

The People's Business

The Italian Co-operative Movement from an Historical Perspective



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My goal

- Explain the historical roots of the Italian cooperative model, with particular reference to Emilia-Romagna
- Highlight 5 elements:
 - Bottom up process
 - Role of umbrella organizations
 - The promotion of mergers
 - The creation of networks
 - The legal environment



The history in brief

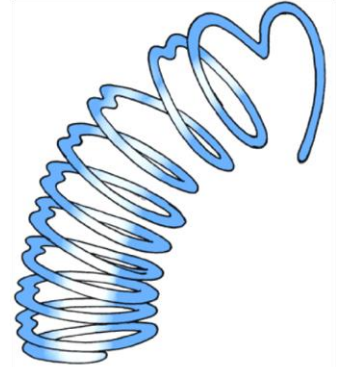
- 1854-1899: origins of cooperatives
- 1900-1914: take-off of cooperatives
- 1915-1944 interwar period (fascism)
- 1945-1950: re-birth of cooperation
- 1951-1972: economic boom of Italy
- 1973-2013: economic boom of cooperatives

To better explain the model in brief, we must focus on the period 1945-2013



Bottom up process

- Two periods of “cooperative boom”
 - 1945 –1950 (agriculture, retailing, building industry, credit)
 - 1970 ca – 2000 ca (service sector, social services)
- Why did people chose to create cooperatives instead of conventional enterprises?
 - **Economic reasons** (“together we can”)
 - **Ethical attitude**
 - Role of past education (socialist, catholic, democratic)
 - Role of some “agents” (political parties, trade unions, umbrella organizations)
 - Institutional feature: the Constitution of 1948



Role of umbrella organizations

- Legacoop is the oldest and largest Italian umbrella organization about cooperatives
- Why it was (and it is) so important?
 - It has a democratic structure to exercise a leadership (it's not an holding!)
 - Functions to drive and to coordinate:
 - A wide a range of services
 - Lobbying
 - Education of civil society
 - Above all: mergers and networks



The promotion of mergers

- Emilia-Romagna cooperative model is featured by big size of coops.
- Two main reasons:
 - Capital accumulation: realised profit income was reinvested in capital assets
 - Progressive mergers among coops of the same sector and in the same territory
- Two considerations:
 - Umbrella organization fought the peculiar resistances
 - Big size is really important in many types of markets



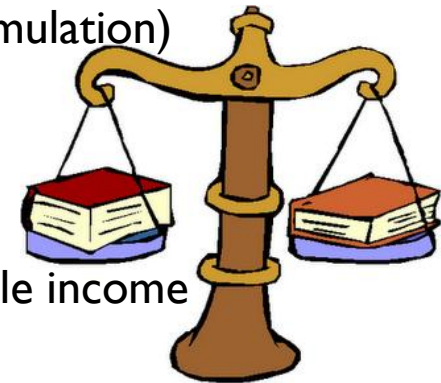
The creation of networks

- We say cooperative “movement” because of a lot of links (inter-cooperation)
- Main networks:
 - Consortium (horizontal)
 - Consortium (vertical)
 - Financial networks
 - Others less used or less important
- Networks are fundamental for flexibility of the system



The legal environment

- *Italian legislation contributed to make the cooperatives “bigger and stronger” (in terms of members/employees and net worth)*
 - Basevi Law (1947)
 - No demutualization (a cooperatives can't be transformed in a conventional enterprise)
 - Limited remuneration of the capital (to promote accumulation)
 - Mini reform (1971)
 - Some fiscal subsidies
 - Pandolfi law (1977)
 - The indivisible reserves were excluded from the taxable income
 - Visentini-bis Law (1983)
 - Coops can establish or be shareholders of conventional enterprises (hybridization)
 - Law No. 59 of 1992
 - Introduced the shares of cooperative participation and the figure of the investor member
- *It's important because cooperatives don't attract capital (no stock market for the members' quotas)*



Conclusions



- The cooperative model is an added value in Emilia-Romagna and in Italy
 - Neither a profit-oriented enterprise nor a state-owned firm: the people's business
 - Business and ethic in the same organization
 - Self-help and solidarity
 - Intergenerationality



*We do not inherit the earth from our
ancestors; we borrow it from our children*

Thank you

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