

# A DICTIONARY OF THE MULTIFACETED CO-OPERATIVE WORLD

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How did a book on co-operative enterprises entitled ‘Keywords’ come to be written? And, above all, why should we read it? It is the result of collaboration between two colleagues who are first and foremost friends from two different fields, Andrea Bernardi from Organization Studies, and Salvatore Monni from Development Economics. The book came into being after an exchange with the former President of the Italian Alliance of Co-operatives, Giuliano Poletti, Minister of Labour and Social Policy with the Renzi Government since 2014. President Poletti’s perception was a simple one; a book was needed that spread the idea of co-operatives to as many people as possible and above all to those who knew nothing about them. The book would have to be written by young people (in Italy you stay young for quite some time!), would have to include new topics, and would have to be influenced by other fields of research. From this point of view, the different scientific backgrounds of the authors and the way they complemented each other would guarantee something new. President Poletti then went on to become Minister and although he is now involved in affairs that are somewhat more important than our dictionary, he has found the time to write a preface for us.

Who are the contributors? The authors come from a variety of different backgrounds and ten different countries. Although most of them are academics they are not exclusively so; they also include practitioners from international organizations (FAO), research bodies (DIE), and executives from the Italian co-operative movement (Legacoop, Confcooperative, AGCI). The varied backgrounds of the authors and their diverse training have also influenced the words in the dictionary, words that might not automatically be associated with co-operatives, such as Human Development, United Nations, Empowerment, Resilience, War. In short, an attempt has been made to create a dictionary that introduces, alongside the ‘traditional’ words of co-operative studies, other new and equally important words.

What are co-operatives anyway? According to the ICA definition, ‘A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations



through a jointly-owned and democratically-controlled enterprise'. Co-operatives have a very old history, though they are still out there competing in every market and every industry with their capitalist rivals (Hansmann, 1996). They represent a revolutionary idea (Bernardi and Greenwood, 2014) which is still feasible and effective and which provides work, goods and services to hundreds of millions of members in almost every corner of the globe. Co-operative enterprises represent worldwide-distributed alternatives to the investor-owned limited company model. Thanks to their co-operative business model, co-operatives are seen to meet the expectations of consumers or workers better than firms driven by motives predicated upon investor-ownership. Furthermore, co-operatives are lauded as democratic organizations, prioritising the loyalty of members and customers, value-based motives, and ethical use of profits as cornerstones for their competitive advantages. They are also praised as examples of 'organizations of the future'. Nevertheless, the evident successes of the co-operative model have been somewhat overshadowed within the traditional research literature by dominant mainstream economic discourses (see Chapter T, Textbooks). These have a tendency to sideline co-operative principles and practices as being strange, or at least not recognized, by the media, industrial development agencies, economists or political decision-makers.

The book has been written with a diverse potential readership in mind and its objective is that it is read by as many people as possible. For this reason, we have preferred an electronic edition that is open access to a traditional printed formula. In this way, the book will be available on all digital platforms and it can be used in part or whole by teachers or students at no cost. A free eBook has enabled us to achieve this aim and we are grateful to the University of Roma Tre and its series of publications for this. We wanted to edit a book that was interesting and relevant to co-operative members, practitioners and also academics (professors and students). We wanted to deal with topics that are not found in traditional works on the co-operative sector and we wanted it to be straightforward and without a propaganda agenda (see Chapter Z, *Zeitgeist*).

Why read it? Depending on the reader's background, we hope to provide both a basic insight into something new for neophytes and a new perspective on well-known phenomenon for experts. For the same reasons, the book can be deployed in a wide variety of Higher Education and Further Education contexts. It is for those who are interested in a different way of producing goods and delivering services and in a different idea of market, firms and work. This is the co-operative sector; a possible and



on-going revolution, the revolution of ownership that should be embraced by those disappointed with the failure of Occupy Wall Street protests (see Chapter O). We will be particularly pleased if the book is able to reach some of the people involved in the protest movements that followed the financial crisis of 2008 or those actively involved in community projects of social entrepreneurship.

The book is structured like a dictionary and as such presents several short contributions, each with a different topic and an author's profile and disciplinary perspective. After this introduction, 23 letters/keywords follow. Chapter K presents the methodology of Keywords in literature and social sciences and the history of the word 'co-operative'.

Chapter A, from an Italian perspective, defines the role of national Co-operative Alliances as a key entrepreneurial and civil-society actor, and the recommendations of the United Nations and its agencies are presented in the U Chapter. Several letters deal with work from different perspectives: B Workers Buy Out, W Well-being, L Labour and Participation, Q Quality and Quantity, F Recovered Factories and N New Media. Many contributions deal with development at individual and community level: H Human Development, R Rural Development, R Resilience and W War. A number of chapters deal with the need for better regulation of both capitalist and co-operative firms: O Occupy Wall Street, C Control and Governance, I International Co-operative Law, V Venture Capital and M Mutuels. Finally, G Gung Ho, presents the startling, unknown history of the Chinese co-operative movement and T Textbook describes how 'co-operatives' are disappearing from economics textbooks despite the richness of the movement in terms of dimension and diversity.

Unlike the original work by Raymond Williams (1983), or his followers, this dictionary offers the etymology of a single word, co-operative, which is then collocated with 22 other letters. Chapter K deals with the word co-operative in detail, offering an original account of its origins and the story of the word and its use. Despite the differences, the epistemological device triggered by our 23 chapters/letters is similar to the original attempt by Raymond Williams and the effect on the reader will be analogous.

We have discussed with our colleagues what contribution they could provide to this project and we have selected and allocated 23 letters. They are not random words: there is a common and a joint aim that we hope the reader will notice. All letters aim to show how diverse, rich and old is the co-operative sector worldwide. All letters discuss explicitly or not the ability of the co-operative sector to contribute to growth and development. Taken



together, the letters provide a multidisciplinary explanation of how co-operatives contribute to our life, how they have been doing so for a long time, and, through reinvention, might still do so for years to come. All letters position the role of co-operatives with reference to traditional firms but do so in a critical rather than a polemical or utopian way.

A (CO-OPERATIVE ALLIANCE), Italy, by Mauro Lusetti, describes the need for a strong co-operative association from an Italian viewpoint. The wall of ideologies has finally come down for co-operation as well and old-style separations between Socialist and Christian traditions are no longer useful. The unifying process of the three co-operative unions, products of the noble, glorious ideologies of the 21st century, is final and inevitable. This letter might be read jointly with G, M and Z.

B (WORKERS' BUYOUT), by Marcelo Vieta, describes how the co-operative business model is a good option during a business crisis that needs to be solved with a workers' buyout. National models and experiences are described. This letter should be read together with F, L and V.

C (CONTROL AND GOVERNANCE), by Johnston Birchall, deals with a crucial point. When co-operatives are very small, they do not have a problem with member control; members have a direct say in decision-making and management, and they can usually ensure that the co-operative works in their interest. There may be problems concerned with group dynamics but these are shared with any small group that wants to get something done. As soon as members give authority to a smaller group to take decisions on their behalf, the question of governance emerges. It would be useful to read this letter together with L, M and Q.

D (RURAL DEVELOPMENT), by Mariagrazia Rocchigiani, Nora Ourabah Haddad and Denis Herbel, is a specialized contribution on the co-operatives' role in rural development. In both developed and developing countries, there are examples of producer organizations and co-operatives that are innovative and have proven to be successful in helping small scale producers overcome different constraints. However, they too often remain limited in scale and scope. The main challenge is to build on these success stories in order to catalyse sustainable rural development. FAO and the development community calls for a reorientation of interventions to recognize co-operatives' and producer organizations' capacities to make informed choices in front of different agendas and actors that are more powerful. Support to such organizations needs to build on existing organizational development processes in order to stimulate the active engagement of their members in their own development path, appreciate their own successes and build on existing assets. The examples provided



are from Argentina, Benin and Ethiopia and offer a concrete idea on how co-operatives can contribute to rural development and to the socio-economic development of the communities where they operate. This could be read with E, G and U.

E (EMPOWERMENT), by Francesco Burchi and Sara Vicari, explains how co-operatives can contribute to empowering and giving a voice to the poor and to other marginalised groups, being a means of collective human agency as individuals come together to pursue goals that they value and have reason to value. In particular they explore the potential of co-operatives to promote women's empowerment and gender equality. To be read with D, G and U.

F (RECOVERED FACTORIES), by Francesco Vigliarolo, brings us to the well-known case of the *Fabricas Recuperadas*. The term 'recovered factories' is used to indicate the process in which workers recover enterprises which have filed for or declared bankruptcy. Process which gained momentum in Argentina after the 2001 crisis and led to systematic forms of self-management. Although the first recovered factory dates back to 1959, the phenomenon is mainly linked to the crisis in 2001, a time when there was great social unrest following one of the biggest financial upsets in human history. It is useful to read this jointly with V and L.

G (GUNG HO), by Andrea Bernardi, is an original account of the history of co-operatives in modern China. Gung Ho is the oldest Chinese co-operative association and the closest to the principles of the international co-operative movement. However, regrettably it is not the biggest and most powerful co-operative organization in China and this chapter tells us why this is so.

H (HUMAN DEVELOPMENT), by Pasquale De Muro, Salvatore Monni and Sara Vicari, explores co-operatives from the perspective of this new paradigm of development. As enterprises that put people and their active participation at the heart of their business, it is argued here that co-operatives are institutions well placed to foster human agency and capabilities. The factors needed to enable these outcomes are also investigated. This chapter could be read together with D, E, U and W.

I (INTERNATIONAL CO-OPERATIVE LAW), by Gemma Fajardo García, defines how international law can help or slow down the development of co-operatives at international level. Co-operative law, understood as a set of rules that regulate the formation and functioning of co-operatives, has a long tradition in European countries. For example, the industrial and provident act in the United Kingdom was passed in 1852 and the Prussian co-operative act (the Schulze-Delitzsch law) in 1867. To be read with U.



K (KEYWORDS), by Fabrizio Martello and Rowan Tomlinson, should perhaps be the first chapter to read, since it gives an account of the original project of Keywords by R. Williams and offers an exploration of the origins and history of the term ‘co-operative’.

L (LABOUR AND PARTICIPATION), by Tiziano Treu, deals with a wider issue than the co-operative sector: that of workers’ participation. Since its origins, work co-operation has represented a type of work relationship that is different from the employer/employee relationship associated with a market economy. The difference in the work co-operation relationship is due to the fact that the work of the employee members is structurally inserted into an enterprise, that of a co-operative, which is different from a capitalist one. It would be interesting to read this letter jointly with S.

M (MUTUALS) is written by Salvatore Monni, Giulia Novelli and Laura Pera. In a comparative study between Italy, the USA and Europe, the authors remind us of the importance of co-operative enterprises when essential services such as energy are provided to the community by municipal utilities. It is increasingly difficult for local authorities or states to set up public utilities in both Western nations and developing countries. This chapter attempts to explain the role of co-operatives and the reason why co-operatives should take initiatives at least at local level towards providing services to communities. There may be an economic reason for supporting these programmes, but, above all, there could also be a social reason for doing so.

N (NEW MEDIA), by Mattia Miani, is an original reflection on the relationship between co-operatives and new media. Miani chose to tell two stories that illustrate the complexities of the relationship. One story refers to the development of the virtual community The Well that at a certain point became a co-operative enterprise. The second story refers to the development of the .coop top level domain. Both stories show how the original nature of the co-operative enterprise can have a special place in the cyberspace and how new media can have a role in communicating co-operative identity.

O (OCCUPY WALL STREET), by Andrea Bernardi, deals with the recent crisis and a failed attempt at paradigm change. The 2008 financial crisis triggered the economic recession and an ideological crisis of Western capitalism. The worldwide protest movement has been ineffective in delivering an impact on policies and providing a feasible alternative. The co-operative movement and the protest movements have several points in common, and, despite their lack of dialogue, it is argued that credit unions, workers’ and consumers’ co-operatives are a feasible model for



sustainability, fairness and growth. The occupy movement needs a feasible and pragmatic plan of action to make protests constructive and consequently more effective. Their emphasis to date on methods rather than on solutions has proved to be largely ineffective. Without a feasible and sound proposal, the occupy movement will either decline (Roberts, 2012) or will end up reinventing itself more radically.

P (LABOUR PRODUCTIVITY), by Pasquale Tridico, introduces us to the important construct of productivity. As discussed in earlier studies (Bernardi, Treu, Tridico, 2011), we can see that the productivity performance of co-operative enterprises during the crisis was higher than in traditional firms. This should be read with chapters S and L.

Q (CO-OPERATIVE QUALITY), by Vincenzo Mannino, is a short essay by one of the leaders of the Italian Co-operative Movement. Why is the nature of co-operative firms questioned? Other types of enterprises don't face such questions. If there is an incident at a joint-stock company or a traditional capital company, nobody questions the entire genus. Obviously when mistakes become very frequent or patently obvious, the debate is re-opened on the need for prevention, by correcting or strengthening governance or regulating corporate offences in another way. By means of what policy (today, a European co-operative policy is needed rather than a national one) high quality co-operation can be sustained? This could be read with letters A and I.

R (RESILIENCE), by Alexander Borda-Rodriguez and Sara Vicari, explores the key factors found to be conducive to co-operative resilience, thus allowing co-operatives to overcome shocks and crises. Their analysis draws largely on developing countries, particularly on case study material from Malawi and Uganda. It could be coupled with letters D, E, U and W.

S (SAFETY AND WELL-BEING), by Jorge Muñoz, is a short account of an original and important line of research on the relationship between participation and well-being at work. According to the literature to which the author has made a valuable contribution, the higher the ability of workers to participate (in a co-operative business or in a traditional one), the higher the performance in terms of occupational health and safety. To be read with letters E and L.

T (TEXTBOOKS), by Panu Kalmi, deals with an important issue for academics and practitioners. Are our textbooks focusing only on mainstream business models? Apparently so. Co-operatives have been an important part of the economic system for more than 150 years, especially in market-based economies. Despite this, most post-WWII economics textbooks pay very little attention to co-operatives. Notably, this has not always been



the case: many textbooks written in the early 20th century had considerable coverage of co-operatives and well-informed discussions. To be read with letters O, Z and U.

U (UNITED NATIONS AND CO-OPERATIVES), by Hagen Henry, is a highly informed and informative contribution to our understanding of the relationship between the co-operative sector and UN agencies. Interaction between the UN system and co-operatives has a long history and is multifaceted. Over the past 20 years, three international instruments, the ICA statement, the UN guidelines and ILO Recommendation no. 193 have been adopted. Independently of their individual legal value, together they define the powers and tasks of the UN system, respective member states and other actors in the development of co-operatives. It would be enlightening to read this with letter W and with letter D for further information on FAO's work in support of cooperatives and producer organizations.

V (VENTURE CAPITAL FOR CO-OPERATIVES), by Giustino Di Cecco, presents surprising data on the Italian case. A lack of cultural development in Italian corporate finance is to blame for disappointing results in Venture Capital. Surprisingly, the development of Venture Capital in the non-profit sector is more successful. This paradoxical success of mutual venture capital lies with a clever, albeit somewhat fortuitous, intuition of a law. To be read with letters A, F and L.

W (WAR), by German Dulcey, describes the role of the Colombian co-operative sector in conflict areas and during the peace process. The experiences described and the conclusions drawn are relevant to many developing countries and conflict areas worldwide. This could be interestingly coupled with letter U and D.

Z (ZEITGEIST), by Andrea Bernardi and Salvatore Monni, is devoted to the need of the co-operative sector to be in tune with the spirit of the time. We argue that co-operatives have never been abstract entities but rather effective organizations born to serve the needs of members and users. The spirit of the time, the *Zeitgeist*, needs to be the beacon of the co-operative movement. The identity of the sector, its objectives and diversity compared with capitalist competitors, must be periodically re-examined to make sure that it fits the contemporary needs of members and users.

We would like to spend some final words on the picture that we have chosen for the cover page. This is a photo that we took in 2015 in Manchester. You can see the Ashton Canal and the mills along Pollard Street; industrial modes of transport, construction and production built at the beginning of the 19th century, at the apex of the first Industrial Revolution, and recently transformed into flats and offices.





Our favourite modern British painter, the great artist of the industrial urban environments, Laurence Stephen Lowry (1887-1976), worked on such landscapes in his career, living in Manchester across a period when 19th-century industry was changing but had not yet been transformed into the knowledge and services economy that dominate today, and depicting the hard lives of workers in industrial urban environments (Wagner, Clark, 2013). In Lowry's day, the buildings we see in the image still spoke of industry, yet were already abandoned, on their way to dereliction.

These mills, which are now swanky modern apartments, well beyond the reach of today's average salaries, were once symbols of the terrible working conditions of that time. Men and women used to work up to sixteen hours a day, children up to eight, teenagers up to twelve. All were exposed to relentless and unbearable noise and frequent injuries, working without suitable equipment or protection and spending their few non-working hours in the nearby slums as documented by Friedrich Engels and Karl Marx. Life expectancy even briefly declined midway through the 19th century. This was the case exactly of Ancoats, the industrial village of our picture. As an example, a structural failure in the roof of one of the Pollard Street mills caused the death of a female worker in 1847 and the injury of another five workers.

Marx (1867) and Engels (1887), gave little attention to the rising co-operative movement. As far as we know, Lowry devoted no special attention to co-operative firms in his work, this despite the fact that his native city gave birth to the modern co-operation only a few decades before his birth and was expanding throughout his early life. We might, though, imagine that his exquisite portraits of the urban life of his time, of an existence polluted by factories and dehumanized by industry, inspired those driving the co-operative movement to work harder still. A movement whose fight against irresponsible businesses, bad working conditions and lack of spirit of community grew in scope and spread across Europe and further still through the course of the 19th and 20th centuries.

Indeed, the mill in our picture is itself a part of the co-operative story since it was bought by the largest British co-operative organization of the time (Wilson, Webster, Vorberg-Rugh, 2013), the Co-operative Wholesale Society (CWS), at the start of the 20th century, and was used by the CWS as a food processing factory. For a few decades from 1930, co-operative tinned food, spices, baking ingredients and bacon were shipped the 'Co-operative Wholesale Society Bacon Factory and Warehouse'<sup>1</sup> of Pollard Street, off

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<sup>1</sup>Thanks to Gillian Lonergan, Head of Heritage Resources, Co-operative Heritage Trust, National Co-operative Archive, Manchester, UK.



Great Ancoats Street, Manchester. When the Co-operative Wholesale Society took over, more than 100 years after their construction, mills were a much healthier workplace, in large part thanks to the institutions and the social movements that flourished in Manchester after the industrial revolution: among them, the co-operative movement itself, the Trades Unions, and the Labour Party. The CWS sold the building in 1994 so it could become a residential building. Yet this wasn't the end for co-operatives. Today, in a completely different Manchester, where manufacturing has almost entirely disappeared, new types of co-operatives are being established.

To the ideal of a co-operative and sustainable business, to the quest for fair and safe work and to Manchester, the homeplace of industries, trades unions, labour and democratic movements, our cover page and our book is dedicated.

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