has a more developed ecosystem than the national one. Thus according to the different cases produced in the SEN project (see above) the national scenario, despite the political declarations, has not produced a high impact either in systemic/holistic approach or in the structuring of the network. Nevertheless, in the case of the Västra Götaland region there is a different situation with a more interconnected ecosystem with key actors structured into collaborative structured.

⁴⁶ Ibidem.

⁴⁷ <http://transparency.number10.gov.uk/content/cross-government-priority/the-compact>

⁴⁸ *Coompanion* consist of 25 offices (one in every county of Sweden) which in its turn consist of over 900 owners/members, who want to promote co-operative development in Sweden. *Coompanion* primarily task is start-up of co-operatives and similar activities (e.g. entrepreneurship in the social economy). *Coompanion* consist of approximately 120 employees and gets governmental support for co-operative development in Sweden.

Soft policies

Institutional policies

Legal framework

In this case we have a not so much developed legal framework. Here the legal status of co-operatives is “association with economic activity” using 19th century terminology.

Institutional setting

As we pointed out above the regional ecosystem is more developed. We can easily see it in the institutional setting which has evolved rapidly in the last decade and it also has produced significant results in terms of policies.

Since 2001 there exist a sort of integrated body, an association called the Göteborgs Regionens Social Economy (GSE) which had an important role for the development of the policy framework. Later a regional one, the Council of social economy of the Västra Götaland Region (*Sociala ekonomins råd i Västra Götaland (SER)*), was founded and GSE was then one of the four sub-regional ones. In this way the social economy pillar of the ecosystem was being developed. Furthermore, they managed to set up a Council made of members of the regional parliament and representatives from the networks of the social economy whose aim was to monitor and develop, on a dialogue basis, an “action plan” for the region. This resulted on the signature of a Compact. This is an “agreement between the City of Gothenburg and social economy aims to strengthen opportunities for collaboration between the city and the social economy as well as for individual citizens to participate in the democratic process and to find concrete expression to their social engagement” . This agreement is based in the British Compact⁴⁹.

Another relevant actor is the *Tillväxtverket* (the Swedish Agency for Economic and Regional Growth) which is the Managing Authority for the Regional Operational Programmes of ESF and ERDF through their regional offices. ESF has played a central role in the development of Social Economy. Furthermore the Agency also provide funding for the main actor in co-operative development in the region: COOMPANION (in 2014 they are granted 3.7 MEUROs from them for the national structure). They are a co-operative development agency but they also play a relevant role in structuring the ecosystem.

The Coompanion agencies form part of the national Coompanion organisation. There are four of them in the region, Gothenburg being the largest one. They are the Swedish member of the CICOPA (the international organisation representing workers co-operatives within the International Co-operative Alliance) and also held the co-presidency of REVES (an unique European Network of Public Authorities and Social Economy organisations). They also support the structuring of the sector through their active engagement in the above mentioned umbrella organisation (they held the presidency for a long period) and through workshop to identify the needs in terms of policy.

Cognitive policies

In relation to policies in general it is important to mention that the region has a programme for developing social economy 2012-15 which can be found in its website in English. As mentioned in it:

⁴⁹ <http://transparency.number10.gov.uk/content/cross-government-priority/the-compact>

“ Details of programme measures and activities have been drawn up in consultation with the Regional Council for social economy”⁵⁰.

Furthermore, the city of Goteborg adopted their three year programme this spring.

In relation to cognitive policies there are several elements in the programme (including research) but maybe the most comprehensive is its Action 2: “ Opinion-moulding, spread of knowledge and in-service training” whose objectives are:

“- Increased knowledge and understanding of social economy and its importance and role for societal development.

- In-service training and exchanges of experience at the social economy’s actors”

Ant these goals will be achieved by means of “Organising network meetings, conferences, seminars, trade fairs, training courses and study visits that increase knowledge and skills of and in the social economy” .

Other actions are:

1. Social innovation and social entrepreneurship
5. Opinion moulding, spread of knowledge and in-service training
6. Preconditions for the social economy
7. Research and development
8. Networks and collaboration

From the point of view of its learning potential for the Trentino province, one relevant element is the emphasis on the international dimension and networks which describes an open ecosystem.

Coompanion from the Goteborgs region is one of the most relevant units of the national network. They run several training programmes with specialized courses for example on health care, social franchising, etc. They also support the European Network of Social Franchising and helped organise the last conference of this network in Goteborg (May 13th 2014). Furthermore they participate and lead several European projects with a significant share of research on a wide variety of issues.

Apart from those programme managed by Coompanion, one interesting example of a project in this area managed by the Tillväxtverket agency is the book “Du äger! Du vinner! Du bestämmer!” (You own, you win, you decide!). Here, multiple authors write their ideas about co-operatives and how they are related to the three sentences of the title. Its aim is to draw attention to politicians, entrepreneurs, executives and employees of co-operatives that this is a business with a future.

Hard policies

Offer policies

Financial

⁵⁰ http://www.vgregion.se/upload/Regionkanslierna/regionutveckling/Social%20ekonomi/Programme_social_economy_Region_VastraGotaland.pdf

There are no general grants for co-operatives apart from those they can receive for the social purpose they fulfil, for example for hiring a person in risk of social exclusion in a work insertion co-operative. Moreover, they do not enjoy separate tax treatment from traditional private companies.

Nevertheless there are relevant project in the area of revolving funds. The first one to mention is the Mutual Guarantee Association (*Kreditgarantiföreningen Social Ekonomi*), started on 2005 and which in 2013 was rebranded *Mikrofonden Väst*. It operates in the whole region and has mostly guaranteed loans among its members.

As Martignetti and Bartilsson (2014) point out, they collaborated “on financing social enterprises between Gothenburg City, the Region, Almi Företagspartner AB which is owned by the Swedish government and provide SME with loans, established social enterprises, and co-operatives”⁵¹. Furthermore they are the key actor in a very innovative project: the first example of the REVES financial programme, the “Gothenburg Initiative”. In this project, basically, local and European actors collaborate to mobilise endogenous and European resources. These resources are of two types: financial ones (coming from ethical European funds and local organisations as Mikrofonden or the Region) and knowledge (coming from REVES, Coompanion and others).

Technical assistance

Coompanion is the key vehicle for this type of technical assistance and if we pay attention to the results these are very efficient programmes. They run several programmes including coaching/mentoring. Maybe the most innovative one is their focus on social franchising. They have an active role, as we have seen in the European Network, but they are also engage in *Le Mat Europe* (originated in Italy) and they were also a key actor in the development of the Social Franchise Envelope in the Better Future for Social Economy Network (the Network of ESF Managing Authorities existing prior to the SEN one). Social franchise can also be considered a form of technical assistance provided by the franchisor and funded (totally or partially) by the franchisee.

Demand driven policies

There are no specific policies in this area for co-operatives and the policy framework on social/sustainable procurement has not been developed sufficiently to produce relevant results.

Political/societal awareness

As we have seen here we are in an ecosystem in development and this development comes from an adequate intersection between the two subsystems: the co-operatives and the social economy. In this case we do not have one of them within the other as in France (to a certain extent) or Andalusia. Nevertheless this friendly co-existence has allowed for the growing role of co-operatives in facing some of the societal challenges of the territory: unemployment or social exclusion.

Final remarks

One relevant issue with learning potential for Trentino, as mentioned, is the emphasis and the attention given to the international government. Not by chance all key actors play a significant role in international networks and this favours innovation in policy and in the organisational forms. Thus, this is one of the first imported of the Social franchising methodology and they are now a leading region in this issue.

⁵¹ \Ibidem.

FRANCE

France, or the hexagon as they call it in the country, is one of the biggest European countries by area. The so-called metropolitan France, i.e. excluding the overseas departments and territories, is 551 695 km², making it the largest country in the European Union, and the fourth-largest in Europe as a whole⁵². With a population approaching 67 million, it is the second-most populated country in the EU.

France is also well placed in the HDI, in the 20th place, with a HDI value of 0.893. It does not perform that well in the Happy Planet Index⁵³, ranked in the 50th place also due to its ecological footprint (4.9 that places it in the 125th position).

Actors

Co-operatives

France is one of the top European performers in terms of weight of co-operatives in national economy and society. Thus, their figures are outstanding:

- Over 23 000 co-operatives.
- 4.5% of total employment (over one million).
- Almost € 300 billion as turnover.
- Over 24 million members.
- One relevant issue highlighted in its “Sector overview of co-operative enterprises”⁵⁴ is that over 76 out top 100 co-operatives have their head offices out of Paris province (against only for ten out of top 100 for traditional ones).

And these figures are even more relevant if we consider that in all categories they are doing better during the crisis years (2008-2013) than conventional enterprises.

Another relevant fact is the incredible biodiversity of the co-operative sector in France with a wide variety of actors. As we see below there are 25 types of co-operatives included in the legislation. Furthermore, thanks to degree of development of the policy subsystem, new types have emerged during the last decade or so, such as the SCIC (*sociétés coopératives d'intérêt collectif*, created in 2001) or the “business and employment co-operatives” (*coopératives d'activités et d'emploi*, created in 1995). This does not exclude the innovation within the existing legal forms to try to answer to new challenges.

The single co-operatives are organised in Federations or groupings which then adhere to the National Confederation COOP FR. Special attention deserve the financial sector, both in its bank and insurance branches. In the first case we find three main groupings: *Crédit Agricole*, the BPCE Group (formed by the two networks: *Banques Populaires* and *Caisses d'Epargne*) and the third one, *Crédit Mutuel*.

⁵² The third if we exclude Turkey.

⁵³ See <http://www.happyplanetindex.org/countries/france/>. In this index only 151 countries were analysed.

⁵⁴ Panorama sectoriel des entreprises co-operatives: <http://www.entreprises.coop/coop-fr/actualites/484-panorama-sectoriel-des-entreprises-co-operatives-edition-2014.html>

Their figures are also highly significant:

- Cumulative Net Banking Product: EUR 67.5 billion.
- Over 22 million members.
- 346 000 workers.

We can find the most relevant figures of the French co-operatives in Table 19:

Table 19. Co-operatives in France (2014)

Types of co-operatives	Number of members	Number of co-operatives	Number of employees	Turnover in billions euros
Agricultural co-operatives	3/4	2 850 coopératives. unions et SICA 12 400 CUMA	160 000	83.7
Artisan co-operatives	59 000	425	3 500	1.2
Transport co-operatives	816	46	1655	0.145
Detail co-operatives	30 815	80 (41 218 shops)	510 800	138.2
Fisheries co-operatives	1230	134	1 800	1.2
Consumer co-operatives (consumers)	750 000	35 (800 shops)	9 500	2.65
Housing co-operatives	56 296	171	999	0.182
School co-operatives	4 860 000 students	53 100		
Worker co-operatives	22 805 (working members)	2004	42 150	3.8
Scic	23 234	266	2493	0.11
Credit agricole grouping	7 000 000	38 regional banks	150 000	31 (NBP*)
Bpce grouping (credit co-operative)	8 600 000	36 regional banks	117 000	21.9 (NBP)
	(65 000)		(2058)	0.423
Credit mutuel grouping	7 400 000	18 regional banks	79 060	14.6 (NBP)
Total	24 397 196	23 144	1 078 957	298.7

* NET BANKING PRODUCT

Source : Panorama sectoriel des entreprises coopératives et Top 100 (2014).

Institutional setting

Here we also find one unitary representation of all co-operatives: Coop FR. Started by its members in 1968 as *Groupement national de la coopération* (GNC).

In this case the institutional setting makes references to the social and solidarity economy. Thus the public body in charge of co-operative policies is the State Secretary for Trade Crafts, Consumer and Social Economy and Solidarity. Due to the changes in government after the municipal elections it is still unknown the exact composition of its cabinet, but according to the decree setting the competences of the Ministry the main department for this is the General Directorate for Employment, Youth, Popular Education and Associations⁵⁵.

⁵⁵ Direction générale du travail, la direction de la jeunesse, de l'éducation populaire et de la vie associative.

One interesting element in this ecosystem is when we find key actors who perform a sort of international proselitism. Thus we find some organisations, whose main role is not the representation of interests, but who, despite that, try to develop their model of businesses beyond the national frontiers. In this case we could say that the ecosystem has developed a clear international dimension somehow differentiated both from the action of apex representative bodies and the typical internationalisation process of single businesses. We can identify at least two: co-operative banks which have made a lot of efforts to promote the development of ethical banking across Europe (with GEBC) and at a small level “business and employment co-operatives” which have engaged on the development of this type of co-operatives. Thus, as a result the network of this type of co-operatives has a multi-national nature (France, Belgium and Switzerland) which could also enlarge to include Spanish representatives. Thus, we see an ecosystem which is well aware of the need to pursue innovation within it and promote it beyond it.

Finally there is a myriad of bodies and organisations dealing with the support and development of social economy at regional/local levels. One worth mentioning is the Regional Chambers of Social Economy, which are regional organisation playing a role in policy promotion and in supporting social economy companies. Thus they play a structuring role in the national ecosystem as policy intermediaries and awareness raising actors in all metropolitan France's regions. Also at regional level we can find the Regional Unions of SCOPs (Workers Co-operatives) which are present at 13 out of 22 metropolitan regions. They accompany the day-to-day development of SCOPs and provide representation at the regional and local levels.

Policy framework

Here we find a different policy framework to what we have seen until now. In the first place the policies, apart from the legal framework are not co-ordinated. Secondly, they are tailored for the social and solidarity economy sector, not for the co-operatives. Thus, what we have here is that most co-operatives are not the specific object of a policy in France for the sake of being a co-operatives. Nevertheless, some of them are included in targeted actions such as for example the exemption on the dividends distributed by worker co-operatives or on the legal reserves in the case of SCIC.

For this reason, we will expose here the first holistic policy programme in the field: the one to follow the approval of the Law on social economy which to be due for July this year (the text has been approved in the *Assemblée nationale* and now is at the *Senat*). Nevertheless we will include some references to current dispositions when relevant and we will also make an exemption in the case of the legal framework.

Soft policies

Institutional policies

Legal framework

In France the Law on co-operatives dates back to 1947, although it has been amended thoughtfully since then. The last reform is from 2012 so we can say that we have an updated legal framework. It is also worth mentioning that this last reform is due to the Law to reduce the administrative burden for all types of enterprises⁵⁶.

The biodiversity is also among the highest in Europe and probably the world since we can find in the legal framework up to 25 different types (if we include the European co-operative society) although some of them are limited liability companies (such as limited liability co-operative society for the production of moderate rent housing).

⁵⁶ LOI n° 2012-387 du 22 mars 2012 relative à la simplification du droit et à l'allégement des démarches administrative.

The most relevant ones are:

- Co-operative banks.
- Worker co-operatives (SCOP).
- Co-operative of traders retailers and the consumer co-operative.
- Agricultural co-ops.
- Collective interest co-operatives (SCIC).

The last one is also the last legal innovation since 2001 and it is a new type of multi-stakeholder co-operative which allows for workers, users, volunteers, public bodies, associations and private companies to be members of it and as the website of COOP FR states “these are co-operative social enterprises”.

All 25 types can be summarised into five groups:

- User co-operatives, where the members are users of the goods and services produced.
- Co-operative banks, where the members are customers, savers or borrowers.
- Business co-operatives, where the members run their own businesses.
- Worker co-operatives or producer co-operatives.
- Multi-stakeholder co-operatives.

There is also a relevant special type of worker co-operatives which we have already mentioned but which merit some special attention: the business and employment co-operatives. These were created in 1995 and constitute a sort of innovative use of the existing legal framework to address a relevant challenge: the survival of individual entrepreneurs. Thus, by setting up co-operatives of entrepreneurs these improve their survival rate thanks to the internal synergies, the economies of scale and the collaborative support.

The final element to be discussed here is the approval of the Law on social economy which among its main goals include, for example, the creation of 40 000 jobs through worker co-operatives or facilitating the preferential transfer of companies to its workers. Another relevant measure envisaged in this Bill is the creation of a right of prior information to employees to encourage the takeovers of healthy enterprises by employees.

Cognitive policies

In this case the Bill to be approved does not include any specific measure in this field (research, statistics, training,...). This is maybe so because there already exist numerous initiatives at all levels (local, regional or even national). The last one at national level which we can mention is the awareness raising campaign of the central government in the occasion of the “Month of the Social and Solidarity Economy” on 2012. This month is an innovative measure of the Regional Chambers of Social Economy which try to coordinate a series of activities in the month of October-November each year.

Hard policies

Offer policies

Financial

In this area we can include some relevant and innovative policies which are to be reinforced with the approval of the Law. One is the *épargne salariale solidaire* (solidarity employee savings) which is a kind of social investment fund. It has to invest at least 5-10% on “*entreprises solidaires*” (included co-operatives). The law will clarify the criteria to be considered as such. Furthermore, the Bill envisages the creation of two funds: one aimed at the financing of social innovation (40 MEUROS) and the other with over 100 MEUROS to be used for equity or quasi-equity investment. The latter will be channelled through existing dedicated funds of investment in co-operatives. Finally, another relevant measure is the reform of the so called *Titres associatifs* (Associative Titles) which are a form of investment in associations and which have been very rarely used.

Moreover, we could include here the targeted tax treatment mentioned above for some co-operatives (mainly SCOPs but also agricultural and crafts co-operatives).

Finally, it is also important to highlight two programmes: *emploi d'avenir* and *jeun-ess*. Both of them are targeted at social and solidarity organisations but they are key elements of the employment policy which shows the relevance of this system in addressing one of the central current challenges of France.

Technical assistance

In this case again we do not find many specific measures since most of the technical assistance programmes are decentralised and performed by local, regional or private actor via project financing. For example, if we go to one *Chambre Regionale de Economie Sociale* (PACA) we can find up to 13 support structures either for start-up or growth in this region. In any case, we could bring here some of the measures of the Bill such as the compulsory revision of the co-operatives every five years due to its impact in the technical support of this supervisory measure, the one aimed at the creation of a National Chamber or the one aimed at improving the coordination and financing of the regional ones.

Demand driven policies

Here it is worth mentioning the inclusion of a Chapter (Chapter VI) on Social and Environmental Clauses or the so called “protected markets” (*Marchés réservés*) for Work Integration Social Enterprises.

Political/societal awareness

Here again we are in a system where two subsystems co-exist (social economy and co-operative) and where one subsystems (social economy) includes the other at the statistical level without producing too many political or social tensions (though they are not absent). In the relation with other actors the wider one seems to prevail as we have seen in the description of the policy framework. Nevertheless, this does not mean that the co-operative actors are not relevant in such a framework, since we can also notice their capacity to influence in those changes by the role they play in the proposals included in the Bill of Social Economy. Moreover, we have seen that they can have an important position in at least one of the most relevant challenges of France: employment.

It is also interesting, in terms of potential learning from Trentino, that the banking sector is a key actor of the ecosystem and it fits within the social economy without posing major problems. They are making an effort to stand out of competitors by making a reference to their co-operative status.

Innovation is also high and it shows also that there is room for it without having to produce changes in the legal framework, as the “business and employment co-operatives” example shows.

Another interesting lesson for the Trentino case is the transnational dimension that is also present in some co-operatives. They understand the relation between the external context and the ecosystem and therefore they dedicate relevant resources to the former but also with an entrepreneurial approach, i.e. as a way to pursue a solid internationalisation process.

Final remarks

The anchors of the system seem to be the worker co-operatives, the credit/insurance and agricultural ones.

ANNEX I: STUDY VISIT INTERVIEWS – 4/5/6 JUNE 2014, TRENTO, ITALY

Wednesday 4 June 2014

Interviewed	Job title	Organisation
<i>Pre-meeting - OECD Review Team</i>		
Carlo Dellasega	Director-General	FTC – Trentino Federation of Co-operatives
Paolo Tonelli	Executive Secretary to the President	FTC – Trentino Federation of Co-operatives
Enrico Cozzio	Director, Audit Division	FTC – Trentino Federation of Co-operatives
Egidio Formilan	Head, Studies Office, Intercooperation and Co-operative Education	FTC – Trentino Federation of Co-operatives
Ruggero Carli	Head, Co-operative Banks Sector	FTC – Trentino Federation of Co-operatives
Michele Girardi	Head, Agricultural Co-operatives Sector	FTC – Trentino Federation of Co-operatives
Stefano Maines	Head, Labour, Social and Services Co-operatives Sector	FTC – Trentino Federation of Co-operatives
Paolo Ferrari	Director, Office for Co-operatives' Surveillance	Autonomous Province of Trento

Thursday 5 June 2014

Interviewed	Job title	Organisation
Carlo Borzaga	President	EURICSE
Enrico Zanoni	Director	CAVIT
Renato Dalpalu	President	SAIT
Andrea Merz	Director	CONCAST TRENTINGRANA
Lino Orlor	Director	CLA - CONSORZIO LAVORO AMBIENTE

Friday 6 June 2014

Interviewed	Job title	Organisation
Roberto Bortolotti	President	COOP CASA
Dario Ravagni	Director	Consorzio Elettrico di Stenico
Roberto Gusmerotti	President	
Mariano Failoni	President	CONSOLIDA
Stefano Ravelli	President	APT Valsugana Vacanze
Giorgio Fracalossi	President	CASSA CENTRALE BANCA
<i>Debriefing meeting - OECD Review Team</i>		

ANNEX II: INTERNATIONAL REVIEW PANEL

Sergio Alessandrini is Professor of Economic Policy at the Faculty of Law of the University of Modena and Reggio Emilia. He was member of the Scientific Board of the PhD Program in International Law and Economics at the University Bocconi in Milan where he was also Co-director of ISLA, the Institute on Latin American and Transition Economies Studies, from 2000 to 2004. He is founder member of the researches network FEMISE (since 1998) based in Marseille which in the last decade has produced, on behalf of the European Commission, researches and in-depth thematic analysis on the integration process with the Mediterranean area countries. In this context, he has published several analysis on direct investments and the attractiveness level of the region and two reports on commercial policies in Jordan and Algeria. He founded in 2012 the Economics and Law book series which aims to analyse the market mechanisms and relationships among public and private sectors with a multidisciplinary approach. This work has led to collaborations with national vigilant authorities and regional evaluation units on investments for the development of ex-ante and outcome evaluation systems and models.

Samuel Barco Serrano is an independent expert on Social Entrepreneurship Policy with eighteen years of international experience. He has been member of the Board of REVES (2011-14), European Network of Cities and Regions for the Social Economy, an unique international organisation working in the area of public-private partnership in this field, and also member of EMES research network (leading international research organisation on social entrepreneurship). He has co-founded REAS-Andalucía, a network of Social and Solidarity economy in Andalusia and Innomades Network (Network of Nomads for Social Innovation). During his professional life he has held senior positions in the International Consulting firm “Servicio de Conocimiento Asociado” (a Spanish Co-operative) (2006 to 2012), CEPES-Andalusia, the umbrella organisation representing social economy in Andalusia and recognised as a world referent on co-construction of public policies in this field (2002-2006) and Fondo Formación (SPAIN), an important NGO working in the area of employment (1998-2002). He holds the Diploma of Advanced Studies in Political Science from UNED University (Spain), obtained with the research paper entitled "Social Economy policy in the EU and Andalusia: a comparative study", and a Master's Degree in International Relations and Communication at the Complutense University (Spain). He also has a wide experience in working with international organisations such as CAF, World Bank, EU or OECD on different issues such as co-operativism, Social Entrepreneurship, social economy, Social Innovation, etc.

Patrizia Battilani is Professor of Economic History at the University of Bologna (Italy), Department of Economics, where she has been working since 1998. She has published extensively on issues of economic and business history. Her more recent researches include the history and development of tourist industry, the evolution of co-operative enterprises in an international perspective and the transformation of welfare systems in Europe. She is also Director of the Degree program in Tourism Economics and she sits in the Scientific Board of the Postgraduate Master in Economics of co-operatives at the University of Bologna. Patrizia Battilani obtained her Phd in Economics at the University of Ancona after being at the London School of Economics for two terms as visiting student. In 2013 she has been visiting professor at the University of Sydney.

Alessandra Proto is a Policy Analyst at the OECD LEED Trento Centre for Local Development based in Italy, where she has been working since its establishment in 2004. She manages the activities related to entrepreneurship, innovation, SME and tourism. She is also in charge of the design and implementation of capacity building activities of the Centre, which aim to further enhance the capacity and ability of those working in the field of local economic and employment development, in both OECD member and non-member economies, to formulate and

evaluate policy options and modes of implementation based on an understanding of the needs, potential and limitations that exist within a locality. Alessandra Proto obtained her degree in economics and management of public administrations and international institutions from the Bocconi University in Milan.

BIBLIOGRAPHY

- Banca d'Italia (2014), "L'economia delle Province autonome di Trento e di Bolzano", *Economie Regionali*, Numero 4 - giugno 2014, Roma-Trento.
- Barra C., S. Destefanis, G. Lubrano Lavadera (2013), *Regulation and the Crisis: The Efficiency of Italian Co-operative Banks*, Working Paper no. 338, CSET, July.
- Barbetta G. P., L.V. A. Colombo, S. Colombo, M. Grillo (2012), "Concorrenza e Operatività del Sistema di Credito Cooperativo nella Provincia di Trento", *Euricse, Research Report* N.005/12.
- Battilani P. (2010), *Cooperation, network, service. Innovation in outsourcing*, Lancaster: Crucicle Book-Carnegie Book Production (UK).
- Battilani P. (2014), Features and determinants of co-operatives development in Western countries, in *Co-operative innovations in China and the West*, eds C. Gijssels, L. Zhao and S. Novkovic, Palgrave Macmillan.
- Battilani, P. and H. Schroeter, eds. (2012), *The Co-operative Business Movement, 1950 to the Present*, Cambridge: Cambridge University Press.
- Battilani P. and V. Zamagni (2010), *Italy's co-operatives from marginality to success: finance and networks*, in *Forms of Enterprise in the 20th Century Italy. Boundaries, Structures and Strategies*, eds A. Colli e M. Vasta, Londra, Edward Elgar Publishing, 2010.
- Bertagnoni, G. (ed.) (2004), *Una storia di qualità*, Bologna: il Mulino.
- Bonoldi, A. (2009), "Tecnologie, capitali e controllo delle risorse: l'industria elettrica regionale", *La Regione Trentino-Alto Adige/Südtirol nel XX secolo*, ed. Andrea Leonardi, Tomo 2: Economia, Trento: Fondazione Museo Storico del Trentino.
- Bonoldi, A., R. Petri (2009), "Tra ritardo e integrazione: l'identità mutevole dell'industria", *La regione Trentino-Alto Adige/Südtirol nel XX secolo*, ed. Andrea Leonardi, Tomo 2: Economia, Trento: Fondazione Museo Storico del Trentino.
- Borzaga C., L. Mittone (1997), *The Multi-Stakeholders Versus the Nonprofit Organisation*, Discussion Paper, n. 7, University of Trento, Trento.
- Borzaga C., A. Santuari (2001), "The innovative trends in the non profit sector in Europe: the emergence of social entrepreneurship", OECD Conference Paper.
- Borzaga C. and A. Fici (2004), *La riforma delle società co-operative. Vincoli e opportunità nel nuovo diritto societario*, (a cura di), Edizioni31, Trento, 2004.
- Borzaga C. and I. Alberto (2006), *L'economia della solidarietà. Storie e prospettive della cooperazione sociale*, Roma.

- Borzaga C. and E.C. Tortia (2010), “The growing social content of co-operative firms: an evolutionary interpretation”, in L. Becchetti and C. Borzaga (eds), *The Economics of Social Responsibility*, London, Routledge.
- Bruni L. and S. Zamagni (2004), *Economia civile. Efficienza, equità, felicità pubblica*, Bologna: il Mulino.
- Cafaro, P. (2001), *La solidarietà efficiente. Storia e prospettive del credito co-operativo in Italia*, Bari, Laterza.
- Conte M. and D.C. Jones (1991), “On the Entry of Employee-Owned Firms: Theory and Evidence from US Manufacturing Industries, 1870 – 1960”, *Hamilton College Working paper* 91/5.
- Cooperative Europe (2009), *Cooperatives Europe’s position on the Commission consultation concerning the Green Paper on Territorial Cohesion*, 27th February 2009, Bruxelles.
- Cattinelli A. (2007), *Strategie di profitto e di espansione. Come fare prosperare le piccole e medie imprese*, Franco Angeli, Milano.
- Dalpiaz S. (2013), *Gli uomini del latte. La produzione lattiero casearia nella storia della cooperazione trentina*, Trento:BQE.
- Elsner W. (2012), *Microeconomics of Interactive Economies: Evolutionary, Institutional, and Complexity Perspectives*, Edward Elgar Publishing: Cheltenham, 2012.
- Fay, C. R. (1908), *Co-operation at Home and Abroad: a Description and Analysis*, London: King and Sons.
- Feng L., G.W.J. Hendrikse (2008). *On the Nature of a Co-operative: A System of Attributes Perspective*, in *Strategy and Governance of Networks: Co-operatives, Franchising, and Strategic Alliances*, George Hendrikse, Mika Tuunanen, Josef Windsperger, Gérard Cliquet (Eds.), Phisika Verlag Heidelberg, 2008, pp.13-26.
- Fici A. (2009), “The new Italian co-operative law and co-operative principles”, paper presented at the symposium “Co-operatives, legislation and public policy” (Sobey School of Business, Saint Mary’s University, Halifax, Canada, 19-21 June 2009).
- Fontanari E., C. Borzaga (2010), “L’impatto economico della cooperazione in provincia di Trento”, *Euricse Working Papers*, n 009/2010.
- Forte F. and M. Mantovani (2009), “Co-operatives’ tax regimes, Political Orientation of Governments and Rent Seeking”, *Journal of Politics and Law*, vol. 2, No. 4, December 2009, 44-57.
- Friberg, K., R. Vorberg-Rugh, A. Webster and J. Wilson (2012), “The Politics of Commercial Dynamics: Co-operative Adaptations to Postwar Consumerism in the United Kingdom and Sweden”, 1950–2010, in P. Battilani, H. Schroeter. eds, *The Co-operative Business Movement, 1950 to the Present*, Cambridge: Cambridge University Press.
- Furlough, E., C. Strikwerda, (1999) *Consumers against capitalism? Consumer Cooperation in Europe, North America, and Japan, 1840-1990*, Maryland: Rowman & Littlefield Publishers.
- Furubotn E., S. Pejovich (1970), ‘Property Rights and the Behaviour of the Firm in a Socialist State’, *Journal of Economic Literature*, pp. 430-54.

- FTC -Federazione Trentina della Cooperazione (2010), “2010 – 2012 Strategic Plan”, discussed in June 2010.
- FTC -Federazione Trentina delle Cooperative (2014a), Relazione alla 119 Assemblea dei Soci, Trento, 13 June 2014.
- FTC -Federazione Trentina delle Cooperative (2014b), Rendiconto socio economico. La missione delle Casse Rurali Trentine. Rapporto 2013, Trento, 2014.
- FTC -Federazione Trentina delle Cooperative (2014c), Statuto Sociale della "Federazione Trentina della Cooperazione – Società Cooperativa", 15 June 2014, Trento.
- Giacomoni F., R.Tommasi (1999), *100 anni di SAIT. Una storia del Trentino*, Trento: Sait.
- Gonzales V. (2010), “Italian Social Co-operatives and the Development of Civic Capacity: A Case of Co-operative Renewal?”, *Affinities: A Journal of Radical Theory, Culture and Action*, Vol 4, No 1, pp. 225-251.
- Hall, P. A. and D. Soskice (2002), *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage*. Oxford: Oxford University Press.
- Hendrikse, G.W.J., L. Feng (2013). “Interfirm Co-operatives”, in A Grandori (Ed.), *Handbook of Economic Organization*, Cheltenham: Edward Elgar, pp. 501-521.
- Ianes, A. (2003), *La cooperazione trentina dal secondo dopoguerra alle soglie del terzo millennio: economia, mutualismo e solidarietà in una società in profonda trasformazione*, Trento: edizioni31.
- Jossa B. (2010), “A Few Advantages of Economic Democracy”, *Studi economici*, Franco Angeli, 101, pp. 5-29.
- Istat, ISTAT, *9° Censimento generale dell'industria e dei servizi*, 2012.
- Jenkins, W. (1996), 'Restructuring of Irish Dairy Co-operatives since 1950: an example from County Tipperary', *Irish Geography*, XXIX, 38-48, 1996.
- Leonardi A. (1982), “La Federazione dei consorzi cooperativi dalle origini alla prima guerra mondiale (1895-1914)”, in *Per una storia della cooperazione trentina*, a cura della Federazione dei consorzi cooperativi di Trento e dell'Archivio per la storia del movimento sociale cattolico in Italia. - vol. I, F. Angeli, Milano 1982.
- Leonardi, A. (1982) *Per una storia della cooperazione trentina. Vol.I: La Federazione dei Consorzi co-operativi dalle origini alla prima guerra mondiale (1895-1914)*, Milano: Franco Angeli.
- Leonardi A. (1986), “L'azione cooperativa di fronte al processo di modernizzazione economica : il caso del Trentino e Tirolo meridionale”, *Rivista della cooperazione*, n. 26, 1986.
- Leonardi, A.(1990), “Il Landeskulturrat e le conoscenze agrarie nelle aree tedesca e italiana del Tirolo tra Ottocento e Novecento”, in *Le conoscenze agrarie e la loro diffusione in Italia nell'Ottocento*, a cura di S. Zaninelli, Torino, Giappichelli, pp. 85-160.
- Leonardi, A. (1996), *L'economia di una regione alpina. Le trasformazioni economiche degli ultimi due secoli nell'area trentino tirolese*, Trento: Itas.

- Leonardi, A. (2000), “Dalla beneficenza al mutualismo solidale: l’esperienza co-operativa di F.W. Raiffeisen ed i suoi primi riflessi in Italia”, in V. Zamagni, (ed.), *Povert  e innovazioni istituzionali in Italia*, Bologna: Il Mulino, 2000.
- Leonardi, A. (2005), *Una stagione nera per il credito co-operativo: casse rurali e Raiffeisenkassen tra 1919 e 1945*, Bologna: Il mulino.
- Leonardi, A. (2014), *Una banca per la comunit : la Cassa rurale di Pergine nel corso del 20 secolo*, Roma: GLF editori Laterza, 2014.
- Luzzatti, L.(1895), “Relazione”, in Ministero di agricoltura, industria e commercio, Dirstat, *Banche popolari, anno 1893*, Roma, tipografia Bertero.
- Menzani, T. and V. Zamagni (2010), “Co-operative Networks in the Italian Economy”, *Enterprise and Society*, (XI), no.1, pp. 98-127.
- Moschetti, I. (1918) *Le forze economiche del Trentino*, Milano: Pirolo, 1918.
- Odella F. (2003), “Agro industry development and environmental protection: the experience of fruit co-operative in Trentino”, Paper presented at the EURESCO conference on "Vertical Markets and Co-operative Hierarchies, Bad Herrenalb, Germany, 12 – 16 June 2003.
- Parri L., Sandri F., 2002, “La ricostruzione istituzionale di un’economia locale. Il consorzio «Melinda» in Val di Non”, *Rassegna italiana di sociologia*, n. 43 (2), pp. 251-66.
- Perotin V. (2006), “Entry, Exit and the Business Cycle: Are Co-operatives Different?”, *Journal of Comparative Economics* 34(2).
- Prinz M., A. Kurimoto, I. Teien, W. Steenhaut, P. Verbruggen (2005), *Consumerism versus capitalism? Co-operatives seen from an International Comparative Perspective*, Ghent, Amsab-Instituut voor Sociale Geschiedenis, 2005.
- PAT-Autonomous Province of Trento (2011), Trentino. To be Small Means Great Things, Supplement to no 312 of “*Il Trentino*”, Trento.
- Putman R. (2000), *Bowling Alone: The Collapse and Revival of American Community*, New York: Simon & Schuster, trad. it, *Capitale sociale e individualismo. Crisi e rinascita della cultura civica in America*, Il Mulino, Bologna, 2004.
- Russell, R. (1995), *Utopia in Zion: The Israeli Experience with Worker Co-operatives*, Albany, New York: State University of New York Press.
- Russell R. and R. Hanneman (1992), "Co-operatives and the Business Cycle: The Israeli Case." *Journal of Comparative Economics*, 16 (December), pp. 701-715.
- Salvatori G. (2011), “Le imprese sociali e co-operative nel nuovo paradigma: perch  in Europa i fatti smentiscono l’ideologia”, *Euricse, Working Papers* n. 021/11.
- Salvatori G. (2012), “The Flexibility of the co-operative Model as a Development Tool: The Case of The Metamorphosis of an Italian Region”, *Euricse, Working Paper* n. 025/12.
- Schneiberg, M., M.King and T. Smith (2008), Social Movements and Organisational Form: Co-operative Alternatives to Corporations in the American Insurance, Dairy, and Grain Industries, *American Sociological Review*, 2008, Vol. 73, pp.635–667, 2008

- Tortia E. (2005), “The Accumulation of Capital in Labour-Managed Firms: Divisible Reserves and Bonds”, *Working Paper* n. 23, Novembre 2005
- Tortia E. (2003), “Property Rights, Distribution of Value Added, and Accumulation of Capital in Labour Managed Firms”, *Economia Politica*, vol. XX, no. 2, pp. 251-186.
- Vanek J. ed. (1975), *Self-Management: Economic Liberation of Man*, Harmondsworth, Penguin.
- Vanek J. (1977), *The labor-managed economy: Essays by Jaroslav Vanek*, Ithaca, NY, Cornell University Press, pp.186-198.
- Ward B. (1958), “The Firm in Illyria: Market Syndacalism”, *The American Economic Review*, (47), pp.570-571.
- Zamagni, V. (2012), “A World of Variations: Sectors and Form”, in P. Battilani, H. Schroeter. eds, *The Co-operative Business Movement, 1950 to the Present*, Cambridge: Cambridge University Press.
- Zamagni, V. and Fornasari M.(1997), *Il movimento co-operativo in Italia, un profilo storico-economico (1854-1992)*, Firenze: Vallecchi.



The co-operative model in Trentino - Italy

A case study

The Trentino co-operative model has gained wide acclaim for its positive economic and social impact upon the territory. Developing a strong understanding of why the model has been so effective is important in identifying those factors which other localities could utilise as potential criticalities. This case study has therefore focused on developing an in-depth understanding of the Trentino model of the co-operative movement and its Federation. In particular, it has examined and assessed the various components which have contributed to making the Trentino model highly effective in delivering economic and social benefits for the province of Trento and its residents.