



Euricse

European Research Institute
on Cooperative and Social Enterprises

WORKING PAPER SERIES

ISSN 2281-8235

Working Paper n. 63 | 14

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Please cite this paper as:

Mori P.A. (2014) "Community and cooperation: the evolution of cooperatives towards new models of citizens' democratic participation in public services provision", *Euricse Working Paper* n. 63 | 14.

Community and cooperation: The evolution of cooperatives towards new models of citizens' democratic participation in public services provision

Pier Angelo Mori*

Abstract

The community cooperatives that are spreading today in many parts of the world are the arrival point of an evolutionary process which has seen the progressive shift of cooperatives' focus from specific social and professional groups to society as a whole. This evolution is marked by two changes. The first was at the turn of the 19th century when there made their appearance the first community cooperatives which catered to the needs of a whole community. Among them were electric cooperatives, cooperative banks and some kinds of agricultural cooperatives. A further development relevant to the evolution of community cooperatives occurred towards the end of the last century with the enlargement of cooperatives' aims to embrace society's benefit. From this process there emerge in total four categories of cooperatives which taken together constitute a complete classification of the cooperative universe. New community cooperatives are the off-springs of the old ones but the picture is rather confused. The term itself is relatively new and similar institutions are named differently at different times. Moreover, though having a few basic features in common, they differ much from one another and from the old ones. To take care of this we elaborate a concept of community cooperative consistent with its evolution and the classification of cooperatives we have identified. Basic elements of the concept are community goods, territory and citizenship, which are discussed extensively with reference to concrete cases. We then discuss in what new community cooperatives differ from old ones. The paper closes with a discussion of their future prospects.

Keywords

Community cooperatives, citizen participation, public services

JEL codes

D21, H44, L33, P13

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I am thankful for comments and suggestions to Andrea Altieri, Giovanni Belletti, Carlo Borzaga, Emanuele Cusa, Antonio Fici, Renato Giannetti, Michele Grillo, Benedetto Gui, Hagen Henry, Mauro Lombardi, Giorgio Lunghini, Marco Musella, Vera Negri Zamagni, Greg Patmore, Victor Pestoff, Lorenzo Sacconi, Francesca Spinicci, Gilberto Turati, Stefano Zamagni, Alberto Zevi, participants in the 4th EMES International Conference on Social Enterprise (Liège, 1-4 July 2013), and in seminars at Euricse (Trento), and the universities of Pisa, Sydney, and Rome "La Sapienza". The author gratefully acknowledges financial support from the Fondazione Cassa di Risparmio di Trento e Rovereto and the European Research Institute on Cooperative and Social Enterprises, Trento.

I believe that in many cases the ideal size for the unit of control and organisation lies somewhere between the individual and the modern State. I suggest, therefore, that progress lies in the growth and the recognition of semi-autonomous bodies within the State-bodies whose criterion of action within their own field is solely the public good as they understand it, and from whose deliberations motives of private advantage are excluded, though some place it may still be necessary to leave, until the ambit of men's altruism grows wider, to the separate advantage of particular groups, classes, or faculties – bodies which in the ordinary course of affairs are mainly autonomous within their prescribed limitations, but are subject in the last resort to the sovereignty of the democracy expressed through Parliament.

J.M. Keynes, *The End of Laissez Faire*, 1926

1. Introduction

Community cooperatives are spreading at fast pace today in many parts of the world and with them new organizational forms too. This phenomenon is the arrival point of a secular evolution which has seen the progressive shift of cooperatives' focus from specific social or professional groups and their interests to society as a whole. While in the past cooperatives mainly catered to the needs of specific groups within society, often characterized by their economic functions (e.g. specific types of workers), community cooperatives by their nature cater to a community's needs. The main aim of the paper is to investigate the institutional nature of community cooperation as it presently stands and how it has grown out of older forms.

The cooperative movement arose in the nineteenth century in response to social disadvantage and in the interest of the weak social layers, particularly the working poor. Worker and consumer cooperatives, mutual aid societies and cooperative banks all belonged to a unitary phenomenon that was centred on labour: wage labourers, small farmers, craftsmen were the main actors and beneficiaries of the different forms of cooperatives, characterized at the early stages by highly homogeneous social backgrounds. The original picture began to change soon and change took place by stratification, with new forms of cooperatives adding to older ones and older forms sometimes being modified too. Two changes are especially relevant for our purposes. The first occurred at the turn of the 19th century when there started to arise the first specimens of what are today called community cooperatives, i.e. cooperatives which essentially provide services of general interest to a whole community. They were electric and agricultural cooperatives, cooperative banks and others which mostly operated in isolated communities and catered to all of their members. In the meantime the social background of cooperatives grew more composite, as society became less polarized and class boundaries more blurred, and their ties with society's weak layers progressively loosened. A further major change occurred towards the end of the last century with the enlargement of cooperatives' aims to embrace society's benefit. Though early community cooperatives bestowed benefits on the whole of their reference communities, the pursuit of the public interest was not their objective: their explicit aim was to benefit members through trade with them and the community's well-being was an unintended consequence. In the last few decades of the 20th century the well-being of society as a whole made its first appearance as an explicit goal for the cooperative firm. In the new community cooperatives arising today

these evolutionary paths intertwine to give birth to a highly complex and diversified category of cooperative organizations.

The two changes we have isolated bear on different levels of a cooperative organization, namely the nature of the goods/services produced by it – and hence of the associated needs and social groups of reference – and the organizational model. The former can be either general, if they concern a whole local society/community, or specific, if they pertain to particular (special-interests) groups within it. If they are general, the cooperative has a constituency – i.e. the group of those who share the basic needs met by the good/service – coinciding with a community. At the second turning point in the cooperative evolution the aim of benefiting outside society came into play besides the traditional one of benefiting members. The different combinations of these elements – general vs. specific interest goods, member vs. society benefit – identify four basic types of cooperative organizations, which constitute an exhaustive classification of the cooperative universe and also provide a grid for interpreting the cooperative development. Sections 2 and 3 are devoted to the elaboration of this framework.

The cooperatives carrying community in their names that we observe today greatly differ by aims, business fields, organizational and legal modes. Moreover, there exist entities substantially identical to some of them which are not named so. Then we are in the face of a category of cooperatives which cannot be simply identified by their denomination or some extrinsic feature like e.g. the business field. In section 4 we elaborate a precise concept of community cooperative. To be useful, such a concept must encompass early forms as well and be consistent with the general classification of cooperatives. In our quest, then, we start by looking for the thread linking older forms, mostly not named community cooperatives, to the new ones which instead are. Despite the many differences, there are a few basic common traits. Two elements in particular appear relevant: the nature of the services they produce, and implicitly of the needs they meet, and community. A feature of the services provided by old and new specimens is to be of general interest to all members of a community, not just a professional or social group within it. We call such services community goods. Intrinsic to them is the relationship with a community rather than professional or social groups, as in other types of cooperatives. Particular care must then be taken in delimiting community. Even member-workers of a worker cooperative constitute a community of sort but worker cooperatives are generally not community ones. The point is that not every community concept will do. The key element here is territory: the relevant territory is that where the goods can be supplied and used and the reference community is that of the residents in it, i.e. its citizens. Citizenship in this sense takes the place of the economic functions performed by members in traditional cooperatives and thus gets at the centre of community cooperatives.

After looking at their common features, in section 5 we focus on differences. New community cooperatives differ from old ones in several respects. Unlike old ones, which served socially homogeneous communities, new ones serve diversified social bodies in line with a general trend in the cooperative evolution. On the organizational plane, old community cooperatives adhered to the traditional model, centred on member benefit. New ones are instead differentiated in this regard. Some of them still embrace the traditional model but others are of the public benefit type.

The organizational picture is then more varied than in the past, in response to more diversified needs of communities. The recent diffusion of community cooperatives is part of a more general tendency towards greater citizen participation in post-industrial societies and can actually be viewed as a specific organizational mode of active citizenship. Though community cooperatives are today one of the most dynamic and diversified segments of the cooperative sector, there are business activities, potentially interesting for this type of organization, where they are still underrepresented. A relevant case is that of monopolistic public utilities, like e.g. water services. Here, despite a growing interest among the public, actual realizations are very few but the potential for expansion of community cooperation into them is high. A brief discussion of its development prospects with regard to this specific field closes the paper.

2. Traditional cooperatives, special-interest groups and general-interest goods

For a long time since their rise at the turn of the 18th century cooperative enterprises¹ were established and run with the aim of benefiting their members. Right from the beginning this was recognized as the most basic principle of cooperation. The Rochdale Society's by-laws of 1844 – generally regarded as the movement's manifesto – are explicit on this: "The objects and plans of this Society are to form arrangements for the pecuniary benefit and the improvement of the social and domestic condition of its members" (Law First; Holyoake, 1858)². At that time cooperative members mostly belonged to the working class, i.e. wage labourers, small farmers, craftsmen, etc. Despite the diversity of the ideas then circulating on cooperation³, there was a consensus among the first social reformers who contributed to shape it – Robert Owen, Charles Fourier, William King and others⁴ – that the new form of enterprise was to relieve these categories from the social and economic disadvantage they suffered owing to the lack of capital. That is, cooperatives were seen as a means of serving the needs of specific groups of socially disadvantaged people. However, quite soon there started to spread the idea that cooperation could be useful to society as a whole too. Indeed, if the relation between cooperation and labour is at the core of the early cooperative experiences, there was nonetheless widespread recognition of its social dimension as well.

The social impact of cooperation soon attracted the attention of political economists too. The classical school touched on the topic only occasionally and mostly in critical terms⁵. Since the Rochdale events, however, cooperation became the subject matter of more systematic reflections and was debated, generally in favourable terms, by all the major economists of the time from J.S. Mill, to Marshall, Pareto and Walras. Some of them focused on its implications for social

¹ We refer here to modern cooperative enterprises which first appeared during the Industrial Revolution (cf. Cole, 1944). We disregard older forms of cooperation that existed before then, both in agriculture – the oldest of which go as far back as the antiquity (Woeste, 2003) – and in manufacturing, whose earliest traces are found in the Middle Ages according to some scholars (Battilani, forthcoming 2014.)

² For a different phrasing of the same concept: "The immediate aim of co-operative societies is to satisfy the needs of their members better and more economically than is done by existing institutions", Gide (1922), p. 22.

³ Some of which were utterly fanciful, like e.g. Fourier's idea that production was not only to be carried out without capitalists but also to be integrated in a centralized social structure taking care of every aspect of workers' lives and located in especially designed complexes called phalansteries (cf. Beecher, 1986).

⁴ Cf. Cole (1944), chap 2.

⁵ Cf. Pesciarelli (2006).

efficiency. For instance Pareto dwells on the beneficial effects of cooperatives' entry into markets through an increase in competition⁶. Other economists instead focused on the implications for distributive justice. Their claim basically was that cooperation, by contributing to the economic and moral progress of the socially disadvantaged, contributes to the progress of society as a whole, not just of the social groups concerned.

A clear expression of this idea is found in the work of Léon Walras. Workers are typically individuals who own neither capital, nor land. Then the first necessary step for establishing a cooperative, whether in production, commercial distribution or banking, is the access of workers to capital. In Walras' words: "Workers' access to the ownership of capital through saving, that is in two words the whole system of cooperative societies" (Walras, 1865, p. 7, our translation)⁷. On the other hand, the accumulation of capital by workers also represents an advancement of society as a whole, since social progress is achieved by the "participation of all individuals in all kinds of wealth, and especially the rise of workers to the status of landowners or capitalists" (*ibidem*, p. 14, our translation)⁸. In other words, the cooperative enterprise was not only a means of furthering the interests of their members but also of social progress, since it was instrumental to the overcoming of an unequal wealth distribution. Walras was not alone in entertaining this view, which indeed had wide circulation among social reformers and within the cooperative movement⁹. By and large the cooperative enterprise, though anchored to its members' interests, was seen as jutting out towards society.

Cooperatives of the main categories that developed in the 19th century – consumer, worker and banking – usually served interests which were not common to all society members but specific to restricted groups of people (as we have seen, society comes into the picture in an indirect way, if and when cooperatives lead to the advancement of the lower classes, which is equated to an advancement of society itself). In a word, they were related to special-interest groups. At some point, alongside these more widespread types, there started to arise cooperatives which, though inspired by the same ideals and having the same legal forms, had a substantially different nature, in that they provided essential services of interest to *all* members of a community, not just a part of it. The electric cooperatives which were created at the beginning of electrification in many parts of the world are some of the clearest and most significant examples.

⁶ Cf. Pareto (1902), p.383.

⁷ This view accords with the classic 19th century representation of society as divided into three main classes – workers, capitalists and landowners – identified by the ownership of one of the three basic factors of production (labour, capital, land). According to Walras, worker ownership of capital is the fundamental feature of the cooperative enterprise and much of his theory revolves around this idea. In his view democratic governance, which is today quite often regarded as the key feature of cooperatives, has a secondary role, somehow following from the particular nature of capital owners and capital itself (i.e. withdrawable share capital) in cooperatives. These ideas enjoyed wide circulation, see for one Gide: "A question of ... forming new capital for the working classes" (Gide, 1922, p. 27).

⁸ Or in the words of Alfred Marshall: "...by joint action they can make their little capital go a long way ... towards emancipating them [working classes] from a position of helpless dependence on the support, and the guidance, and the governance of the more fortunate classes" (Marshall, 1889, p. 228).

⁹ Already present among the Equitable Pioneers and some contemporaries, as reported by Holyoake (1983).

The first electric cooperative in the world is probably the *Società cooperativa per l'illuminazione elettrica* founded at Chiavenna, Italy, in 1894 (and still active)¹⁰. Since then more electric cooperatives arose in Italy and elsewhere and by the 1930's this branch of the cooperative movement was well established. In Italy they were all hydro-electric and located in the alpine area. Moreover, being mostly village-based, they were usually of small size. By 1962 – the year of Italy's electricity nationalization – over 200 of them were active (a few of which escaped nationalization and are still alive). These cooperatives were monopoly providers of a general-interest service¹¹ and catered to whole communities, members and non-members alike. By setting up a power generator and an electric grid members meant to further their own interests but they usually allowed non-member patronage too and in this way they provided benefits to non-members as well, thus reaching the whole local society. In many cases these cooperatives were a major factor of local economic development. Similar histories are found in France, Germany and Spain, where electric cooperatives had similar features (hydro-power, small scale) and were located in similar areas (mostly in the countryside). The history of US electric cooperatives is slightly different. Most of them were power suppliers established under the stimulus of the Rural Electrification Act (1936) to serve those areas that neither municipal nor for-profit providers served. It was then government that spurred them through loans and subsidies¹², differently from their European sisters.

The distinguishing mark of these cooperatives was that they provided services of general interest to a whole community and directly affected the community's welfare through the instruments of open membership¹³ and non-member patronage, while the major types of traditional cooperatives – worker, consumer and banking – directly affected the welfare of only a limited portion of society. The society's benefit here does not lie in the elevation of the lower classes but in providing everybody with a service of general interest which would not have been available otherwise. This is what makes them the first specimens of a category of cooperatives which are experiencing rapid growth today, community cooperatives, whose concept we will analyze in detail below in section 4. It must be noted that also other cooperatives occasionally acted in a similar way to electric ones and had a similar impact on society. In Italy this was the case of a few village retail and agricultural cooperatives and cooperative banks which arose in Trentino, Emilia Romagna and other regions at the end of the 19th century and to which much of what we have said above about electric cooperatives applies too¹⁴.

¹⁰ An almost contemporary electric cooperative is the *Società cooperativa Forza e Luce* of Aosta (Val d'Aosta, Italy), just one year younger (and still active too), cf. Spinicci (2011a). In the United States Stony Run Light and Power, founded in 1914 (Granite Falls, Minnesota), is regarded as the first US electric cooperative (Keillor, 2000, p. 322). In Germany cooperatives of this kind started to spread after 1900 (Klemisch and Maron, 2010, claim that the first were founded in the Teutoburger Region in 1920-22, but the *Elektrizitäts-Genossenschaft Rettenberg* is actually earlier, 1913). In Spain the *Cooperativa Eléctrica de Madrid* was established in 1909. In France rural electric cooperatives started to be established in the 1920's, like e.g. the *Coopérative d'électricité de St-Martin-de-Londres* (1920).

¹¹ This term is used in European law too (cf. European Commission, 2003), but here it is used in a generic, non-legal meaning.

¹² Cf. Cooper (2008).

¹³ Generally known in continental Europe as "open door" (*porta aperta* in Italy, *porte ouverte* in France, *puerta abierta* in Spain, *offene Tür* in Germany).

¹⁴ See Leonardi (1996) on Trentino's experience.

We have so far seen two different types of relationship to society, one centred on the social advancement of the lower classes and one on the purveyance of general-interest services. In the next section we will see a further one: running a business with the explicit aim of benefiting people other than members.

3. The concert for community: a different idea of the relationship to society

The cornerstone of traditional cooperatives is, as we have seen, member benefit. This trait was common to all types of cooperatives up to the late 20th century. Over this period cooperatives evolved essentially by diversifying into new business fields, while retaining their basic features, including the aim of benefiting members. In the second part of the last century there took place a farther-reaching step in the evolution, a change in cooperatives' *aims* themselves, which marked a departure from the traditional cooperative¹⁵ and made for new organizational models of cooperation. Cooperatives which no longer aim at procuring benefits to their members are different in nature from the old ones, they are indeed different organizations. In the pure mutual type of cooperative people with similar needs get together to meet them through cooperation between themselves. A worker works together with fellow workers, consumers unite their forces to enhance their strength in the market, etc. The original model began to evolve when cooperatives started to admit non-member patronage, which is the first step whereby they opened themselves to society. From an economic standpoint, cooperatives contribute to the welfare of people beyond the strict circle of their members through the consumer surplus generated by trading with them. This, however, is what every firm does and certainly cannot be the feature that characterizes the new cooperatives arising in the last decades of the 20th century. To go beyond pure mutuality there is needed something else.

A suggestion is found in ICA's Statement of Cooperative Identity of 1995, which at Principle 7 refers to the "concern for the community"¹⁶. Concern is the key word here. When a cooperative's *explicit* aim (i.e. concern) is to promote the welfare of non-members, whoever they are, we are in front of something radically new with respect to the traditional cooperative. Early cooperatives indeed bestowed benefits on society at large by trading with non-members and through the externalities they generated but still their explicit aim was not to further the public interest: rather it was to benefit their members through trade with them and the community's well-being was an unintended side effect. Thus, if at the time a cooperative intercepted and served the public interest, it was not by the systematic pursuit of an explicit goal. Instead in the second half of the century there started to arise cooperatives which purported to act in the public interest, i.e. what we call *public benefit cooperatives*¹⁷. In them the concern for society becomes *explicit* and new models of cooperative organizations join the traditional ones on the cooperative scene.

¹⁵ Cf. Chaddad and Cook (2004) for a similar notion of traditional cooperative.

¹⁶ More precisely: "co-operatives work for the sustainable development of their communities" (ICA, 1995, Principle 7).

¹⁷ Though sounding similar, these do not belong to Gui's (1991) category of public benefit organizations, that are particular non-profits like e.g. foundations. Indeed Gui places cooperatives among what he calls "mutual benefit organizations", but at the time socially-oriented cooperatives like Italian social cooperatives were not yet born. Henry (2012) uses the term "public interest organization" in a similar sense to ours. There is also an analogy with US public benefit corporations, but it should not be

An important case in point is the Italian social cooperative. In the 70's of the last century in Italy several cooperatives were established with the overt aim to meet social needs – like the work integration of disadvantaged people – which at the time were not met by government¹⁸. In 1991 a law (no. 381/91) recognized this evolution in the nature of the cooperative enterprise and introduced a new legal form, named social cooperative (*cooperativa sociale*), which explicitly provides for the furthering of social goals as its own aim¹⁹: “social cooperatives pursue the community’s goal of human development and social integration ...” through the delivery of educational, social welfare and health-care services on the one hand and the work integration of disadvantaged people on the other²⁰. A twenty-year record and an impetuous growth since the passing of the bill²¹ make Italian social cooperatives one of the most important cases of public benefit cooperatives worldwide.

The law on social cooperatives recognized for the first time in Italian legislation that a cooperative’s aim might not be just to benefit its members but also society at large. It is to be noted that in Italy every cooperative, including social ones, are legally held to act in the members’ interest for their own benefit²². Then the “concern for community” does not replace the traditional aim of member benefit but *complements* it. It is interesting to look at how this is accomplished in Italian social cooperatives. Their first task, as we have said, is to procure a benefit to members through two categories of services identified by the law (health care, education and social services on the one hand, and work integration of the disadvantaged, on the other), which are fully private in the economic sense and essentially for use by members. Why then are these cooperatives called social? The answer is to be sought in the benefits to society as a whole that these cooperatives produce. By the cooperative nature these benefits, if any, must be *in addition* to members’ and patrons’ benefit. As a matter of fact, health care, education and social services affect those who directly enjoy them but also have a positive effect on the welfare of society at large, since they produce positive externalities by enhancing productivity and promote social justice too. Work integration also produces externalities of its own, since it helps remove a disturbance for society as a whole, besides benefiting the disadvantaged people who learn/find a job through the cooperative. Then the social benefits produced by social cooperatives come from *externalities* of one kind or other and the advancement of *social justice*. To be sure, any cooperative, and for that matter any firm, unintentionally does the same but this is not enough for them to be classified as public benefit enterprises. The Italian law requires that these external effects must be part of their explicit aims and thus be consciously furthered by them.

overemphasized.

¹⁸ For a historical account see Borzaga and Ianes (2006).

¹⁹ Chap. 1, Statute no. 381, 28th November 1991. The Italian social cooperative is generally recognized as a form of social enterprise (cf. Spear and Bidet, 2005; Borzaga and Defourny, 2001).

²⁰ Similar cooperative types are found in other European countries too, like e.g. Sweden’s parent cooperatives providing childcare (see Pestoff, 2009, for an institutional and empirical analysis), France’s *Société coopérative d'intérêt collectif*, the Portuguese *região cooperativa* (public-interest cooperative). It is to be noted that in some countries the same social activities may be carried out through types of organizations which are not classifiable as cooperatives (i.e. not member-owned).

²¹ As of 31 December 2005 Italian social cooperatives totalled 7,363 according to the Italian Census Bureau, ISTAT (2008) (in 1999 they were just 4,651, as reported in the first census of the non-profit sector, ISTAT, 2001).

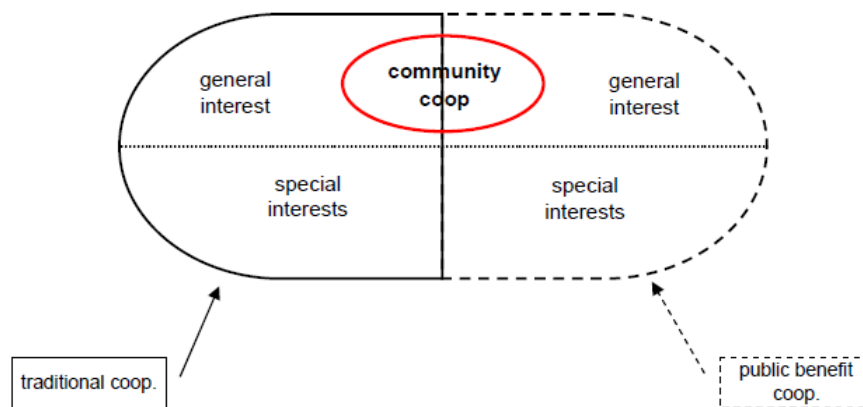
²² In Italy the cooperative enterprise is a legal type of company, strictly regulated by the law, and the cooperative denomination may be used only by entities which comply with precise statutory requirements.

That of the Italian social cooperative is not the only model of public benefit cooperative. A quite different philosophy is embodied for instance in Great Britain's Community Benefit Societies (Bencoms). Differently from other countries, in Britain there are no specific legal forms for cooperatives and the status of "cooperative" is founded on by-laws and praxis. Cooperatives UK classifies Bencoms as one of the organisational types of cooperatives (Cooperatives UK, 2009, p. 32). Like traditional cooperatives they are owned and democratically controlled by their members but for the exclusive benefit of their communities. If in the Italian social cooperative member benefit is limited by the concern for community, but still exists, here it disappears altogether. We have then two quite different ways of pursuing the public interest, either jointly to member benefit (as in social cooperatives) or in an exclusive way (as in Bencoms). Accordingly, we have two different organizational models, ultimately resting on different views of a cooperative. To trace them we turn again to ICA which in their Statement on cooperative identity, make an attempt to work out a universal, non-country specific definition of cooperative: "A co-operative is an autonomous association of persons united voluntarily to meet their common ... needs" (ICA, 1995)²³. What is unclear of this definition is its relation to Principle 7, in particular if the mutuality requirement is meant to be necessary or may be replaced by the "concern for community" of Principle 7. The Statement leaves the question unanswered and both solutions seem possible. In other words, ICA's definition seems consistent with more than one view of the cooperative enterprise. In particular, according to one view member ownership and democratic control are enough for an enterprise to be classified as a cooperative (cf. Jones and Kalmi, 2012, p. 39). Another view instead maintains that mutuality is necessary too (this is the view of the Italian law, cf. Fici, 2013). Within the public benefit cooperatives' class one actually finds both types.

Let us now gather the threads of what we have seen so far. The previous discussion has isolated two major changes in the evolution of cooperatives. The first, at the turn of the 19th century, consisted in the enlargement of cooperatives' scope from the provision of special-interest to general-interest goods/services. The second change regarded the organizational mode, more specifically the enlargement of cooperatives' aims to include society's benefit. It is to be noted that the evolution has taken place through the entry of new forms without the demise of older ones, i.e. a process by enlargement rather than by transformation. In all, we have identified four categories of cooperatives, each of which is characterized by the combination of an *organizational* type (traditional or public benefit) and a *product* type (general interest or special interest). These four categories constitute a classification of the universe of cooperatives. It is in this space that community cooperatives are located, as is represented by the following Venn diagram.

²³ Cf. chap. I. ("Scope, definition and objectives"), ILO (2002).

Figure 1 – A classification of cooperatives



Community cooperatives – of which we have seen a few early cases – are a subset of the cooperatives providing general-interest services. This subset is strict (“proper”, in the set-theoretical jargon), as the graph shows, which means that the category of “general interest” cooperatives is not entirely covered by community ones. In other words, the general-interest feature is the basis of the latter but not all cooperatives displaying it qualify as community cooperatives. Our next task is to delimit the concept of community cooperative precisely.

4. Community cooperative, community goods and citizen ownership

The community cooperatives which are now spreading in many parts of the world are the arrival point of the evolutionary process which has seen the progressive shift of cooperatives’ focus from specific social or professional groups and their interests to society as a whole. A first difficulty when dealing with them is that the term community is actually used in association with a large variety of institutions and, within the cooperative field, with many different types of cooperatives. With reference to the latter the term has been in use for a relatively short time – though it is not easy to say precisely how long – but not all the entities to which it is attached are new: some of them are actually indistinguishable in all relevant respects (activity type and organizational model) from institutions which existed in the past under different denominations, like the historical electric cooperatives, some village cooperative banks and retail cooperatives (cf. section 3). The variability in the use of the community denomination is indeed a potential cause for confusion. Our main aim here is to elaborate a concept of community cooperative consistent with its evolution and the general classification of cooperatives elaborated in the previous section.

A first problem is the use of the term for scientific purposes, in particular if it is to be restricted to those cooperatives which are explicitly named so. A purely nominalistic approach is easy to pursue but has the drawback that specimens substantially equal to those included may be arbitrarily left out of consideration. Then, if we classify the ones as community cooperatives, we must do the same with the others. This requires going beyond names and identifying the constituent elements of the concept, in a word giving a definition of community cooperative. This is necessary not just on grounds of consistency in language usage. If for instance we admitted in the class of

community cooperatives all those which carry this name without setting discriminating criteria, we would in fact give up knowing what this class consists of, because of the impossibility to describe it by enumeration, and ultimately we would fail to understand their nature.

Let us see a few examples. A recent report on community cooperatives in Wales lists a number of businesses classified as community cooperatives which are engaged in a variety of personal and recreational services to residents in small neighbourhoods, like running village shops, pubs, cafes and restaurants, community centres, etc., or promoting child care, outdoor pursuits, sports, refurbishment of buildings, etc. (Wales Co-operative Centre, 2012)²⁴. Another, quite different category of community cooperatives is that of UK's community finance societies, whose activity consists in collecting funds and financing a project/business for a local community's benefit (Cooperatives UK, 2009, p. 32)²⁵. A third category is that of new energy cooperatives²⁶. Some of them carry "community" in their names²⁷, while others, though similar in all relevant respects, do not. They are part of the larger class of community energy initiatives and their core business is to produce power from renewable sources (solar, wind, biomasses, etc.). In some cases they also supply power to members and non-members under a variety of arrangements²⁸. These examples are enough to show how differentiated this class is and point to a fundamental problem: is there a common institutional thread linking so different entities?

A limit of the available literature is its segmentation. For instance, a relatively large sociological and management literature deals with community institutions – mainly of the non-profit kind – operating social services (see Milofsky, 1987, for a survey), but is confined to this niche. Another literature instead deals with community energy initiatives and disregards other applications. By contrast, here we are interested in an encompassing view of the institutional features of community cooperatives at large, not just those present in selected business fields. To elaborate such a view we take as starting point the definition of community cooperative elaborated in Walker (2008) as a part of a general classification of community energy initiatives by organizational structure: "People in the local community ... become members of the cooperative and buy shares to finance the project" (as reference example Walker takes Baywind Energy Co-operative in Cumbria, UK, p. 4401)²⁹. This definition is a good starting point but raises a number of questions. What is exactly a community? What delimits a community's boundaries? Other questions concern the business field. Walker refers to energy projects (from the energy-saving refurbishment of buildings to power micro-generation, cf. Seyfang et al., 2012, p. 2), which despite some variability have certain common features. But the concept is certainly not confined to this

²⁴ According to a tutorial document by the Avon Co-operative Development Agency (Avon CDA, "Community Co-operatives – An Introduction", Bristol, 2007) community cooperatives are typically engaged in running crèches, village stores, laundrettes, community centres tending to a local community and the like.

²⁵ Like Exeter Local Food Ltd., a community finance cooperative running a neighbourhood grocery store (the Real Food Store in Exeter, UK), <http://www.realfoodexeter.co.uk/what-is-the-real-food-store> (last visited: 20 August 2013).

²⁶ In Germany alone there have arisen over 350 of them since 1998 – though not all of the community type – and the phenomenon concerns many other countries as well (Mori, 2013).

²⁷ An example is Hepburn Community Wind Park Co-operative Limited (Victoria, Australia), the first Australian renewable energy cooperative.

²⁸ Cf. Walker and Devine-Wright (2008); Hoffman and High-Pippert (2012); Müller et al. (2011); Seyfang et al. (2012).

²⁹ See also Walker et al. (2008).

sector (though one of the most important for community cooperatives), since community cooperatives are observed in others too, as we have seen. Then, there is a further question to be asked: is *any* activity good for community cooperatives or are certain requirements to be met in this regard? Again, what is community ownership, which is evoked by Walker as one of the pillars of the concept? The answers to these questions are crucial if we want to give a meaning to a definition which is otherwise meaningless.

There can be little doubt that, whatever the specific nature of community cooperatives, basic to them is the linkage to a well defined community. The problem is what is meant by community. As a matter of fact, behind any cooperative there is some community in a sense or other – e.g. member-workers in a worker cooperative do constitute a community of sort – but this does not imply that all cooperatives are of the community kind and indeed we do distinguish between those which are and those which are not. In fact, when speaking of community cooperatives, we have in mind some *specific* kind of community.

Community is often associated to territory³⁰. To be sure, there are meanings of community which abstract from it, like e.g. communities of interest³¹. In the Internet era the rise of virtual communities has expanded the field enormously. It is not, however, this sort of communities that is involved in electric cooperatives, old and new, and in most of the other types of community cooperatives actually known. A first restriction useful for classificatory purposes is therefore to limit ourselves to *physical* communities, inhabiting a given territory. As the name suggests, community cooperatives provide goods which are of interest to a whole community. Let us look once again at historical electric cooperatives. These provided a service of interest to all citizens and usually served non-members too (as was the case e.g. in Italy), thus affecting the whole community's welfare (moreover the activation of the service was in many cases key to the economic development of the local area as well). In a word, the service provided by them was of *general interest* to *all residents* in the territory that could be served by them, not just a professional or social group. That is, this interest was shared by all residents, irrespective of professional or social status, and ceased on moving from the territory (note that interest does not imply actual use: I may be interested, even if I presently do not use the good, simply because I may use it in the future). We call goods/services with such characteristics *community goods*. Between a community good and its reference community there is then a necessary correspondence, as we have seen, but which defines which? Is the community that identifies the good or vice versa? In some cases it is the nature of the good, as with electric (distribution) cooperatives where the electric grid sets the reference community's natural boundaries. In other cases, where the use of the good does not depend on a local infrastructure, it may be the reverse. A good may be of general interest to a population which, for whatever reasons, defines itself a community: this is enough to define it a community good. In all cases, what cannot be missing is the universal interest in the good within its reference territory.

³⁰ Cf. Milofsky's (1987) concept of neighbourhood-based entity of which territory is a key element (these entities, however, differ from community cooperatives, since they are non-profit and small-scale organizations, mostly running social services).

³¹ Cf. Cooperatives UK (2009), p. 30; Walker, 2008, p. 4402.

The provision of community goods, however, is not enough to characterize a community cooperative, as is immediately clear from the following example. Imagine a hypothetical cooperative power supplier which admits only its workers as members, in a word a worker cooperative. Could this be a true community cooperative? As a matter of fact, it would be no more community-based than a firm owned by a restricted number of investors, and the reason is obvious. Even if these workers all belonged to the reference community, they would be a professional group within it and hence ownership would be restricted by professional qualifications and in fact not open to all members of the community. By contrast, the old electric cooperatives were owned by its service customers, a qualification held by all residents. This is the crucial feature. When we speak of community we actually mean not just any group of people with consonant interests but a community of *residents in a territory*, whose interest in the good/service arises because they live there, not because of particular professional or social needs. Then the discriminating feature here is *citizenship* as a qualifying requirement for membership and this implies a substantial change in a cooperative's scope: the cooperative's aim is no longer to meet the needs of a restricted social group, like e.g. a group of workers, but citizen needs. Let us have a closer look at this. If we strip a citizen of all his professional and social features, what remains? His being resident in a territory associated to a community good (the territory where this is available and can be used), and the needs we are speaking of are those arising in connection with this fact. These are typically universal needs in the sense that they regard all residents, actually or potentially. In worker cooperatives the required qualification for membership is to work in the cooperative, in customer-owned ones is to purchase the cooperative's products, etc. Similarly, we say that a cooperative is *citizen-owned* or *community-owned*³², if the required qualification is to be a resident in a territory or a proxy of it, like for example being a customer of a public utility which operates in that territory³³.

Are these requirements enough for identifying community cooperatives? More precisely, the question is if a membership open to all individuals with the above qualifications is enough for community cooperatives or they must meet further requirements. If we look at Italy's historical electric cooperatives that are still active, we see that some of them include all families in a neighbourhood, while others do not (though membership is open to all citizens)³⁴. It is then clear that identifying as community cooperatives only those with memberships which actually include all members of their reference communities – i.e. where customers and members coincide – would be unduly restrictive. It seems more appropriate to insist on the openness to the community of reference: community cooperatives must *potentially* embrace a whole community, i.e. all those interested – potentially or actually – in the good produced by them must be allowed

³² The latter term is used for example by Energy4all (<http://www.energy4all.co.uk/>, last visited: 20 August 2013).

³³ Britain's community interest companies (CIC) may but do not always meet these requirements. As the CIC Regulator states, "The essential feature of a CIC is that its activities are carried on for the benefit of the community" (BIS, 2010, p. 13), which is required by our definition too, but here community is meant in a much looser sense: "A community for CIC purposes can embrace either the community or population as a whole or a definable sector or group of people either in the UK or elsewhere" (*ibidem*). Then "community" may be any group of people sharing common interests. The requirements of service to a territory-based community, citizen ownership and democratic governance are not necessary for a CIC either, as some of the cases reported by the CIC Regulator show (<http://www.bis.gov.uk/cicregulator/case-studies>). Not all CIC's can thus be identified as community cooperatives in our sense (cf. Corrigan et al., 2001).

³⁴ In Italy roughly one third of all electric cooperatives fall in the former class (Spinicci, 2011a).

to become members, as required by the *open membership* principle³⁵. Community cooperatives are certainly to meet this basic requirement, like other cooperatives, but openness to the community goes beyond in this case. Old electric cooperatives catered to the whole of their reference communities, even when not all residents were cooperatives' members. When not all potential customers are members, then, trade must be unrestricted too. A cooperative which provides a community good selectively and excludes some members of that community cannot be a community cooperative (even granting that it were a true cooperative, which is debatable). For a community cooperative it is not necessary that all members of its reference community actually use its goods/services (it is enough that they have an interest in them, i.e. they are potential users), but certainly it cannot be the case that they do not use it because they are denied access. Thus *non-discriminatory access* to the community good seems as necessary to the concept as the open membership principle itself³⁶. To sum up, *community cooperatives* are those which meet three requirements: they are citizen (community)-owned, provide or manage community goods, and warrant non-discriminatory access to them³⁷.

A few remarks are in order to complete the picture. First, the classification of community cooperatives with respect to the supplier and customer functions. Cooperatives generally fall in either of two basic classes: customer-owned or supplier-owned³⁸, according to whether owners are customers of the firm's products or suppliers of some input (usually other than capital). Electric cooperatives for example are mostly customer-owned³⁹ (as in many of the examples seen above) but not all are so. The new and fast-spreading community cooperatives which produce power from latest-generation renewable sources (solar, wind, biomasses, etc.) and sell in the wholesale market generally belong to the class of supplier-owned ones (see Mori, 2013, for details and examples)⁴⁰. Second, it is to be noted that services provided by the old community cooperatives – electric cooperatives, village cooperative banks, etc. – were not only of general interest to the community but were quite often also vital to it, i.e. crucially affected its members' well-being. Even today the class of those providing vital services is important but the present picture of citizen cooperatives is more complex than in the past and some of them provide services of general interest not qualifiable as vital, though retaining the other features of community cooperatives. A third remark is about size and geographical boundaries. In the past community cooperatives had small territories and communities of reference. Our definition does not set any limit to size, though the term is generally referred to well-delimited territorial entities. As a matter of fact, calling community cooperative one which provides e.g. mobile phone services

³⁵ Cf. ICA's Statement of Cooperative Identity, Principle 1. For a discussion of ICA's principles and their application in EU countries see Fici (2012).

³⁶ In many countries, whenever a public service is concerned, non-discriminatory access is mandated by law by the principle of "universal service". Here we are talking of a necessary feature of the community cooperative, irrespective of positive law.

³⁷ This differs from Cooperatives UK's definition which includes ownership by "community of interest" too (Cooperatives UK, 2009, p. 30).

³⁸ Or producer-owned as some prefer to call them (see e.g. Hansmann, 1996).

³⁹ For example all the Italian historical ones are.

⁴⁰ Another example is dairy cooperatives (members do not purchase from but supply something to the cooperative). In the past they sometimes happened to play a role in their local economies similar to local cooperative banks' and electric cooperatives' (cf. Leonardi, 1996).

nationwide⁴¹, though not strictly ruled out by our definition, sounds odd and certainly does not accord with the current usage (this is also the reason why in Figure 1 the right-hand half of the inner oval does not coincide with the whole of the right-hand upper part of the graph). Fourth, a further terminological problem is the use of the cooperative attribute. The same community institutions are sometimes labelled as cooperatives and sometimes as (mutual) non-profits (cf. Leadbeater and Christie, 1999, p. 89). As a matter of fact, community institutions are a point of intersection between the two worlds, whose borderline is not always sharp. This is especially true for countries like the United Kingdom and the USA, where cooperatives are not a specific legal form of enterprise and institutions can be cooperative and non-profit at the same time, i.e. when they are controlled by beneficiaries and the profit non-distribution constraint is in force⁴². The last remark is just a warning about a possible confusion between community goods and common goods. The two concepts are quite distinct and community goods may indeed belong to all categories of the classic partition, i.e. private, common, public and club goods. If for example the cooperative has to do with the environment, the concerned community good is a public good; if it runs a public utility, it is a private good, and so on.

Community cooperatives are a specific type of organization for the community-based management of community goods but by no means the first to emerge in history. Community organizations managing community goods have arisen in almost every country and age. The oldest ones were responsible for the management of assets essential to the life of local populations like pastures, forests, water reservoirs, etc.⁴³, and played an important role in coping with the typical problems (“tragedy”) of the commons. All of them regulated access to community goods, which were usually common property, with a view to promoting equitable and community-wide use and preserving them over time. Their importance and numbers have steadily declined with economic development, though a few have survived in developed environments too, like the *Regole* of Ampezzo and the *Magnifica Comunità* of Fiemme in Italy⁴⁴, the Valencian *Huertas* in Spain, and others elsewhere in the world.

Community institutions and the cooperative movement have followed parallel paths which at some point intertwined. On the one hand, communities started to face new needs which could not find response within the old institutions and which called for an institutional change towards the business enterprise; on the other, cooperatives cut loose ties with special-interest groups and opened themselves to society as a whole. Community cooperatives are the contact point between these evolutionary lines. The early utility cooperatives engaged in electricity and water supply one of the latest 19th-century incarnations of the cooperative idea but can also be viewed as the first modern off-springs of the ancient institutions of community management. If we compare them we find similarities and differences. Like the former, community cooperatives manage/produce

⁴¹ An example is CUT, a customer-owned phone cooperative based in Prato (Italy), cf. Spinicci (2011b).

⁴² Cf. Hansmann (1980), p. 890, n. 146.

⁴³ These institutions have aroused keen interest among social scientists, as is attested by the large literature bridging anthropology, sociology, economics and political science. It suffices here to recall two representative contributions to this literature: Ostrom (1990) for the political science/economic-institutionalist approach and Dasgupta (2005) for the economic mainstream approach.

⁴⁴ A few others are described in Casari (2007).

goods/services, such as banking, food processing and local public services, that are of general interest to a community within a democratic governance framework. However, they considerably differ from the old ones. These were primarily concerned with regulating the *use* of natural resources and their main task was the definition and enforcement of use rights. Modern services are instead typically produced and the focus of these new community institutions is no longer on use but on *production* and the sharing of its costs. In some cases, as e.g. in public utilities, production requires infrastructures and hence a major problem for the cooperative providing them is how to finance their construction/maintenance, an issue altogether absent in the community institutions of the past. This calls for economic sustainability and an administrative apparatus. The risks involved create the need for limited liability and hence the need for incorporation. In a word, what is required is the modern business enterprise⁴⁵. Community cooperatives meet all these requirements while retaining the fundamental feature of community's democratic governance.

Electricity, banking, food processing may be, as we have seen, community goods (services) and were sometimes – in a few cases still are – provided by community cooperatives. Old cooperatives of this kind were pretty homogeneous from an institutional and organizational standpoint. New community cooperatives arising today are instead much more diversified. In the next section we focus on these and look at their features.

5. New community cooperatives

The present stage of cooperative evolution is witness to a rapid diffusion of community cooperatives but, as we have seen in section 2, community cooperation is an old phenomenon. For quite a long time it remained circumscribed and showed little change over time. The new community cooperatives that are arising today, though retaining a few basic features of the old ones, are much more diversified. Certainly, the most visible difference between old and new ones is the use of the community denomination by the latter. Some of them – though not all – carry it in their names⁴⁶ or refer to themselves as community cooperatives⁴⁷. But, as we have argued above (section 4), this is not a substantial difference. More substantial differences regard the sectors of business activity and the organizational models.

Old community cooperatives were concentrated, as we have seen, in a restricted array of sectors, the most relevant of which were electricity, banking, food processing, retailing and water supply. New community cooperatives are instead scattered in a much larger number of sectors, ranging from personal services – like welfare, healthcare and education – to menial neighbourhood services (laundrettes and the like) and the classic services already provided by the old ones (again:

⁴⁵ In the words of Charles Gide (quoted by Laidlaw, 1980, p. 3): “A co-operative is a grouping of persons pursuing common economic, social and educational aims *by means of a business enterprise*” (italics ours).

⁴⁶ Like e.g. UK's Devon Community Wind Cooperative (<http://www.energy4all.co.uk/projects.asp?id=ENPR7&m=1>, last visited: 08 August 2013).

⁴⁷ For example Baywind Energy Co-operative Ltd (Cumbria, UK) describes its business as “community owned wind power generation” (http://www.baywind.co.uk/baywind_aboutus.asp, last visited: 08 August 2013).

electricity, banking, etc.). But certainly more important are the differences regarding the organizational models. To illustrate the point it is convenient to refer to the energy sector, which has seen the presence of such cooperatives from the outset and has recently undergone an impressive growth (though global data are not available, this appears the sector where cooperative growth has been strongest, cf. Mori, 2013).

In Italy there still survive a few electric cooperatives which were established in the first phase of community cooperatives, roughly from the turn of the 19th century to the 1930's. According to recent data they are about thirty in total (cf. Spinicci, 2011a). Similar figures hold for Germany, where nearly fifty surviving cooperatives of this kind are reported (Holstenkamp, 2012). Case-study work on the Italian ones has shown that from an organizational standpoint they have changed little over the years. Many of them retain their original by-laws⁴⁸ and their core business is still the old one, i.e. hydro-power production and local supply through own grids (though a few have expanded into complementary business fields like broad-band connectivity, Spinicci, 2011b)⁴⁹. We have thus a surviving group of old community cooperatives which can be easily compared with the new ones. The main fact concerning them is that they all belong to a single, strictly delimited organizational model, that of traditional cooperatives providing a community good. This means that their explicit aim is to benefit their members, while the remaining part of the community is benefited through non-member patronage – all residents in their home territories are served by them either as members or non-members – and externalities like stimulating the local economic development. In the classification of Figure 1 they fall into the intersection of the left-hand side – corresponding to traditional cooperatives – and the upper side of the graph, corresponding to suppliers of general-interest services (i.e. the left-hand half of the inner oval labelled “community coop”). New specimens are instead diverse. Some of them belong both to the trunk of the traditional cooperative, i.e. they may be run for their members' benefit (the left-hand half of the oval), or to the trunk of the pure public benefit cooperative, i.e. are run in the community's interest without benefits for members (right-hand half of the oval)⁵⁰. In Italy for instance some of the new electric cooperatives belong to the first⁵¹, UK's community finance societies to the second.

A further distinctive element of new community cooperatives is the greater diversification of their social background. Openness to the whole community makes community cooperatives naturally inclined to replicate the social composition of the surrounding society. In the past community cooperatives like cooperative banks, electric and agricultural cooperatives had fairly homogeneous members and patrons from a social standpoint. Today, in line with the greater diversification of

⁴⁸ As an example take the Consorzio Elettrico Industriale di Stenico (CEIS). It was founded in 1905 and its by-laws underwent minor changes in 1963, 1965, 1983 (Gorfer, 1987, p. 413) but still retain their original structure.

⁴⁹ See in particular the case-study of the Consorzio Elettrico Industriale di Stenico (CEIS), Stenico, TN (est. 1905), *ibidem*, p. 8 ff.

⁵⁰ Mixtures of the two (like Italian social cooperatives) are in principle possible too, though examples of the latter are missing.

⁵¹ An example is EUM (Energie- und Umweltbetriebe Moos) i.P. Gen., Moos P. (Bolzano, Italy). This is a new electric cooperative established in 2002. Legally, it is an ordinary cooperative corporation, whose aim is by the Italian law to further members' benefit, in this case its customers. Spinicci (2011b) makes an in-depth study of this cooperative.

⁵² A large literature has developed on bureaucratic inefficiency and related phenomena, see e.g. Mueller (2003) for an extensive treatment. See also Mishra (2005) on the specific issue of corruption.

society, community cooperatives' membership tends to be more diversified than in the past and than traditional special-interests cooperatives, like e.g. worker cooperatives. New community cooperatives are a focal point where the two most relevant evolutionary trends of the 20th century's cooperative history – differentiation of social background and shift towards social goals – actually converge.

A last difference with old experiences concerns the establishment mode. Old community cooperatives usually activated a service which was previously absent and arose together with the service itself: electricity, banking, food processing are the main historical examples. This establishment mode certainly finds room today too: crèches, laundrettes, village libraries – just to recall a few of the examples reviewed in the previous sections – may indeed be set up to supply a service which is absent from the market. However, nowadays community cooperatives can be and indeed are also established with the aim of producing and supplying an *extant* service in a new way: it is the need for different ways of providing old services that is sometimes behind the new experiences in this field and this may become even more important in perspective. In most developed countries the main avenues of entry into public services today are market liberalizations and privatizations. In the 20th century government provision of public services, though not all-encompassing, was indeed by far the most widespread organization mode for them and in fact kept cooperatives out. This model first entered into a crisis towards the end of the century when governments started to retreat from the production of public services by opening markets to competition (liberalization) or handing over monopolies to private operators (privatization). Many new community cooperatives have arisen in the wake of market liberalizations, especially in Europe (like the new electric ones, see Mori, 2013). Privatizations instead have so far not favoured the entry of new cooperatives but new facts may change the picture in the future.

The motivations behind privatizations in USA, Europe and elsewhere in the world are various and not always the same across countries. There are, however, two main groups which comprise more or less all of them: efficiency reasons⁵² and financial constraints. Financial motivations appear especially serious today when many governments are unable to cope with new investments or even running costs which were traditionally financed through tax revenues. When governments retreat from production, they leave an empty space which has so far been occupied by for-profit firms. This is the classic model of public-service privatization where a previously government-supplied service is taken on by a for-profit firm. Privatizations present several economic problems, as their history has shown (Clifton et al., 2003; OECD, 2003), but perhaps the most challenging of all is political, i.e. the growing opposition to them by citizens⁵³, mainly due to governments' failure

⁵³ The unpopularity of privatizations with the public has been manifest since the earliest phases of the nineties' privatization wave, cf. Kay (1996). The phenomenon is now well documented and a sizeable literature is available which examines it from different angles. Checchi et al. (2009) and Bonnet et al. (2011) report many data about Latin America and emphasize the redistributive impact of privatizations as one of the likely causes of political opposition, which in turn has to do with tariffs. Van Gyes et al. (2009) examine public attitudes towards privatization/liberalization in a few European countries and utilities and find a level of dissatisfaction with tariffs in electricity. Lobina and Hall (2003) and Hall et al. (2005) provide a picture of anti-privatization campaigns around the world, with special reference to water, and point to a number of possible economic causes, among which tariff levels.

both to check tariff growth and to make service providers comply with quality standards⁵⁴. Citizens' opposition has in some countries blocked new privatizations at all – as is the case of Italy today – with the undesirable consequence that investments have been blocked too. A fact so far not widely recognized in the policy debate is that community cooperatives – especially of the customer-owned type – can take care of these problems effectively. We limit ourselves to pointing out a couple of facts here (we refer to Mori, 2013, for a full discussion). By allowing member-citizens' direct access to internal information, customer ownership and democratic governance may reduce, if not remove information asymmetries about service quality (a critical issue for services like healthcare, waste disposal, etc.). Moreover, self-regulation is in principle capable to take care of tariffs better than third-party regulation. These potential advantages suggest that, though it is unlikely to be always and everywhere the most efficient option, customer ownership is a serious alternative to public and for-profit provision to be considered on a par with the others and not to be ruled out a priori, as was in the past. In some cases it may even be the only way out of the ever more frequent stalemate that sees a government unable to bear the burden of new investments in infrastructures and citizens blocking the entry of for-profit providers⁵⁵.

Community cooperatives are centred on citizenship as opposed to specific attributes of restricted social or professional groups. Through the community cooperative citizens act together to meet their needs. They are not only beneficiaries but also actors. Then, at their core is citizen participation to the provision of general interest services not provided by either the market or government. For this reason it can be seen as a part of the broader phenomenon of active citizenship, which is gaining ground in contemporary post-industrial societies. Beside the old model of citizen indirect participation through elected governments there is making today its appearance a new model where citizens are active co-providers of services on a par with public institutions. Active citizenship may have various motivations, economic and non-economic (Fung, 2004), and take different forms. For instance, co-production through end-users' volunteering – a widespread phenomenon in the field of welfare services in some countries (Matthies, 2006) – is one of them but there are others too (Mizrahi, 2011). Within the community cooperative citizen participation takes place in a special way. Community cooperatives are enterprises. Here we have not just a generic citizen participation but a specific kind of it, i.e. participation through a business organization they own. Services like healthcare, water and energy services, etc. involve complex production processes requiring physical capital, administrative bodies, professional management, i.e. all the typical elements of the modern enterprise. In a word, they require a business organization. When this is the case, an instrument for citizen participation is the community cooperative. Through it citizens cease to be just voters and become entrepreneurs as well.

⁵⁴ See Mori (2013) for more details.

⁵⁵ For further considerations on the prospects of customer-ownership in public service, see Birchall (2011).

6. Conclusions

Cooperatives' secular evolution has seen the shift from a special-interest to a society-wide horizon. The first cooperatives focused on the interests of particular social or professional groups, mostly belonging to the weak layers of society. Some traditional cooperatives like cooperative banks, cooperative dairies and a few others promoted the public interest within a local community by trading with members and non-members alike, and generating externalities, but their aim was still member benefit. At a later stage, besides traditional cooperatives, there arose new cooperative organizations whose explicit aim was to benefit society as a whole in a way or other, i.e. the different species of what we call public benefit cooperatives. In the meanwhile some traditional cooperatives, though retaining their original organizational model, underwent a change in their social background of reference, when members and patrons became more diversified from a social standpoint, until in some cases they comprised all hues of the social spectrum. The latest stage of this evolution is the rise of entities bearing the name of community cooperatives. This group is highly heterogeneous and includes specimens which appear not entirely new. The first question then is if this phenomenon is just a skin change or reflects a change in nature too. To answer there is needed a clearly defined concept of community cooperative. The main difficulty with this task is that the phenomenon is a complex one, where old and new mingle and which involves a large variety of organizations, differing by aims, governance, business field and market context. Starting from existing definitions we have worked out one based on the notion of citizenship. Community cooperatives are those which provide goods/services of general interest to all members of a community, i.e. the residents in a given territory, who democratically own it too. This definition keeps together the old community cooperatives of the past which were not named so, like early electric cooperatives, and the new ones, like some of the new electric cooperatives (solar, etc.), which are. New community cooperatives, though sharing the same basic features, differ from the old ones in a number of respects: composite social background and the diversification of organizational models are the main ones. New community cooperatives are the farthest point in the secular evolution of cooperatives from the care of special interests, usually associated with the lower classes, to the benefit of society as a whole.

New community cooperatives nowadays operate in the most diverse sectors but the field which appears more promising for them is that of public services. Community cooperatives operating public services at large are already the most important section of the phenomenon and the one where prospects of further developments are most relevant. Indeed, these cooperatives are part of a wider phenomenon affecting contemporary societies known as active citizenship, i.e. the direct participation of citizen to the governance of public services in several forms beyond the traditional model of government-provision plus indirect citizen participation through political representation. Services like the classic public utilities – energy, water services, transport, etc. – involve industrial production processes and the operation of sizeable infrastructures. This kind of production is best carried out within business enterprises and citizen co-production cannot of course be based on volunteering: an essential requirement for them is entrepreneurship, albeit of a social kind. The key aspects here are the financial participation of citizens to investment as partial replacement for public finance/general taxation and the direct participation to the

enterprise governance as replacement for the old model of governance through elected political government. Dissatisfaction with delivery by both government and for-profit contractors is urging in many countries the search for new models of citizen participation and the institutional tool which appears most suited for accomplishing this is just the customer-owned cooperative.

A field of public services where cooperatives have so far been relegated to the margin is that of privatized monopolies. The causes of the present state of affairs are primarily historical. In particular, the predominance of government provision of public utilities has hindered the development of other democratic organizational modes. Historical conditions, however, change and now the situation in many Western countries appears favourable to a new development of customer ownership in this field. Governments, especially in Europe, are experiencing serious troubles in raising public finance to support investments in utilities. On the other hand, the traditional solution of privatizing services to for-profit enterprises is ever more difficult to realize, since past privatization failures have fuelled a fierce and growing opposition to them in many countries. In this new situation the transfer of ownership to customers becomes a sensible option and in some cases is perhaps the only one available to get out of endless deadlock. Public policy is an essential part of the process but take-off cannot be top-down. The essential factor is citizens who must become aware of the full potential of this tool and take an active role in the process.

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