Co-operative News

The Marcora Law: an effective tool of active employment policy

ITALY 22 September 2015

Article by Camillo De Berardinis

Camillo De Berardinis, managing director of CFI, (Cooperazione Finanza Impresa – Cooperation Finance Enterprise), looks at how the Marcora Law has been enacted in Italy. CFI was established by the Italian government as soon as the law was passed, to fund worker buyouts under the new legislation.

The Marcora Law, which has turned thirty this year, has proven to be a valid and effective instrument of active employment policy. Although it is mainly enacted in crisis situations, it has always operated with a strong approach to welfare and market orientation, showing great flexibility and efficiency. The idea behind the law was to consider the huge, ever increasing forms of unemployment benefits as a diversion of resources that could instead be used to expand the production base and involve unemployed workers in a productive function through forms of co-operative self-entrepreneurship and management.

This was made possible thanks to the power given to the workers, to transfer their unemployment benefits into the capital of the new business, and the financial support (temporary participation in the venture capital and loans for fixed investment / tangible assets) provided by finance companies constituted for the implementation of the Marcora Law.

CFI is one of two financial companies established under the Marcora Law, which, since 1986 has been working in support of workers' co-operatives and social co-operatives. CFI has made investments, as a whole amounting to €170m (£123m), which have helped to create more than 13,000 jobs, make interventions in over 300 companies, and, often, save skills and crafts that otherwise would have been lost.

It is important to underline two aspects in particular: the first concerns the adopted model of intervention by CFI; the second refers to the economic return on public investment.

With regard to the first point, the model of intervention was adopted by CFI to intervene through private companies with public participation (Ministry of Economic Development), which has allowed us to operate with an entrepreneurial and non-bureaucratic approach, ensuring streamlined procedures, efficiency and managerial

autonomy, while at the same time, ensuring public control over compliance with the guidelines set by the law, and the management's results, about which the management and the board of directors are held accountable.
As for the effects of public investment, the total resources allocated by the Ministry of Economic Development as a revolving fund, amounted to €84m (£60.7m) (revolving capital in CFI endowment), which in 2007-2013 generated a financial return for the State amounting to €473m (£342m) 5.6 times the invested capital. This value has been calculated taking into account taxes paid by businesses and workers and less use of social security measures. CFI intervention makes financial resources available to workers – as well as experience and knowledge acquired in the financial planning and management control, while contributing, through a continuing training programme, to the growth of management skills in financed co-operatives.
But beyond the economic and employment policies, the social dimension should not be underestimated: co-operation, by nature, is inextricably linked to geographical territory and, therefore, the re-launch of a business is almost always the re-launch of an important contribution to the economic regeneration of the area in which the enterprise operates; the assets of the business continues to be indivisible and inter-generational, which helps link the co-operative with its social reality. The co-operative business model contributes to a real economic pluralism in a market economy in which different forms of enterprise compete with each other, not only different products.
On the back of these results, the experience in Italy was proposed as a model to be adopted in a Resolution of the European Parliament on 2 July 2013, which called on Member States to support the transfer of businesses to employees in order to avoid closing, with reference to "the Marcora Law in Italy, which allows to finance the establishment of new co-operatives through unemployment benefits" and "CFI, which is the instrument of implementation".
The Marcora Law has not been limited to operations in workers' buyouts in the industrial sector, which, historically, was the main mission of CFI. It has undergone an evolution that has made it possible to seize new opportunities and disseminate good practices in business management, expanding its scope of intervention in new areas.
In recent years, CFI has supported the establishment and/or consolidation of co-operatives in the tertiary sector (modern retailing, tourism, services, cultural heritage and related activities management); moreover CFI made intervention in social co-operatives, a fast-growing sector, characterised by a high employment impact and deep geographical roots. CFI promoted and supported the creation of co-operatives by workers coming from confiscated companies belonging to organised crime, which contribute, with their commitment, to reaffirmation the rule of law and the spread of a healthy market economy.

AUTHOR: Camillo De Berardinis
Camillo De Berardinis is managing director of CFI (Cooperazione Finanza Impresa - Cooperation Finance Entreprise)