

## HISTORICAL AND METHODOLOGICAL BASES OF THE UKRAINIAN INSTITUTIONALISM

**Abstract.** *The article examines the historical and methodological bases of institutionalism in economic thought of Galicia in the second half of XIX - the first half of the XX century. The socio-psychological, moral and cultural aspects of the Ukrainian national institutionalism are studied. The influence of institutionalization on the national economics is examined.*

**Keywords:** institutionalism, neoinstitutionalism, institution, cooperation, cooperative movement.

**Formulation of the problem.** Institutionalism methodology uses tools and integrates a variety of disciplines, especially psychology, sociology, history, philosophy, law and so on. It is the use of this methodology allows to deeply and thoroughly investigate the institutional field process of forming business partnerships in Ukrainian Galicia second half XIX - first half of XX century.

**Analysis of recent researches and publications.** Methodological principles of Ukrainian institutionalism and historical aspects of scientific views of institutionalism in the Ukrainian economic thought coverage found in the works of such prominent economists and historians as S. Zlupko [4; 5] I. Vytanovych [3], B. Martos [6] M. Tugan-Baranovsky [11] and others. At the same time, requires scientific study of the development of the theory of institutionalism in economic thought Galicia 2nd half of XIX - 1st half of XX century. Also need to study the socio-psychological, moral and cultural aspects of Ukrainian national institutionalism.

**Setting objectives.** The article is to highlight the scientific substantiation and methodological principles of institutionalism in economic thought Galicia 2nd half of XIX - 1st half of the XX century and study the impact of institutionalization to ensure national economic movement.

**The main research material.** Institutionalism is the direction in economic science, which is the basis for the analysis of not only economic issues, but also connects them with problems legal, political, social, ethical and others. The founder of institutionalism school is Thorstein Veblen Bund, which, using the philosophical understanding of economic processes and relying on the doctrine of I. Kant, expanded interpretation of the subject of political economy [10, p. 59-61].

In our view, the emergence of institutionalism was due to the following factors:

- failure of the neoclassical doctrine to support the idea of self-sufficiency and optimality of the market mechanism;
- the increasing influence of the mass social organizations and movements (labor, cooperative union);
- the availability of social contradictions;
- transformational shifts in the market system under the influence of market volatility (cyclical problems, employment) and under the influence of monopolization of the economy;
- the need of public control over the market mechanism.

Neoinstitutionalism, that the new institutional economics, which was developed and launched by Nobel laureates in economics Douglass C. North, assumes that the economy operates in specific institutional framework and ideology and culture largely determine the impact on economic development [12]. In the scientific literature, foreign neoinstitutionalism often focused on updating the formation of a broad institutional framework, which provides for the revival of original economic foundations of national culture.

Compulsory status of Ukrainian lands due to alien domination of imperial powers, fully defined specific terms of national development, which is manifested in the formation institutionalism phenomenon in the Ukrainian economic thought, which in turn was the need to preserve Ukrainian identity.

Ukrainian economic thought develops institutionalism values in the context of civilization process. In particular, representatives of the Kiyv school of political economy clearly outlined concept, which uses institutionalism. Even more thoroughly applied the basic values of institutionalism Ukrainian scientist of world renown Mykhailo Tugan-Baranovsky. Analyzing and investigating economic processes he used interdisciplinary methodological tools institutionalism. [4].

Institutionalism methodology of M. Tugan-Baranovsky practices in fundamental research "social basis of cooperation" [11], in the first section of which is substantiated general theory of cooperation, first of all, this refers to the ideal of social cooperation. Cooperative enterprises, according to scientists, it is, in fact, the only form of economic organization focused on changing the existing economic system using conscious effort wide social groups. Weighty significance of this study is the social nature of opening political position i of economic cooperation. In particular, M. Tugan-Baranovsky, justifying i ratio cooperation policy, said that cooperation is not an antisocial organization. It reflected social interests even more than it concerns political parties. However, scientists warned of union cooperation to a political party as an association are not helpful in the merger and the party, i cooperatives, that both parties [11].

Given the dominance of foreign states in Galicia Ukrainian community through the cooperative movement realized, Ukrainian gained economic independence in the absence of statehood. With the cooperative movement in Eastern Galicia closely linked as the theory and practice of institutionalism, celebrated outstanding figures of real and theoretical and organizational experience.

One of the founders of institutionalism in the cooperative movement is Mykola Levytsky that encourage small farms to a common entity, built on the principle of voluntariness. He believed that "cooperation is the best identify the best human genius within the socio-economic construction" [3, p. 106]. It is on a voluntary basis, which offered M. Levytsky, developing co-operative movement in the Kherson region, and further - has spread to the Donetsk region, Katerynoslav, Kanivschyna, Chernihiv, Poltava. On the basis set out M. Levytsky, co-operative movement also spread to ethnic Russian lands.

M. Levytsky tried to implement clearly formed their own scientific and ideological foundations of cooperation and development using artel farms. In his view, the farm, which emerged and developed, have become institutional embryo of a new moral and productive organization. M. Levytsky remarked: "All winning social progress essentially gained not only economic factors as moral forces ... eventually won not one who was stronger economically, and one who was stronger mentally" [3, p. 107]. However, it is important that economic development, he analyzed and considered with the evolutionary position as "the history of any drastic steps not know", while he emphasized the democratic-republican spirit of the Ukrainian people, which ultimately seeks to create their way of life" [3, p. 107]. Artisanal hostess, promoted by M. Levytsky, developed in the context of the experience of European countries i States. M. Levytsky as a theorist and practitioner formed a number of projects on the organization of credit, consumer i cooperative unions, craft and agricultural cooperatives, creation of partnerships promoting gang artel and benches offices of different types of agricultural implements exhibitions, temporary warehouses goods and more.

Among the co-operators of Ukrainian institutionalism approach should be noted and Boris Martos, whose views were formed under the influence of M. Levytsky. Scientific-cooperator drew attention to the importance of cooperation of the Ukrainian nation, while stressing that this value is especially important in the context of the "struggle for self-economic situation, for liberation from economic dependence, eliminate exploitation by sharing the road ..." [6, p. 5]. A special role in the formation M. Levytsky as a scholar-co-operator played Cooperatives Commission activities in the Poltava Agricultural Society, which was led by Alexander Rusov.

B. Martos, developing cooperative theory, in one of his works drew attention to the fact that "life is very rare to find a particular phenomenon in its pure form, so often cooperatives that have to meet in practice, in some respects rebel against type of net, giving theory "[6, p. 47], while he focused on the specifics of economic cooperation compared with other economic economic system. Ukrainian scientist analyzes the statutes credit cooperatives law duties of, explores statutory and organizational issues of the cooperative movement at the same time he created his classification cooperatives analyzed in detail and described each of cooperative economic forms, while using both Ukrainian foreign material.

It is extremely important for the practice of cooperative activities is that B. Martos paid special attention to personnel issues, while he noted that economic cooperation workers must be highly professional and their activities they have to build on the principle of high moral principles. In this context, he wrote: "For the development of cooperation need experienced managers and well-chosen professional staff ... First of all, the head of a cooperative institution must be a decent man. Um, experience and energy of human unfair bring cooperation

not benefit and only harm, because first of all the right people incorruptible that their wealth would not play in the life of the first role, is the same, whether it comes to any minor benefits or about some great benefits" [6, p. 158].

Expressive of institutional approaches inherent to the position outstanding practice-co-operator and public figure Julian Pavlykovsky. As a theorist and practitioner of economic cooperation, he was influenced by the younger historical school of political economy, particularly the Vienna professor Karl Hofmaystr, Cambridge School of economics works, and the German and Austrian scientists who were united in the Union social policy led by Gustav von Schmoller. J. Pavlykovsky was well aware of the economic achievements of American institutional school, he particularly impressed by the view of this school, according to which each nation is inherent historical socio-economic institutions and traditions, the institutions and traditions must be taken into account when there are different modernist transformation and change in the economic system [2, p. 488].

As a theorist and practitioner of the cooperative movement, J. Pavlykovsky also drew attention to the need with the evolutionary development of the cooperative movement to actively promote Ukrainian national and private enterprise. He stressed that these processes should be developed at the same time, while he remarked that the impact of this activity will be much higher when they are well-Ukrainian joint efforts and cooperation, and private enterprise. "Every nation, as a collective unit - wrote J. Pavlykovsky - lie within a community blood community of native culture and community of ideas and competition must in order to maintain their physical and spiritual existence in order to secure appropriate conditions of continuous development among civilized family nations, economic devote their work and of respectable economic strength of their energy " [8, p. 3].

Outstanding not only Ukrainian, but also European co-operator is Sergiy V. Borodayevsky, who was a theoretician and practitioner Ukrainian cooperation, participated in cooperative international conventions, was a member of the International Cooperative Union always maintained close contact with his contemporary prominent co-operators around the world. Its European recognition shows that when eminent French theorist i organizer cooperation Charles Gide created Institute for co-operative Studies, the S. Borodayevsky became one of its first members. However, he had encyclopedic knowledge of the problems of the cooperative movement, deeply analyzed, generalized and draw conclusions using international experience in the formation and development of the cooperative movement. Its highly productive work and, of course, European recognition show, for example, more than five hundred of his professional articles have been published in 22 countries during 1941-1942 only. These publications were printed in 85 editions cooperative (Ukrainian, Polish, Czech, Bulgarian, Romanian, English, French, German, Spanish, Italian, Chinese, Swiss and others).

Is not the most important among the many works of S. Borodayevsky is monograph "History of cooperation" [1]. It is in this important scientific work of a scientist using comparative analysis showed features of cooperation in more than 40 countries, with a comparative analysis was first done in a cooperative world literature.

Among the theorists and practitioners of cooperation has also become very popular book S. Borodayevsky "Collection of small loans" that justify institutional approach to credit relations. This paper outstanding scientist who figured out the essence, laws, organization and record keeping credit banks, published six times a total circulation of 30 thousand copies.

Thus, the historical evolutionary changes in economic self-Ukrainian were strictly institutional color, based on clearly dominated national liberation incentives. This was paramount and decisive for both scholars and theorists Ukrainian cooperation and for professional practitioners Ukrainian real economic development.

**Conclusions and recommendations for further researches.** Ukrainian economics has given many figures of world economics, which have sustained and developed institutionalism as a trend in world economics, but institutionalism developed at the national soil. Features Ukrainian national institutionalism manifested in the fact that institutionalism is characterized as a moral, cultural and socio-psychological aspects. This research has revealed a new and enriching as Ukrainian economic thought and economic practice and theory institutionalism general.

Promising for further research are seen us problems of institutionalism and forming a nationwide scale and its impact on the development of modern economic thought in Ukraine.

## REFERENCES

1. Borodayevskyy, S. V. (1925) "History of Cooperation", Prague, Ukrainian publishing public fund.
2. Verbovyi, A. (2011) "National economic movement in Western Ukraine in 1848-1944 years in the context of institutionalism", Formation of market economy: technologies, Special Issue: Methodological problems of modern political econompny, Kyiv, Ukraine, pp. 484-491.

3. Vytanovych, I. (1964) "History of Ukrainian cooperative movement", New York.
4. Zlupko, S. M. (1993) "Michael Tugan-Baranovsky - Ukrainian Economist of World Fame", Lviv, Ukraine.
5. Zlupko, S. M. (2005) "History of Economic Theory: a Textbook", Kyiv, Ukraine.
6. Martos, B. (1947) "Cooperation Theory: Lectures", Regensburg Berchtesgaden.
7. North, D. (2000) "Institutions Change and the Economy", Kyiv, Ukraine.
8. Pavlykovsky, J. (1934) "Cooperation and Private Traders", Trade and Industry, vol. 1, pp. 2-3.
9. Pal, L. A. (1999) "Public Policy Analysis", Kyiv, Ukraine.
10. Selyhmen, B. (1968) "The Main Flows of Modern Economic Thought", Moscow, Russia.
11. Tugan-Baranovsky, M. I. (1989) "Social Principles of Cooperation", Moscow, Russia.
12. North, D. C. (1981) "Structure and Change in Economic History", New York, Norton & Company.