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**BUSINESS ACTIVITY OF COOPERATIVES AND
SHARING DIVIDENDS***

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Modern Soviet economy structure took shape in the years of command and administrative system's domination. It is most ineffective and must be changed in accordance with demands of social economic effectiveness required by the emerging market. Under such conditions it is quite natural that profits received by separate economic units, including cooperatives, are not of the same proportion to expenditures in various branches of production. Part of these profits is the money earned by economic unit's activity and part of the profit is received due to stable deformations between demand and offer (the latter does not disappear even if the prices are set up centrally).

In cases when part of profit received thanks to deformations between demand and offer is spent on non-productive consumption, certain prerequisites are created which not only preserve non-effective economic structures but lead to appearing new deep deformations. Firstly solvent demand is growing on consumer goods without creating conditions for an increase of their market offer.

Secondly, relations are deeply deformed in those economic spheres where the volume of consumed part of the profit gained thanks to the predominance of demand over offer is most great. In our opinion the latter is especially characteristic for cooperative sector. The point is that the money earned in dynamically growing cooperative sector could not and still cannot be effectively used to widen the business activity of cooperatives. When we speak here of effectiveness it has sense to underline that we mean primarily the effectiveness as it is seen by the owner of this money - the co-operator. Only they themselves can decide how to most effectively handle the money earned and they do it, no doubt, most efficiently.

Very often the choice made by co-operators comes into collision with the interests of other entities of economic life and primarily with those of common consumers, i.e. wide circles of our population.

In our view the reason of growing negative processes in cooperative movement, negative attitude on the part of our population towards cooperatives because of excessively high in present socio-economic conditions level of personal incomes of co-operators which go on consumption but not on development and extension of their business activity. Essentially there happened the re-orientation of cooperative activities from getting profit to increasing personal incomes, it turned out to be natural in the existing socio-economic system. Long years of command-administrative system's domination in Soviet society led to such a situation when a certain common view was firmly implanted in the minds of our people: any work could be stimulated either by growing consumption (personal and public, directly or through social funds) or by the so-called moral stimulation, which was oversimplified. It was practically ignored that a powerful incentive to high efficiency labour could be the desire to obtain economic self-sufficiency, certain freedom, autonomy via realization of business activity. The only exception here, perhaps, was a strictly limited farming activity for rural population and the same for urban citizens. Any other business activities were regarded as criminal and were sharply condemned. But the main idea implanted in the minds of Soviet people was a distorted image of any business activity as aimed entirely at increasing personal consumption of the one who is going in for it today or in the future. There is a lack of understanding of the fact that accumulated financial means could be used somehow other than to increase personal well-being. Essentially, however paradoxically it may seem at first, especially when there is a lack of most necessary commodities, a consumption cult has been formed in the Soviet society as the highest life value.

It's small wonder that the activity of new cooperatives is viewed today primarily from traditionally consumer positions. Viewing the matter from such positions it's highly difficult, if possible at all, to put up with the level of cooperatives' incomes, especially if one takes into account that these incomes are mainly formed due to deformations between demand and offer.

In reality when we estimate co-operators' incomes we should take into account that considerable part of their money is again being invested in production process (or. at least, it could be invested). In other words cooperatives' activities are aimed not only at personal consumption growth but also at increasing profits invested to extend business activity. That's why cooperatives' profits can be assessed more positively if viewed from the point of reproduction processes.

Unfortunately there exist no conditions today under which cooperatives would be encouraged to channel the money earned to extend production of commodities and providing services. It turned out that it didn't pay to invest money in production of commodities and services for population, that is why the cooperative movement is mainly oriented to servicing enterprises of state sector. Today this tendency shows itself more clearly. This aggravates the already hostile attitude on the part of the population towards cooperatives' activities.

Thus to improve the situation around cooperative sector is possible but only by its greater orientation to business activities, i.e. encouraging growth of profits directed to further extension of business activities.

It's a pity but measures being taken today to control and monitor cooperative sector of economy stimulate cooperatives rather to increase personal incomes of their members, create better working conditions and develop social programmes etc, since investing in furthering business activity seems for many cooperatives too risky.

Those co-operators who are still ready to risk and continue to believe in the future of cooperative movement turn out in the end unable to influence the strategy and tactics of their cooperatives.