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AGRÁRGAZDASÁGI KUTATÓ INTÉZET
RESEARCH INSTITUTE FOR AGRICULTURAL ECONOMICS

Bulletin No 67

PAPERS ON HUNGARIAN AGRICULTURE

Special issue for the Fifth Congress of the
European Association of Agricultural Economists,
Balatonszéplak, 31 August – 4 September 1987

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RESEARCH INSTITUTE FOR AGRICULTURAL ECONOMICS

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PREFACE

The fifth congress of the Federation of European Agricultural Economists will be organized in a critical changing period of agricultural sectors of national economies. The conditions and requirements for the growth of agriculture significantly changed during the past decade. The settling of those problems is put into the focus at the congress which are to be solved in new ways, by adjusting to the expectably transforming present and future conditions. Adjustment is not an easy process but a contradictory one from several respects. A number of dimensions are yet unexplored even in the scientific research and not at all unambiguous in practical economic policies. The contrasting of the different conceptions, the getting acquainted with and the discussions about the research findings will render assistance to the furthering of research work of the task that science should suggest feasible alternatives for economy. I am convinced that in the development of agriculture we shall find the way passing on which we shall be able to surmount the difficulties and to outline the prospective future features of efficient agricultural economy.

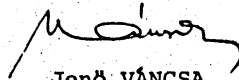
I am sincerely pleased with the fact that the congress will be organized in Hungary. We followed also the previous congresses of the Federation with keen interest. Several Hungarian agricultural economists take part in the activities of the Federation from its foundation on. But now the congress program in Hungary will offer an opportunity for the Hungarian agricultural economists to get acquainted in increased number with the approaches and conceptions of the European researchers. This should have an exhilarating effect on domestic research and should enlarge its horizon.

The congress in Hungary makes me glad also since - partly at least - I may attribute it to interest manifested in respect with Hungarian agricultural economy. The participants of the congress arriving from a great number of countries - at least cursorily - will have the opportunity to be informed about the advance, troubles

and problems of Hungarian agriculture. The congress period is short and its program is jampacked: even in the best case not more but a sample can be presented from the Hungarian agricultural research and practical experience. I recommend this publication to those who are interested in this field since they can find here a good selection of the papers of Hungarian agricultural economists, dealing with agricultural and cooperative political economic, developmental and economic political problems. Beside this the volume also allows to examine the activities of the major workshops of agricultural economic research and specifies the respective available publications in English and/or in Russian languages.

The mutual exchange of informations and the evolving of scientific discussions are furthering the research work and responsible thinking. And if research work advances then it may provide assistance for the formulating of the agricultural policies of the diverse countries - and so among them of Hungary.

Budapest, July 1987



Jenő VÁNCSA

Minister of Food and Agriculture

SOME HISTORICAL LESSONS OF THE
DEVELOPMENT OF HUNGARIAN AGRICULTURE

by

Béla CSENDES*

The socialist transformation of agriculture started thirty eight years ago in Hungary and after several breaches having drawn the lessons from the failures and having also won the favour of peasantry by means of a new agrarian policy it was completed twenty five years ago. The taking into consideration of the prevailing conditions and its effect exerted in the large-scale reorganization of Hungarian agriculture can be evaluated in historical perspectives upon the basis of reviewing the events of the thirteen years of reorganization and the lessons of the quarter of century passed since its completion and of the valuable experience gained in course of this period.

The conditions in question are manifold: they are of natural and social-political character, manifesting themselves for longer or shorter terms, prevailing in the whole country or only in certain regions or communities therein. Without taking them into consideration social-economic progress cannot be really resultful. This is increasingly true in the case of such a great social-economic transformation like the socialist reorganization of agriculture. This is a consequence of the fact that "the large-scale reorganization of agriculture is not an end in itself but it is a means and principal method of the continuous development of the agricultural productive forces and of the constant increase of the welfare of the working people and of peasantry among them".**

The fundamental importance of taking the given conditions into consideration is even more directly displayed if we are researching how the masses of peasantry can be won over to the active support of the initiatives of reorganization coming from upstairs without which the Leninian voluntary principle cannot assert itself.

*Research Institute for Agricultural Economics.

**Theses of the agrarian policy of the Hungarian Socialist Workers' Party, 1957.

The Hungarian experience gained in course of the large-scale transformation and of the 25 years which followed after that can testify the results of a reorganization and economic policy which reckoned with the prevailing conditions but unfortunately the defaults and abuses committed in the first 7-8 years of the 13 years of socialist transformation may serve at the same time - among others - also as negative lessons in respect with the serious consequences of neglecting these conditions.

*

In course of the decades preceding the second World War the outdated relations of landed property preserved from the feudalism for posterity conserved Hungarian agriculture at a relatively low standard. The number of those agricultural earners who had no land or disposed only so small estates from which they could just manage to subsist at most at the level of misery may be estimated to about one and a half million. The number of small and middle peasants amounted to half a million. Big landlords had in their ownership nearly the half of the national arable acreage. Agricultural production grew but barely in course of the first four decades of the century (the combined yields e.g. of wheat, rye, barley, oats, corn and potato increased only by about 6 per cent in course of forty years). Between the two world wars Hungarian agriculture was ranked in the back of European production. The Western countries produced two or three times as much of the major crops and animal products per production unit as Hungary did at the same time.

In the period of the second World War also agriculture suffered vast damages. The amount of damages made almost the twofold of national income derived from agriculture in the year of 1938. The most serious damages were suffered by the livestock, taking all the species and breeds of livestock into consideration the losses amounted to nearly 60 per cent.

Only the acquisition of land could present a real solution for the enormous masses of peasantry. This was indispensable for the democratic renewal of the country, too. This could open the way also for the progress of rural societies. The land reform implemented in

1945 materialized the millennial dream of peasantry. Land became the property of those people who cultivate it. Landed property and possession relations radically changed in favour of the working layers of peasantry. In an average size of nearly 3 hectares approximately 1.9 million hectares were allotted to poor peasantry from the 3.2 million hectares (representing 35 per cent of the total national territory) requisitioned for the tasks of the land reform. 650 thousand poor peasant families obtained land this way. The remaining territory - mainly forests - became propriety of the state. After the land reform peasantry to which new lands were allotted started to cultivate it under extraordinarily poor conditions with very few animals' power and being in the shortage of production means at the costs of heroic efforts. Owing to this fact the agriculture of the country could relatively rapidly be restored with success.

After the reallocation of land production grew at a rapid rate, its structure became more intensive and the quantity of the means of production increased. The former "three and a half million indigents" became human beings in a real sense and an unambiguous improvement could take place in the living conditions of peasantry.

In the years which followed the liberation of the country rapid and radical changes blew over its political life. The correct policy of the Hungarian Communist Party and its close contacts established with the masses brought perceptible results. The democratic transformation accelerated, the Parties of the Left won the majority of the votes. The nationalization of the banks, of the mines and then of the large-scale enterprises foster that of the wholesale trade started. The delirious enthusiasm, however, which appeared after the rapid and significant political and economic success led to the committing of a series of political and economic faults. One of them was among peasantry that in contrast with the previously declared tolerance the claim to establish farmers' cooperatives at a forced rate "burst in" almost from one day to the other. The sudden and pronounced gaining ground of peasant proprietorship, the well known and proved ways of enriching and peasant uprise were closed by stringent administrative and economic restrictions. The resort to force started in favour of industrialization disregarding domestic conditions or in unfounded spheres. In respect with the tasks and

with the ways to their accomplishment the schematic copying of the economic growth path in the Soviet Union served as an example for the leaders of Hungary at that time, leaving domestic conditions entirely out of consideration.

In the social-economic conception formulated at that time agriculture served as an important source of accumulation and labour needed for the industrialization. The priority of the development of industry represented a proper conception. Even in the developed countries large-scale industry and science evolved the up-to-date agriculture. The Hungarian conception was rendered unrealistic by the fact that it wished to implement industrialization jointly with the rapid increase of agricultural production and this latter simultaneously with the complete reorganization in course of one and single five years plan period.

The resources of this country were insufficient for the joint implementation of both tasks. And the simultaneous increase in farm production at a rapid rate did not represent a precondition of industrialization. An economic policy which would have taken reasonably into consideration the interests of agricultural production as well as the diligence of the new landowner peasants drawn into agricultural production by the land reform and the productive ambitions of former landowner working peasants could have presumably created larger sources of industrialization still for a good many years. An economic policy like this could have provided a more undisturbed social background for industrialization bearing anyway social tensions than the village upset by forced socialist transformation could.

But the complete socialist reorganization of agriculture was included in the tasks of the first five years plan (1950-1954). The conception was that production would grow alongside with the gaining ground of the farmers' cooperatives. On the contrary, however, in consequence mainly of the uncertainty of production caused by the transformation procedures, the growth of production slowed down in the first half of the fifties (except two years of favourable weather conditions production did not reach at the standard of the 1934-1938 years). Neither the envisaged progress of the productive forces of agriculture was implemented. Little was spent to agricultural investments and these were not efficient. Therefore investments were insuf-

ficient even to replace released labour and the peasant means of production failing in production.

The means and methods applied in the implementation of the faulty economic-political conception also led to further serious defects. A significant part of the national income produced in agriculture was pumped over to industry through the channels of the systems of taxation and prices as well as of the compulsory produce delivery to the state. The state purchase monopoly concerning the major agricultural products, restrictions introduced in the marketing of other products as well as administrative prescriptions regarding production and the own use of products were determinative for the obligatory paths of production and of trade.

When seeing the difficulties caused by the urging of unfounded socialist reorganization neither the tasks nor the methods were revised but the wayout was sought in increasing the burdens of agriculture and in the extension of the administrative control over production.

Price and taxation policies, compulsory produce delivery and vexations which accompanied this as well as the lacking rentability of farming disintegrated the traditionally close relationship between peasant and land. At first only the propriety of the rich peasants ceased to be the same as has been earlier; those people who possessed estates larger than 14 hectares were afflicted by unfavourable discrimination. The limitation of the economic and political power of rich peasants started which in a short time changed over into their liquidation as socio-economic stratum. Soon after something has happened with the lands of everybody; the consolidation of land-tracts which followed the socialist reorganization did not upset only the possession system of the individuals but also that of whole communities. The use of violence became frequent also in the organization of the large-scale farmers' cooperatives. Individual peasants could not feel safety and therefore they failed to carry out suitable dressing, did not plant perenniel cultures, left the vineyards and orchards unkept etc. Land represented social advance no more but financial security neither. Many people ceased to be attached to land, to agriculture. Land was set into motion and the peasant was as well. People abandoned their lands in an ever increasing

number. Between 1949 and 1953 1.5 million hectares of land were abandoned. A quarter of million people of working age whose majority was well experienced in farming escaped from agriculture. In certain industrial regions agriculture became almost depopulated. The simultaneity of industrialization and forced socialist transformation was followed by the consequence that peasants had not to stay by all means in agriculture. They had an opportunity to make a choice, they could go to work in industry.

The separation of peasant from his land, the changing of the usual traditional peasant way of living represents an embarrassing and painful process even in the case if it is going on slowly. But this is even more true if the changing is rapid. Changes were too rapid in Hungary and the problem was only aggravated by the fact that the importance of the diverse transitional types of cooperation were belittled. In consequence of the forced reorganization and of the omitted establishment of the necessary financial sources the majority of the newly created large-scale enterprises did not become exemplary modern ones. Deficiencies were augmented also by the fact that the burdens of compulsory produce delivery were suddenly increased after 1952 in the farmers' cooperatives too. The cooperative farms were neither exempt from the measures of the all embracing administrative state guidance and control. This all could more completely be realized here in respect with the hundred thousands of small-scale producers. State intervention was extended also to the internal life of the cooperatives. The farmers' cooperatives were managed in fact by the agencies of the state and of the Councils. The major decisions were not made in the cooperatives and still the cooperative members had to assume the risks of farming. The members did not get a pre-assessed reward for their labour but after having subtracted the costs from the financial result, the uncertain amount of the remainder was divided between the members and the diverse cooperative funds. This was uniformly prescribed in the obligatory statutes for all the farmers' cooperatives. So cooperative peasants were not really proprietors (they could not exercise decision and proprietary rights) but at the same time they were neither workers (they did not get wages, they had to assume all the risks of produc-

tion and farming activities) of the cooperatives. This situation was generally less advantageous for them than if they would be small-holders or waged workers. Those cooperatives which were formed by the former farmhands of the previous large-estates somehow accepted this but in those regions of the country where free landowner peasants were farming since several centuries these conditions were somehow accepted.

Therefore the majority of landowner peasants who entered into the cooperative continued to turn their eyes on the small-scale farm left behind in the household. In contrast with the large-scale collective farm the household plot became the main scene of peasant diligence. This was the result of the perception based also upon old traditional experience that those financial advantages cannot be belittled which derive from the fact that in the household farm the peasant himself has the possibility to dispose of the means of production, the way of production and of the products too. In the farmers' cooperatives the concert between land and available labour was not available at the same time. Labour quality also developed disadvantageously in course of this period in the farmers' cooperatives.

The political crisis which took place in 1953 led to certain revision of the economic political tasks. The enforced socialist transformation provisionally ceased to continue, retiring of the peasants from the cooperatives or even the winding up of the cooperatives were rendered possible. The number of cooperative members decreased from 300 thousand to 200 thousand within a short period and the arable acreage of the cooperatives diminished at the same rate. The burdens of agriculture were eased and more investments were allotted to agriculture. These measures somewhat reduced the tensions accumulated in agriculture. In 1955, however, new terms were fixed again for the organization of farmers' cooperatives which resulted in new resorts to violence.

Before 1956 the leaders of the country were unable to elaborate and implement an agricultural policy which taking into consideration the actual potentialities of this country and its traditions and providing also the necessary conditions could lead to the joint settling of the increase of agricultural production and of the socialist trans-

formation of the masses of peasantry in a patient manner based upon their own experience for reachingly observing the voluntary principle and the requirement of gradualness. In 1956 the share of the socialist sector fell back again but in addition to the harmful economic and political effects of the enforced reorganization also the counter-revolutionary events played a significant role in this.

We would be unjust to regard only the great and grievous mistakes made in course of the period preceding 1956. There were also achievements which cannot be belittled and without mentioning them the progress which followed 1957 cannot be correctly understood. Far reaching changes took place in the living conditions of peasantry (the cultural standard of rural population significantly raised, electricity, libraries, films and radio got through to each village, etc.). Mechanization progressed too, the use of fertilizers increased, masses of agricultural experts were trained, etc... If even slightly and slowly but agricultural production still increased and became more intensive. The socialist sector of agriculture appeared and in spite of the counter-revolution 50 per cent of the farmers' cooperatives continued to exist indicating that the socialist types of farming through out nevertheless their roots within the sphere of peasantry (mainly among the workers of the former large-estates and among the rural semi-proletarians).

*

After 1956 the new Hungarian leaders received a grave heredity from the predecessors. After the defeat of the counter-revolution the most important task of the new leaders was to consolidate the popular power. The reconstituted Hungarian Socialist Workers' Party elaborated a new policy of alliance which considered to be one of the most significant tasks to continuously intensify the alliance between workers and peasants. The first measures taken as well as the soonly elaborated new agrarian policy served this fundamental task.

A thesis was formulated in the resolution of the Provisional Central Committee of the reconstituted Party adopted in December of 1956 which reflected a radical breach with the errors of the past

and was determinative also for the new agrarian policy as follows: "By means of the creative application of Marxism-Leninism the Hungarian Socialist Workers' Party intends to implement socialism in compliance with the particular conditions prevailing in Hungary and with the present demands of history. It will not mechanically copy the practice applied in other countries on the way of constructing socialism but taking their historical experience and results into consideration it wishes to follow the particular Hungarian way of the building of socialism based upon the actual potentialities of this country."*

The liquidation of the mistakes and the new practice of agrarian policy started without delay. The system of the compulsory delivery of the produce which choked the peasants was abolished and most of those administrative prescriptions were cancelled which almost completely specified earlier what the single peasants had to produce and turned the consumption and marketing of the own products of the producers to compulsory paths. It was managed that the peasantry could freely realize its produce either to the purchasing companies of the state and of the cooperatives, to the population or to other producers. The system of contracted production and marketing was established where a fundamental role was destined to the rural purchasing and realization cooperatives. New policies of prices, taxation, credits and subsidization were elaborated which increased the interestedness of the peasants and cooperatives in production. The safety of production was furthered through the reparation of the grievances caused by the earlier forceful organizations of the cooperatives and by the consolidation of holdings, the permission of buying and selling of land up to a limit of about three hectares and the facilitations concerning land-lease. This all won almost immediately the confidence of peasantry.

At the middle of 1957 the "Agrarian Policy Theses" announcing the new agricultural policy were published. The new direction clearly expresses in them that through its agricultural policy the consolidation of the alliance between workers and peasants, the enlargement of agricultural production and the transformation of agricul-

*Resolutions and Documents of the Hungarian Socialist Workers' Party 1956-1962. Kossuth Könyvkiadó, Budapest, p.20.

ture into up-to-date large-scale socialist enterprises are considered to be its major tasks. (At that time 78 per cent of the total arable acreage of the country was cultivated by the peasants and only 22 per cent by the state farms and farmers' cooperatives.) "The transformation is to be implemented in a way - is read in the Theses - that production standard should not be diminished but rather increased in course of the transitory period."* The rate of the transformation was made dependent on whether: 1. when can the advantages of the existing large-scale enterprises be made manifest to the individual producers in respect with both production and the welfare of the members; 2. how can the state assets and other assistance needed for the establishment of the large-scale cooperative enterprises be provided for; 3. when can the diverse layers of peasantry - and mainly middle peasants - be convinced upon their own experience and by means of consequent educative activity in a correct manner and without applying force to choose the cooperative way.

The agricultural policy created and protected the production safety of the individually farming peasants and intended at the same time to encourage them to develop their farms by using their own means. Particular attention was turned to middle peasantry. Cooperative peasants and agricultural workers represented a solid support of the agrarian policy. It decided also upon a new behaviour in respect with the wealthy peasants (kulaks); the earlier practice of the liquidation of the kulaks was rejected, production was allowed for them and the way of success was not closed before their sons and daughters.

Circumspect and pertinacious work was done in order to enable the existing cooperatives to become to exemplary up-to-date intensive farms. Corresponding to the bearing capacity of the state the amounts spent for the development of agriculture (state subsidies, credits etc.) were significantly increased and simultaneously it was provided for that they should be utilized there and so where and how they can be most rapidly serviceable for the attaining of the greatest results. The machine pool and fertilizers' use of agriculture were increased. Alongside with the improving of the activities of the machine stations

*Op.cit. p.119.

the cooperatives were allowed to purchase own power machines and equipment (earlier only the machines of this stations were allowed to work in the cooperatives). By means of development the state farms became more and more the model farms of the socialist large-scale enterprises. The farmers' cooperatives were entitled to process their own products (to establish processing plants or to take over such plants from public and other organizations). Permission was accorded to them to sell their products in their own shops and market stores. The expert staff of the cooperatives was improved and a part of the salary of the experts was taken over by the state. (Earlier the functions of agronomical direction were performed by the agricultural experts of the machine stations in the cooperatives.)

Significant changes began also in respect with the inner farm management system of the cooperatives. The application of new systems of income distribution was allowed parallel with the system of work-units - which was compulsorily prescribed earlier. "These must be studied and experience gained in course of their application are to be utilized"* this was fixed in the Theses. The farmers' cooperatives became entitled to carry out certain modifications in their statutes in compliance with local conditions (in certain cases they were allowed e.g. to assess the number of livestock which can remain in the household farm).

All these changes exerted enormous effects on the farm-management of the cooperatives; the independence and autonomy of the large-scale enterprise increased, the standard of farming progressed, the proprietary feeling of the members became consolidated, the quality of management improved, cooperative democracy could evolve. The process of modernization and of becoming large-scale enterprise accelerated in the existing cooperatives. These changes, however, had also some significant beyond all that; we can realize in them the first steps toward the reform embracing the whole management system of national economy. These steps were followed by newer ones and the fact that the resultfulness of the mentioned changes was splendidly justified by life played a decisive role in making happen this not only in agriculture but also at a national economic level. The growth of ag-

*Op.cit. p.116.

ricultural production accelerated and also those conditions came soon into being which rendered possible the start of massive large-scale transformation and - in course of a few years also the successful completion of the socialist reorganization of agriculture.

*

The last and finishing phase of the organization of cooperatives began in 1959 and the socialist reorganization of Hungarian agriculture was practically completed for 1961. In course of this period the political leadership of the country puts the socialist reorganization of agriculture into the centre of the economic political efforts and therefore they could make it to be the case of the whole society. The favourable political and economic situation which came into being for that time could be embraced.

In consequence of the resultful agrarian policy in 1958 there were already 30-40 well managed exemplary cooperatives in each county of the country. For this time at least half of the small commodity producer peasants were in direct contact with one or another form of the socialist organizations (their children or close relatives were active in work-sites like that) and they could learn that one can prosper also in the socialist sector. The spasmodic attachment to peasant property also became somewhat reduced at that time (though it was true that this was motivated also by unfavourable experience gained before 1956). Changes were necessary; and it would not be advantageous if the state should have supported a disintegrated small-peasant-type growth path disposing of outdated means and having no prospect where knew from the outset that this could not be long lasting.

The resolutions announcing the last stage of socialist transformation did not include any provision for the rate of reorganization or for the term of its completion. One of the most important characteristics of the reorganization was that it could be implemented more rapidly than expected, in course of three years only.

The success of reorganization can determinatively be explained with the methods applied:

- The voluntary principle could resultfully win acceptance. The reorganization was implemented upon the basis of discussions and ne-

negotiations effectuated with peasantry, of the taking into consideration of peasant interests and of reconciling the conflicts of interests between certain groups of peasantry. (The leading bodies took immediately energetic measures against the sporadically occurring local abuses.)

- The principle of gradualness asserted itself in a form adequate with the conditions prevailing in Hungary which remained a characteristic of our cooperative movement even for the present. Simpler types of cooperation (specialized cooperatives, specialized groups etc.) were organized in certain regions of unfavourable conditions, in those dealing with particular cultures and among people who performed other particular agricultural activities (breeding of small animals, apiculture, etc.). The simpler forms of cooperatives, however, played a smaller role than expected though several of them remained having a significant part even at present and their organization continues to be considered important by the economic policy.

Several elements of the gradualness took shape also within the major types of the farmers' cooperatives. Part of them, the obligatory payment of members' land-rent, namely, the household farm, certain forms of income distribution and labour organization (work paid in proportion to yield, family cultivation, etc.) were introduced in a case of economic emergency and in order to win peasantry and later they became more and more the subjects of economic considerations. But in further developed form they remain for now and expectably still for a longer period promotive of cooperative farming.

- The correct application of the policy of alliance is outstanding among the methods of reorganization. In the life of the villages attention was turned to the respected well farming peasants who were in a key position. This is well comprehensible since the masses of poor peasants followed the lead of the middle peasants and their entering was determinative in addition also from the aspects of the financial grounding (land, livestock and equipment brought in, professional skill, etc.) of the newly established farmers' cooperatives.

In order to facilitate their entering e.g. the organization of middle peasant cooperatives was allowed. A positive factor was in the

reorganization the settling of the kulak problem. The peasants who entered into the cooperative were entrusted to decide whether they coopt the rich peasant or not. The majority of the applicants was co-opted, later those who worked well could be elected as members of the management of the farmers' cooperatives and a good many of them became in time excellent presidents there.

- It proved to be a well-tried method that already in course of the reorganization great care was taken for the inner democratism of the cooperatives. The newly established cooperatives could elect their managers at their discretion. (Intervention took place only in the case if the inner conflicts menaced the existence of the cooperative but even in these cases it was proceeded by taking the interests of the respective village and of the cooperative into consideration.) In each important problem which basically affected the cooperative members decision was made by the general assembly of the cooperative.

- Main points were formed in course of the reorganization. The method that in a village where the organization already starts there it was also finished if possible proved also to be correct. So all those people who entered already into the cooperative could be mobilized to convince those who still kept themselves apart. Another advantage of the method was that the consolidation of large land units could be implemented this way without the decline of production.

- An important political factor of the socialist transformation was that the political and economic direction turned great attention to the individually farming peasants. In connection with the reorganization the burdens of individual peasants did not increase and no favours granted to them were cancelled.

- The social welfare measures taken at that time acted also as favourable factors. The old age pension, the superannuation allowance and the health insurance of the cooperative members were settled.

- The rate of large-scale transformation which was more rapid than expected let the national economy to face serious problems. All the forces of society had to be mobilized for the end that these prob-

lems should not cause a shock. Provision made for the means (domestic industry, import) needed for the management of the new or extended cooperatives and the creation of their financial sources could resultfully be implemented only upon the basis of a uniformly interpreted and consequently realized policy. The circumspectly elaborated and consequently applied state subsidization policy represented for all the time an essential factor of the success of reorganization.

Owing to the well founded agrarian policy which took the given conditions into consideration and to the principles and methods applied in course of the reorganization the double target could successfully be achieved: at the beginning of 1961 already about 90 per cent of the country's arable acreage belonged to the socialist sector (72 per cent to the farmers' cooperatives, 14 per cent to the state farms and 3 per cent to the simpler cooperative forms). And the total agricultural products surpassed in course of the three years of reorganization by more than 11 per cent the same of the preceding three years.

*

The Agrarian Political Theses of the Hungarian Socialist Workers' Party started a new agricultural policy. Already at that time such characteristic features appeared which continued to be formulated and took more and more definite shapes in the process of transformation and in course of the following few years they became completed and enriched with new elements. Without them the increase of production and the reorganization could hardly be simultaneously implemented.

From the publication of the agricultural theses on cooperative autonomy was gradually formulated and developed. The first great step was marked by the abolition of the compulsory produce delivery to the state. Its establishment was due not so much to economic as to political conceptions and moreover did not consider originally mainly the cooperative but rather the individual peasants. The abolishing of the compulsory delivery started as first step the process of liquidating the obligatory breaking down the central plans to the farmers' cooperatives and the process of controlling and regulating through economic means.

The next measure of great importance was the liquidation of the monopolistic state property of the big machines. This reflected the perception that it is unfavourable for farming if they are not the cooperatives who dispose of one of its important means.

Under the effects of initiatives, of a "pressure coming from below" such variegated types of income distribution came into being which lead at the final to the liquidation of the work-unit system. It is a great merit of the Hungarian leading bodies that they tolerated the new forms of labour payments at the beginning and than having been convinced about the advantages they supported, encouraged them and let them generally prevail.

Household farming started in a similar way being permitted from above within strictly assessed limits and it continued to be formulated in the practical efforts of the cooperative members and became finally institutionalized in a way advantageous for both the cooperatives and the national economy.

All the above mentioned measures - and still several other new phenomena in addition - obtained their really elucidated role, their institutional form and theoretical legitimation at the middle of the sixties within the scope of the reform of economic control elaborated for the whole national economy. The reform of economic control system fetched a number of aspects from the experience formulated in the practice of agriculture since 1957 but at the same time the reform itself brought several important new conclusions in respect with the farmers' cooperatives.

The most comprehensive conclusion was that the central control of economy must be decentralized and central control should be implemented through economic means, administrative interventions into the management of the enterprises should be stopped, the independence of the enterprises should be further developed and this accelerated the liquidation of the obstacles in the way of the autonomous large-scale cooperative farming.

The discontinuance of the direct controlling role of the organs of the government and of the councils over production and management in each important field exerted a favourable effect upon the internal organization of the farmers' cooperatives and upon their connections with the agencies and enterprises of the state.

The principle was declared that equal rights should prevail everywhere and consequently in the economic and legal relationships between the cooperatives and the state enterprises.

The sphere of the cooperative property was enlarged and a Bill was enacted in 1967 about the creation of cooperative landed property. (Earlier the farmers' cooperatives were allowed to manage farming only on lands being in the property of the state or in the individual property of the members.)

All the barriers were demolished which impeded earlier the marketing, processing and servicing activities of the cooperatives. They were allowed to operate freely subsidiary plants of food industrial, processing constructing, transporting, servicing mostly with certain industrial character.

Parallel with the independent management of enterprises also the internal organization, labour and income systems of the cooperatives transformed. (From that time on gained "civil rights" profit, first costs, amortization, labour remuneration fund, circulation and reserve funds, etc. in the cooperatives.)

The guaranteed labour remuneration in cash - which was introduced already earlier in several cooperatives - received official legitimation and measures were taken for the end to establish the financial conditions for the transition.

The establishment of the financial funds needed for the independent enterprise management of the farmers' cooperatives was facilitated by the raising of the producers' prices and the cancelling of cooperative debts.

The autonomy of the cooperatives obtained a social legitimation also through the calling into being of their professional federations - of the National Council of the Farmers' Cooperatives and of their Regional Federations namely. A few years later income parity could be implemented between workers-employees and the cooperative peasantry. The systems of pension, sickness benefit and other social allowances of the cooperative members became equal to those of other members of society. These measures are of high theoretical importance: they open the way before the demolishing of the inequalities existing between the classes of society which are incompatible with socialism.

These all were of outstanding importance in the upswing of cooperative farming and opened a way for the introduction of the spirit of deliberation, readiness to activity and initiating being so significant from the aspects of social progress. They consolidated the relationship between the cooperative and its members and opened a way for the further development of cooperative democratism creating this way also the conditions needed - alongside with the material-technical advance - for the upturn of cooperative production and farming.

Under the effect of the changes which took place in the economic policy of the state the opportunities for material, human and cultural development were significantly enlarged for the cooperative peasantry.