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18356

Distr.
LIMITED

ID/WG.498/16(SPEC.)
18 May 1990

United Nations Industrial Development Organization

ORIGINAL: ENGLISH

Interregional Symposium on the Role
of the Industrial Co-operative Movement in
Economic and Industrial Development

10 p.

Moscow, USSR, 11-15 June 1990

RESTORATION OF COOPERATIVE AND INDIVIDUAL PROPERTY OF THE
MEANS OF PRODUCTION AS A FACTOR OF HARMONIZATION
OF THE ECONOMIC DEVELOPMENT*

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During the last few years the country has been involved in perestroika. And now we are able to see the results. Intensively develops the process of deideologization of international affairs. This process resulted in significant international agreements aimed at the eliminating the confrontation. This has led to the process of conversion in the USSR. Features of the law-governed state appear in forms of glasnost (openness) and realization of historically proved principles of democratic administration incl. separating of legislative and executive functions, replaceability of administration etc. The process of the economy deilogisation has also begun. The cooperative property was legally declared to be equal to that of the state, the right of a citizen to individual labour was also confirmed. Cooperatives working in production and services have been organized. The process of conversion the enterprizes into cooperatives has begun. Collective bodies and farmers' families were given the right to lease land and other kinds of property.

In this paper the theory, the concept and the results of the renewal and development of cooperative and individual forms of management are presented.

Theoretical background. All the recent innovations in the economy reflect far more deep changes of the basis of the state, than it may seem at the first glance. The process of restoration of the roles of the three main forms of ownership of the means of

production. These forms have existed since "the state" appeared.

Nevertheless, the development of historical state led to the enhancement of social injustice, based on the extensive alienation of the means of production and the product from the producer.

This process was paralleled by the intensification of the search of the ways of the elimination of the injustice. One of the ideas elaborated through ages and attractive for many great minds was the idea of the people's property. If the property is common and belongs to everybody, so that all the workers are the owners, then there is no basis for the appropriation of the results of somebody else's labour, since there is no difference in the forms of ownership. This global idea was attractive from the social point of view, and its realization was attempted (some of the attempts were long enough). Nevertheless, it didn't lead to the desirable results. Social injustice wasn't diminished, on the contrary, sometimes it increased, making both individuals and groups suffer. In our opinion, in this case we face violation of the principle named by us a "principle of nonuniversality" of artefactus (lat.)

Artefactus is an artificial (created by a man) subjects, for instance, technical tools, projects, theories, ideas etc. They are pragmatic, i.e. aimed at satisfying certain goals. Nevertheless, the goals may be achieved by using artefacts under certain conditions only. Beyond these conditions, the artefactus may become at least useless. There is a lot of examples when artifact was allotted a universal importance, and efforts and means were spent in vain in order to adjust the artefactus to the unfitting conditions. This fact of change of paradigmas in scientific theories was described by G.KUM: the most vivid examples were time consuming and fruitless

efforts to apply a piston engine for a big highspeed airplanes and a gas turbine for cars.

Recognition of a unique form of property as the critical factor in construction the state of social justice may be an example of violation of the principle of nonuniversality of artifactus.

The concept of progression from a unique form of property on the means of production to the diversity of the forms.

The state as any organism includes at least four main partners. They are: man (end user or consumer), individual producers, collective bodies, and the whole society. Each partner plays his role, i.e. has his own goal and functions.

If a man is considered to be the goal of the state of social justice, and all the partners of his subsystem are considered to serve his interests either directly or indirectly, the goals of each individual partner can be figured out. Individual producer supplies himself and his family (and the end users) both directly and by means of exchange and sales - purchases of the surplus with the other products or services. The major part of individual demands may be covered by collective labour, the results of which reach the end user through a number of steps of production redistribution (intermediate users). Finally, there are demands of the whole society. They include defence from the external and internal hostile subjects and phenomena (aggressive states, outlaws, epidemics, natural disasters etc.). The state in the form of its institutions provides meeting these demands.

To fulfil his task, each partner obviously has to own a certain part of the common property. If he is not an owner of the part of the property, the fulfilment of his task may be achieved by means

of strict control. But in this case the non-owner is aimed at minimizing his efforts (instead of maximizing the results) and increasing of the reward. It leads to the low labour intensity as well as to the understating in planning, upward distortions, embezzlement. Elimination of these negative phenomena is reached by a strict control. Therefore the low production efficiency and the increased expenses for control lead to the decrease of the volume of the final product and price increase. This leads to the growth of social tensions and the withdrawal of management assignments in order to relax the tensions.

Thus every state has to support all the three forms of property. Combination of the three is the premise of the existence and development of the state itself. In the USSR during perestroika, legalization of the equality of the state, cooperative (collective), and individual forms of ownership of the means of production meant giving up the long-lived myth about the progress of the socialist state to the public (state) form of ownership.

The kind of production and the way of its management are determined by the consumer's demands for the product and the form of ownership. The end user places demands for diverse, changible products in small quantities. His needs may be met by the individual facilities, small- and mean-size producers, which are more flexible. Their production efficiency may serve an optional criterion. For the production of final products intermediate users need bigger amounts of slightly individualized products with relatively low frequency of modifications which usually may be predicted. The best choice for them are both bigger manufacturers which are usually large-scale and continuous and individual manufacturers of unique products. Usually these products are manufactured at big

flexible units with abundant resources. The whole complex of enterprises and facilities owned collectively and individually and aimed at the needs of the end user, may be regarded as a segment of the economy engaged in production of commodities and means of their production. The different role is played by the state-controlled segment of the economy, which supplies products and means of production which meet the demands of the whole society. From the point of view of homeostasis, individual and collective segment controls effective functioning and development of the state, and the state-controlled segment provides reliability of the processes. The both segments together make for the survival of the state, and their shares in the economy are subjected to changes depending on the external and internal factors.

Each sector of the economy doubtlessly has its specific management structure. Democratic centralism is the main principle of management in the individual and collective segment. There, the main goals are determined by the state, in this case acting as an exponent of common interests in a democratic state. The target functions are realized in forms of taxes, credits, prices and other standards of the economy management based on forecasts and plans of economic and social development. Individual and collective producers select their strategy themselves basing on the interests of the end users in the market. To win the competition for the consumer, producers of this segment have to possess certain rights provided by each form of ownership. Here act the three "S": self-management, self-financing and self-sufficiency.

Since the interactions between an enterprise (individual facility) on the one hand, and external partners on the other hand,

are realized as sales and purchases, then with the three "S" present the internal interactions of the producers shall be based on the principles of sales and purchases, i.e. self-supporting contractual relations.

On the contrary, state-controlled enterprises do not supply their products to the markets. This right is monopolized by the state. Here the principle of democratic centralism is applied, i.e. goals and means are determined by the state from above. And it can't be another way since the responsibility for the prevention of marginal situations and removal of their results is too critical. Principles of self-management (especially at the highest levels of administrative hierarchy) and self-financing are not fully realized here. These differences should be understood to avoid a number of conflicts.

The tragedy of our development was based on the application of the principle of "administrative centralism" named then "democratic centralism" to the whole economy during the Stalin period and the period of stagnation. During perestroika acknowledgement of the legality of the application of the three "S" to the economy, existence of market, competition etc. , enabled existence of the individual and cooperative segment of the economy and destroyed another myth about the disfunctioning of the normal laws and principles of economics in the Soviet state.

Practical Results. Radicalism of the contemporary reform destroyed long-lived myths about the economy while a big number of the official carriers of these myths are still preserved and functioning, sometimes slow-down and prevent the process of harmonization of the three forms of property.

Only the shares of production in the state controlled segment decreased due to the conversion. The growth of the individual and cooperative segment proceeds not that fast as it is necessary for the solving of the most challenging economical problems. Within almost 2.5 years from the beginning of the contemporary cooperative movement (the preceding ended in 1927 - 1929), over 100 thousands cooperatives with about 1.4 mln employees were organized. Nevertheless, their production was over 1% of the total volume only. Half of the cooperatives were organized formally, but in fact do not work since the majority was not supported by the local authorities. Owing to the lack of spread of regulations including the Law of the U.S.S.R. "On the Cooperation in the U.S.S.R." due to the bureaucratic restrictions at the working enterprises aimed at the end user, the small cooperatives became monopolists in production and realization of the critical commodities and services. This process resulted in the increase of retail prices, that was aggravated by the introduction of the overrated coefficients for the wholesale for the cooperatives. Growth of prices caused negativism of the population towards the small cooperatives. Taking advantage of this negativism, local authorities in defiance of the law on cooperation began making decisions about the closing of some cooperatives, predominantly those which met critical demands including public catering and trade and purchasing. (The last contributed to utilization of agricultural products that were unable to reach the end user during the long period of time due to the centralized management of the process). Unstability of regulations and negativism of both local population and authorities called forth uncertainty in

cooperators who had made big investments. This resulted in grabbing in order to get payback in the shortest time possible, decrease of assignments to the funds for developing production, technological improvement and social. The reason was told by Mikhail Gorbachev to lie in the insufficient consistency of the economic reform.

As to the problems of the transitive period of the radical perestroika (reconstruction), one should take into consideration positive results of the development of the individual and cooperative segment of the economy. Here, economic and social progress should be mentioned in the first place. It is clearly evidenced by the cooperatives organized on the basis of functioning enterprises in all areas of the economy ("cooperative enterprises") as well as by the mixed state-and-cooperative enterprises in which some structures work according the law on cooperation. They provide the example of at least 2 - 2.5-fold growth of labour efficiency compared to that in the state segment under the same conditions and confirm similar results of the twenties.

At the same time, cooperative and state-and-cooperative enterprises supply production mainly at centrally set prices.

These improvements are based on the significant decrease of administrative expenses, acceleration of technological progress and sales, and attention to the progress of science and technology. Results of the work of farmers' families lease-holders are still more impressive. These farmers are single item producers, for instance they supply meat, vegetables, fruits etc. In this case the output reached with the aid of rather primitive means is much higher than that in the state segment. High labour efficiency, decrease of losses and associated expenses provide 3-5 fold decrease of cost prices.

Thus realization of the significant potential of the individual and collective segment of the economy may become a critical factor in the success of the radical reform of the economy. These possibilities will become reality if several factors exist. Firstly, it is political reform. This reform provides the establishment of the law-governed democratic state legislative activity of which meets the interests of the end user - a man - and guarantees observance of legality by certain means. Associations of cooperatives which are being organized nowadays in forms of councils and unions are given the right to initiate legislation and thus can influence legislation and the legality control in the interest of cooperatives. Councils, unions and associations of cooperatives may nominate their deputies to the legislative bodies at all levels of administrative hierarchy.

Secondly, principles of self-management, high economic parameters achieved during the functioning of the cooperatives cooperative enterprises, state-and-cooperative enterprises and lease-holders favoured by the initiative and the increase of the producer's interest in his work, lead to increase of salaries and wages and wealth. This process results in the efflux of labour resources - especially skilled - from the areas of industry where this system of management is not functioning. Since except a limited number of state enterprises responsible for the provision of reliability of functioning and development of the state, the producers should be oriented at the end user, transition to the new cooperative forms of management enables establishment of cooperatives basing on the lease or purchases of property by the members of the cooperative. Also, the workers may be shareholders at their enterprise.

The future practice will highlight the optimal proportions of the individual, collective and state forms of property. The most important thing is that the successful development of the state to a large extent depends on the harmonization of the shares of different forms of property where each one is critical.