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AS A DEVELOPMENT TOOL:
THE CASE OF THE METAMORPHOSIS OF AN ITALIAN REGION**

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THE FLEXIBILITY OF THE COOPERATIVE MODEL AS A DEVELOPMENT TOOL: THE CASE OF AN ITALIAN REGION

Gianluca Salvatori*

Abstract

With the crisis in laissez-faire philosophy and practices, cooperation has rediscovered topical relevance and, at the same time, its diversity. The case of Trentino, an Italian region with an important history of cooperatives, can serve as a way to introduce a reflection on the challenges that we must tackle today. The three “renaissances” of Trentino’s cooperation show the capacity to move beyond repeating traditional solutions and to invent new ones in response to new issues.

Keywords

Cooperatives; Cooperative districts; Local development; Province of Trento

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1. Introduction

The United Nations has declared 2012 to be the International Year of Cooperatives, acknowledging the role the cooperative model plays around the world in the economic and social development of large sections of our societies. It has been calculated that cooperative enterprises, spread extensively through almost all the countries on the planet, serve a total population of around a billion people. Put together, all the cooperatives in the world are worth approximately \$1.7 trillion, comparable to the seventh- or eighth-largest national economy.

Cooperation has created and continues to create employment, facilitates access to credit at favourable rates and good conditions for consumers, adds value to community assets and provides social services not covered by the public sector. Cooperatives are among the most durable businesses within our economic systems. Through the concept of one member, one vote, the cooperative method offers the best incarnation of democratic principles.

Though at no time a dominant majority, cooperatives have never stopped being present at every latitude around the world. Now, with the crisis in laissez-faire philosophy and practices, cooperation is being looked at with new interest. It is being seen as a possible remedy to the excesses of an ideology that has sacrificed fairness and social development to allow the success of a few individuals and a few nations.

In this context, cooperation has rediscovered topical relevance and, at the same time, its diversity. Cooperatives have a different logic from that which has long dominated the international economy, but they are also different in that they cannot be translated into a single universal model. Instead, they always react to their context, adapting based on the values and materials found in their social setting.

This is why cooperative models are as numerous as the actual situations in which they operate. Based on a framework of shared values and approaches, the cooperative model makes room for the diversity of places and social groups it serves. Here lies the difficulty of an all-inclusive theory of cooperation, which must reckon with practices and experiences determined by history and geography. But this is also the reason for the longevity of a system which for over a century and a half has continued to interact creatively with the transformation of the needs it seeks to satisfy.

The issue of the current validity of the cooperative model therefore leads to a demonstration of how it has worked successfully in other historical periods when, like today, it was necessary to confront a critical transition. The case of Trentino, an Italian region with an important history of cooperatives, cannot serve as an absolute example, but rather a way to introduce a reflection on the challenges that we must tackle today, using a narrative method in which the experience of the already-known leads to a vision of the not-yet.

2. The case study of Trentino

Trentino is one of the European regions with the highest density of cooperative enterprises, some of which have been active since the end of the 19th century. Cooperative members number 270,000, out of a population of 500,000 with 210,000 family units. Trentino is also one of the regions with cooperatives in the greatest variety of economic sectors. Over the years, the cooperative experience in Trentino

has expanded from the traditional areas of credit, agriculture and consumers, and now encompasses social services, environmental management, energy production, culture and education.

In this sense Trentino represents a case worthy of study, a kind of enclave that has withstood 120 years of history without ever experiencing fatal crises or events that have substantially changed its nature and values. The only other comparable European example in terms of size is the cooperative system in Mondragón, in the Basque Country, which is however characterized by greater sectorial homogeneity and dominated by manufacturing. Similar cases exist in the rest of the world (Sunchales in Argentina, Nova Petropolis in Brazil, San Gil in Colombia). They show how local cooperative systems, each with their own original characteristics, have been durable driving forces behind economic and social development.

The Trentino model is of interest to anyone studying social economics because it synthesizes many of the transformations undergone by cooperation in Italy and Europe. The experience of Trentino does not claim to be unique nor exemplary compared to other models. However, some of its characteristics can aid reflection, especially when seeking new strategies to confront the difficult times through which our societies are currently living.

3. Origins

Cooperation in Trentino began in 1890, during the challenging period of the great economic transformation that followed the Industrial Revolution. The local context was characterized by marginality; Trentino is a mountainous region, long typified by a rural subsistence economy. Italy's modern manufacturing industry developed in the lowlands, but this is the Alpine frontier, inaccessible and with a tortuous topography. Moreover, Trentino was on the periphery of the great Austro-Hungarian Empire, in which the Italian-speaking population was a tiny minority.

Thus when the cooperative movement started, Trentino was extremely peripheral. It had a very fragile economy and the standard of living was affected by extreme events like pellagra (a disease associated with poverty) and epidemics afflicting vines, potatoes and silkworms, the basis of rural livelihoods in Trentino.

Every epidemic wave would be followed by an economic crisis, and every economic crisis would lead to a wave of emigration. In the second half of the 19th century, tens of thousands of Trentino's rural population abandoned their villages to seek better lives elsewhere. During these years, entire valleys were emptied. Many people went to other European countries, but many more emigrated to America, where they hoped it would be easier to make their fortune.

Trentino in the 19th century was an area of great poverty, but today it is one of Italy's richest provinces, its GDP 30% higher than the European average. This enormous transformation, which took place over half a century and a couple of generations, is due in part to the role played by cooperation. I will now try to explain how this happened.

The origins lie in the crisis that struck Trentino's agriculture in the middle of the 19th century. Made vulnerable by a series of diseases, the region's poor rural economy could no longer ensure the population's survival.

One consequence of this tragic situation was the already-mentioned exodus. But others were not ready to resign themselves to this mass flight. One was a country priest, Don Lorenzo Guetti, who was seeking an alternative to forced emigration. The origins of cooperation in Trentino are rooted in the philosophy and social practice of the Catholic Church. The clergyman, through some of the local parish priests, was working on the front line to try to interpret the needs and difficulties of the rural population.

Among the educated minority, priests enjoyed the greatest persuasive power. And the general direction of the Church, exemplified by Pope Leo XIII's publication of *Rerum Novarum* in 1891, gave them a further push to take on civil responsibility duties.

Don Guetti was an innovator, but not an inventor. He looked to Germany for the cooperative model, drawing inspiration from the credit unions pioneered by Friedrich Wilhelm Raiffeisen, a German mayor who was concerned about the social and economic degradation in his local area. Unlike other mutual approaches, Raiffeisen's model was a "bank without capital", adapted to a rural context and farmers whose only assets were their labour and their fields. The first people's banks (*Volksbank*) took a different path. They were being founded around the same time but in urban environments, for small-scale artisans and shopkeepers, on the initiative of Hermann Schulze-Delitzsch in Germany and, a few years later, Luigi Luzzati in northern Italy.

The rural bank functioned on a community basis, founded on a relationship of trust with the small-scale farmers who had no resources to invest and instead offered their fields as a guarantee, assuming the risk of unlimited responsibility. The credit cooperative corresponded to the local community (and the parish), within which all the members were bound by direct acquaintance. Neighbourly relationships and mutual acquaintance thus became the principles behind a new way of banking, which allowed access to credit to weaker subjects who otherwise would be excluded from traditional banking. The cooperative form, a union of many weak subjects, responded essentially to the need for credit of otherwise marginalized sections of the population, rather than the need to guarantee a return on the invested capital, like traditional banks.

Though the idea was simple and responded to the population's concrete needs, the establishment of the rural banks was neither easy nor immediate. The rural Alpine mentality was resistant to innovations. The step that facilitated the spread of the cooperative model, even before the establishment of the credit banks, was the creation of "sale and consumption" shops. The first cooperative founded in Trentino, in 1890, caught on with the masses because it provided solutions to two of the rural population's immediate problems, supplying consumer goods at advantageous conditions and more efficiently organizing the sale of local products produced by members, supporting their access to the market.

From a historic point of view, what happened in Trentino is a repeat of what happened around 50 years earlier, when 28 weavers from Rochdale, an industrial town near Manchester, founded the first cooperative store for consumers. The origins of the cooperative movement are usually traced to the experience of these "Equitable Pioneers", and a similar pattern can be seen in Trentino.

History repeated itself and it was through the innovative response to immediate needs that the cooperative movement spread in Trentino, expanding and integrating itself with other sectors. The pragmatic synthesis of Don Guetti and the other priests who

spread the cooperative model through Trentino's mountains was inspired by the German experiences with credit cooperatives, in line with agricultural modernization, and the British experiences with consumer cooperatives. However, the lack of industrial development held Trentino back from the first experiences of cooperation in the industrial sector, which were developing in France. This, in brief, was how cooperation became established in Trentino's mountains, spurred by the need to find an alternative to emigration.

4. Development and consolidation in the early 20th century

In just a few years, rural banks and "cooperative families" (cooperative retail stores) had opened in all the valleys in Trentino. In 1895 there were already 50 cooperatives: 28 stores, 13 rural banks, 6 agricultural cooperatives and 3 cooperative wineries. Other cooperative-type organizations soon collected around the central nucleus of the cooperative banks, improving the conditions of specific economic sectors, particularly the production of milk, wine, mulberries and silkworms.

Until the end of the 19th century, rural businesses were too small for Trentino's farmers to sell their products on the national market. Mountain agriculture also suffered from too many environmental disadvantages compared to lowland farming. So once the cooperative movement had tackled the most urgent problem, of subsistence, it had to deal with another crisis, triggered by the move from an agricultural economy oriented towards family consumption towards one oriented towards the market.

The objective was clear: to pursue the social and economic development of marginal areas, compensating for the distance of large markets. The method was simple: unite forces and drastically improve the quality of production and marketing. The strategy was specific: to compensate for local weaknesses by creating a structured movement capable of unitary representation.

In 1895, just five years after the founding of Trentino's first cooperative, a federation was formed that brought together all the cooperative businesses, divided into two sections: one for rural banks and one for all the other sectors. It marked the move from a pioneering phase to a more structured organization, working on promotion, coordination and assistance. And it came out of the need to manage the growth of the cooperative movement without having to rely only on the political role of a public body.

From the first years of Trentino's cooperative movement, the contribution of public institutions (through the Provincial Agriculture Council, a public agency established by the Tyrolese Diet to encourage the spread of cooperation) was important but still minor compared to the influence of the country priests and the exemplary role of initial experiences. However, once it reached a certain size, the cooperative world realized it needed to organize itself more solidly, taking an internal and autonomous movement as a starting point.

In short, in less than 10 years Trentino's cooperative system had created a solid and modern organization, with central independent bodies, operating as second-tier consortia in service of the movement's main sectors (credit and consumption). In the early years of the 20th century, similar initiatives were launched to support the wine sector and electricity production and distribution. At the same time, thanks to the

institution of the Federation, the movement benefitted from a robust tool for unitary political and union representation. Intercooperative service activities, like auditing and training for technical and administrative staff, depended on the Federation, but more generally the Federation represented the nervous system of an organization that was growing in complexity and increasingly feeling the need to manage its growth with a common strategy.

The intuition proved far-sighted. A few years later the robustness of the system showed itself capable of confronting two great crises, limiting their damage and allowing the cooperative movement to reposition itself within profoundly changed scenarios.

The first crisis came about as a result of the First World War. From 1915 Austria and Italy were fighting each other. Trentino suffered great damages, and when the conflict ended in 1918, the region was annexed to the Kingdom of Italy, losing its traditional access to the markets of the Austro-Hungarian Empire. Cooperation had to find its place within a new institutional and legislative context.

As the war's front passed through Trentino, rural banks and agricultural and consumer cooperatives were forced to stop their activities. But as soon as peace was restored, the cooperative movement recovered quickly, playing a key role in the reconstruction process. In 1920, just two years after the end of the war, there were already 269 consumer cooperatives in Trentino, more than before the war, while rural banks numbered 207 by 1930. There were also 23 cooperative wineries, 21 electricity consortia, 19 industrial cooperatives, 14 cooperative dairies and 12 silkworm-processing cooperatives.

5. Two decades of Fascism and the Second World War

The second great crisis that the cooperative movement had to deal with in the first half of the 20th century was caused by the clash with Fascism.

During the two decades of its rule, Italian Fascism was a tenacious opposer of cooperation, for ideological and economic reasons. The totalitarian Fascist state could not accept the autonomy of the cooperative movement and tried in every way to influence it and to distort the experience, including through assimilation strategies. In Trentino, as in the rest of Italy, the regime appointed its own commissioners within the cooperative movement, putting loyal supporters in positions of responsibility and acquiring complete control of the organization. As a result of this "occupation", the Federation, as a unitary representative body, was suppressed.

These years brought heavy losses, due also to the effects of the global financial crisis that broke out with the Great Depression of 1929. During the two decades, the number of cooperatives was reduced by almost a third, and the ones that survived found themselves in very difficult conditions. By the eve of the Second World War, the system was very weak, its autonomy profoundly damaged.

Yet once again, just as in 1918, as soon as the war was over the cooperative movement underwent a renaissance. Within the new national democracy, cooperation became one of the driving forces behind the second reconstruction, particularly in the regions where it had the deepest roots.

The Italian Constitution, which came into force in 1948, dedicated Article 45 to cooperatives, recognizing “the social function of cooperation for mutual benefit free of private speculation”. The new Republic’s legislation gave cooperation favourable treatment, anchored to the specific prevision of a non-distribution constraint on profits. As history would later demonstrate, the obligation to keep profits in reserve was one of the most important factors in the development of cooperatives, as it provided an original solution to the need to capitalize enterprises despite the financial fragility of their members.

The general situation encouraged the revival of cooperation around Italy, but in Trentino the return of democracy brought a further innovation, which had profound consequences over the following decades thanks to the region’s specific cooperative tradition.

6. Social capital

Behind the origins of modern Trentino lies a long and complex history, made up of events, traditions, civic customs and rules that communities gave themselves and managed to preserve despite political and social upheavals. Still today, beyond cooperatives, other examples of this inclination towards sharing can be seen in Trentino, something common to many mountain populations. For example, Trentino is one of the European areas with the highest density of volunteer associations, in fields as varied as culture, sport, music education, civil defence, social solidarity, international cooperation and development.

Yet another example shows how this social capital is still widespread today. Fire prevention and firefighting in Trentino is primarily entrusted to corps of volunteer firemen, spread extensively around the province. The volunteers are organized autonomously on a local basis into 239 corps and united in a federation, which also organizes a well-structured programme of educational activities for young people. Just as in centuries past, when a threat looms it is the community that mobilizes, without depending on the intervention of the public authorities.

The volunteer firemen serve as a symbol of how the hostility of the Alpine environment has regularly motivated the union of individual efforts, through forms of collective work, community management of natural resources and shared risk. From this point of view it is correct to state that the success of the statute of autonomy is highly dependent on the existence of this living social fabric, made up of associations, the commitment of volunteers and non-profit organizations.

Trentino’s transformation from a poor and marginal territory to one of Europe’s richest provinces is therefore due to the concurrent action of multiple factors, with the capacity for social self-government playing a determining role. The history of cooperation is a substantial part of the explanation for Trentino’s escape from poverty, but in turn the success of cooperation is explained by this rich background of participation and social commitment. The historical events closest to us, in the second post-war period, highlight this close relationship even more clearly.

7. Trentino post-war development and the crisis of the 80s

The 1960s and '70s were marked by huge social and economic transformations in Trentino. The era of initial industrial development came around a decade later than in other Italian regions. The fight against unemployment, with the objective of stopping the haemorrhage of workers emigrating abroad, was at the time primarily focused on attracting big Italian and foreign industry. Industrial labour-intensive factories populated the valley floor, and so began an internal emigration towards the new industrial areas, close to urban centres. For two decades the priority was "manufacturing development" and the cooperative model was pushed to the background.

However, the transformation was even more profound. In Trentino, as elsewhere, urbanization was seen as an emancipation from the constraints of rural life. The well-being that post-war growth brought to Trentino's society also changed its equilibria. The majority of the population developed an ambivalent attitude towards the fabric of widespread sharing and solidarity that had formed the cultural core supporting the construction of autonomy.

Trentino's modernization underwent a growing standardization, bringing it in line with the dynamics and behaviours of industrial urban society. In some cases this translated into detachment from the past, amplified by its identification with a history of poverty and insecurity. In others – the majority – there was a more or less conscious cohabitation of the old and new models, though without any real capacity for synthesis. This was partly because the economic and social transformation was advancing so rapidly that it was hard to process in the span of a single generation.

The two decades of great economic development, between the early 1960s and the late 1970s, proved a difficult period for cooperation. The crisis in this case was not provoked by a tragic event, like the Great War, nor by conflict with an authoritarian power, as in the struggle with Fascism. This time, more subtly, the challenge came out of confrontation with a new strategy of development, founded on the supremacy of big industrial businesses and the model of urban life characterized by the maximization of individual well-being. In the new scenario, the cooperative model was called into question by the success of other values and other ideals, in which the sense of community no longer seemed significant or necessary.

In retrospect, we can say that the legacy of that period has profoundly marked Trentino, assimilating it in part with other more developed societies, despite it still remaining fundamentally different. The processes of secularization and individualization have in fact modified Trentino's society, loosening the ties of solidarity and mutualism that had allowed it to autonomously overcome the worst crises. But overall the sense of community weakened rather than disappearing completely.

Industrialization in Trentino started late and entered a crisis period towards the end of the 1970s, in the wake of events that marked the move to a post-industrial phase throughout the Western world. There was not time for all the effects of social, cultural, economic and political transformation to be fully felt, as they were in other, more radicalized contexts.

And so we come to cooperation's third and most recent renaissance. In a changed context, less favourable to the development of mutualistic experiences than in the

past, the history of Trentino in the past 30 years has shown once again how the cooperative model has managed to adapt itself to new circumstances, responding to needs that otherwise would have remained unmet.

From the 1980s on, many of the medium- and large-scale businesses that had based themselves in Trentino during the first industrialization phase began to close, causing a serious unemployment crisis. These closures were part of the bigger picture of the decline of Fordist industry, which was affecting all the Western economies at the time.

The crisis produced serious effects everywhere, aggravated by an unparalleled convergence of economic stagnation and inflation. The biggest restructuring of Western capitalism dates from those years, with the transition to the post-industrial model dominated by the tertiary sector. This model still prevails today. In the industrialized world big businesses underwent significant reorganization processes, applying criteria of sectorial specialization and technological innovation.

However, in Italy more than elsewhere, the crisis did not lead to a restructuring of the big corporation model, in which the country already had a weak tradition. Instead, it translated into the rediscovery of small- and medium-scale family businesses, a model of districts and local production systems. This is the so-called "third Italy", peripheral to both the north-western industrial triangle and the southern regions supported by public spending.

8. The third renaissance

The Trentino version of this trend manifested itself in the re-evaluation of artisanal and cooperative businesses, in line with a philosophy that after the experience of other-directed economic development in the two decades between the 1950s and 1960s believed in the need to invest in endogenous development factors, including small local family or community-based enterprises.

Trentino came out of the crisis of the 1980s on the one hand with a focus on the fabric of micro- and small-scale localized businesses, not especially innovative but solidly tied to the territory. On the other hand there was a reliance on the cooperative tradition, both in terms of renewing traditional sectors of activity (agriculture, consumption, credit, production and labour) and an openness to new sectors brought to the foreground by the State's fiscal crisis and the decline of public welfare structures.

Cooperation's third renaissance can be understood from both these perspectives. Below are some examples to help clarify this crucial step.

Over the past two decades, agricultural cooperatives in Trentino have gradually extended the production chain up to the processing and marketing of products, following a path of specialization in quality, principally in the fruit and wine industries. With a considerable investment of resources in the innovation of agricultural techniques and commercial methods, Trentino's agriculture has transformed itself into agroindustry. Thanks to the contribution of cooperation it has grown in value and positioned itself solidly on the national and international market. Today, Trentino's apples and wine are sold abroad, representing an important share of the province's exports. Agricultural products from Trentino have become a "territorial brand" and ensure a certain level of affluence to thousands of farmers. Results have been

achieved that would have been unthinkable 20 years ago. Moreover, even in the areas of Trentino less suited to traditional production, cooperative organization has managed to revitalize the agricultural sector by introducing new, high-value crops. In fact, over 90% of Trentino's agricultural production is currently organized in cooperative form.

As an example, we can look at the Val dei Mocheni, a marginal valley long bound to a subsistence model of agriculture. Its climate and topography make it unsuited to growing either apples or grapes.

The story of the Sant'Orsola cooperative is exemplary. It was founded in the late 1970s in a small municipality in the valley as an association of volunteers who wanted to find a solution to depopulation. In less than 20 years it has become a leading cooperative at a national level in the sector of growing and selling strawberries, blackberries, raspberries, blueberries and cherries. The cooperative currently brings together 1,200 members, all selected growers. Since 1996 it has been recognized by the European Union as a "producer organization". A share of the profits are regularly invested into research to improve crop variety. In recent years it has exported its model to other Italian regions, and now, under a different brand, it has agreements with selected producers in Spain and South America to market quality products in seasons when local produce is not available.

Sant'Orsola is an example of how the cooperative model can still be a useful tool for reacting to critical situations, intervening where the strategies based on individual entrepreneurship and pure market rules have failed.

Another example of innovation and renewal comes from labour cooperation. Once again, the stimulus came from the crisis of the 1980s. Thousands of workers were let go from restructured companies, raising the problem of creating new employment opportunities for those close to retirement, not easily reintegrated into the job market. A "special employment project" was launched in 1990 out of an agreement between the Autonomous Province of Trento and the cooperative movement, providing for the establishment of cooperatives for activities to improve tourism and the environment. Over the past 20 years, hundreds of workers who would otherwise be unemployed have been hired for jobs like environmental restoration activities, building bicycle lanes, creating river parks, repairing mountain footpaths, restoring heritage sites and working as custodians in museums and libraries. Labour cooperation managed to respond to a crisis in the local job market, contributing at the same time to the spread of environmental protection and local tourism promotion values. This is an example of how the cooperative model can adapt to social and economic evolution.

However, the most important innovation over these last two decades was perhaps the one that led to the birth of social cooperation. It is widely accepted that within the post-industrial society, new social needs are constantly emerging with neither the public sector nor for-profit enterprise able to supply a response. The area where these needs arise is where we see with the greatest frequency both the failures of the private market and the limits of public welfare in a financial crisis.

The phase ushered in by the crisis of the 1980s brought to light large swathes of social disadvantage, with some aspects more visible (like job insecurity) and others less obvious (like the spread of new forms of poverty, even among a middle class who had once seemed immune). Within this context, social cooperatives were

established to give stability to the volunteer experiences that sprang up spontaneously to respond to these new social needs, outside the range of action of an increasingly weak welfare state.

This type of cooperative enterprise, working primarily in the sectors of social and health care, re-integration of disadvantaged workers and educational services, developed significantly in Italy. Trentino, where the first relevant law dates back to 1988, was one of their main places of origin. From Italy – where the first organic law dates from 1991 – the phenomenon spread around Europe and today social cooperatives are one of the most dynamic and valued forms of cooperation in our continent.

Social cooperation is currently attracting increasing attention, including at an official level, because it tackles the issue of the social integration of weak subjects in a context in which the demand for social services is growing and the supply of sustainable solutions is decreasing. Its strong point is the mobilization of civil society resources in a new space governed by a different logic from that of the State or the purely capitalist market. Also in this case, a sector believed to be marginal and peripheral represents the testing ground on which the cooperative model can try out its adaptability, demonstrating the possibility of uniting an entrepreneurial approach and social sensitivity. And this is not just an Italian trend: the whole of European society is in search of new ways to escape the current crisis conditions. The spread of social cooperation is one of these.

9. Cooperatives in Trentino today

These three examples show the capacity of cooperation in Trentino to move beyond repeating traditional solutions and to invent new ones in response to new challenges. This capacity also explains why today in Trentino cooperation is not just a memory from the past, but an active subject in local development, responsible for almost 14% of the province's GDP and 15% of employment.

In these last decades, cooperation in Trentino has grown in size and widened its sphere of action. The numbers speak for themselves: 18,000 direct employees, organized into 539 cooperative enterprises, with almost 270,000 members. The total number of administrators is 4,146, outlining the profile of an unparalleled democratic organization spread throughout the whole territory.

Still today, the Federation represents the system's fulcrum, a distinctive characteristic of unitary management, and is divided into four sectors: agriculture, credit, consumption and the sector that covers labour, social, service and housing cooperatives.

Specifically, agricultural cooperation represents 90% of the whole provincial sector, and, as mentioned before, plays a key role in Trentino's exports. Food production is increasingly oriented towards high quality standards. Businesses like Melinda, the second-tier consortium that brings together all the cooperatives and the 5,000 apple growers in a single valley, offer a model of a food-producing district able to compete in very selective markets. In this evolution of the agricultural sector, cooperation has shown that it can keep up with the innovations demanded by consumers, without losing a close relationship with the local area.

Cooperative credit also boasts impressive numbers. At a provincial level, rural banks hold 60% of deposits and 55% of investments. Clients number almost 450,000, out of a population of just over half a million. Above all, as the 2008 crisis has shown, the cooperative credit system has managed to guarantee access to credit even in the periods of greatest financial turbulence, acting as a stabilizing factor. Over the course of the last three years, since the financial crisis hit in earnest, cooperative credit has further increased its share of the local market, earning further standing compared to commercial and national banks.

Contrary to what one might think, this enormous and also widespread presence has produced another extraordinary effect, confirmed by the Bank of Italy itself (at the presentation of the 2010 report on the economy of the autonomous provinces of Trento and Bolzano). In Trentino the interest rates on deposits are higher than in the rest of the country, while interest rates on loans are the lowest. Cooperative credit therefore manages to operate with smaller margins than commercial banks, guaranteeing its clients the best possible terms.

Similarly, consumer cooperatives play an important role in Trentino. The raw figures are lower than those of the previous two sectors. Cooperative stores and supermarkets cover 38% of the market. But what counts is that in 199 municipalities (out of a total of 217 in the whole province), the “cooperative family” is the only existing commercial business. In the most remote places, in the smallest villages (sometimes with just a few hundred inhabitants), cooperation has become the only presence able to ensure the continuity of essential services, whether commercial or not. In some cases these stores have taken on the role of multi-functional businesses, concentrating all the services needed to ensure the liveability of a small community (post office, pharmacy, citizens’ advice bureau, newsagent, etc.).

Production and labour cooperatives, social cooperatives, housing cooperatives and other forms of cooperatives for the provision of specific services are also widespread and well-established in Trentino. The sector includes almost 300 cooperatives, operating over 80 different types of activity. In this context, the ability to react to new social needs means the provision of services can change quickly. One example is the rapid development of new forms of cooperation for the management of electricity production from renewable sources, which represent the contemporary version of a phenomenon already seen in the early 20th century, when electricity consortia sprang up in different local areas to manage the use of community hydroelectric resources.

This system, as already mentioned, is characterized by a unitary management, divided into two levels. First there are the specialized consortia: in every field (credit, consumption, agriculture, etc.) individual cooperatives have established second-tier structures. These are responsible not only for coordination, but also other operational functions that require a critical threshold beyond the reach of individual enterprises. This is the case with the Cassa Centrale Banca, which provides services and manages the investment fund for all the rural banks. Likewise the employment and environment consortium, the Consorzio Lavoro Ambiente, unites all the production and labour cooperatives, providing them with administrative, legal and marketing support. And Apot joins together all the subjects working in the fruit-growing sector and acts as an intermediary between them and national and international agencies.

These are simply a few examples of a complex structure above which the Federation maintains its apical role. All the cooperative sectors participate in the Federation’s leadership, and its roles include external representation of the system, promoting the

system's development, encouraging processes of inter-cooperative collaboration and providing administrative, legal, supervisory and auditing services.

10. In conclusion: Some Observations

In conclusion, let us return to our starting point. As has been said, we live in a time in which reflection on cooperation and its models can bring new ideas about how to tackle the effects of the global crisis affecting the world's economy. In reality, the cooperative model does not exist in an absolute form, but is the result of historic events and conditions which have determined its specific development along a multiplicity of paths. Cooperation is always the result of a close relationship with a territory, and therefore no one experience can assume a universal and exemplary role. However, it is precisely this plurality of models that proves useful when one wants to identify new paths and new tools, looking also at seemingly unrelated experiences.

Having made this caveat, certain elements of the story of the development of cooperation in Trentino are worthy of further reflection, and can be applicable to different geographic contexts.

One initial element concerns the cooperative experience as a reaction to a difficult social and economic context, at risk of underdevelopment, which market-based approaches and public intervention cannot deal with alone. Cooperation began as a response to situations of crisis and fragility, and it was successful because it manages to mobilize energies and resources that would otherwise be wasted or fragmented. And this capacity for response is renewed every time a new crisis scenario presents itself, leading to new solutions. The three renaissances of cooperation in Trentino are good evidence of its reactive nature and ability to adapt.

A second aspect highlights the capacity of the cooperative approach to activate endogenous development processes. Cooperatives generally arise in environments where solutions to problems must be sought internally, rather than coming from outside. The vivacity and dynamism of a cooperative system are always a good indication of the capacity of a country, a region or a local area to plot its own future according to a logic of sustainability, without creating a dependence on external factors.

A third element concerns the advantage that comes from an systemic approach. In Trentino cooperation has never been a purely sectorial phenomenon. On the contrary, one of its strong points has always been the variety of spheres of application and the capacity to offer a joint and integrated approach. The multiplicity of cooperative sectors is also the best guarantee of innovation, because it expresses the ability to change over time the response to new needs emerging from society. An approach that integrates various sectors and experiences is not an easy result to obtain. Trentino's history is not lacking in internal tensions between different currents of thought. But its history also shows that even though synthesis is difficult, it is possible and can be successful.

Leading on from this, the fourth element worthy of reflection is the cooperative system's unusually high degree of autonomy. The same democratic organization that allows internal differences to be managed without aggravating them also has the effect of producing greater resistance to adversities and external attacks. Autonomy is

a value in that it strengthens ties and contributes to creating that sense of belonging to a common destiny that is indispensable to development processes.

A fifth element is the relationship between the autonomy of the cooperative movement and the institutional, public dimension. In the case of Trentino, the high level of political and institutional autonomy can be read in direct relationship to the story of a community whose development has rested on a strong sense of social cohesion and on models of government founded on democratic principles and extensive citizen participation. Without institutional autonomy, the story of cooperation would have been different and probably weaker. Likewise without the dimension deriving from the cooperative culture, political autonomy would not have developed into what we know today.

The sixth observation is that the cooperative experience plays a fundamental role in compensating for the processes of globalization. Cooperative enterprises are rooted in a specific territory, connecting directly to the needs of a community. The delocalization of a cooperative is hampered by the fact that these organizations are owned by the beneficiaries (producers or consumers), who cannot be simply relocated. This characteristic also makes the development of a robust cooperative system important, especially in those more peripheral contexts that otherwise risk playing marginal roles in global processes, subordinated to distant interests.

A seventh consideration concerns the fact that cooperative enterprises are connected to their own territory by a relationship that is not only economic in nature. The cooperative approach in fact reflects a civil dimension, an ethical commitment, which belongs directly to the sphere of what is known as social capital, manifesting itself in terms of solidarity, collaboration, trust and networks of interpersonal relationships. Instead of counting on financial capital as the principal lever for carrying out their activities, to a great extent these enterprises use immaterial resources that derive from the social contexts in which they operate. And they do not unilaterally exploit these resources, but contribute in a crucial way to reproducing them and maintaining them over time.

These seven observations synthesize the reasons behind the metamorphosis of an Italian region, which in the span of three generations has passed from marginality and poverty to widespread and enduring prosperity. A transition was made from a rural, subsistence economy to a modern, dynamic and fully developed system of production and consumption.

Trentino has entered modernity thanks to the social economy and the cooperative institutions it inspired. It owes them its emancipation. And, after filling in the development gaps, this story continues today.

Trentino's history highlights the potential of the cooperative experience, its adaptability to specific contexts, its resistance to adversities and its capacity to effectively distribute economic and social growth opportunities.

Trentino's model is not important in itself. What is important is the approach and its flexibility, which derives from a non-ideological nature. From this comes the possibility to make use of it in very diverse contexts, as long as it is possible to identify and mobilize the resources that each society contains within itself and often ignores.

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