Social Economy
And the Power of Local Communities:
A case from Trentino Region

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Thousands of people emigrated to Americas 1870 - 1890
One century after: the economic performance

<table>
<thead>
<tr>
<th>Source ISTAT</th>
<th>Pro-capita GDP (2019) euro</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trentino</td>
<td>38,706</td>
</tr>
<tr>
<td>Italy</td>
<td>29,645</td>
</tr>
<tr>
<td>UE 27</td>
<td>28,630</td>
</tr>
</tbody>
</table>
Performance and equity
Historical steps

1890–1892: first consumer cooperative and cooperative bank
1893: first wine producers cooperative
1895: 50 coops (20 consumer, 13 banks, 6 agricultural, 3 wine producer coops)
1895: establishment of the Trentino Federation of Cooperatives
1898: establishment of Cassa Centrale, 2 level consortium of banks
1898: establishment of SAIT, 2 level consortium of consumer coops
The role of rural banks

• Cooperative banks (or rural banks) were community based financial institutions, built on the trust of small farmers that didn’t have resources to invest. The farmers assumed an unlimited liability risk, offering their own fields as guarantee.

• All members of the local community were bounded by a relationship based on direct knowledge.
The objectives

- pursuing social and economic development of marginal lands, offsetting the distance from large markets.
- joining forces and making a qualitative leap in production and marketing methods.
- compensating the local weaknesses by creating a structured movement with a unified representation.
Trentino: a cooperative district

• One of the European regions with the highest cooperative density (524,000 inhabitants and 270,000 cooperative members)

• The cooperative size of Trentino’s economy:
  • 14% of employment
  • 15% of gross domestic product

• A wide variety of economic sectors organized in a cooperative structure: credit, agriculture, consumption, energy production, culture and education …
270,000 members

19,000 suppliers

16,000 employees

536 cooperatives

21 consortia

5,100 board members

€ 2.6 billion net assets
<table>
<thead>
<tr>
<th>Coop</th>
<th>Members</th>
<th>Cooperatives</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit</td>
<td>117,000</td>
<td>46</td>
<td>2,750</td>
</tr>
<tr>
<td>Consumer</td>
<td>92,000</td>
<td>79</td>
<td>2,700</td>
</tr>
<tr>
<td>Agriculture</td>
<td>23,000</td>
<td>92</td>
<td>2,550</td>
</tr>
<tr>
<td>Labour Services Social Housing</td>
<td>23,000</td>
<td>298</td>
<td>8,000</td>
</tr>
</tbody>
</table>
Agriculture

23,000 member suppliers
92 cooperatives
2,550 employees

32 FRUIT & VEG COOPS
19 DAIRY COOPS
15 WINE COOPS
24 MIXED COOPS
2 LIVESTOCK COOPS

90% market share
100% production to coop system
Credit

117,000 members
449,800 customers
46 Casse Rurali banks
381 branches
2,750 employees

65 % market share
Consumer

- 92,000 members
- 79 famiglie cooperative
- 387 shops
- 2,700 employees

Only shop in 194 villages
(out of 217)

38% market share
Labour + Services + Social + Housing

- 23,000 members
- 298 cooperatives
- 8,000 employees

- 96 WORKER COOPS
- 86 SOCIAL COOPS
- 77 SERVICE COOPS
- 38 CONSTRUCTION COOPERATIVE
- 1 MIX EDCOOP
Cooperation between cooperatives

Cooperatives from the same sector found consortia to share and coordinate activities.

e.g. start-ups, purchases, distribution, marketing, research and innovation

Democratic organization

Member loyalty

Mutual interest
Number of employees (annual average) of Trentino and Italian cooperatives. Percentage changes years 2012-2017

Source: Istat and ASIA

* Excluding individual entrepreneurs, freelancers and self-employed persons
A case study for local development
The Trentino coop experience

1. responds to a critical, frail situation, mobilizing across the history resources and energy that would have otherwise been scattered or fragmented

2. shows the ability to adapt to new social needs

3. intrinsically links to local development: more than just economic development

4. creates a strong connection between the autonomy, earned by the cooperative movement, and the public institutional dimension
The Autonomous Province

• 1946: international agreement between Italy and Austria, with the United Nations guarantee, that sanctioned the creation of a special autonomous statute for the area.

• 1948: a constitutional law assigned extraordinary legislative and administrative power to Trentino - Alto Adige’s region.

• 1972: the administrative and legislative power was increased and transferred to the Province of Trento
The “double” self-government

- Trentino would not have become what it is today if the institutional framework established by the statute of autonomy had not found a social and cultural substrate for the practice of self-government.

- The success of the autonomy depended crucially on the existence of the living social texture formed by a “cooperative culture” (based on cooperatives, associations, voluntary commitment and non-profit organizations).
The economic impact of co-ops

- reducing market failures and strengthening the competitiveness of markets
- keeping the production of goods and services close to the needs of people
- long-term perspective of growth
- more fair distribution of income
The social impact of co-ops

- addressing social problems affecting local communities or stakeholders in need
- strongly rooted in a “collective awareness”
- enhancing social capital
- solving problems that would be otherwise in charge of public sector
- often involving disadvantaged people
Thank you for your attention.

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