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Theme:

A CHANGING WORLD
AND CO-OPERATIVE CHANGES

Case study:

DEVELOPMENT OF THE WORLD
SOCIALIST SYSTEM
AND THE CO-OPERATIVE CHANGES

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F O R E W O R D

Since they first appeared a century and a half ago, the cooperatives and the cooperative movement have become a mass and authoritative force with its own contribution and increased possibilities for economic progress, for solving a number of global problems and for attaining social justice. They function in objective conditions which are determined by the social relations and the level of economic development in each individual country and regional economic community, and by the relations between countries with identical or different social systems. In accordance with historical peculiarities and requirements, they are improved and adapted to the new conditions. The last decades of the 20th century are characterized by large-scale changes in the world. The scope and intensity of the social, political, scientific, technical, economic, revolutionary and other changes today have no precedents in human history. Their influence on the cooperatives and the world cooperative movement is undeniable.

This explains why the questions concerning the changing world, the cooperative changes and their mutual influence are exceptionally interesting and topical, and are justifiably put in the centre of attention at the 28th Congress of the International Cooperative Alliance.

The cooperative movement is called upon to participate in the solution of a number of pressing problems confronting the world. First and foremost, this concerns its contribution to peaceful development and to the prevention of a global nuclear holocaust. The prosperity of the cooperatives in the different countries and of the world cooperative movement as a whole can be ensured only in the conditions of peaceful coexistence between states irrespective of their social systems, with a strict observance of the principles of equality, cooperation and mutual economic advantage.

In the socialist countries, the cooperatives are actively involved in socio-economic development.

The progress of the socialist system, which develops according to plan, has been paralleled by outstanding successes in the cooperative sphere. The cooperatives seek new ways and scores new successes, leaning on the scientific and techni-

cal revolution and intensive development. They develop constantly, diversify their structure and methods and expand cooperative democracy.

This report is concerned with some general and specific changes in the aims, functions, tasks, management and organization of the cooperatives in the countries from the socialist community. More specifically, these are the cooperatives in some European socialist countries which are members of the Council for Mutual Economic Assistance.

1. GENERAL TRENDS IN THE DEVELOPMENT OF THE SOCIALIST SYSTEM AND COOPERATIVE CHANGES

The cooperative movement is an inseparable part of the national economic complex of each socialist country and of the whole economic system of the socialist community. It inevitably shares the characteristics of this system and functions under the influence of social relations and its immanent objective laws. It is one of the components of society's productive forces, participates in their advancement and depends on their scope and level; it is also linked with the advancement and improvement of the socialist system which has gone through the transitional period and the establishment the material and technical base of socialism and has now stepped into the shage of building a developed socialist society. The cooperative mevement has also been changing accordingly - internal qualitative changes are taking place and its national and international functions are improving.

The socialist production relations which are based on state and cooperative ownership over the means of production change the character of cooperatives in comparison with their nature under different social relations. The cooperatives in the socialsit countries acquire qualitatively new features which exclude the exploitation of man by man and epitomize the principles of mutual assistance, genuine equality, comradeship and cooperation. Along with that the planned character of the socialist economy determines the planned character of the cooperative movement, which changes qualitatively and is transformed into a consciously organized and planned one, serving the interests of society, the cooperatives' workforces and each cooperative member. The aims and tasks of the cooperati-

ves also change in the sense that they overlap with the objectives of the socialist society and the socialist state. The cooperative aims are manifested best during the realization of the objectives of society. The cooperatives are actively involved in socialist construction. They have a share in the socio-economic transformations and in establishing the material and technical base of the new social system in the name of the chief goal of socialism, i.e. the still better satisfaction of the growing material, cultural and social needs of man and society. That is why the people's state creates most favourable conditions for the cooperatives' development. Cooperative ownership has been declared and recognized as a form of socialist ownership. The progress of the cooperatives has become state policy. The cooperative policy of the socialist state guarantees full protection of cooperative property and is helpful towards augmenting and multiplying it. The cooperatives are involved in all spheres of political, social, economic and cultural life. They have extensive rights and legislative functions and work out their own cooperative policy which is coordinated with the interests of society. Through their investment, production, scientific, technical, import-export and distribution policy the cooperatives give their contribution to the development of the productive forces and to multiplying the economic potential, to solving the social problems of each individual country and the world socialist system as a whole. and, vice versa, these countries' increasing economic capability open still wider prospects for the prosperity of the cooperative movement. This is evidenced by the increased economic, scientific and technical potential of each socialist country and of the whole socialist community.

Prior to the socialist revolution the economy of most of the member-countries of the Council for Mutual Economic Assistance was at a very low level of development. Within a short time they have traversed a road of economic growth which took the capitalist countries more than a century to cover. Bulgaria was one of the most backward countries in the Balkans, with primitive small-scale agriculture and semi-artisan enterprises accounting for more than three quarters of the industrial output. Hungary in which agricultural production prevailed was also a backward country. Romania was an agrarian country in which feudal-type relations prevailed. The Second World War had caused

considerable damages to the economies of Czechoslovakia, Poland and the German Democratic Republic. The economy of the Soviet Union was also severely crippled. But today these countries, united in the Council for Mutual Economic Assistance, have a powerful economic potential. While their population makes up barely one-tenth of the world population, they account for one-third of the global industrial output, one-quarter of the national income and one-fifth of the world agricultural output. This means that they have created a powerful scientific, technical, industrial, import-export and consumer potential. These countries have increased their population's incomes and expanded their internal markets; the capacity of the world socialist market is continuously rising. They have the necessary energy sources, raw material and manpower. Their economic growth rates since the establishment of the CMEA have been twice as high on the average as those of the developed capitalist countries. All this creates favourable conditions for the development of the cooperatives. They have acquired possibilities for a broader participation in production and in augmenting the socialist countries' national wealth. The cooperative industrial output is growing at steadily high rates, and so is the volume of cooperative farm produce. The net produce, or the so called national income created by the cooperatives is increasing. The volume of cooperative trade is expanding. The import-export possibilities of the cooperatives are greater than ever before, and keep increasing. The cooperatives are trustworthy partners both at the national level as well as on the international market, in the sphere of foreign economic relations.

Our countries are free from the difficulties experienced by other states, especially those from the European Economic Community, in the sphere of cooperative activity, in the organization of production, trade, marketing, price, etc.

All this speaks in favour of a common tendency towards enhancing the role of cooperatives in building a developed socialist society in each CMEA member-state and in boosting the economic growth of the socialist community as a whole.

At the same time, both the world socialist system and its cooperatives have to tackle new tasks which call for a new approach, a better structure and organization, incentives, etc. For instance, at this stage the socialist countries in general

and their cooperatives in particular are switching over from extensive to intensive development. This is a qualitatively new feature in the strategy of these countries' governments, demanding a still higher level of the fixed production assets and their more rational utilization. Another important factor for the intensification of the economy of each country and of the activity of cooperatives is the economical and rational utilization of fuel, energy and raw material resources. The problem of meeting the growing needs of energy and raw materials is being solved not only by increasing their production but also by their most effective use. Programmes for saving fuels, energy and raw materials in which the respective cooperative unions' programmes for a more rational use of material resources are incorporated have been drawn up and put into effect in all the European socialist countries. Through their programmes the cooperatives have joined in the drive towards intensive development. They count most on raising further the productivity of labour. An ever increasing portion of the gross and net produce of the cooperatives will be created as a result of the economy of labour. The cooperatives adapt to this by taking urgent measures to put the educational and qualification level of their managerial and executive personnel on a par with the requirements imposed by the advancement of science and technology and the strategy of intensive development in the name of raising the effectiveness of each and every activity. The professional growth of the cooperative cadres has been entrusted to all educational establishment. But the biggest responsibility for this belongs to the cooperative establishments of higher education, the cooperative secondary vocational schools, the centres for post-graduate training and the occupational training centres. Every year about a quarter of the cooperative cadres pass through qualification courses to brush up their knowledge and learn the latest methods of management, planning, etc. In effect, this a process of adaptation in the sense that the cadres qualification is being put abreast of the latest trends in technical progress, the technical equipment of labour is being increased and heavy physical and unattractive labour is being reduced to a minimum and eventually abolished; wherever possible small - and medium-scale mechanization and automation are applied, and robots are already used in some

countries (the GDR, Hungary, etc.).

The cooperatives in the socialist countries adapt quickly to the requirements for an amalgamation of production, commerce and other activities. This is being done in different forms which are specified in the next sections of this report. Among the most typical changes are the integrated activities and integration between cooperatives, between cooperatives and state-owned enterprises from other sectors of the national economy. These are new phenomena and an expression of the cooperative changes which correspond to the modern tendencies in socialist production and trade. This is also paralleled by reverse processes linked with the decentralization of management and the establishment of small- and medium-size enterprises for some specific activities and for services in particular. For some regions of the country they have proved to be more suitable, more flexible and effective at this stage. They are capable of responding more quickly to the needs of the population and to market demand. Under socialism the cooperatives seek the most appropriate correlation between the tendency towards integration and the development of small enterprises. The advantages of integration and association are becoming increasingly conspicuous, while the participants in them retain their independence. The governments of the CMEA countries create the necessary favourable conditions for integration between the cooperatives and other enterprises and for the establishment of more socio-economic, intercooperative and state associations.

Obviously, the structural changes in the development of the cooperative system should not damage cooperative democracy - on the contrary, they must expand and enhance it. In this sphere, too, the cooperatives in the socialist countries from the CMEA are characterized by progressive changes. The cooperative members enjoy ever broader rights - they participate in the adoption of the counter-plans and in the election not only of the management bodies of the cooperatives (managing and auditing councils), but also of their directors, work-team leaders, etc. Their rights as citizens of their countries are also expanding - they participate in the utilization of the social consumption funds, i.e. the state entitles them to tuition-free education, free medical care, social insurance, pensions and other social benefits. At the same time, with the growth

of the indivisible cooperative funds the cooperatives serve not only their members and their families but also join in the implementation of the social policy of the state and in the establishment of a new quality of the socialist way of life. On the other hand, the state helps create conditions for raising the quality of the socialist way of life of all cooperative members and their families, of all those involved in the cooperative system.

These and some other phenomena reveal a tendency towards raising the level of relations between the state and the cooperatives. New, more comprehensive laws on the cooperatives have been adopted in almost all the CMEA countries. Their governments protect the interests of the cooperatives and provide conditions for enhancing their role in the national economic and social life. The law puts them on an equal footing with the other economic organizations as regards their relations with the state budget; in some instances the cooperatives receive tax privileges, especially upon the receipt of revenues from activities assigned to them by the state plan. The state delegates broader rights to the cooperatives in planning their activity.

A serious problem whose solution demands a flexible adaptation of the socialist cooperatives are the rapid changes in the territorial distribution of the productive forces and the migration of the population. The rapid industrialization of the CMEA countries and the improvement of the material and technical base of agriculture have engendered a tendency towards a migration of the rural population to urban areas and the newly created industrial regions and communities, and towards an urbanization of the population. As a result, the cooperatives have moved into the urban areas, insofar as in many countries they formerly serviced mainly the rural communities. They set up industrial enterprises and open big department stores, supermarkets, public catering establishments and communal service facilities. In a number of countries the cooperatives have always occupied an important place in rendering services to the urban communities and are, therefore, only expanding their material and technical base in keeping with life's new requirements. New forms of communal services are being introduced. All this is being done with the purpose of meeting the needs of the people, use manpower better and achieve the necessary economic effect.

In this sphere the cooperatives are faced with the serious task of adapting to the territorial (regional) changes of the productive forces, the migration of the population and the elimination of the gap between urban and rural life.

The changes and the adaptation of the cooperatives to the new requirements are closely linked with the investment policy. The choice of more effective new capital investments is a condition for the firm establishment of the cooperatives as a socialist form of economic activity and for the fulfilment of the role assigned to them by society. In this sphere, too, there is a progressive tendency towards increasing the social, economic and other effect of the accumulations made by the cooperatives. The capital investments are instrumental in building the material and technical base of the cooperatives on a regional level. This is expressed in modern and higher technical achievements (small-scale and comprehensive mechanization, automation of big and medium-size enterprises and bringing material funds closer to the needs of the population).

A common feature of the cooperatives in the socialist countries is the consolidation of their planned development, the continuous improvement of planning in management and the expansion of cooperative democracy. The role of long-term planning, the working out and use of forecasts and of comprehensive long-term and purpose-oriented programmes and plans for solving social problems, for intensive development, etc., is increasing. Another common tendency is the growing role of low-level organizations and of the initiative of cooperative members in the management and planning of their activity.

The above are some of the general trends and changes in the cooperative movement in the socialist countries from the Council for Mutual Economic Assistance. There are other cooperative changes of a universal nature, too. But it should not be forgotten that each socialist country has its own national specifics - degree of development of the productive forces, level of socialization of the means of production and national traditions and customs - which explain the multitude of specific tendencies in the development of their cooperatives and national cooperative movements. Each of these countries chooses freely the ways and means for the development of its cooperatives. This is confirmed by socialist reality. What all socialist coun-

tries share in common is that their cooperatives are actively involved in the realization of the principal aims and tasks of the socialist society. The difference lies in the ways, forms, structure and organization used in attaining these goals. The successful adaptation of the cooperatives is largely a result of the free exchange of experience and the fraternal cooperation between them on a bilateral and multi-lateral basis within the CMEA. All this is based on the principles of voluntariness, non-interference in internal cooperative affairs, mutual advantage, etc.

United within the framework of the CMEA, the cooperatives from the socialist countries react more quickly not only to the changes in the socialist community but to those in the whole world as well. The socialist community provides most favourable political, scientific, technical, economic, financial and other conditions for the further advancement, adaptation and improvement of the cooperatives. The prospects for the cooperatives' development up to the end of the 20th century are clearly outlined in forecasts and long-term plans.

The ways for the continuous adaptation of the cooperatives under socialism include structural and organizational changes, changes in the structure of production, the diversification of the produce for sale, the orientation to more luxury goods so as to satisfy the growing and qualitatively new consumer requirements. In this train of thoughts we should also mention market requirements, the introduction of the latest achievements of science and technology, the sparing use of energy, raw materials and live labour, the continuous increase of the educational and occupation level of cadres, as well as integration, the establishment of associations, better planning, the expansion of democracy, wider cooperation within the socialist community and increased solidarity and mutual assistance with cooperatives all over the world.

All these general tendencies are manifested with their own characteristics in the development and activity of the different kinds of cooperatives - consumer, agricultural, producer, artisan, housing-construction and others. That is why we shall try to trace their concrete changes by countries and kinds of cooperatives.

2. CHANGES IN THE DIFFERENT COOPERATIVES IN THE SOCIALIST COUNTRIES

2.1. Consumer Cooperatives

The consumer cooperatives occupy an important place in the economy of the socialist countries. They are socio-economic organizations which take part in the reproduction process - in production, distribution and circulation. Their activity develops and improves in close interrelation with the respective country's socio-economic strategy, which is aimed at a planned development of the productive forces with the purpose of meeting the needs of the population better. That is why by carrying out production and commercial activity and by promoting public catering and communal services the consumer cooperatives contribute towards a more effective binding of the proportion between commodity stocks and purchasing funds, for raising the well-being of the people, for consolidating the economic links between town and village and for overcoming the substantial difference between them. Their participation in foreign economic relations is also increasing.

In order to perform successfully these functions and tasks the consumer cooperatives in the socialist countries build their own material and technical base, form its own potential of cadres and improve the mechanism of management. This is evidenced by the following data. In Bulgaria they possess 20,000 shops and about 11,000 public catering establishments which account for some 33 per cent of the country annual turnover. In Hungary the consumer cooperatives have facilities which account for 35 per cent of the retail trade and for 36 per cent of the public catering. In the German Democratic Republic the cooperative network comprises about 32,000 shops and 6,300 public catering establishments which account for 33 per cent of the country's total turnover. In Poland the consumer cooperatives are also engaged in broad commercial activities. In Romania they have 34,000 commercial facilities, more than 10,000 of them public catering ones. The Soviet Union has the biggest network of consumer cooperatives; it comprises more than 370,000 commercial establishments and accounts for 28 per cent of the retail trade in the country. The consumer cooperatives in Czechoslovakia also has a solid material and technical base - 27,000 shops and over 14,000 public catering establishments, accounting for 25 per cent of the retail

trade and for 30 per cent of the public catering. All these data speak in favour of the great importance of the consumer cooperatives in the national economy of the socialist countries from the Council for Mutual Economic Assistance.

Naturally, the question arises whether and how the consumer cooperatives change and respond to the requirements engendered by the changes in these countries' economy. Also, what kind of difficulties do they encounter and how do they overcome them?

In the socialist countries, the consumer cooperatives constitute a dynamically developing system. What distinguishes them is their continuous development, the improvement of their material and technical base, the raising of the qualification of their cadres, the improvement of the mechanism of management, planning and financing and their adaptation to the changes in economic life in the process of solving the non-antagonistic contradictions. Here are some more characteristic tendencies and phenomena typical of the development and adaptation of consumer cooperatives in a number of European socialist countries.

Along with their commercial activity, in order to respond to the increased requirements of the socialist market the consumer cooperatives opt for expanding their production activity or to new production ventures. They have turned to the production of consumer goods, to the purchasing and processing of farm produce, to the organizing of industrial communal services and to import-export activity within the framework of foreign trade. In Bulgaria the consumer cooperatives have opened hundreds of small and medium-size industrial enterprises. They produce more than 90 per cent of the soft drinks and almost half of the bread consumed in the country. In the German Democratic Republic the consumer cooperatives have 39 industrial works which produce 28 per cent of the bread and pastries and 30 per cent of the meat products in the country. The consumer cooperatives in the other socialist countries are also engaged in similar industrial activities. In effect, these are structural changes in their economic activity. In this evolution the consumer cooperatives are undergoing qualitative changes. They have already grown into multi-branch socio-economic organizations. In other words, by their nature and functions they are already production-commercial organizations. These changes allow the consumer cooperatives to increase the volume and share of their products sold on

the home and international market. They can organize more quickly the production of some goods in accordance with consumer and socialist market demands. True enough, the consumer cooperatives change the structure of the production of consumer goods. They orientate themselves flexibly to the cancellation of the manufacture of outdated goods or of items which are no longer in demand. They ensure quickly the production and sale of better quickly and luxury goods which conform to qualitative higher consumer demands and requirements and are more profitable. They contribute towards a more effective balancing of commodity stocks with the population's purchasing funds. This activity is an expression of the adaptation of consumer cooperatives to the changing conditions of the socialist economy.

Another major problem for whose solution the consumer cooperatives seek ways and means is the further intensification and effectiveness of their activity. They are successfully implementing the policy towards a transition from extensive to intensive development, and are working towards a better utilization of the intensive factors of economic growth. For the purpose the central cooperative unions from the member-countries of the Council for Mutual Economic Assistance have worked out and put into effect programmes for an overall rationalization of the activity of consumer cooperatives. These programmes envisage a large-scale introduction of the latest achievements of science and technology - a mechanization of production and labour, automation, use of electronic equipment, robots (e.g. the GDR and Hungary), etc. They also provide for a more rational utilization of fixed assets, materials, labour and financial resources. By and large, they ensure the faster growth of production and commercial activity than that of funds. In other words, this is being achieved by the fast increase in labour productivity. The cooperatives are credited with considerable in this respect. For instance, during the tenth-5-year plan period (1975-1980) the Soviet cooperatives ensured the bulk of their economic activity's growth at the expense of intensive factors; in the field of trade it amounted to 73 per cent, in public catering - 68.3 per cent, in industry - 93.4 per cent and in industrial construction - 97.5 per cent. The question of intensification is being successfully tackled in the other socialist countries as well - to one extent or another. The implementation of this

line continues during the current plan period, too. For instance, the more rational and effective use of the fixed assets of consumer cooperatives is expected to boost trade by an average of 15-20 per cent and public catering by 20-25 per cent over 1980. This is to be achieved through the reconstruction, modernization and technical reequipment of the existing commercial network and through a specialization of shops.

The policy towards an economically substantiated concentration of activities plays a particularly important role in intensification and in raising the effectiveness of the use of the cooperatives' fixed assets. It is expressed in the amalgamation of warehouses, industrial enterprises, purchasing and fruit storage facilities, shops and public catering establishments. This is a historically necessitated process which takes place under the influence of the development of the productive forces of the socialist society. The economic meaning of this line is that as a rule big enterprises have smaller outlays for circulation than small ones. They also boast a higher labour productivity. Conditions are created for a broader introduction of technical innovations. This is also the basis on which the profitability of consumer cooperatives grows. Yet this picture is not the same in the different socialist countries. In some of them priority is given to small cooperative organizations and enterprises in conformity with socio-economic expedience. Among the advantages of this are their faster commissioning, smaller investments and maximum proximity to the consumers in trade or to the producers in the purchasing of farm produce. In other words, the concentration of cooperatives is done within reasonable, economically rational limits. The question concerning the optimum size of cooperative commercial enterprises are still pending solution.

For the purpose of intensification and higher effectivity the consumer cooperatives in the socialist countries work towards speeding up the circulation of commodities. This is done through the implementation of a system of measures for improving the movement of goods, expanding the direct contacts between the cooperative organizations and industry, centralizing the delivery of goods from the manufacturing enterprises and using more rationally the existing and newly opened wholesale facilities. They are based on modern equipment, including electronics, for optimizing commodity stocks, their distribution and the quick liquidation

of unsold goods.

An inseparable part from the above-mentioned line are the structural changes in the organizational hierarchy and functions of cooperative organizations and the reduction of the number of management levels, including those in the field of commodity resources. Thus in the Soviet Union, Bulgaria, Romania and other countries the regional unions of consumer cooperatives take over the functions of wholesale suppliers of low-level cooperatives, build medium-size enterprises for the processing of raw materials and for the production of goods at a modern technical level, open repair and assembly facilities, set up centralized trucking bases for the purpose of a more effective use of automobile transport, etc.

Economic interest pushes the consumer cooperatives in the socialist countries towards integration with agricultural cooperatives and state-owned industrial enterprises, especially in the production sphere and in the purchasing of farm produce and raw materials. A case in point is the integration of Bulgaria's consumer cooperatives with agro-industrial complexes and of the Soviet regional consumer cooperatives with the agro-industrial amalgamations. The tendency towards interaction and cooperation is deepening, the form of associations being used, too. This makes it possible to couple integration with a preservation of cooperative property, protect the statutory rights of the cooperative members and their elected management bodies and boost economic results.

The consumer cooperatives are ever more actively involved in the realization of the socialist countries' aims of a still better satisfaction of the population's needs by putting into effect various food-supply programmes. Their functions in this field are not confined only to the purchasing and trade in foodstuffs; they also organize the production of foodstuffs and agricultural raw materials themselves.

The consumer cooperatives share a common task of the socialist countries, notably the further improvement of consumer goods. They improve the quality of the goods manufactured by their enterprises and study ever more persistently market demands and the requirements of consumers, using for the purpose various economic means and influencing the manufacturing enterprises beyond the cooperative sphere. The consumer cooperatives face

another common task of the socialist countries, i.e. the further improvement of consumer goods. They work towards improving the quality of the goods produced at their enterprises. They study the growing requirements of consumers, employ economic means and influence manufacturing enterprises outside the cooperative sphere.

Parallel with the structural changes in the organization and object of activity, over the past decade the consumer cooperatives in the socialist countries have been improving the mechanisms of management and planning. They use ever more conscientiously the commodity-money relations with their new social content, applying the new economic approach and a much better planning mechanism in their activity. This means a search for a higher socio-economic effect in every cooperative activity, enhancement of the role of material and moral incentives and binding pay with end results. The interests of each cooperative member are being linked ever more closely with those of the respective workforce and the whole of society. The level of the organization of the managerial and economic activity of the consumer cooperatives is being raised.

These are some of the new trends and phenomena characterizing the processes of the producer cooperatives' dynamic and successful adaptation to the changing socio-economic conditions in the advancing socialist countries. Naturally, there are still unresolved difficulties and studies and practical measures are necessary for enhancing further the role of consumer cooperatives in the national economy and for bettering the financial results from their activity.

2.2. Agricultural Producer Cooperatives

In the socialist community countries the cooperatives have been accepted as the most appropriate way for carrying out the agrarian reform, for socializing small-scale private farming and for raising the level of its material and technical base up to modern scientific standards and requirements, as well as for solving the social problems of petty farmers.

After the socialist revolution the socialization of small-scale commodity farming becomes an objective necessity and a law-governed process. The collectivization of farming in the CMEA countries was carried out on the basis of the Marxist-Leninist theory and Lenin's cooperative plan whose underlying principles

are of world significance. This is evidenced by the place and role of the agricultural producer cooperatives (cooperative farms, kolkhozes, agro-industrial complexes, etc.) in the national economy of the European socialist countries. They have created a highly developed material and technical base and are concentrating big tracts of arable land.

The agricultural cooperatives also have at their disposal a large number of combine-harvesters, ensilage combines and other agricultural machinery, and technological lines for the mechanization of production. The draught animals have been replaced by machines. Mechanical and electric motors account for 98 per cent of the energy carriers in agriculture. This technical progress and this qualitative change in the material and technical base have been achieved with the help of the state and through the accumulations from the incomes of the agricultural cooperatives themselves. They are an expression of their adaptation to modern technical progress.

While the percentage of collectively tilled land differs from country to country, in most of them the greater part of the land is tilled in this way. Here are some statistics: in Bulgaria 90.2 per cent of the cultivable land is united in agro-industrial complexes, in Hungary - 72.0 per cent, in the GDR - 86.2 per cent, in Romania - 63.7 per cent, in the Soviet Union - 30 per cent, (the rest being incorporated in state farms or sovkhozes), in Czechoslovakia - 67.9 per cent.

The agricultural producer cooperatives are mass and popular in the true sense of the word. In effect, they include all rural households which invest their labour in agricultural production. The small and middling farmers are united in big cooperative organizations. These are economically powerful enterprises in the villages. In Bulgaria, for one, the 283 agro-industrial complexes set up as a result of the amalgamation of cooperative farms have an average of 12,702 ha of arable land each; in Hungary there are 1,429 agricultural producer cooperatives with an average size of 3,212 ha each, in the Soviet Union the average size of the 23,350 kolkhozes is 7,264 ha, in the GDR the 4,761 cooperatives have an average of 1,240 ha each, Romania has 4,447 cooperatives averaging 1,306.4 ha each, in Czechoslovakia there are 1,701 cooperatives each catering for an average of 2,017.3 ha. This means that big and highly mechanized

agricultural producer cooperatives have been set up in most of the socialist countries from the CMEA. This is an expression of adaptation to the modern level of production.

Science and technology have entered the agricultural producer cooperatives on a large scale, the construction of meliorative facilities is expanding and chemicalization is being introduced at fast rates. These processes are an expression of qualitative changes.

As a result of the activity of the agricultural cooperatives, of the socio-political conditions and the active assistance of the state and the whole of society, agricultural production has performed a veritable leap, raising these countries to the level of the most developed ones in the world. In the different socialist countries the output of the agricultural cooperatives has increased 2-4 fold, while the acreage of arable land has remained unchanged. From all staple crops they obtain high yields and develop at stable rates. They have no problem with the marketing of their output because of the increasing needs and purchasing capacity of the population and of the world socialist market.

The analysis gives us reason to say that the agricultural cooperatives in the socialist community countries have undergone changes which correspond to the changes in the economic development of each of these countries and of the community as a whole. This kind of cooperatives are continuously improving.

A tendency towards integration between mutually related branches, activities and enterprises is being observed under the influence of the deepening social division of labour and the objective trends of production concentration and specialization. A process of integration between agricultural production and the food and other industries is also taking place in the socialist countries. The agro-industrial integration proceeds in different forms in the individual countries. In some of them the integration between farming and industry is done on the basis of equitable contracts between the agricultural cooperatives and the industrial enterprises with both sides retaining their full organizational, economic and juridical independence, while in others inter-cooperative enterprises are set up. In the Soviet Union, Bulgaria and some other countries the agricultural cooperatives have their own processing facilities.

An important prerequisite for further rapid development is the utilization of the latest achievements of science and technology by the agricultural cooperatives and the transition to an overall intensification of agricultural production. For the purpose, advanced machinery, industrial technologies and a scientific organization of production and labour are being introduced, and all farming processes are being gradually industrialized. An ever increasing portion of agricultural production growth will be achieved as a result of higher labour productivity. In both absolute and relative terms, the number of the people engaged in farming will decrease while its gross and net product will increase. The feasibility of the strategy of intensifying the activity of agricultural cooperatives is confirmed by the fact that over the past decades labour productivity in them has increased manifold in comparison with small-scale private farming.

Large-scale, mechanized and highly effective farming is also characterized by changes in its social functions. The growing economic and financial might of the agricultural cooperatives provides more and better possibilities for solving the social problems of both their members and of the whole of society in each socialist country. This is a new characteristic feature of the cooperatives from the countries of real socialism. They participate with their own means in the further development of their material and technical base. They carry out part of the national and cooperative investment policy, enriching their members and not harming their interests. With their considerable funds for social welfare purposes they aid their members, provide grants for the training of their personnel, maintain community cultural centres, and engage in educational, art and sports activities. What is more, even though retired cooperative farmers receive state pensions, many cooperatives give them additional cash benefits, supply them with agricultural produce free of charge and set up cheap public canteens. The agricultural cooperatives also work for improving rural infrastructures by building cultural centres, schools, health establishments, etc. All this is to the benefit of cooperative farmers, of all the inhabitants of a given territory and the whole of society. This tendency is to be further enhanced in future.

2.3. Industrial (artisan) Cooperatives

Along with large-scale industrial production, the level of development of the productive forces of modern society presupposes the existence of small-scale manufacture and piecework done at home. The latter two complement the functions of big industry in meeting the real needs of man and the whole of society.

In the socialist countries part of the functions of small-scale manufacture and homework have been taken over by local industries and communal services. The rest have been organized by industrial (artisan) cooperatives inherited from the past or newly established ones. This is a socialist form of organization of the production of consumer goods for the home market and for export. The industrial cooperatives help utilize better some raw and prime materials and of waste materials from big industry. They render material services to the population, preserve and enrich the national crafts and folk art. By securing employment to part of the active population the artisan cooperatives occupy an important place in the economy of the countries from the world socialist system.

In Bulgaria there are 166 industrial producer cooperatives with a total share capital of 5.4 million levs and 90,000 members. They produce goods worth a total of more than 800 million levs annually.

In Hungary the artisan cooperatives number 844, some of them also rendering building services. They employ 270,500 people and provide the home market with 17 million forints worth of goods, and some 13 million forints worth of exports.

In Czechoslovakia there are 392 industrial cooperatives with 174,000 members, including 312 artisan, 49 building and 31 communal service ones. In their 5,877 enterprises and workshops they turn out 2,000 million kronas worth of produce every year and render 41.2 per cent of the auto-repair services. The volume of non-industrial services is likewise considerable.

The industrial cooperatives figure prominently in the economic life of the other socialist countries as well.

The development of the productive forces under socialism, the securing of full employment of manpower, the growing material affluence of the working people and the ever wider use of household appliances open up broad possibilities for the growth of industrial cooperatives. On the other hand, the requirements to

these cooperatives, to the improvement of their material and technical base and to the quality of their activities are increasing. In this sense their existence demands continuous development, improvement, adaptation to the economic situation, the introduction of modern technology and taking into consideration the changes in the population's needs.

One of the problems which is being solved by the artisan cooperatives is the replacement of manual labour with machines and the alleviation of heavy physical and unattractive labour. For the purpose the achievements in the field of industrial engineering are being put to use. These cooperatives are building a new material and technical base which includes small and medium mechanization, the use of small automated lines and other technical means. This is a condition for the implementation of the strategy of intensifying their activity and for raising labour productivity and the profitability of their operations.

Another significant change in the activity of industrial cooperatives is the continuous study of the market, the changing structure of production and the application of the method of individual orders with a view to satisfying the taste and preferences of customers. Favourable prospects for the development of this activity are at hand.

For the purpose of securing the necessary supply of raw and prime materials and full employment to cooperative members and workers, the industrial cooperatives join forces with state-owned industrial enterprises and set up small workshops. This also enables them to produce goods for external markets as well.

Choosing the optimum size of industrial cooperatives and their production facilities is the constant concern of their managements. In this field there is a tendency towards the establishment of smaller production units and towards such a territorial location of the cooperatives' branches which would bring them as close to the consumers of their output and services as possible. Even though of an ad hoc character, this form of organization of industrial cooperatives in some socialist countries has proved to be more effective at this stage. At the same time, they take some of the operations of big industry which makes them open small and medium-size industrial enterprises up to all modern technical standards.

This is the chief tendency in the development of industri-

al cooperatives. Some of their functions grow into genuine industrial activity. Technical progress allows for this.

The socialist state provides favourable possibilities for the development of industrial cooperatives, including greater freedom in planning their activity, financial facilitations and economic stimuli.

One version of the industrial cooperatives are the industrial cooperatives for people of reduced working capacity. The aim of the cooperatives is to readjust such people to suitable jobs and carry out a labour rehabilitation of people with a reduced working capacity who belong to any of the three classes of disablement and must work in special conditions.

These cooperatives turn out mainly products of the national arts and crafts for public consumption, raw materials and luxury goods, and render communal services. They are engaged in activities which are as helpful as possible towards the improvement of the health condition and social status of invalids. Their members work at reduced quotas and appropriate pay rates corresponding to their invalidity class and health condition. For operations which require special skills or which invalids are unable to perform the cooperatives may hire fit people, but their number cannot exceed certain limits.

The industrial cooperatives also adapt themselves to the changes in the national economy.

2.4. Housing Construction Cooperatives

Having a home is one of the essential human needs and the participation of the cooperatives in meeting it is fully in conformity with the law and corresponds to their ideas and aim. In most of the socialist countries housing construction cooperatives appeared already at the beginning of the century, but it was after the socialist revolution that they grew most rapidly, and today they are part of the revolutionary changes in these countries. Under socialism the housing problem is primarily a concern of the state, but the housing construction cooperatives are also actively involved in the implementation of the housing policy and have a share in solving the housing problem in the socialist countries.

The activity of the housing construction cooperatives is based on the underlying principles of the cooperatives. They carry out their activity on the basis of a Statute and settle

all matters on the basis of internal cooperative democracy.

In 1982 the socialist countries had a total of 61,000 different kinds of housing construction cooperatives with 15 million members (without the USSR and the GDR). They are concerned with the construction of new residential buildings, their exploitation, modernization, reconstruction and repair, and render services in connection with other housing requirements as well. For instance, in 1982 the housing construction cooperatives built 54 per cent of all new homes in Poland, 42.3 per cent in Czechoslovakia, 15.2 per cent in Hungary and 9 per cent in the Soviet Union. The housing construction cooperatives also work for involving the population in building new homes with their own labour and funds. In Bulgaria, for instance, the housing construction cooperatives are engaged only in the building of new homes, after which they are handed over as personal property to the cooperative members who use them and cater for their maintenance.

In some socialist countries the housing construction cooperatives set up organization for the management and repair of cooperative residential buildings. In Czechoslovakia and Poland up to 70 per cent and in Hungary 40 per cent of the repairs are done by the cooperatives' own repair organizations. In other instances the repair is done on contracts with the house-repair organizations of the respective people's councils. In Czechoslovakia, Hungary and the Soviet Union the housing construction cooperatives maintain close contacts with the production enterprises and offices at which the cooperative members work. In a number of instances these enterprises have a stake and help the housing construction activity of these cooperatives by supplying them with transport, machines, etc.

Cooperative housing construction in the socialist countries enjoys the broad support of the state. The cooperative members deposit a definite portion of their homes' cost (30-50 per cent), while for the remainder the state grants them long-term loans at low interest; in some cases the state provides subsidies for the exploitation of the homes for different economic and socio-political considerations, housing construction cooperatives are allotted building sites on advantageous terms and often with priority.

Practice shows that the housing construction cooperatives can and do perform tasks linked with the ensuring of manpower in

certain regions and individual enterprises. Young couples are granted the 30 per cent first installment in the cooperative and interest-free loans for the payment of their homes. These sums are allocated from the respective enterprises' social-welfare funds. The housing construction cooperatives function in conformity with the development of society.

3. IMPROVEMENT OF MANAGEMENT, PLANNING AND COOPERATIVE DEMOCRACY

The strengthening of the planned economic development of the socialist countries is paralleled by an improvement of the mechanism of cooperative management, an enhancement of the role of the economic approach and an improvement of the planning of cooperative activity.

The planned management of cooperative activity has been enriched with the working out of long-term forecasts, comprehensive purpose-oriented programmes and long-term plans and with the raising of the role of contracts. Commodity-money relations are used conscientiously. Material interest is used more rationally. Also in this connection, the role of cost accounting is being enhanced in the cooperatives from the CMEA countries. This demands of each cooperative to cover its outlays with its own revenues and wind up with profit. In this way the cooperatives ensure their self-financing. Along with that the economic units within each cooperative also operate on the basis of cost accounting. This has a stimulating effect on the organization of labour and production, and leads to an economy of raw materials and energy and to an improvement of quality. In a number of countries the team organization of labour and team self-accounting are widely used.

The economic approach calls for such a distribution of incomes within the cooperatives which would ensure an expanded reproduction and make the cooperative members interested in the final results of cooperative activity.

The expansion of the cooperatives' rights in the sphere of management and planning goes hand-in-hand with the increase of their responsibility.

The improvement of cooperative management and planning in the socialist countries is accompanied by the promotion, expansion and consolidation of cooperative democracy. It is based on the unity between the interests of the cooperative members and

on the commonness of their final goals. Special attention is devoted to the direct participation of the cooperative members in management. The general meetings play an increasingly important role, and so do also the elective bodies. The latter solve a number of questions and report to the cooperative's general meeting. Modern possibilities are created for the cooperative members to exercise their rights through the local cooperative councils and control bodies. All this means that a positive tendency towards promoting cooperative democracy is at hand in all socialist countries, despite the process of cooperative amalgamation. This is guaranteed primarily through the participation of the cooperative members in the elaboration and adoption of plans, in the distribution of incomes, in the formation of funds and in the election of managing bodies. All these matters are decided by the workforce, by the general meeting. These changes are in unison with the expansion and enhancement of democracy in all socialist countries.

4. INTERNATIONALIZATION OF ECONOMIC LIFE AND CHANGES IN THE DEVELOPMENT OF COOPERATIVES IN THE SOCIALIST COUNTRIES

The internationalization of economic life and the expansion and intertwining of economic relations between states with different social systems and within any given economic system constitute a global tendency. The cooperatives in each individual country, in each socio-political system and in the world at large must obviously function in conformity with this tendency.

The cooperatives from the socialist countries respond above all to the changes brought about as a result of the increase of scientific and technical cooperation and integration within the Council for Mutual Economic Assistance. This is also proved by the institution of a Conference of the Presidents of the Central Cooperative Unions and Councils in the CMEA countries. They coordinate the processes of cooperation and integration in the economic, scientific, technical and other spheres between the cooperatives from these countries. This activity is based on the principles of voluntariness, mutual economic advantage, equality, etc. All this opens possibilities for guaranteeing the cooperatives' supply with machines manufactured in the CMEA countries, as well as with certain raw and prime materials. At the same time,

the world socialist market for the sale of the cooperatives' output is also expanding. Experience and advanced technologies for the production of new and better-quality goods are exchanged. The efficiency of service in trade and public catering is improved. The leading experience in cooperative planning and management and in the expansion of cooperative democracy is being used on a wide scale. Each country is free to decide whether to use the achievements of the cooperatives from the other socialist countries or not.

The Conference of the Presidents of Central Cooperative Unions and Councils is an open system which can be joined by cooperative movements from other countries as full members or observers.

The cooperatives from the CMEA member-states have established and develop multilateral links. An expression of this is the steady growth of the volume of foreign trade between these cooperatives. Relations are maintained both on a bilateral and a multilateral basis. Cooperative trade between the border areas of neighbouring countries is developing successfully in a variety of forms. This is conducive to a mutual exchange of goods, to the realization of goods which exceed the needs of the national markets and to a diversification of the goods offered on the cooperative market. The effectiveness of trade is increasing thanks to the advantages of the world socialist division of labour and of the world socialist market.

International scientific conferences concerned with different cooperative problems are organized for the purpose of promoting scientific cooperation.

Future cooperation in this field is also mapped out. The central cooperative unions and councils from the CMEA countries have adopted a cooperation programme which covers the elaboration of concepts on the development of the production activities of consumer cooperatives, on the production of applied art objects and goods, on studying the experience in the gathering and processing of wild fruit and plants, etc. Another sub-programme embraces cooperation in using the latest achievements of science and technology, production facilities and raw materials and the introduction of wastless and low-waste technologies. Matters related to the rationalization of cooperative activity in solving other problems up to the year 2000 are also included in these

programmes.

Within the framework of the International Cooperative Alliance the socialist cooperatives also react to the changes in the activity of the cooperatives from the capitalist and developing countries. Cooperation in this field is confined mainly to a study and exchange of experience, assistance to the cooperatives from the developing countries and promotion of foreign trade relations. It is beyond doubt that this cooperation is useful and mutually advantageous. In this respect there are many still unexplored possibilities. Studies are necessary in collaboration with the ICA, as well as the adoption of bilateral and multilateral comprehensive purpose-oriented programmes for the development and deepening of cooperation.

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This report outlines the picture of some cooperative changes and reveals the prospects for the development of the cooperatives in the socialist countries. No less important for the adaptation of cooperatives is the expansion of international cooperation within the framework of the International Cooperative Alliance. The further improvement of its functions and structure in keeping with the expected changes in the world is of major significance for the future successes of the cooperatives in the socialist countries and the rest of the world.