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SELECTED PAPERS FROM THE OEUVRE OF
FERENC ERDEI

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PREFACE

Ferenc Erdei, founder of our Institute, an outstanding personality of the Hungarian literature in agricultural economics, started the series of Bulletins in foreign languages twenty years ago. The present issue is intended to pay homage to his memory on the occasion of the coming 30-year jubilee of the Research Institute for Agricultural Economics. Besides, it is to call the attention, among others, to the scientific achievements and practical conclusions arrived at by Ferenc Erdei in the course of the last period of his life-work when he was active in our Institute. His statements concerning the development of the Hungarian farmers' co-operative movement, the small-scale farming, the place and role of the household farming, the social and economic transformation of the village, are of particular importance and timeliness in comparison to the progress that has taken place. Due to the purpose of our Bulletins, being the dissemination abroad of the results of researches conducted in this Institute, and to the technical limitations as well as to the size of these publications, it is not possible for us to present and evaluate the oeuvre of Ferenc Erdei. In the near future the 12-volume series, published by the Publishing House of the Hungarian Academy of Sciences in Hungarian language, will be completed, a uniquely great achievement that will contain but a part of the life-work of Ferenc Erdei. In line with the interest shown by our international scientific and information partners, foreign professional circles, agricultural economists, these few studies in agricultural economics and the attached bibliography are intended to supplement the achievements of the publishers. If it is true that the interest in our series of Bulletins is related to the results of the Hungarian food economy, then it is also true that we can get acquainted with the antecedents of the development of our agriculture and of our present situation by our studying the works of Ferenc Erdei, an authority of the subject. We hope that his papers will reach not only our partners numbering more than three hundred, but also colleagues and aspirants from abroad staying and studying in this country.

Budapest, January 1983

The Editor

THE PLACE OF HOUSEHOLD AND AUXILIARY FARMS
IN SOCIALIST AGRICULTURE[#]

The role, position, and historical development of household and auxiliary farms are matters followed with interest in socialist countries, but no less in capitalist states and in the developing countries. It is understandable because they are special and interesting elements of socialist agriculture. There are a number of contradictions in the subject, we may witness relevant debates, the historical development is rather instructive.

SOCIALIST REORGANIZATION AND HOUSEHOLD FARM

In the Soviet Union it was held from the outset that the principal form of collectivization is the farmers' co-operative of the artel-type because, on the one hand, it means the socialization of the essential means of production, on the other hand, it presupposes, of necessity, the individual ownership of the smaller means of production which play a supplementary role, and enable the peasants to carry on an individual household farming of limited scope in addition to the collective farm. This recognized principle was not implemented consistently in practice, with the result that the 1953 plenary session of the Communist Party of the USSR took a rather sharp view of the subject: "In many kolkhozes one of the most important principles of the artel form of the kolkhoz membership was violated, viz. the harmonizing of the interests of the society and of the individuals, which has presupposed that the personal interests should be subordinated in the artel to the collective interests. According to the model-statute the most important and decisive is the collective farm in the artel. Each kolkhoz plot is entitled to possess a smaller household farm to meet personal consumption needs as long as the collective farm is not capable of satisfying fully these requirements. Violation of this principle amounts to the fact that high ratios were imposed in respect of the compulsory delivery of household farm products, furthermore there were deficiencies in the taxation policies relating to the personal farms of the kolkhoz peasants, with the result that the stock of cows, hogs, and sheep, owned by the kolkhoz peasants decreased. This state of affairs not only violates the interests of the kolkhoz peasants, but leads to the distortion of the essence of the artel form of the kolkhoz, the only proper form of the collective farm during the entire period of socialism."^{##}

[#]/ Tudomány és Mezőgazdaság, No. 5. 1967. pp. 1-8.

^{##}/ Resolutions of congresses, conferences and plenary meetings of the central committee of the Communist Party of the Soviet Union. Part II. Szikra Publishing House, Budapest, 1954.

Resolute though this stand was, the said principles were again distorted in practice, as shown in the 1964 resolution.

In November, 1964, the unjustified limitations, introduced previously respecting the household farms that were the personal properties of kolkhoz members, workers, and citizens of other occupations, were abolished by decree. It called upon the kolkhozes that they should supplement and modify the statutes of the agricultural artels regarding household farms and animal keeping. The decree recommended restoration of the state of affairs prevailing prior to the introduction of the limitations as well as the elimination of the unjustified restriction of the household farms. Rural persons of non-agricultural occupation were enabled to use again household lands according to the previous rules.*

We know that there were similar experiences in other socialist countries, too /mainly in Bulgaria and Czechoslovakia/, and in Hungary consistent steps taken by party and state leadership were needed to hinder "the premature and unjustified restriction" of the household farms.

What was the reason of the consistent violation of the rules concerning household farms in the Soviet Union and other socialist countries? It was the very conception against which our party and state leadership has led a heavy fight for about ten years, ultimately with success, though not fully effectively as yet. It is the conception of the party and state machinery and of the managers of farmers' co-operatives on the socialist reorganization, on the creation of the large-scale farms with one stroke. This was by no means a sort of "disobedience movement" against the stand of the party leadership, but the traditional opinion in the labour movement about the uniting of the farms of small peasants, supported by the general conditions of socialist revolution and the power potentialities of the proletarian dictatorship. /In 1950-1951, at the beginning of the farmers' co-operative movement, the pioneer agricultural-proletarian farmers' co-operatives east of the river Tisza, the stronghold of the agrarian labour movement, eliminated one after another the household farms and made provision for the supply of the members from the collective land, and introduced the 8-hour working day. The industrial working class by no means agreed with this arrangement which was understandable. It was not easy to overcome the said endeavours./ A more far-reaching and more realistic strategy of the socialist reorganization and of the creation of socialist large-scale farms had to be enforced as against the said traditional, revolutionary belief. Related was another view, also deeply embedded in the thinking of co-operative

*/ Népszabadság, November 14, 1964.

leaders. The management of collective farms, beside the household farms, is objectively more complicated and more difficult than in the absence of the latter farms, hence the co-operative leaders are interested in wearing away of the household farms.

On the other hand, the question should be posed, why do the household farms, or more broadly: the outputs of the household and auxiliary-individual farms, play a significant role in the agricultural production of all socialist countries, where the practice of economic policy consciously protected and helped the production, as well as in countries where the practice was the reverse? The explanation is a simple one: it is the gradualness, as well as the objective law of the building of socialist large-scale farms which covers a full historical era, which explain this. This serves as a historical verification of the statements and warnings of Lenin.

WEIGHT OF HOUSEHOLD AND AUXILIARY FARMS

There is no uniform statistical practice in socialist countries; they either show the number of household farms of co-operative members together with that of other auxiliary farms, or separately.

It is for this reason that we cannot characterize by means of unequivocal data the weight and share of this sector in the overall agricultural output. However, these sundry data, showing household farms only or together with other auxiliary farms, give an approximate picture.

The relatively greatest share of household farming in the overall output may be found in this country and in the German Democratic Republic. In both countries the relatively greater share may be attributed to the fact that their party and state leadership have followed most consistently those policies which have protected the household farms against the pressure of the co-operative movement.

Inter-country comparison of the weight and role of household farms can be made by our using statistical data of the number of certain animals only. In the years 1962-1964 the shares of the household farms were the following /percentage/:

	Cattle	Sheep	Pigs
In Bulgaria	18,1	29,4	32,0
In Czechoslovakia	6,4	12,8	14,0
In the German Democratic Republic	37,6	32,6	28,1
In the USSR	28,2	32,2	19,8
In Hungary	36,5	35,7	8,6

The place and role of household farms in Hungary may be described more accurately. Due to the fact that our agricultural policies have recognized in due time the role and significance of such farms, we have ample statistics in this respect, which demonstrate the proportions of the output of the household farms. Besides, the statistics enable us to compare the data of the different auxiliary and individual farms, all this in proportion to the figures of all farms as well as to the aggregate figures of the co-operative sector.*

The shares of co-operative household farms as well as of the auxiliary and individual farms in the agricultural crop land were the following in 1964:

Co-operative household farms	1187,1 thousand cad. yokes	8,1 %
Auxiliary and individual farms	791,9 thousand cad. yokes	5,4 %

On 31 March, 1965, the shares in animal husbandry were the following:

Item	Household farms		Auxiliary-individual farms	
	thousands	%	thousands	%
Cattle, total	699,0	34,5	131,0	6,5
of which: cows	330,0	42,0	63,0	8,0
Pig, total	2594,0	37,5	1075,0	16,0
of which: sows	193,0	35,8	58,0	10,0

The figures indicating the poultry and sheep stock refer to the household as well as to the auxiliary and individual farms. Their shares in the total stock are the following:

	thousands	%
Sheep	445,7	13
Poultry	27205,1	90,6

The shares of the area and animal stock of household farms, as compared with the aggregate figures of the collective farms and of the household farms, were the following in 1964 /percentages/:

* Source of data: Agricultural data of the Central Statistical Office, 1965, Part I-II. "Co-operative sector" denomination refers to collective farms of co-operatives, household farms of co-operative members, and co-operatives of other types.

Arable land	12,6
Gardens and orchards	57,5
Vineyards	49,5
Other /meadows, pastures, reeds/	2,7
Cattle	47,5
of which: cows	58,5
Pigs	59,5
Horses	5,5
Sheep	13,3
Poultry	87,0

The distribution of the gross output between the collective farm and the household farms of farmers' co-operatives, and the structure of the output of the household farms, were the following in 1964:

Item	share in the output of certain products, %		total	distribution of the output of household farms, chief products %/
	collective farms	household farms		
Field crops	83,8	16,2	100,0	20,0
of which: maize	52,6	47,4	100,0	14,2
Vegetables	76,8	23,2	100,0	2,5
Fruit	40,4	59,6	100,0	5,6
Grape	42,5	57,5	100,0	12,8
Other vegetables	97,1	2,9	100,0	0,1
Plant output, total	74,7	25,3	100,0	41,0
Cattle	51,3	48,7	100,0	17,9
Pigs	48,6	51,4	100,0	20,1
Poultry	22,9	77,1	100,0	20,0
Other animals	78,3	21,7	100,0	1,0
Animal husbandry, total	44,9	55,1	100,0	59,0
Grand total	62,8	37,2	100,0	100,0

The above data refer to the global output. When considering the commodity output, the shares in percentages of household farm products in the gross commodity output of agriculture were the following /principal products/:

	<u>1962</u>	<u>1964</u>
Fodder cereals	27,4	17,0
Potatoes	17,9	16,0
Vegetables	8,9	8,0
Fruit	26,5	27,3
Wine	27,0	26,0
Other commodities of vegetable origin	3,6	2,9
Vegetable products, total	<u>12,6</u>	<u>12,3</u>
Slaughter and breeding cattle	29,5	35,0
Cow's milk	32,3	30,5
Slaughter and breeding pigs	24,0	17,1
Slaughter poultry	23,9	24,6
Eggs	51,5	50,0
Other commodities of animal origin	10,7	10,2
Animal products, total	<u>27,3</u>	<u>24,0</u>
Grand total	19,6	17,1

The role and weight of household farms seen from the angle of the members of farmers' co-operatives and their family members are characterized by the data shown hereunder.

The incomes of agricultural origin of co-operative families accruing from the collective farm and the household farm, respectively, were the following between 1958 and 1964 /considering that part of the income from household farming originated also in collective farmings/:

Year	Income per family					
	from the collective farm		from the household farm		Total	
	Forints	%	Forints	%	Forints	%
1958	11.870	56,9	9.000	43,1	20.870	100,0
1959	11.400	55,3	9.200	44,7	20.600	100,0
1960	8.400	49,4	8.600	50,6	17.000	100,0
1961	7.800	45,5	9.300	54,5	17.100	100,0
1962	9.000	48,3	9.600	51,7	18.600	100,0
1963	10.000	49,8	10.100	50,2	20.100	100,0
1964	10.400	47,6	11.400	52,4	21.800	100,0

The percentage proportions of the output of household farms as compared with the amounts of family consumption needs and with those of the utilization in household farming were the following in 1960:

Wheat, rye	3,1
Rice, sugar, oil	0,0
Potatoes	90,4
Fruit and vegetables	119,3
Wine	170,3
Bean, poppy	65,8
Fodder cereal	65,5
Rough and root fodders	26,0
Combustible, straw for bedding	28,9
Plant products, total	57,2
Animal products	<u>160,9</u>
Grand total	99,8

The weight of the household farming is not much less in the Soviet Union than in Hungary, in some branches it even surpasses the one in the latter. In the Soviet Union, however, the data of the output in the household and auxiliary farms of kolkhoz peasants, workers, and employees, are shown jointly. According to the figures of G. Shmelev the shares were the following:[#]

- the 1963 share of the household farming in the total crop production was 23,8 per cent, and it was 45,6 per cent in the total animal husbandry;

- the shares of the household-individual farming in the total output of the different products were the following in 1962 /percentage/: potato 70, vegetables 42, meat 44, milk 45, egg 76, wool 22;

- the shares of household-individual farming in the central ingathering of products were the following in 1962 /percentages/: potato 25, vegetables 27, slaughter animal 14, milk 5, egg 34, wool 15.

THE COLLECTIVE FARM OF FARMERS' CO-OPERATIVES AND THE HOUSEHOLD FARM OF MEMBERS

The position and role of the auxiliary farms that are independent of the farmers' co-operatives are no problems, and their share in the output is not significant, relatively speaking. The principal question is the relation between the household farm of the co-operative members and the collective farm. It is under discussion within and without the farmers' co-operatives.

Our economic policy is unequivocal and cannot be misunderstood:

[#]/ G. Shmelev: Economic role of household farms. Voprossy Ekonomiki, Moscow, 1965. No. 4. pp. 27-37.

the household farms of the members of the farmers' co-operative and the collective farm of the farmers' co-operative form an organic unit within the framework of the farmers' co-operative concerned. It is for this reason that we speak of the sector of farmers' co-operatives. The relevant data are shown together and separately as well.

When examining the organizational conditions of socialist agriculture, and the development of farm organization and farm management, then the question should be posed as to whether the historical experiences relating to the household farms have not given rise to some changes in respect of the original farm concept of socialist agriculture? Yes, we have to reckon with such changes.

Previously we assumed that the socialist reorganization will bring about homogeneous conditions in socialist agriculture, and the household as well as the auxiliary farms will be negligible both in time and the extent of their output, as compared with the large-scale farms. This view is reflected in the literature and in the textbooks wherein we are faced with a homogeneous large-scale structure. The different auxiliary formations were then considered as tolerated ones which did not deserve much attention and study.

This view underwent certain changes some time back. In agricultural policies of our party and state leadership as well as in the attitude of our scholars a more complex interpretation of socialist agriculture has come to prevail, and we are handling the problems of our socialist agriculture, for about a decade, with the realistic attitude which looks upon agriculture as consisting of "several sectors". What does this mean from the point of view of farm organization and farm management?

Before all it means that we consider the "co-operative sector" as a complex, as an organically coherent unit, which is not a homogeneous large-scale organization, however, but is to be looked upon as an association of the collective farm of the farmers' co-operative and the household farms, with a characteristic division of labour between the two constituent elements.

In further means that the road of development cannot be conceived as leading to an exclusive role of the large-scale production within the foreseeable future, while we tolerate for some time the household farms. This is impossible because of socio-political as well as of economic and technical considerations.

At the same time we have to bear in mind that what is involved is a transitional historical period which will come to an end when the generation brought up in traditional peasant work will be replaced by a new one, and the up-to-date technical conditions in agricultural production will have developed. By that time - and we are already on its threshold

the well-organized large-scale farm, employing up-to-date technics, will have to be capable of producing the bulk of agricultural output. The complex attitude in respect of the transitional conditions should refer to a longer historical period, with the proviso however that during this period our main task should be to expand and develop the socialist large-scale farms. We have to work hard because history does not permit a deadline which can be indefinitely postponed. The decisive thing is that the aim in question cannot be attained by way of a kind of reorganization campaign. Instead, the present agricultural structure consisting of many sectors should be developed, taking into account all its elements. Large-scale production should be developed, so that its output could make up amply the decrease of the output of household and auxiliary farms.

That this is not a subjective view, but a recognition of an objective law, is substantiated by the development of a similar attitude in Soviet agriculture, making headway in two ways. First, the repeated "rehabilitation" of household farms and a concomitant change in practice. Second, attention is increasingly focussed on smaller semi-independent units within the socialist large-scale farm. In his recent article^x M. Lemeshov formulates the concept of a trustlike organization of the kolkhozes. An important sign of the change in attitude is that the following statements of Lenin are frequently quoted: "The law of the predominance of the large-scale unit is not as absolute and simple even in industry as some may think; even there the law applies fully only when the equality of other circumstances is ensured /which in reality by no means exists always/. In agriculture, where the conditions are far more complicated and varied, the full application of the law regarding the predominance of the large-scale farm is tied up with more rigorous requirements." Further: "It goes without saying that these boundaries are not identical in the different branches of agriculture and under different social and economic conditions."^{xx}

It was a fairly long way that led to this attitude; at first, economic policy came to realize the situation, then followed science.

Subsequent to the completion of the socialist reorganization this attitude has been generally accepted in this country, and statistics are in line with this. It is a particular important element of our agricultural policy, and the party and state leadership have fought a consistent battle - they are still doing it - for enforcing this attitude. This

^{x/} M. Lemeshov: Under new circumstances. /Soviet agriculture after the plenary session of the Central Committee of the CPSU in March./ Béke és Szocializmus, 1966. No. 3. pp. 19-30.

^{xx/} Complete works of Lenin. Vol. 4. Kossuth Publishing House, Budapest, 1964.

policy has contributed to a manysided and far-reaching elaboration of the subject by the literature on agricultural economics and farm management. In turn, science and literature have contributed to the acceptance of this attitude in general. In our Institute the following main conclusions have been arrived at:

- the inevitably lasting existence of the household farms as a consequence of the objective law governing socialist reorganization;
- the planning of agricultural production in several sectors, and the targets of co-operative output to include production in household farms;
- the the extension of development plans of farmers' co-operatives beyond the collective farms, to cover the entire "council sector";
- the recognition of objective laws in the development of farmers' co-operatives, including the relationship between collective and household farming;
- the conscious examination of the co-operation between collective and household farms;
- the formulation of the proposition that the farmers' co-operative is not only a large-scale farm but a farming complex.

Simultaneously the Central Statistical Office and some regional directing organs have made progress in clarifying the attitude respecting farmers' co-operatives /examination and development of the planning of household farms, more thorough analysis of the proportions and relations between household and collective farms/. Summing up the results of the antecedents M. Tóth formulated, in essence correctly, the principle of the unity of farmers' co-operatives and household farms and the relevant consequences.

The peculiar features of farmers' co-operatives, considered by M. Tóth[§] as "uniform co-operative enterprises" consisting of collective and household farms, may be summarized as follows:

The starting-points of the appropriate conceptual definition should be that

- the most important productive force of the farmers' co-operative is the labour force which performs in general a double producing function, in that the members are working in the collective farm and in their household farms too;
- the members lay claim to the means of production, arising from collective ownership, which are needed to establish and maintain the household farms, such as the land and fodder;

[§]/ M. Tóth: The collective farm of the farmers' co-operative and the household farms as parts of the uniform co-operative enterprise. /Manuscript./

- the members of farmers' co-operatives require certain services, made available from collective means, for the purpose of their household farms /machine work, etc./.

From the foregoing it follows that the farmers' co-operative is a unit which consists of a collective farm and several household farming units /individual/, hence the household farm is a part of the farmers' co-operative as an enterprise complex.

The organizational unit consisting of one collective large-scale farm and several small household farms is a fundamental characteristic of the farmers' co-operative, the potentialities of which have not been fully explored as yet, as far as the development of our agriculture is concerned.