

Chyzhevs'ka Maryna, Ph.D
Poltava University
of consumer cooperatives in Ukraine
Poltava, Ukraine

The role of cooperation in poverty overcoming in transformational economy countries

Annotation: In this work the poverty problem is being studied. The author represents characteristics of the phenomena given and its socio-economic consequences, interprets the place and role of cooperation in poverty overcoming in post-soviet countries.

Keywords: cooperation, socio-economic, transformational economy, cooperative.

It is impossible to view the welfare of any society and its productive structures ignoring the individual and its inner world, the role and meaning of which in the system of wealth and social valuables is incommensurably increasing.

Today in countries with transformational economy the necessity in socially aligned economy model creation that would contain new effective system of social defense and population support emerges. It is essential to overcome the today's situation when the majority of post-soviet countries have weakened the population's social defense level and decreased one's influence but, that is particularly important, didn't establish the reliable mechanisms of person's stimulation, both in highly productive work encouragement and in funds' accumulation for effective and secure protection against such problems as old age, maladies, disability and the increasing of person's welfare on this basis.

The humanization of economic development, the realization of rights' priority and safe way of life on the basis of socially acceptable society structure formation and its consolidation in fighting the negative consequences of the soviet past and transition processes at the same time has to become the main goal and resource in

transformational countries, particularly in Ukraine.

The improvement of population's prosperity is impossible without mental and intellectual poverty overcoming, stimulation of scientific and educational attainments, high technologies, innovation activity utilization, that are guided by strong knowledge fundament.

Poverty – is a complicated system of process that lead to deep transformation of material and mental culture. At that it concerns whole the society, rather than a part, which sustains pauperization. If a poverty state lasts fairly long, the stable pauper's social type and way of life is being formed and reproduced. Poverty – is a trap, i.e. system of vicious circles, from which it is very hard to break free.

At the end of XIX century the ideologists of western bourgeoisie, scared of the world paupers' revolution ghost, have partly moved from liberalism to social democracy. Poverty, especially the extreme, began to be treated as unwanted and disadvantageous social phenomenon. In 1917 the Russian revolution has reinforced this shift. The West has experienced the period of morals' mollification, in a sense the fit of humanism. Poverty restriction began to rate as the important condition of disaffiliation with hard crisis. The former President of the USA Theodor Rousevelt spoke a lot about that. In his turn L.Erhard in the program of Germany's post-war recovery issued such purposes: "Poverty is the most important tool for forcing a man to stick mentally in minute material everyday troubles... Such troubles make people increasingly more dependent; they stay captured by their own thoughts about material welfare". L.Erhard actually included the guarantee against sudden pauperization to the list of fundamental rights: «It is necessary to include the principle of prices' constancy to the list of the main human rights, and every citizen has a right to demand of the state of its reservation».

An important issue is not so much operation factors of poverty as its genesis, character and the origin dynamics. Western countries and the "third world" have different types of poverty, which have developed long ago, although they have integrated poverty into the social system and can totally control the balanced, stationary process, that flow in this system. Particularly, they can subtly regulate the scales of

poverty using polished machinery of social care.

In countries of former USSR poverty is of the other type. It is the product of social catastrophe, destruction. It represents a sharp misbalanced transitional process.

Unfortunately, until now one of the main disadvantages of the existing doctrine was that there were not defined and involved those of mass public forces, that are interested in the realization of essential transformations and, above all, are able to take upon themselves the responsibility for not only carrying out, but also for the results.

In post-soviet countries, where the “structural poverty” was destroyed and forgotten so long time ago, that nobody was frightened, the mass poverty was “built” by political means. The artificial poverty creation in many post-soviet countries is a colossal experiment over the society and human being. But the majority of people, especially those of old age, still do not believe they are practically “thrown” into the hopeless poverty, considering as though it is a time irregularity in their ordinary way of life and everything will soon be over. However it is significant that revolutionary socialistic experiment became the “striking” example of how you should not behave with your own nation and what consequences may result these actions under such government’ attitude and people’ silence.

As yet the attitude to poverty is not rational both in the sphere of “paupers” and “safe”. Even just to describe the process taking place some special efforts to develop the terminology are necessary, inasmuch as rational approach and actions’ assessment – that is important for success - are impossible without that.

Stressing the importance of the civil society’s role and its organization in solving the poverty problems, we shall note, that the real meaning of civil society for the majority of post-soviet countries is still not great, that it is possible to conclude from the statement of V.Pastukhov, the political scientist. In his opinion only “those, who has a very advanced imagination” can speak about civil society in post-soviet countries.

During the all-Russian survey carried out by “Levada-centre” it turned out that the main supporting symbol of ethnic Russians is the victory in the Great Patriotic War, which relieves the government of responsibility for crimes committed during soviet period, repressions and poverty. Another complex of symbols is the soviet space

program progress. The moral that distinguishes Russian people are simplicity, patience, courage and stableness. Among the leading postulates is that Russia as the barrier dividing Asia and Europe, as defender and victim. On the question “What binds you with your nation?” Russians gave the following replies: birthplace (small fatherland), the past of the country, native nature, big country. But all these meanings are peculiar to a person by birth rather than attended. This namely is the main difference between the post-soviet society and other European countries, where the citizen during the survey laid emphasis on high level of freedom achieved and social care.

We agree with the thought of G.Gutman, O.Digilina and other scientists, who are sure that defining civil society we should use the approach, which will allow to represent this category as a certain communication process’ product of interaction between state and citizen (citizen association) – all-sufficient, intellectually and economically independent individual, that manages the developed lawful self-consciousness and actively influences the modification process in the society by taking part in different social organizations and institutions. In this case the poverty overcoming policy in civil society also becomes many-sided. Citizen, social groups as well as institutions representing them, organizations and authorities, that really interact in social sphere, i.e. form, present and assert the citizens’ and social groups’ interests take an active part in it.

In post-soviet countries the concept of civil society has got the new measurement as a result of non-profit-making organizations’ segment or “the third sector” development. The totality of population groups and organizations not aiming personal income increase through the direct participation in the work of these groups and organizations or through the possession of them is implied by non-profit-making (third) segment (the first and the second make up the totality of state institutes and business private organizations and enterprises), i.e. the activity for social welfare is typical of all these similar organizations.

We think that for today “the union of non-commercial organizations” may be considered as the most strong and steady part of civil society, because just in this union the priority of moral has been preserved very largely. One can hope that just from here

the real moral standards will extend on other civil society parts – political, economical and so on.

For modern Ukraine as well as for the majority of post-soviet countries, poverty becomes not only the chronic phenomenon defining lifestyle and population's personal orientations, but also the factor of society' polarization, its division into rich and very poor with disastrous decrease of middle class. For those who has stayed outside the poverty line (among them are professional people, intellectuals, doctors, teachers, culture workers etc.) there must be telling arguments to believe in a statement that the economy depending on private capital may be humane.

There are two generally recognized ways to overcome poverty. First is to mobilize budget funds with that end in view. Second is to make a citizen financially all-sufficient. We consider exactly the second variant to be real and efficient.

Civil society in Ukraine has just begun to form and it is possible to expect great results from it in citizens' rights and freedoms enlargement, including the fighting for social poverty overcoming. This influence on poverty "has to move toward directions stated before, namely to proceed along the path of its separate, concrete and higher-order social-economic problems' decision". Among first directions, in our opinion, we can already put such civil society' organization as cooperation, which proclaimed poverty fighting as its main mission.

Foreign and home cooperation experience is the evidence of need in cooperation revival, which has deep historical roots. Of course, such experience is not of use to extend upon the present specific conditions, but it is instructive both by its progress and failures.

The development of mankind and cooperation is interconnected. Cooperation as a socio-economic phenomenon appeared at the end of XIX century. Cooperation movement in Ukraine (that was a part of Russian Empire that time) showed rapid development till October 1917, heading the list in the world by the activity of process. After revolution the country cooperative policy was being built reasoning from socio-economic conditions aroused. Cooperative societies were permitted to carry out just limited functions' range, their activity was controlled similarly to other organization's

activity.

Cooperative idea, defining cooperation as a broadly democratic movement, always approached to it both from economic point and cultural, educational one. Today, during the credit and other cooperation types revival, the problems of aid to nation through the efficiently organized management development, its cultural and educational level rising, civil and national awareness upsurge are important. Cooperation has always been the instrument of cultural propaganda, people's nation revival, the only thing to do in hard socio-economic situation.

Cooperation is the particular socio-economic mode, which allows to ease workers' life, especially in developing and transitive economy countries.

As social organizations with economic contents, cooperatives in democratic society are the government's partners in the realization of social equity tasks achievement, wealth redistribution, environment protection, consumption safety guaranteeing and people's employment. Indisputable is the statement, that state has to take care of all its members, establish all the necessary conditions for decent living through the proper social guarantees, facilities etc. But provided that economy is in a pre-crisis state, during the period of reforms, just not to prevent the citizen ensure themselves with job and appropriate income.

Government has to become an initiator of the following political and economic reorganizations, during which the society model developed, including the economic relationship model, has to be reviewed.

Historical experience is the evidence of that the real state power, as the most developed society institution, depends on its social society support, and of that how sufficiently it reflects the ruling social ideas and priorities, and accordingly, of that how it is supported by the political forces. For that it is necessary to stir up all the constructive society forces, give them real opportunities for participation in the most important socio-economic and political problems decision. The only possible way to attain this object is the social society institutions and local government development, i.e. of organizations, that show the interests of various society strata and are able to support the citizen creative initiative, to right and control the bureaucratic state machinery.

The need in cooperative activity governmental support is determined by cooperation and state interests' commonness, their coordination in economic and social problems on local, regional and national levels solving. The interests of cooperation and state become apparent in turnover organization between town and village, in forming of a multiform manufacturing infrastructure in rural areas, in rural population incomes' realization, in overcoming of natural exchange between agricultural small-scale commodity producer and consumer, in the development of economic ties on commodity markets both in the country and abroad. Common interests of cooperation and state got even more mixed up in social sphere, in population's need in goods and services satisfaction process, work activity ensuring, shareholders' and workers' social maintenance, village's revival.

On account of national traditions, the former USSR' nation has always strived for cooperation aiming at some social problems overcoming; the need in cooperation revival – manufacturing, consumer, rural, credit etc. – has matured long time ago.

Striking instance to confirm our idea is the program for poverty and its inherent social diseases overcoming in 20-s of XX century, that had led to rising of such an anthropological optimism, which defined the industrialization progress, mass craving for knowledge, victory in Great Patriotic war and quick post-war recovery. Although that time soviet government had no huge physical resources, success was achieved owing to general “molecular” population's participation in this program, clarity and solidity of aims and criteria set, management corresponding to nation's cultural traditions.

To some extend thanks to rationally developed complex program during New Economic Policy (NEP) the society type changed, the “pauper's syndrome” was eliminated. It has led to life expectancy sharp increase, children mortality decrease, mass social deceases rooting out.

Poverty is the society disease, which needs treatment. It will not stop just because of some relief after nursing, nevertheless it is quite important. Even such poverty characteristic as hunger needs special knowledge and care to help out a person of this state. To feed a person after a long starvation means to kill it.

Ukrainian society has reached the understanding of that the key decision for future of post-soviet countries' market economy has to be not just transition from solely state ownership to the private one, that previously was the main reforms' paradigm, but first of all the development of market competition, the revival of the institutes, that had an experienced success in social problems' solving.

It is necessary to remember, that though formally, but namely business undertakings' development in post-soviet countries began since 1988 when USSR law "About cooperation" was passed. It allowed a private person to make a legal business without being afraid of being called to a criminal account. Today consumer cooperation in Ukraine has preserved, but this organization's property form doesn't conform to the main cooperative principles. Since 2003 the revival process of credit cooperation started, but it is significant, that non-profit-making activity has caused frequent beginnings of so-called pseudo-societies. In spite of that we are sure that tomorrow of Ukrainian economy through the development of different cooperative societies' forms, small and middle-sized entrepreneurship is with cooperation.

In a practice of world cooperative movement (more than a million of planet's inhabitants are occupied in this operation) cooperative societies have left as an instrument of village' social development, fight against its inhabitants' poverty.

Social mission includes such cooperation's salient features as democracy, shareholder's leading role, self-government and independence, brotherhood, educational work, opportunity to work, care about incapable ones, retirees etc.

Thus, cooperation as a distinctive, socially aligned system has certain advantages over the other economic systems:

- their own social base - shareholders;
- cooperative principles and values, moral values in business and life, that provide the stability to system and form an attractive image to cooperation;
- reputation of socially aligned system, i.e. system working for its members' material well-being increase;
- communicational role in rural areas fulfillment.

In complex cooperative principles aimed at social goals' achievement are as

follows: education and training; cooperation between the cooperatives; social responsibility. They create a socio-economic organization unique by nature, which simultaneously has the features both of non-profit-making organizations and a firm. Cooperative society is a specific social union that has distinct social goals, structure and social organization creation and development principles. But this social formation fundamentally is different from another citizen' associations because its main activity category is an economical activity aimed at economic result for its members owing to their participation in this organization. This peculiarity approximates cooperative societies to firms especially as cooperative societies are allowed to exercise an economical activity in different spheres. But they fundamentally differ from firms, which do similar services, because their activity is aimed not at getting a profit, but at its members needs' satisfaction, who simultaneously are of cooperative society owners and clients.

The world cooperative economy sector progress trend testifies to that it remains an important part, "support frame" for the majority of countries' economies keeping for oneself possibility to be a specific indigene economic realization form for the majority of population groups.