

Public Policy on Co-operatives

The first annual forum of the Council on 27-28 June addressed the implications of the proposed European Co-operative Statute, the importance and prospects of the National Vocational Qualifications and its main theme - the question of the policies the Co-operative sector would like to see the Government pursue in the new Parliament. On this last item in the words of the press release: "The result was a six point action plan which the UKCC approved at the Forum".

The Six Points of the Action Plan

1. The framing of a single Co-operative Societies Act to replace the Industrial and Provident Societies Act as the basis for the registration and supervision of co-operatives, sufficiently broadly drawn to encompass all existing co-operatives however registered, and designed to keep abreast of developments both in Company and in EC law.
2. The establishment of a Co-operative Commission or Commissioner under the Act to replace the Registrar of Friendly Societies as the sole regulatory authority for co-operatives and to play an active role in the promotion and development of co-operatives of all kinds.
3. The transfer of responsibility for co-operatives within government from the Treasury to the Department of Trade and Industry.
4. A policy of effective equality toward co-operatives, including recommendation of the case for appropriate treatment of co-operatives in relation to taxation, to reflect disadvantages arising from their structure, especially with regard to access to and retention of capital.
5. Reconsideration of the treatment of equity in co-operatives within the framework of a new Co-operative Societies Act.
6. Continued and improved support for co-operative development, particularly in the new and growing sectors, such as housing, credit unions, community and workers' co-operatives, by virtue of the public interest in their success, and proper allowance for the additional needs of co-operatives in the design of training schemes and grant regimes."

Keith Brading, Chairman of the UKCC, said: "If these proposals are adopted it would mark a major step forward for co-operation in this country.

"However, the UKCC was formed to represent all co-operative sectors and we will be consulting with these sectors to ensure we all get the very best out of this plan.

The Journal welcomes this important initiative, which has had wide Co-operative and public attention, and it is hoped in the next issue to examine its prospects and implications.

Lega Nazionale delle Cooperative e Mutue

by Lanfranco Turci

(Journal 74 followed the interest of the Society in the United Kingdom Co-operative Council with contributions from Jacques Moreau, President of the Groupement National de la Co-operation and Lynden Hillier, Executive Director of the Canadian Co-operative Association which drew from the experience of their national councils guidelines on what has to be done (or avoided) to give the best chance of success. We are very grateful for this further contribution on the same theme from Lanfranco Turci who is President of Lega Nazionale delle Cooperative e Mutue.)

About a year ago, Lega Nazionale delle Cooperative e Mutue (National League of Cooperative and Mutual societies) held its 33^o Congress, in coincidence with the ripening of new and significant events, both within the Co-operative reality and at economic-social level, which marked the debate, characterizing it in an innovative sense.

Changes Inside and Outside

As far as the main features of the Co-operative reality are concerned, relevant changes have occurred in the recent years especially in the composition of the Co-operative membership (with an increase in the proportion of women as well as a growth of the income and education levels among members). And also the reasons for a choice in favour of Co-operatives have changed, with a new political-ideological characterization. In fact the mutual and solidarity inspiration, which is the basis of Co-operation, is more and more felt as serving the sovereignty of the members and their autonomy and responsibility.

Moreover, from a more specific entrepreneurial point of view, we saw a substantial exhaustion of the historic Co-operative model, which however strongly contributed to give cohesion to the Italian Co-operative movement and in enhancing its growth over the last decades. This model was founded on taking root in local niches of the market and on an organisation linked with the triad "enterprises-consortia-associations".

As far as the global framework of the Italian economy and society is concerned, last decade marked a radical change, still under way, in the relation between the State and market economy, as well as between small and big-sized enterprises. We saw also a gigantic process of entrepreneurial recovery

and restructuring, led by the main private groups, essentially based on the reduction of the labour cost, on public support and on favourable trends in the stock exchange market in the three-years period (1985-87).

Opportunities for Co-operatives?

In short, a new situation that, beside the undoubted difficulties, offers to the Italian Co-operation, some good opportunities.

In the first place this arises on the ground of the enterprise restructuring. In consideration of the increasing importance that, thanks to the "technological revolution" the human factor has acquired, Co-operation, updating its traditional formula, can use at the best the competitive advantage of its basic values which stress the human factor itself.

So, apart from this, Co-operation could take profit also from its long experience in "creating a system of businesses", which assumes an increasing relevance as factor of competitiveness in a more and more global market.

In second place, opportunity arises on the ground of the relation between the private and public sector, where the Co-operative entrepreneurs, can position themselves to play an important role on the basis of the distinctive link between social awareness and entrepreneurial responsibility, as well as on the democracy in the management processes and efficiency, which characterize the Co-operative idea.

Responding to the Opportunities

The last Congress of Lega delle Cooperative stressed the Co-operatives' need to express, in the forefront of such a scenario, a strong strategy, capable of helping them to consolidate their leading position at adequate levels. This is a goal that requires a quality jump in the management of the societies as well as a perspective view of the Co-operative movement in all its complexity, (starting from business of whatever dimension), in order to develop the capacity of Co-operative supply to catch the opportunities offered by market, by social dynamics and public initiative.

How should the Co-operatives equip themselves to seize the opportunities of growth offered by the market?

We think that it is decisive to launch an effective policy of production factors, capable of attaining the necessary scale economies, focusing on the set up of a system at network level to strengthen and multiply the strong points, through articulated and flexible connection with specialized centres, which aims at maximizing the efficiency of the system.

So, the consolidation of processes of internationalization and the adjustment

of investments in research, development and training, seem to be the prerequisites.

A New Law of Co-operation

But, beside all the above-mentioned, the strategic choices of Lega delle Cooperative, with the renewal of the internal structures, aim at relaunching the presence and the role of Co-operation in Italy. In this sense, we are proposing, an updated form of the social function of Co-operation, as envisaged by the Italian Constitution.

A sign of this trend is the recent approval by the Parliament of the reform of the Co-operative legislation previously in force. This reform reaffirms the social function of Co-operation and links it to the modern entrepreneurial vocation of the Co-operative society.

This new Law on Co-operation, gives to the principle of mutuality "an external" value, because the law allows the National Associations of the Co-operative movement to set up mutual funds for the promotion of new Co-operatives, to be financed by 3% of the net profit of the enterprises adhering to these Associations.

Besides this fund, the Law envisages measures aiming at a major improvement in the capitalization of Co-ops, both boosting the members' contributions and facilitating the collection of risk capital from sources external to the Co-operative societies.

The Co-operative Mission

But, besides the external conditions, that are obviously very important, the actions of the Co-operators themselves are decisive as active protagonists in the redefinition of the Co-operative mission. This should have as a basic criterion the autonomy of the Co-operative enterprise and as a goal, the focusing on its efficient operation as well as its social and entrepreneurial peculiarities.

Today the Co-operative mission can be summarized in the very character of Co-operation itself, as a democratic and participating instrument for extending entrepreneurial initiative beyond the social-historic limits connected with collective ownership.

"A System of Business"

Through its essential forms (consumers, services, workers' productive and agricultural Co-operatives and support to small-sized firms) as well as by means of the financial institutions belonging to Co-operative entrepreneurship,

it can contribute both to promote business activity and to satisfy collectivity's needs. In a period in which autonomy is a basic value and ideologies exist no longer, it is necessary to re-design the "Co-operative system" that should be based on solidarity, service to the components and intelligent strategy.

The password to creating "a system of businesses" requires, in the present reality, an updating of the inter-Co-operative relations in accordance with the needs of a society in rapid evolution and of a global economy.

All the businesses should attain goals of economic efficiency and competitiveness and the "system" should be a tool to strengthen them.

However, at the same time, it should be clear that the National Associations can no longer assume a control of Co-operation: this means that within "the system of enterprises" each subject should take its own responsibility, as far as the choices to make and their results are concerned.

Societies and their Associations

In this perspective it is necessary to strengthen and optimize the leading positions acquired by some enterprises in different geographical areas and sectors, giving to them proper and significant appreciation from the relevant sectoral and territorial Associations. These successful enterprises should be regarded as the "cornerstone" of the "system".

This appreciation implies, for the largest societies, their involvement in the development and growth of the geographical area and the economic sector in which they work. As far as the National Sectoral Associations are concerned they should give an effective support with "system strategies", though reaffirming that the power of decision and the responsibility for the economic-business choices is up to the management of the enterprises. Obviously, in the framework of the Co-operative system's updating there is the need for reflection about the role of the Sectoral Associations.

The principles to which this reflection should be addressed are namely the following ones:

- the Associations should be representative (involving also, inter alia, the composition of the governing bodies);
- clear definition and responsibility (at each level);
- professional skill and efficiency (especially at executive level).

We underline, once again that the Associations should not carry out any entrepreneurial activities, and our future task will be to re-organise the main functions of our Associations in these three specific areas.