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## **Deformation of cooperative idea in “Soviet” period and development of pseudo-cooperatives: the consequences for Ukraine**

Paper accepted for presentation at the ICA-2019 Research Conference, Humboldt University, Berlin, Germany, August 21-23, 2019.

In most countries of the world, cooperatives are a form of economic self-help organized to provide people with high-quality goods and services at competitive prices. However, the history of post-Soviet countries demonstrates the practice of developing and expansion of pseudo-cooperatives, which emerged as the result of authoritarian state interference in the affairs of classical cooperatives. Some specific organizations operated with a huge violation of cooperative principles were called cooperatives in the Soviet Union and some other countries influenced by communist ideology. Thus, this deformation process in the cooperative movement began at the earliest stage in the USSR. There were two stages of this process. The first one began just after the establishing communist dictatorship in 1918-1919 in Ukraine, when all types of cooperatives were actually terminated. At that, the farmers were forced to join the *collective farms («kolkhoz»*). In order to make this process easier, *collective farms* were called “new” and “socialistic” cooperatives. The Law of the USSR called “Cooperation Act” (1988) started the second stage. This law let organizing small firms having several cofounders. It also defined the cooperative as a collective company producing goods and providing services. At that, it was not mentioned that the cooperative is intended to satisfy the needs of its members. According to this law, 3 persons could register a cooperative, hire any number of employees (either several or several thousand) and actually carry out a private business, then distributing profits between founders. Such pseudo-cooperatives were often created at state-owned enterprises, contributing to development of corruption among their top-management. There were even cases of export activity performed by such “cooperatives” selling tanks and other weapons manufactured by state-owned enterprises. It is clear that such organizations were far from cooperative nature, although they had such a name.

Therefore, the population of «Soviet republics» (including the one of Ukrainian Republic) finally lost understanding of classical cooperative idea. Ideological heritage of communist system, lack of information about organizational nature and special features of classical cooperatives were putting barriers against progress of cooperative movement throughout the post-Soviet territories. Many people in these territories, including Ukraine are still sure that they know

everything about cooperatives, have negative attitude to them, so they do not want even to hear about them. But these people do not realize that their knowledge is mostly “Soviet cooperative fake”, which has nothing in common with international cooperative movement. This is the biggest problem of cooperative movement development in Ukraine.

