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SOME DIFFICULTIES IN THE DEVELOPMENT  
OF COOPERATIVES\*

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Today our national economy is facing the problem of recovering from the recession into which it has been thrown by the artificially centralized administrative and managerial system. One can say that monopolism of all types (state, ministerial, industrial, etc) has become a major obstacle to be removed on the road to recovery. And that's where, in our opinion, the development of various alternative forms of economy is a means by which the national economy may and should be restructured.

The development of new forms of economy including cooperatives will make it possible to meet the economic interests of all the participants of the material production process, to expand the real independence of both the primary production link and all the production structures, which in turn will ensure production flexibility and proportionality on the one hand, and radically change the nature of labour itself on the other, turning labour into a creative activity. Not only a factory, farm, etc but the whole national economy will have the owner: a possibility of true government by the people will be here to stay.

The advantages of cooperatives (and it is this form of economy that we are talking about) would seem to be obvious. However barriers arise one after another on the road of their development. Let us name just some of them.

The first and apparently most prominent one is the

absence of the market. Commodity deficiency, i.e. the absence of the consumer market results among other reasons from the absence of the production and other resources and means market including the manpower market. The State monopoly on the equipment and machinery market established through imposing artificially created restrictions on the sales of equipment and machinery to cooperatives, brings about a shadow flow of means of production and money, results in illegal sales from State-owned warehouses, etc. In other words, attempts to administratively restrict the supply of production means to the cooperative sector results in the establishment of a shadow wholesale market, which exists not only at the expense of cooperatives but through a growing deficiency of other (State-owned) sectors of economy. Attempts to organize centralized material and technical supplies to the centralized economy work against the centralized economy itself, destroying as they are made, the new-born cooperatives.

As to the manpower market, at first cooperatives seem to have had no such problems whatsoever. On the contrary, a creative nature of labour, greater independence and self-support in production process, personal well-being depending on the personal effort, possibility to make more money with one's own hands than in the State sector of economy, has made cooperatives much more attractive to people. However the policy pursued by the State in relation to cooperatives today has put an end to the flow of manpower from the State sectors to cooperatives, and possibly will bring about a backflow to the State sector. And the reason here is not that the labour conditions

in the State sector has become more attractive. Artificial barriers are being erected on the way to the free movement of manpower between different sectors of economy. Multiple sublegislative acts, often containing quite unexpected things, result in uncertainty about the future. All this tops the minimum of social guarantees which unfavourably distinguish cooperatives from State-owned enterprises. On the other hand, the taxation of the increase of the salary funds imposed with the system of extraordinary measures taken by the USSR Government, weakens a possibility to develop cooperatives by attracting additional manpower.

Because of such regulating enactments cooperatives themselves deter manpower, although labour resources are essential at this stage for the expansion of production, and artificially withhold the growth of salaries thus weakening material incentives of the employees.

Apart from the indirect impediments to the development of cooperatives the administrative system also creates direct ones. One of them is artificial restriction of the scope of activities to be carried out by cooperatives. Thus banning of sale and purchase cooperatives slows down the development of the cooperative movement as a whole. Banning of trade or restricting thereof in essence means the restricting of the exchange of the activity results which is necessary for expanding production and forming reasonable specialization. And this, in turn, brakes the activities of non-trading cooperatives and slows down the satiating of the market with goods and services thus bringing about a

growth of prices (a natural situation when demand is greater than supply). But the growth of prices is used by the administrative system as an "argument" against the development of cooperatives as a means to counterpose cooperatives to consumers, i.e. people.

Encouraged by the first successful offensive launched against cooperatives, the administrative system is now trying to stop the development of cooperatives having shuffled off the disguise of concern about the "detriments" of this or that kind of activities. Attempts are made to reject the registration of cooperatives (City of Vladimir). Or, if a "bad-tempered" cooperative has to be dealt with and such cooperative wins the case in court, the local Executive Committee is sure to establish a tax that will undoubtedly undermine the cooperative from the very beginning.

Those are but some of the obstacles erected on the way of the cooperative development. But even such a short study as ours shows that those trends should be stopped.

First and foremost the market should be created. Distribution of the main means and resources of production should be decentralized, the wholesale market should be established. It needs not to be said that to this end a full-scale restructuring of economic relations is essential, or at least on this stage a better use of the advantages of cost accounting and introduction, where possible, of new forms of economy. Relations within the national economy should also be changed, thus making it possible to exercise full-scale control over their output (or at least the bigger part thereof), find various

and beneficial ways of selling their output (contracts, auctions, fairs, etc). The market will show the exact ways.

In view of a free development of the production means market, any coefficients and additional extra rates formed within the price of the equipment and raw material sold by cooperatives, should be eliminated. It is essential for creating at least equal conditions for the operation of State-owned and cooperative enterprises. It would appear to be only reasonable to establish most most favourable conditions for the development of new forms of economy including cooperatives thus bringing about progress to national economy. this, in turn, would enliven the rather inactive State sector with its bureaucratic superstructure, pushing it out of stagnation.

Similar labour conditions should be created in all the spheres of economy: labour remuneration with no restrictions or terms imposed by the State, extending of social guarantees to cooperatives. This, by contributing to the development of cooperatives, will make the State sector create at least similarly attractive conditions for its workers, which is impossible without general economic progress in this sector. As a result, instead of the employer-and-employee relations and alienation of the workers from the results of their work, we shall have the attitude of cooperation, equal membership in a collective, and mutual responsibility.

The whole picture will be complete with the development of a considerably renewed financing and crediting system contributing to a free movement of funds to stimulate the de-

velopment of the most important types of cooperative activities as a whole.

It must be understood that all such measures will contribute not only to the development of cooperatives but to a more efficient and healthier national economy. Creating of attractive labour conditions, interest in work, stable supply of necessary resources to production, solving of social problems and better living conditions for the workers in any sector of economy, consumer-oriented economy, rational structure of capital investments, lower losses and irrational expenditure, and subsequently a lower level of inflation, satiating of the market with goods and services at lower prices - those are direct, though may be not instantaneous consequences of the development of cooperative forms of economy.