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THE PROBLEMS OF THE COOPERATIVE FORMATIONS DEVELOPMENT IN AGRICULTURAL ECONOMY

Summary. The article deals with topical issues of the cooperative movement formation in rural areas. The need to cover the rural economy with the cooperative formations is proved with the example of the developed foreign countries as a way of effective management in rural areas. The author gives a summary of the ways and the content of the state support for cooperation in the European Union with the framework of promoting and supporting this type of integration in agrarian production. In Ukraine, the processes of cooperation are considered as an opportunity to attract the peoples' economies with the framework of horizontal and vertical interaction. At the same time, a low effectiveness of cooperation is proved in the research, mainly due to the lack of its institutional support, which requires the state role and its institutions in supporting and implementing a number of economic and regulatory measures. The aim of this research is a characteristic of the current conditions of the cooperation in the agrarian sector of the Ukrainian economy and outlining the program principles for supporting its development in the future model of the agrarian economy.

The following methods are used in the research: monographic (for familiarization with the experience of cooperation); abstract-logical (for substantiation of the theoretical generalizations and a formulation of conclusions); graphic (for visualization of economic phenomena structural elements).

Key words: cooperation, households, state support, forms of cooperation, economic relations, development program, stages, sphere of activity, measures, effectiveness, motivation.

The formulation of the problem. In the system of the main priorities of the agrarian production development in Ukraine today the agricultural cooperatives takes a place. At various levels of the power hierarchy, in the circles of scientists-economists, the specialists in the field of agrarian business development and in other expert environments, the cooperation is now considered as a means to improve the effectiveness of the agricultural sector functioning of the economy and the most important factor in the life of rural areas.

At the same time, it should be emphasized that in the countryside the critical preconditions have already developed, which should contribute to the intensification of the households co-operation. These are: the price pressure from the resources suppliers and the harvesters of the agricultural raw stuff; the inaccessibility of machinery and the vehicles; the mobilization of trades in retail food markets by the retailers; loss of hope for state help. The co-operative movement in rural areas in Ukraine has not been properly spreaded, in particular, because legislatively it is not determined the unprofitable co-operatives. Due

to these and other problems, on the whole in Ukraine, one agricultural service cooperative now accounts for 34 rural settlements, while optimally it should have to serve 3-5 villages.

The analysis of the recent researches and publications. Many scientific publications are devoted to the problems of the cooperative movement in economic systems, from which the works of such Ukrainian scholars-agrarians are the most meaningful: V.V. Borshchevskiy [1], Yu.M. Gubeni [2], V.K. Zbarskiy [3], V.V. Zinovchuk [4], M.Y. Malik [5], A.O. Panteleymonenko [6], I.V. Prokop [7], Ye.O. Sira [8], G.V. Cherevko [9] and many others.

Their scientific researches became a significant development in the development of the agrarian science theory and practice, however, the cooperation as an economic category is a rather difficult economic phenomenon, and therefore requires additional systemic researches.

Formulating the goals of the article. The purpose of this research is to outline the problems of the cooperative movement in the agrarian sector of production, with emphasis on the existing "narrow" places of its development and the proposals justification for the development of the agro-industrial complex cooperation, provided that it is supported by the state authorities and management.

The presentation of the main materials. In evolutionary terms, the cooperation as a means of efficient functioning of peasant farms in a market economy was scientifically substantiated and found the practical usage even in the period of capitalism

penetration into agriculture. The most important aspects of its development were showed in the works of well-known economists-agrarians of the late 19th and early 20th centuries. In particular, acad. O. Nikonov, in his well-known work, "The Spiral of the Century Drama," noted that the existence of peasant (farmer) farms in a market economy without the co-operation is unthinkable at all; there are no peasant farms without the co-operation in the world. In his view, only the cooperation has the ability to combine the two principles: the owner's property, which gives him freedom, and the large size of production that has technical and economic advantages, as well as the economic weight in the market. The scientist avers that the peasant cannot enter the market at all without the co-operation; he will be crushed by the larger competitors [10]. In the context of the rural development, as it is noted by I.V. Prokop, the cooperation should be considered not only as a means of confronting the large capital, but also as the formation of the economic basis for the development of local communities, increasing the business activity of the rural population [7]. This formulation of the question is quite appropriate, provided that the whole small commodity sector of the rural economy is covered with the cooperative processes, as it happened in the countries of the European Union. Thus, the cooperative movement is characterized with almost one hundred per cent coverage of agriculture in Sweden, Denmark, Norway, Finland, Iceland, and the Netherlands. In France and Germany, cooperatives bring together at least 80% of all agricultural economies.

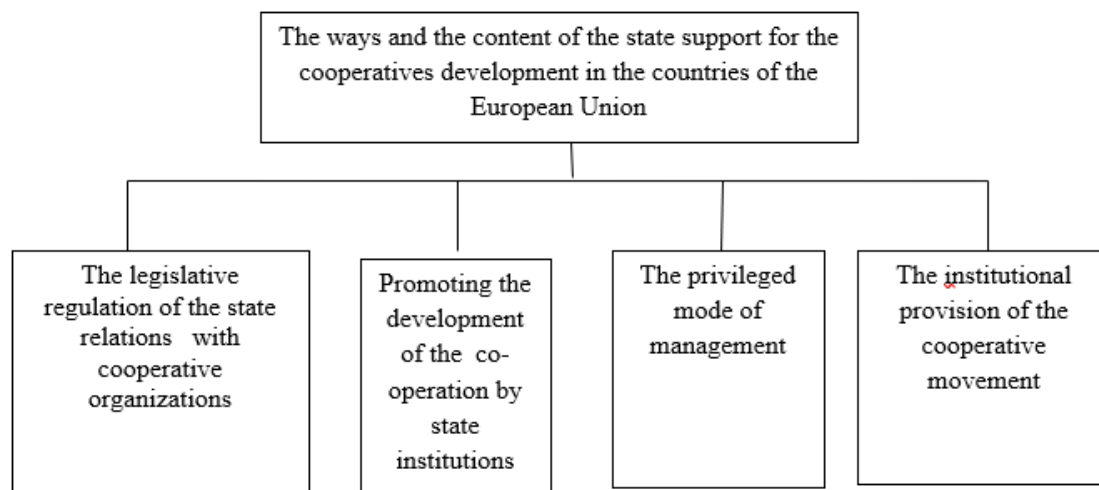


Fig. 1. Means of promoting co-operative movement in the countries of the European Union.

The source: compiled on the basis of N. Yu. Fedoryshyna's and G.Ya. Antonyuk's publications [13].

We will briefly comment the data in Fig. on 1. Thus, the legislative provision of the cooperation between the state and the cooperatives is present in the constitutions of Italy, Spain, Hungary, the Civil Code of Italy, which defines the state's tasks in support of the cooperative movement, which the state cannot refuse.

The practical support for the development of the cooperation in the EU countries lies with the relevant

government structures, such as: the UK Cooperative Development Agency or the relevant body in the government structures of France. Their functions include the provision of legal assistance to the cooperatives in the form of consultations, the development of economic projects with state financial support, which can provide the cooperatives, etc. At the same time, these mentioned government agencies are only concerned with the creation of favorable conditions for the development of cooperation, but do

not interfere in the economic activities of the cooperatives.

What about the preferential regime of economy or the subsidizing of cooperatives activities, for example, in Italy during the first years of its activities the cooperatives are completely free from taxes, and in Germany, the federal government provides tax

privileges and material assistance to consumer cooperatives.

Today, the cooperative movement in Ukraine is formed primarily through the involvement of households in the interaction of possible horizontal and vertical interaction (Fig. 2).

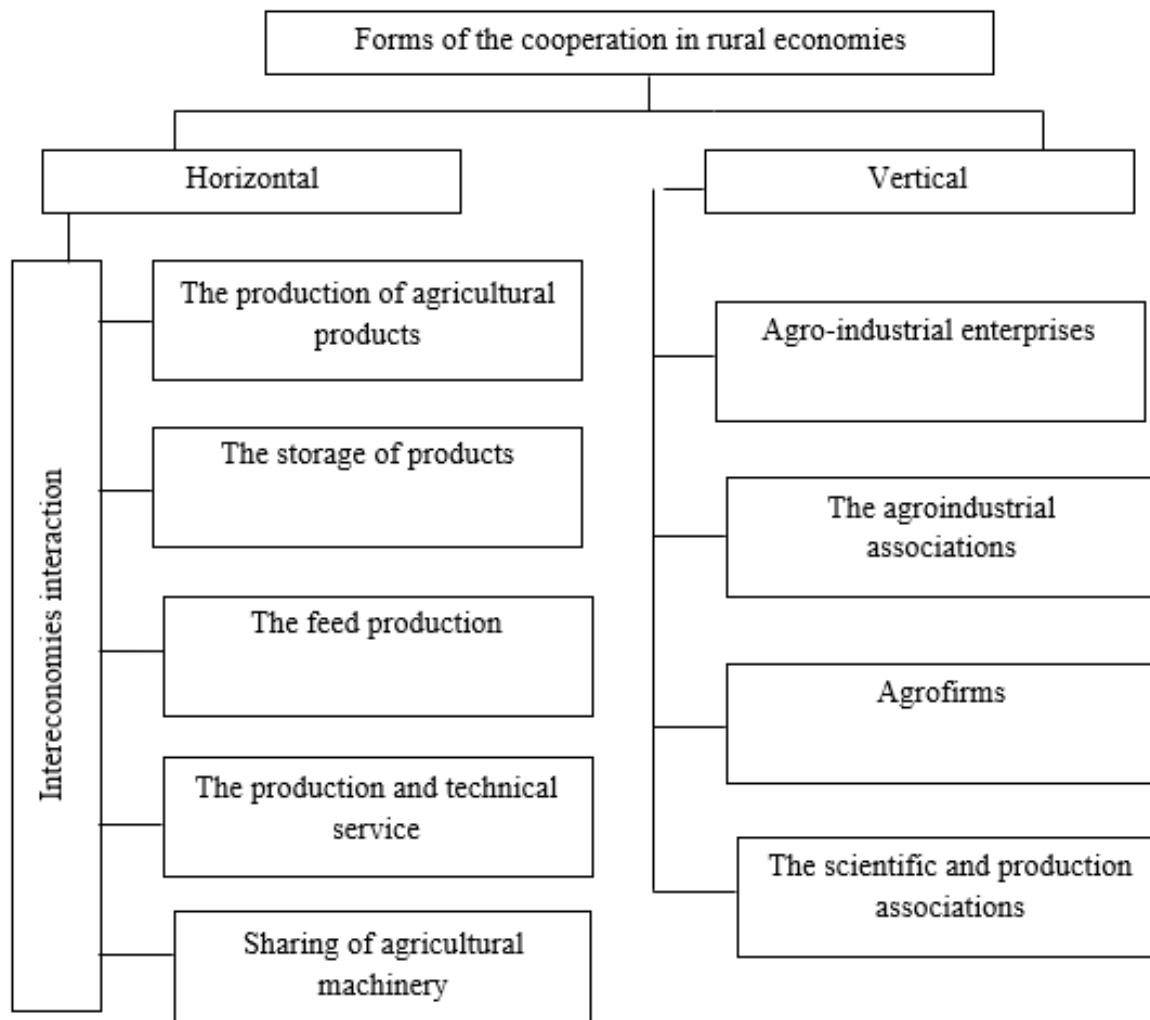


Fig. 2 The forms of the cooperations in agrarian sector in Ukraine

In Ukraine, the processes of the cooperation in rural areas are slow, and sometimes even difficult. The state in the legislative acts did not "write down" the rules of assistance to the process of the cooperation, especially with the participation of small agricultural products producers. Of course, the Law of Ukraine "About Agricultural Cooperatives" created certain preconditions for the formation and the development of the cooperation in the agrarian sector of the Ukrainian economy, but no preferential conditions were created to stimulate the cooperative movement in the countryside.

Economic relations between the participants of the cooperation are determined with the common property in the amount corresponding to the share participation of each of them in the co-produced products and received profits.

The experts and the practitioners on these problems aver that the cooperative interaction of the economies both among themselves, and the association with

powerful agricultural factory in producing cooperatives allows [3]:

The source: Zinovchuk V.V. [4].

- provide farmers with access to land resources and, on the basis of a higher production culture, increase their own profitability;
- to provide the opportunity to help the peasant farms from agricultural factories material resources, such as: seeds, feeds, machinery, fertilizers, etc.;
- improve the implementation of surplus food products in centralized food markets, processing them, or exporting.

However, the potential benefits of the cooperation can be offset by a number of problems, including the fair distribution of profits or the participation in management. Characterizing these processes, scientists-agrarians in different ways relate to the perspectives of the cooperation in the future model of the agrarian economy. In particular, M.Y. Malik [5]

avers that the agricultural co-operation, as a special form of socioeconomic activity, is undoubtedly an important institution for curbing the expansion of the speculative mediation capital in the countryside area; other scientists [8] indicate that the co-operation is the only way to survive small business forms in the fight against the big capital; a number of scientists [9] emphasize that only through the cooperation Ukraine's productive integration with the European Union is possible. At the same time, some researchers of this topic do not see the grounds for the development of the massive cooperative movement in agrarian production. According to A. Panteleymonenko, the curbing factor on the various types of the native cooperation development is the lack of understanding of the essence and purpose of the real cooperative organizations by the broad strata of Ukrainian society [6]. This is emphasized by I.V. Procope [7]. In this case, there is a lack of the institutional support for the cooperative movement in the village, which manifests itself in the low quality of human capital of the rural inhabitants and the unwillingness to participate in self-governance processes and self-realization of their own production potential. Probably for this reason, the well-known Ukrainian scientist-agrarian Yu. Gubeni believes that generally it does not make sense to peasants to be united in the cooperatives, because in Ukraine today there are no economic, administrative and infrastructure grounds for the development of the cooperation [9].

In the result of this discussion can be considered W. Zinovchuk's statement, who says that a large number of the cooperatives in Ukraine is only registered but they are not working, and those who are working - adjust to the international donor programs and also stop to exist immediately after these programs [4]. A part of cooperatives exists also at the expense of

the native development programs, where financial support is emphasized. These are quite dangerous phenomena for the institutional environment of the agrarian market, since they provoke the spread of corruption and financial abuse.

The confirmation of the foregoing can be checked on the example of the cooperative movement development in Vinnytsia region [11]. Currently, out of 96 registered cooperatives, only 38 are active, that is 40% of the total. According to the structure they are divided into dairies - 42, or 12% of the total amount; fruit and vegetable - 6, for the provision of services for the land cultivation - 6, and cooperatives which are defined as multifunctional (Fig. 3).

A more detailed analysis of the creation and operation of the cooperatives in the region shows that their appearance is directly related to the implementation of the regional development program of personal peasants' and farmers' economies for the period of 2006-2010, according to which the funds were exuded for these purposes. During this time, 64 milk collection points were created, 42 of which acquired the status of the agricultural servicing cooperative. At the same time, there are very few examples where the rural cooperative organizations are created at the expense of rural people's initiatives. The peasants in their majority do not understand their essence and do not see the benefits in the activities of the cooperative. They are especially alarmed by the fact that in the charter fund of the cooperative must make cash contributions, as well as the probability of their loss in the liquidation of cooperative entities. The mentioned feature, as well as the unresolved nature of many organizational, economic and regulatory problems, is braking the progressive transformation by it's' nature of the countryside area.

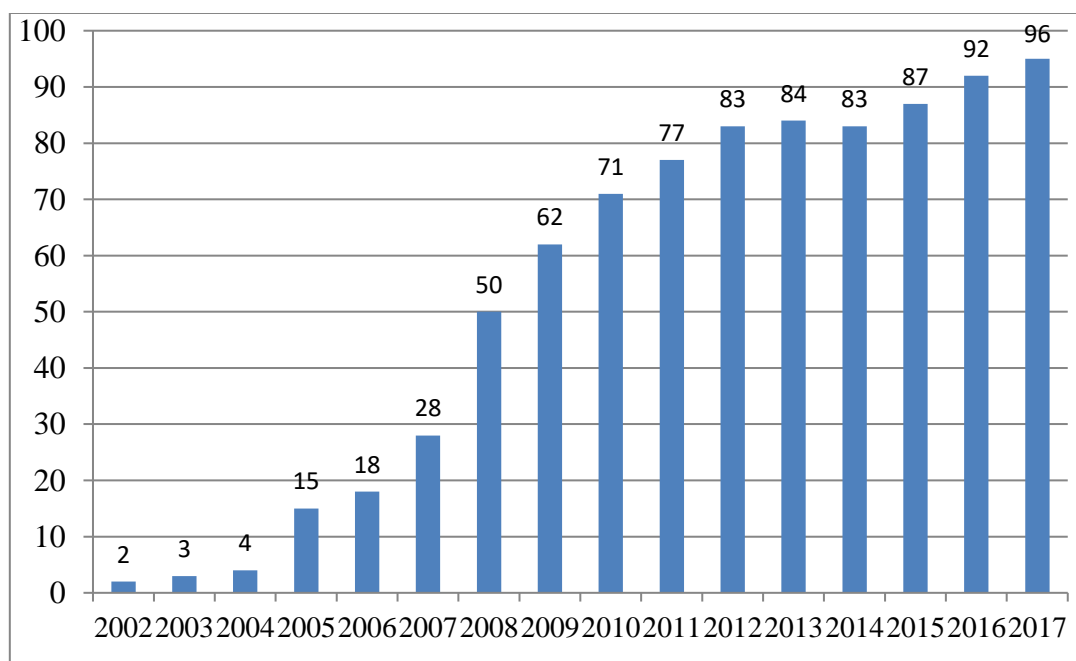


Fig. 3. The dynamics of the service cooperatives development in Vinnytsia region

The source: data of the Agricultural Development Department of Vinnytsia Regional State Administration

At the same time, the insufficient level of the cooperative segment of agrarian markets development leads to a retrenchment in the number of people self-employed in private peasant farms, outflow of the able-bodied population from the countryside areas, the destruction of its social objects and engineering infrastructure. It becomes clear that under the such conditions the solution of the problem is possible only with the selective support of the agricultural service cooperatives development as an important socio-economic institution, increasing the efficiency of agricultural production, the active development of countryside areas, and raising the level and quality of life of the rural population.

To this aim, The Program for the development of agricultural service cooperatives for the period 2013-2020, which consists of two stages of implementation [12], is developed and implemented in Ukraine with regional branches.

The first stage (2013-2017 y.) forecasted the implementation of the following priority measures:

- the improvement of the legislation on the regulatory basis in support of the cooperatives development in the agrarian sector of the economy;
- the development of a system plan of measures with the executants and the financing both in the center and on the ground regarding the development of the service cooperation;

- the development of educational and other programs for all-Ukrainian all-inclusive specialists in the organization of the service cooperatives in the village;

- the targeted support for existing service cooperatives;

- the organization of not less than 4000 new agricultural service cooperatives creation;

- the creation of at least 1 million jobs in rural areas on the basis of the newly created cooperatives;

- the achievement of food products through the service cooperatives of the dairy products not less than 10%, potatoes and vegetables – 25%, fruits – 20%.

The second stage (2017-2020) of the program is directed at the creation of another 1,000 new agricultural service cooperatives and the resolution of previously created activities. These cooperatives at the national level should specialize in the implementation of dairy, vegetable, fruit products and access to it in foreign markets. It is believed that the export of the products sales by types through the service agricultural cooperatives by 2020 should be consisted of: dairy products - not less than 40%, vegetables and fruits – 60%, fruits - 50%, grain – 20%. The expansion of the cooperatives sphere of activity for this period should make up 60% of the rural population with 1.6 million jobs.

More clearly, the results of the Program can be outlined graphically (Table 1).

Table 1.

The expected results of implementation of the agricultural servicing cooperatives development program

The expected results of implementation of the agricultural servicing cooperatives development program in Ukraine for 2013-2020 y.	
The number of the agricultural servicing cooperatives	5000
The number of the cooperative members	2000000
The number of people covered by the co-operative services	5000000
The number of settlements covered by the system of cooperation	8000
The number of jobs created in rural areas	1600000
The number of farms	120000
The amount of land used by farmers and private peasants farms, hectares	20000000

The implementation of the Program for the service cooperatives development, according to the developer's intention, will be to: promote the poverty reduction and unemployment in the countryside; the strengthening of the food security of the country; the preservation of settlement network, social and cultural development of territories. An unconditional result of the Program should be the becoming of the effective agricultural production, where the entrepreneurial interest will form the basis of the economic motivation, and the innovative development model will become the driving force behind the economic growth.

The positive result of the software development of the service cooperatives within Ukraine is the financial security provided by the government (see Table 2).

The importance of the support for the cooperation and the creating the best conditions for the people's economies development is predetermined by the necessity for the softening the social tensions in the rural areas through the development of small and medium enterprises. It is forecasted that because through the cooperation as the mean "usage" of the small farms the strengthening and turn their parts of them into farms will happen.

**The financial provision of the Program for the service cooperatives development
in Ukraine up to 2020 year**

		2013	2014	2015	2016	2017	2018	2019	2020
1.	The funds of the State Budget of Ukraine, billions	3	3	4	4	3	2	1	1
2.	Local budgets, billions	0,1	0,15	0,2	0,2	0,3	0,3	0,3	0,3
3.	The other sources (loans, investments), billions	0,5	0,7	1	2	3	3	4	5
4.	Total, billions	3,6	3,85	5,2	6,2	6,3	5,3	5,3	6,3

For the expansion of the cooperation, which is formed according to the well-known principles of the agricultural production organization, the activation of rural inhabitants is necessary, first of all through the popularization of the cooperative ideology in society of the cooperative production, the awareness of the population about the benefits of the common activities to achieve common goals, which is directly related to the accumulation of human and social capital of the rural communities. Necessary and unconditional is the increase of the cooperative education, the competence of the employees of all levels of the government, the formation of a cooperative policy and the relevant legislative framework.

The conclusions. Summing up the results of the work of the scientific substantiation of the cooperative movement in the village, it should be noted that the root cause of both internal and external factors of the inhibition of this form of the economic practice is the negative attitude towards small forms of agribusiness in society as unpredictable is formed, which should be transformed into the more powerful agrarian structures. Unfortunately, such a position is present in the strategic documents of the policy of the agrarian economy development. One has to hope that in the society there will be a radical change in the attitude towards the family type of economy with the possibilities of stimulating its steady development by the state and its power structures. In other words, without the organization of the constant and powerful state support of the cooperation in the institutional, organizational and financial directions, and the introduction of programmatic measures for their creation, one can hardly hope for an expansion of the number of the cooperative formations in the village on the basis of self-organization or self-surviving.

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