GOVERNMENT FINANCE OF WORKERS' CO-OPERATIVE PRODUCTION IN ITALY

An Addendum

The information below, kindly supplied by Mr. B. Catalano, Secretary of the International Committee of Workers' Co-operative Productive and Artisanal Societies, was not received in time for inclusion in the article by W. P. Watkins in Bulletin No. 26.

Coopercredito is the name of the special credit institute established in 1947 by the Italian National Labour Bank for financial assistance to all types of co-operatives except housing and credit. As most of its available funds are provided by the State it is able to lend at rates more favourable to the borrowing societies than those charged by ordinary credit institutions. Coopercredito is authorised to make long-period, as well as short and medium-period loans, but the accepted policy is to restrict lending mainly to short and medium periods so that loans may be rapidly repaid and the maximum number of borrowers satisfied.

The short-period loans granted to workers' co-operative productive societies take a number of forms ranging from cash credit accounts to the finance of export-import operations, suretyships and final or provisional cautionary deposits. Long-period loans cover incentives to medium and small industries, reorganisation and conversion of plant and installations and aid for industrial enterprise in difficulties. Because of the limited funds of workers' co-operatives, borrowed capital usually represents a high percentage of their total capital.

The conditions laid down by Coopercredito for granting loans may be any of the following: factual guarantees; legal rights; conventional rights; surrender of credits; personal guarantees. For small amounts lent to trusted clients, Coopercredito often dispenses with guarantees.

In the course of the five years 1970-1974 the total amount of loans granted each year has risen from Lire 2,581,000 to Lire 11,966,000. Some nine-tenths of this last sum was lent to 214 co-operatives in the northern region of Emilia Romagna, compared with a total of 287 borrowing societies for the whole country.