

The Phenomenon of Cooperative Economy: from the Origins to the Present Day

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Abstract

The article is devoted to the theory and practice of the cooperative economy, from its origins to the present day. Regularities, principles and factors of development. Problems and ways to overcome them.

Keywords: Cooperation, cooperative property, cooperative economy, individual labor activity.

In a market economy, there are ample opportunities for identifying the needs of the population and their satisfaction, ensuring a balance of supply and demand, creating an effective economic environment for the development of production. The focus of production on meeting personal and social needs is based on a variety of forms of ownership, that is private, cooperative, mixed, state, their equal and competitive coexistence.

Among the various forms of ownership, a certain place is occupied by a cooperative with its own specifics. The Message of the President of Uzbekistan Sh. Mirziyoyev to the Oliy Majlis says that ... the transfer of land to private clusters and cooperatives allowed increasing the yield of cotton by an average of 10 percent in one year. About 500 clusters and cooperatives have been created in fruit-growing, grain-growing and animal husbandry. ¹

The formation of truly market relations in our country began with the revival of the scientific principles of cooperation, the emergence of its new forms. This was a truly revolutionary step in the development of economic reform, since it was about the creation, in the 80s, of a wide network of non-traditional, cooperatives for our economy in the spheres of consumer services, public catering, trade, procurement and processing of agricultural products, secondary raw materials of other industries, as well as intellectual services, etc. It was with this type of economic activity that the task of accelerating the saturation of the market with consumer goods and household services was associated, and the restructuring of the consumer sector of the economy on a market basis.

After the enactment of the law "On cooperation in the USSR" there was an economic breakthrough in this area. In Uzbekistan, counting as of January 1, 1990, there were more than 9.8 thousand cooperatives, which employed about 200 thousand people. The volume of manufactured products amounted to 1.7 billion rubles. The development of cooperation proceeded at a pace unheard of for the public sector.

At the initial stage of cooperation, in the views of many publicists and scientists, and under the influence of some politicians, overly enthusiastic, largely superficial assessments of the role and possibilities of cooperation in the transition from a command-administrative to a market economy were formed. They began to consider it as a kind of life-saving (living) water, capable of curing the

¹. The Message of the President of Uzbekistan Sh. Mirziyoyev to the Oliy Majlis. Tashkent. Dated 30 December 2020.

economy of all ailments, ensuring a smooth transition from a centralized economy to a market economy.

However, practice allows us to conclude that cooperation is by no means a universal economic form that provides a conflict-free movement towards the market. First, in those 80 years, cooperatives in various sectors of the economy developed in the most difficult conditions of a general deficit - a shortage of qualified labor, tools and objects of labor, consumer services. Objective difficulties in the implementation of cooperative activities not only hampered its development, but also deformed cooperation from the inside, contributed to the spread of consumer trends in it. Second, as a result of a superficial, scientifically unsubstantiated approach to cooperation, an effective state policy was not developed and implemented, orienting cooperatives to maximize the production of goods and services for long-term development. As a result, the entrepreneurial potentials of cooperation were often realized in areas that were contrary to public interests, leading, in particular, to the transfer of money from non-cash circulation to cash, thereby exacerbating inflationary processes.

To a large extent, the negative consequences of the development of cooperation are a consequence of the lack of scientific and theoretical understanding of cooperative property, the specifics of its implementation in the transition period from the administrative-command to a market economy. The lack of elaboration of theoretical problems inevitably affects the practical policy in relation to cooperation, which further complicates its progressive development.

In this situation, there is a high probability of the manifestation of opposition to cooperation as a phenomenon that allegedly only violates the principles of social equality and justice and increases social tension in society.

However, in the conditions of revolutionary changes in the economic and social life of our country, cooperation in all its forms is to play a serious role. The wrong attitude to cooperative property, which was portrayed as something secondary and unpromising, which was established in theory and practice for decades, had serious negative consequences in the approach to cooperative production.

The transition to a market economy sets the task of accelerating the formation and development of cooperative enterprises, which are entrepreneurial organizations in their purest form. Life requires the creation of the necessary conditions for the revival and development of cooperation, taking into account its nature, economic essence, principles and specifics, and this causes the need for a scientific understanding of these problems.

The history and problems of cooperation received significant coverage in the scientific works of I. Zassen, N. Meshcheryakov, A. Chayanov, (20-30), political economic analysis is presented, in particular, in the works of A. G. Aganbegyan, A. Glushetsky, N. Konyaeva, M. Rasuleva, R. Karimova, A. Rasuleva and others (80-90 years)

Analyzing the essence and significance of cooperation, A.V. Chayanov writes that, "Cooperation is managed in the smallest of its bodies by the elected representatives of the working people, under the daily vigilant control of the members of the cooperative who have elected them, not bound by the administrative orders of the center, flexible in economic work, allowing the most rapid and free the manifestation of profitable local initiative is the best apparatus where in each case it is necessary to flexibly adapt to local conditions and take into account the smallest features of each town and each month of work.

The cooperatives are rebuilding the scattered individual peasant farms into higher forms of social economy, and this is the main task of building a new village.²

The foregoing, is enough for great scientists to understand what the development of cooperatives can mean for the village and what a great future belongs to it.

Continuing his research, A.V. Chayanov writes that, "At the beginning of the 19th century, a man named Robert Owen appeared in England, who was an industrialist and constantly observing the life of the working people, often pondering how it would be possible to alleviate its hard lot ... "

Robert Owen believed that the human world is not arranged as it should be, and much in human life does not correspond to reasonable grounds. He said that people, with friendly, common efforts, should help each other to live and, by founding special societies, jointly arrange their economic life.

Having based his teaching on the spiritual unity of people, Robert Owen paid little attention to the development of a form for the practical implementation of his ideas and little coordinated them with the development of the forms of economic life that existed in his time.

However, a few decades later, in the forties of the same century, in the small English industrial city of Rochdale, a group of worker weavers who considered themselves followers of Owen founded the first cooperative, which served as a model for others and laid the foundation for the implementation of the great scientist's precepts in life."³

Today, the need for a broader development of cooperative activities in various spheres of the economy is predetermined by a number of factors.

First of all, experience in different countries shows that along with a constant increase in the level of concentration and combination of social production, small and smaller enterprises are economically viable. They are especially in the sphere of public services (construction, repairs, household services, etc.) and the production of goods for individual demand (folk crafts, handicrafts, sewing clothes, shoes, etc.).

And the point is not that not all of these all types of economic activities are profitable for large enterprises. An increase in the material and cultural standard of living of workers expands the range of interests and requests, the possibilities for their implementation, generates needs not only for goods and services of mass demand, but also of an individual (non-standard) nature, which can be better and more efficiently satisfied by small enterprises. In market conditions, such enterprises can most efficiently and effectively develop on a cooperative basis, integrating their activities with the public sector of the economy.

Small cooperative enterprises, using collective labor and materials and equipment unnecessary for large-scale industries, can faster their products and services to the needs of the population, more fully use local raw materials, labor resources, premises. This makes it possible to eliminate costly long-distance transportation, increase employment, and intensify business processes in small towns and rural areas during the off-season.

Mobility in the changeover of small production capacities of cooperative enterprises gives them the opportunity to respond more flexibly to the demands of fashion, to master new products and services more quickly, and to better take into account the individual tastes of individual consumers in them. The need for the development of a cooperative form of management is determined by other factors.

² Chayanov A.V. A short course of cooperation. -Moscow. 1925. Tomsk: b. publ. house 1988. – Reprinted.

³ The same reference p. 7.

One of the directions of development of cooperative property is associated with the functioning of individual labor activity (ILA). It includes the production of food products in personal subsidiary plots: production of consumer goods by order (sewing clothes, shoes, building premises); production of pottery, joinery and other products; various types of repairs (housing, vehicles, household cars and radio and television equipment); intangible services (babysitting, elderly care, help with housekeeping, etc.).

Common to various types of self-employment is that it is associated with the satisfaction of the personal needs of people. The need for it will exist until, firstly, the need to use free time as a source of additional income disappears, and secondly, similar services will not be able to provide state or cooperative enterprises. Unfortunately, the level of quality, assortment and speed of performance of services by the latter often lag behind services provided on an individual basis.

Individual labor activity, due to its economic nature (individual ownership of the means of production and products of labor), cannot be the object of direct leadership by society. Meanwhile, to ensure a balanced development of the economy as a whole, it is important to have information about the volume, structure, level of marketability of individual production, its need for raw materials, materials, and equipment.

Considering that we are talking about economic activity carried out at the expense of the means and labor of an individual, the most acceptable form of its inclusion in the social division of labor is various cooperatives in the spheres of production and exchange. Such cooperatives can also become a plenipotentiary representative of the interests of their members in contractual relations with state or public enterprises. This makes it possible to make individual labor activity available to a wide range of consumers, and the labor itself is economically and socially attractive.

A cooperative, integrating individual private interests into a collective one, allows individual labor activity to be included in the economic system and put it at the service of the interests of the whole society.

The creation of cooperatives as a result of the combination of individual property and labor thus allows the use of the specific advantages of socialization (in comparison with ILA). Therefore, cooperatives not only entered the inaccessible ILA spheres of activity, but also showed their greater efficiency. A notable fact is the formation and effective operation of cooperatives in the construction and construction industry, where independent cooperatives (operating outside the framework of state-owned enterprises) are most widespread. Often these are rather large formations - up to several hundred people, using industrial equipment and selling their services at prices that do not exceed state ones. At the same time, the unprofitableness of state organizations, burdened with the maintenance of the apparatus and losses from mismanagement, contrasts sharply with the profitability of cooperative farms in the same area.

Cooperation does not eliminate the need for ILA, but proceeds in parallel with its growth. The second is that if the tendency towards socialization in the cooperative sphere is strengthened, then it may inevitably return to the economic model of property and, ultimately, to the nationalization of the economic life of society.

And the point is not that such nationalization would be premature, as those economists who still view cooperative ownership as a transition from individual to state ownership believe. The fact is that it (nationalization), apparently, is not necessary at all, because the current cooperation is not a transition to a more complete socialization by form, but the result of a higher level of socialization. There is no other way to explain the opposite trend in the development of the collective farm

system - the isolation within the old large farms of small cooperatives or rental units such as "collectives of intensive labor."

One of the features of cooperative activity is that the members of the cooperative are linked by a voluntary association. They do not conclude any agreements with the cooperative and among themselves; the cooperative is not an employer or customer in relation to them. Their relationship is regulated by the charter and other rules approved by the general meeting of the members of the cooperative. Voluntariness also lies in the fact that a member of the cooperative can withdraw from its membership at any time. However, joining a cooperative legally binds its participants, imposing obligations on them, failure to fulfill which may lead to liability.

The members of cooperatives are most fully manifested an economic attitude towards the use of resources, an interest in the results of labor. It would be wrong to associate such an attitude only with the composition of the property of the cooperative, in which its own funds occupy a large proportion, all the more to reduce everything to the owner's interest in preserving his property (although this also plays a role).

The reasons are surely more complex and deeper. And first of all, they are associated with such a cooperative for long-term economic functioning, the desire to correctly determine the need and demand, take into account the market conditions and, relying on its own base, to ensure their satisfaction.

The presence of its own property base is the material basis for the implementation of the cooperative's activities on the principles of self-financing. Cooperation at its own expense should provide funding for all costs in a simple and extended reproduction, as well as payments to the state budget. From the proceeds from the sale of its products, the cooperative must reimburse material costs, settle accounts with suppliers, accrue depreciation on its own fixed assets, transfer payments for rented fixed assets, pay for workers. From the rest of the proceeds, payments to the budget must be made; interest on bank loans must be paid. The funds remaining at the disposal of the cooperative after all these payments serve as a source of financing for measures for the production and social development of the cooperative, material incentives for its members and involved workers.

The self-financing of the cooperative is truly consistent. That is, the principle of full cost accounting and self-financing is brought here to its logical conclusion. And if the practice of the former socialist economic construction for many years did not know a single case of liquidation of a state enterprise due to financial insolvency, bankruptcy, then for cooperatives such a possibility is quite real, and many of them have already ceased to exist for this reason.

What seems to be interesting as well are the data characterizing the material consumption of products and services produced by cooperatives.

Table № 1 Material consumption of products and services produced by cooperatives of Uzbekistan in 1988 - 1990. (in percents)

Material consumption of products (services)			
	1988	1989	1990
In general, by cooperation	48,3	46,9	46,2
Public consumption goods	44,2	43,8	45,1
Catering	37,2	36,8	35,9
Consumer services for the population	37,5	37,3	37,2
Procurement and processing of secondary raw materials	46,1	45,7	47,8

Calculations allow us to conclude that there is a lower material consumption of products (services) produced by cooperatives in comparison with state structures - by 10-15%. In addition, a steady decline in the level of material consumption is observed in most types of cooperation. This once again testifies to the effectiveness of material incentives within the framework of cooperative ownership, in which an increase in material intensity simultaneously means a decrease in the income of cooperative workers.

The role of cooperatives in stabilizing the consumer market in our republic should not be limited to participation in its commodity saturation. But they can affect the consumer market in at least three ways:

First, the creation of cooperatives requires significant capital investment. The latter are carried out not at the expense of the state budget, but mainly at the expense of the personal savings of cooperatives. Thus, by providing additional products to the consumer market, cooperatives tie up the money supply and thereby reduce the effective demand presented in the market.

Secondly, cooperatives tend to receive high income, which is partly used to increase their fixed assets. This money must be tied economically to the development of the cooperative itself.

Third, the creation of a system of cooperative banks as competitors to state banks. It is known from the history of cooperatives that, after the emergence of the first consumer cooperative in England, a quarter of a century later, in a small German village, according to the idea of the local region chief, the first credit partnership, the most important type of village cooperatives, arose. The creation of such banks, we believe, is also very relevant today.

Statistics show that the development of cooperation in the territories of the Republic of Uzbekistan is much differentiated. The leaders were by no means labor surplus regions, although this is expedient on the basis of the task of equalizing the level of employment in the regions of the country.

The main reason for the significant regional differentiation in the development of the cooperative sector in the country is the different approaches of economic personnel to the use of non-traditional forms of agricultural activity, and among the population to their perception.

The reality is that the attraction of the unemployed to socially useful labor through the development of cooperatives is taking place in the republic at an extremely slow pace. This mostly holds the formal character. It should be noted that the system for regulating cooperative activities, introduced by the Law on Cooperation, did not last long.

In December 1988 the Council of Ministers of the USSR adopted a resolution "On the regulation of certain types of activities of cooperatives" in accordance with the Law of the USSR "On cooperation", which determined the list of activities that cooperatives are not entitled to engage in. There are prohibitions here that cannot be disputed. This is the manufacture of weapons, ammunition, explosives, drugs, wine and vodka products, orders and medals.

It was undoubtedly necessary to legalize the spheres of activity forbidden for cooperatives. But the main purpose of introducing this list was to overcome the voluntarism of local government bodies in the implementation of their ideas about prohibited activities when deciding on the registration of cooperative charters.

In our opinion, the resolution, along with justified, indicates clearly not justified areas of activity, in which cooperation is recognized as impossible. This is the organization of secondary schools,

publishing activities for the release of works of literature, art, film and video production, medicines, and the provision of a number of types of medical care.

The study of the cooperative economy from its origins to the present day indicates that this type of management is not an obsolete and not a transitional form in the formation of a market economy. A tends to develop. Today, there are over 600 million cooperatives in the world. This is evidenced by the changes taking place in recent years in the economic (agricultural) policy of our country. Especially, the adopted Resolution of the President of the Republic of Uzbekistan No. 4716 of May 18, 2020 "On additional measures to support the owners of household land and ensure employment of the population" again opens the way to cooperation. In this, in a truly historical document, it is indicated that, "agricultural cooperatives are created in fishing, rabbit breeding, poultry farming, beekeeping, horticulture, viticulture, sewing, handicraft and other spheres;

Agricultural cooperatives unite unemployed citizens, members of low-income families, persons who have returned from external labor migration, as well as leading entrepreneurs with experience in cooperative activities. "

We, in this article, could not, definitely, adequately describe and outline all the possible types of cooperation and their advantages, those that already exist and those that may exist. The most important thing, put by scientists as the basis of cooperation, we have outlined. We have also described the principles and cooperative enterprises by which workers can secure a better future for themselves. Everyone, looking at everyday life and knowing the great principles of cooperation, will easily see where and how cooperation can come to the aid of the peasantry, handicrafts, the service sector, etc.

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