



PROMOTING
THE UNDERSTANDING
OF COOPERATIVES
FOR A BETTER WORLD

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Many factors point to the fact that a renewed economic system is needed in order to recover from the crisis that is affecting much of the global economy. However, a new system must be different from the one that generated the crisis. It must be one that recognizes the value of enterprise diversity in the economy, just as the value of biodiversity is recognized in nature.

Economic diversity cannot concern only the size of the firm or whether it is private or public. Rather, it must involve the goals of the firm and its coordination mechanisms, and thus it must encompass the different types of enterprises that operate on particular markets and in the economy as a whole. Therefore, diversity in economics cannot exist without taking into account the presence of cooperative enterprises, of all different types and sizes.

The scientific conference organized by Euricse, the ICA and the Italian cooperative movement on the occasion of the United Nation's International Year of Cooperatives, brought together scholars from many different countries and disciplines to discuss the economic and social importance of cooperatives, both from a theoretical and an empirical point of view.

In exposing the limitations of many widely held tenets in economics, which question the relevance and sustainability of cooperation, and in an effort to better understand the contribution of cooperative enterprises to the recovery from the ongoing economic crisis and to the implementation of a more efficient and balanced economic system, the conference reached some important conclusions and recommendations, summarized herein.

1. First, the findings presented at the conference confirm the **widespread presence of cooperatives** in most countries and sectors. The most significant presence is found in countries where public control is weaker and the cooperative movement is more organized. Despite the dearth of official data on enterprise forms, the evidence presented at the conference reveals that in some sectors the cooperative model is dominant, and in many others it has maintained or even increased its market share over the years. The widespread presence of cooperatives, moreover, ensures greater competition and stability (particularly in some sectors such as insurance and banking), effectively protecting consumer interests.
2. Moreover, the findings revealed the emergence of **new forms of cooperation** in sectors like education and health and social services, where the supply provided by public and nonprofit organizations was inadequate. These new forms highlight the social impact of cooperation, particularly at the local level and when the public sector fails, given the superior ability of these enterprises to generate positive externalities.
3. By questioning many of the alleged limitations of cooperatives, which would make them systematically less efficient than other enterprise forms, the conference participants showed that **cooperatives are not confined to specific sectors, are not only small enterprises, nor are they less capitalized than shareholder companies**. Moreover, cooperatives tend to maintain higher employment levels than other firms in times of crisis, and to increase employment levels in expansion phases.
4. Another key point that emerged from the analyses discussed at the conference concerns the **greater longevity of cooperatives** relative to other enterprise forms. In many sectors, where markets are not and cannot be made adequately competitive, cooperatives distinguish themselves for their resiliency and longevity.
5. The crisis triggered profound transformations, which make it even more urgent to make economic activity more efficient and sustainable by adopting coordination mechanisms of a cooperative (rather than purely contractual) nature. These trends include:
 - a. The need to radically alter the distribution of income, including by separating the trends in employment and production.
 - b. The effects of declining confidence in the ability of markets to handle a growing number of transactions.
 - c. The people's growing desire to exert more control over production and consumption activities.
 - d. A push towards cooperation both in the services of general interest sector, where in many countries increasing demand is coupled with a receding role of the public sector, and in the knowledge-intensive sectors, where human capital is the most important factor of production.

6. The multidisciplinary approach adopted at the conference, which involved scholars in management, economics, history of economics, law, sociology and political science, **allowed for the consolidation of a new interpretation of cooperation**. In particular, the conference methodology examined both the ability of cooperatives to reduce transaction costs and their propensity to substitute market transactions with pooling mechanisms among agents that are moved by non-monetary and intrinsic motivations. This approach proved to more precisely and convincingly identify the origins of the cooperative form, its advantages, limitations and potential (in general and in the current context), as well as the limits of its regulation.
7. The analyses presented at the conference also contributed to better understanding the **importance of a regulatory framework and support policies that are coherent with the cooperative form and favour its development**. Although cooperation is traditionally a bottom-up phenomenon, to the point that when it was promoted directly by governments it proved not to be sustainable, an adequate regulation (both in traditional and in new sectors) is of paramount importance, and must have specific characteristics, including:
 - a. **The full recognition of the cooperative form** as an enterprise type that should enjoy the same freedoms and access the same support measures available to other enterprise forms;
 - b. **Organizational and governance rules that allow cooperatives to adopt the best governance form** for their size, activity and membership base, enabling the development of cooperatives in all the sectors in which they prove useful (including in particular the new knowledge sectors and the sectors that have been traditionally characterized by a public monopoly, given the ability of cooperatives to safeguard the interests of all stakeholders through shared property mechanisms);
 - c. A market regulation (with an eye towards antitrust and oversight rules) that **takes into account the specificity of cooperatives**, and in particular their differences in assigning property rights and defining the goals of their entrepreneurial activity (which, in any case, do not coincide purely with profit, but with the interests of their workers, producers, or consumers);
 - d. The design of a **specific support strategy aimed at facilitating the start-up of new cooperatives and at recognizing their social function**, including cost reduction, especially when those costs are significant and easily measurable (as in the case of those essential services that do not generate enough income to be economically sustainable, or in the case of worker integration cooperatives).

In sum, the research presented at the conference identifies cooperative enterprises as actors that can contribute in a dynamic and innovative way to the development of the places in which they operate. The genetics of cooperation reveal an ability to adapt and transform that enables cooperatives both to react positively to difficult situations and to actively contribute to social and economic development, though their usefulness is clearly

not limited to times of crisis. An in-depth knowledge of the dynamics of cooperation can thus contribute in an important way to a strategy for the renewal of the economic system, taking it into consideration the context of a pluralistic economy with different enterprise forms that all contribute based on their own specificities. The contributions of the scholars who participated in this conference highlight that the interest in cooperation is not limited to the scientific community, but is part of a renewed attention to these enterprise forms. At the same time, they reveal how public policies and market regulations in many contexts are still inadequate, as they often tend to negate enterprise diversity and effectively penalize cooperatives. It is the hope of the scientific community represented at the conference that public policies at the national and international level will become better at enabling and tapping the important contributions that cooperative enterprises can bring to social and economic development.

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