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RENEWAL PROBLEMS OF THE
AGRICULTURAL AND COOPERATIVE POLICIES
IN HUNGARY

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INTRODUCTION

On request of the Ministry of Agriculture and Food a work team was formed in February 1988 from senior researchers of the Research Institute for Agricultural Economics to elaborate certain conceptions about the renewal of agricultural policy.

The work team was conducted by director general Béla CSENDES.

The researchers performed a critical analysis and summarized their conclusions as well as recommendations about the necessary modifications in four thematic groups. These thematic groups are the following: I. The necessity of the renewal of agricultural policy, alternatives for the growth and structural transformation of agricultural production. II. Modernization of the social-organizational-institutional system. III. The situation of the production factors in Hungarian agriculture and the major trends of their changes. IV. The economic environment and necessity to modify the regulators.

In the first thematic group surveys were prepared about the fundamental necessity of the development of property relations (by Béla CSENDES); about the potential alternatives of the growth and structural changes of agriculture (by Gyula VARGA); about the international development trends of agricultural policies (by Mrs. Irén PÁLOVICS).

Researchers working in the second thematic group prepared surveys on the development tendencies of the enterprise structure in Hungarian agriculture (László CSETE); on problems related with the renewal of Hungarian cooperative policy (János GYENIS); on the situation, role and importance of small-scale agricultural production (Gyula VARGA); on the sectoral problems of food industrial and on the necessary renewal of its enterprise structure (Márton SZABÓ); on the possible development of cooperative and integration processes, organizations and institutions which occurred in food economy (Mrs. Katalin SEBESTYÉN).

In the third thematic group papers were prepared on the following subjects: land-use, protection of land, environment protection (László DORGAI); technical development and means' supply (Mrs. Katalin SEBESTYÉN); regional problems of agriculture (László DORGAI); modernization processes, innovation, education, research and general culture (László SZENDRŐ).

The fourth thematic group dealt in surveys with the problems of planning, market relations, price system and incomes which affect food economy (Mrs. Irén PÁLOVICS); the problems of the financial aspects of agricultural policy (Mrs. K. BOTOS); the situation of the agricultural market and agricultural trade, their development prospects and the necessity to put its further progress and regulation on new bases (András ÉLIÁS, János KARTALI, Mrs. Mária O. NAGY, Ágnes OSZOLI, Tamás UJHELYI).

The surveys - based mainly on the former research results of the authors and on the critical analysis of related publications in special literature - were completed for March 1988. Discussions organized in the Research Institute for Agricultural Economics, consultations and exchange of views carried out with senior officers of the Ministry of Agriculture and Food as well as remarks suggested at the debates of the Commission on Agricultural Policy of the Ministry in May played a significant role in the final working of the papers.

The papers were published by the Institute in July in two volumes and later when their republishing seemed to become necessary then this happened in a somewhat reedited and further developed version.

The five papers published in the present Bulletin were selected from this latter version. The topicalness of the analyses of the prevailing conditions, conceptions and recommendations presented in the publication did not alter at all; the scientific conclusions published here represent the starting theses and major problems of the further development and renewal of the agricultural and cooperative policies in Hungary.

To finish with we should like to remark that No.67 of our Bulletin series (Papers on Hungarian agriculture) dealing with the historical development and analysing the situation of our food economy can be regarded as the direct predecessor of our present volume on agricultural policies but in compliance in a broader sense with the trends and nature of the readers' interest also the Appendix of Bulletin No.66 (Abstracts of the selected publications in 1987) may serve as information by supplying a bibliographical register of the Bulletins published in course of 25 years.

Budapest, December 1988

The Editors

János GYENIS

SOME RENEWAL PROBLEMS OF THE
AGRICULTURAL COOPERATIVE POLICY

1. The international and national importance of the cooperatives

The international and national importance of the cooperatives - as far mainly as agriculture is concerned - did not lessen in the second half of this century. We are not aware of any country in the world where some type of the cooperatives would not be present in agriculture.

The agricultural-rural cooperatives are resultfully operating in the advanced capitalist countries since a period longer than a century and in the developing countries they are dynamically gaining ground since the collapse of the colonial system. In the majority of the socialist countries - and we may suggest this without exaggeration - the agricultural cooperatives are experiencing their renaissance at the present: those reform processes which evolve in the societies building socialism throughout the world are accompanied with the coming into prominence and the re-interpretation of the cooperative problem.

In a way determined by the fundamental social-political relations the essentials, share, role and importance of the diverse cooperative types, forms and enterprises are different in the diverse groups of countries and social-economic formations; their development trends and internal structures are different. But each cooperative sector, basic unit, organization and institutions maintains under the prevailing circumstances its "differentiae specificaе" and adjusts itself to the changing conditions in a way where the so called "cooperative essentials": e.g. the collective nature of property and

undertaking, the democratic administration (autonomy), the mutual assistance and last but not least manifold (not only economic) services for the members and the assertion of their interest remain constant in it. This should be characteristic also for the system of cooperatives in the socialist countries and in respect with the re-interpretation of the socialist cooperatives we must start out from this fact nowadays.

When reconsidering the cooperative problem in the socialist countries moreover

on the one hand we emphasize the economic-social-political indispensableness of the cooperative movements, systems and sectors, their identity with socialism ("as long as socialism exists also the cooperative does exist" and the cooperatives "are fully coincident with socialism");

on the other hand we put the essentials and social quality of the cooperatives existing and functioning in the socialism also to their right place again: we disengage our ideology from the dogmatic and unscientific prejudices related with the cooperatives, the Marxist-Leninist theoretical theses concerning the cooperatives from the Stalinian interpretation.

Under conditions prevailing in this country we may unambiguously state that in the period of economic stabilization and evolvement, of social-political reform processes and ideological renewal the taking into account of the cooperatives - as a social-economic factor of well proven dynamizing effect - is good very seriously justified. This statement is particularly true for agriculture where the cooperative sector is of a decisive significance and of a determinative role.

In the renewal of agricultural policy therefore we pay particular attention to the formulation of cooperative policy makes an integral and essential constituent of agricultural policy. We should stress at the same time also that in the constructing of the agricultural cooperative policy - beside the prevailing particularities of the economic branch - also the taking into consideration of the basic principles of the

cooperative policy valid for the whole Hungarian cooperative system is also necessary; the concrete tasks are purposefully inferred from this synthesis.

The agricultural cooperative policy as an activity of the Party and the State can be conceived so that

- it makes part of the general policy, social policy, economic policy and agricultural policy,
- it is a complex system of those conceptions, principles, strategies, practical targets and means encouraging and assisting in the achievement of these targets which are related with the cooperative movement and with the cooperative system.

When presenting our proposals in respect with the renewal of the agricultural cooperative policy we concentrate our attention mainly for five major spheres:

- cooperative membership relations,
- cooperative types and their changing,
- cooperative autonomy (democracy),
- relationships between cooperatives and the state,
- the representation system of cooperative interests and the problematics of their further development.

2. Certain problems of renewal and further development in the cooperative membership relations

Membership relations - relationships between the cooperative people - represent the substantial of the cooperative, of the cooperative existence. (Also the institutions of the democratic autonomy of the cooperative are built upon them and this relationship system makes the criterium for the classification of the cooperatives according to types, forms and form versions.)

In the present period of our social progress the major development tendencies of our cooperative system are summarized - correctly and with a validity also for the present - in the

resolution of the XIIIth Congress of the Hungarian Socialist Workers' Party (MSzMP) as follows:

"When continuing our cooperative policy we must make efforts for the end that the agricultural, industrial, consumers' and marketing, savings and home-building cooperatives should

- better serve the interest of their members,
- improve their democratic mechanism of functioning,
- strengthen the personal and financial assistance as well as the interestedness as proprietors of the cooperative members."

a/ The principal task of the cooperative is:
to serve the interest of the members

People associate themselves for collective undertaking in order to satisfy more advantageously some of their existential (labour performance) or other economic-economic managerial, consumptional, social, cultural demands within the scope of the cooperative. Just therefore the service (assertion) of the interest of the cooperative members makes the primary task of the cooperative; this ensues objectively from the purpose, nature group proprietorship quality of each type and form of cooperation.

It is not incidental that by indicating the major tasks of the development of cooperatives the above quoted high-level Party resolution ranks the service of the interest of the cooperative members as a fundamental and outstanding cooperative task to the first place. Thereby it is also implicitly stressed that interests of the cooperative members: "fully coincide with socialism"**. They cannot be opposed to the real, synthesized

*Az MSzMP XIII. Kongresszusának határozata a párt munkájáról és a további feladatokról (Resolutions of the 13rd Congress of the MSzMP on the activities and further tasks of the Party) In: Az MSzMP XIII. Kongresszusának jegyzőkönyve (Proceedings of the 13rd Congress of the MSzMP) Kossuth Könyvkiadó, 1985. p.580. (Stressings made by the author, Gy.J.)

**Lenin: A szövetkezetekről (On the cooperatives). Complete works of Lenin. Vol. 45. Kossuth Könyvkiadó, 1975. p.373. (Stressing made by the author, Gy.J.)

interest of socialism at a superior level but make organic parts, immanent elements of it.

This way the interests of the cooperative members are integrated with the other interests of society and therefore the tasks of cooperation have a significance beyond the scope of group interests. It is both theoretically and practically obvious that the interests of the cooperative members may assert themselves only in a way concerted and synchronized with the other interests of society.

And still it is of a great ideological importance that the above quoted resolution of the Party Congress ranks the service of the cooperative members' interest to the first place when indicating the tasks of cooperative development. The cooperative renewal process whose demand does not manifest itself only on behalf of the cooperative members but also at the level of society can be implemented only so that "we give back the cooperative to the members". The primacy of the service of the members' interest should represent the fundamental problem in the cooperative renewal process.

Participation in the accomplishment of national economic tasks, of course, made, makes and will make the purpose of the cooperative too - since cooperation does not exist in the vacuum but it does within the scope of national economy - this, however, must be implemented in a way concerted with the interests of the cooperative members and moreover so that the primacy of the interests of the cooperative members should also be asserted also in the meanwhile.

For this end the cooperative can be considered, defined and regulated correctly as a social-economic community serving the satisfaction of the given demands and needs of the members by creating the real existence and concert of economic (undertaking) and social sides of the cooperative. Correspondingly the cooperative members undertake the realization of their own prosperity and they take part in the satisfaction of the needs of society, of the national economy through the service of the members' interests and through the satisfaction of their needs.

b/ The personal and proprietor participation and interestedness of the cooperative members as proprietors, undertakers and labourers

The cooperative is an association of persons and properties: the personal and proprietor participation of the cooperative members in the collective cooperative undertaking represents an important cooperative basic principle since the interestedness of the members as proprietors and undertakers is implemented subjectively and objectively through this.

Personal participation refers to the fundamental right and obligation of the cooperative members that they may and should take part regularly in the life of the cooperative as a social unit and a movement and in its economic activity. Contribution to the social and movement life of the cooperative means active and personal participation in the organizational and corporative life (in the autonomy, in collective decision making), in the education, in the diverse actions and programmes. As for the participation in the economic activities of the agricultural cooperatives this manifests itself in labour performance as far as cooperatives of producer type are concerned and in the regular making use of the cooperative economic activities (purchases, realizations) or services as far as cooperatives of small commodity producer type are concerned. A correct task is to preserve the values experienced so far of the personal participation (e.g. collectively performed labour) of the agricultural cooperative members and to further develop them mainly in the sphere of participation in the autonomy.

Financial participation is the contribution of the cooperative members in the creation, optimum utilization and increase of the cooperative property. Financial contribution augments the resources of the cooperative, enriches the content of the membership relations and involves also the personal property in the scope of cooperative farm management.

The most important types of financial participation in the Hungarian cooperatives are the following: subscription of

shares of part-shares of specific purpose, the bringing of production means (land, building, machines, equipment or other assets) into the cooperative, loaning (members' loan, subscriptions for production and for development).

In the period when the constituting of the agricultural cooperatives was implemented the most important type of the financial participation was the bringing of property into the cooperative which could be the transfer of property against indemnity (e.g. the transfer of draught animals and breeding stock, machines, equipment, buildings and other means of production) but can be also the transfer to utilization (e.g. the letting out of buildings, machines, etc., the cession of land use, etc.) against indemnity. At the time of their founding or when membership relations come into being - during the period of the socialist reorganization of agriculture - the bringing in of property as financial contribution was so to say exclusive in the agricultural cooperatives.

Personal participation raises - theoretically - less problems in our cooperatives since its importance was always respected and its further development was encouraged. As far as financial contribution is concerned, however, we not only did not attribute the needed significance to it (except the bringing in of assets) but in certain sense we even called in doubt its socialist nature (the sharing after financial contribution we did not regard as an income after labour) and therefore we restricted it (e.g. we assessed an upper limit for the financial - shares, members' loans - contribution).

A problem is raised also by the fact that the legal and economic regulation of the cooperatives which reflects the ideology considers the augmenting of the indivisible property to be justified and stimulates nothing else but this. The direct and personal interestedness of the cooperative members in the augmenting of the cooperative property is almost annulled thereby. So for example the amount of land rent to be paid after the fields (or the amount of the "obligatory land redemp-

tion" rent), the dividend paid after the shares, the "interest" paid after the contribution to production and development were limited so far at such an extent which substantially impeded the establishment of a proprietary or entrepreneurial position originating from the financial contribution. The present economic environment does not induce a proprietor's behaviour of long term considerations but a short term interestedness which does not encourage the increase and accumulation of the assets but stimulates almost exclusively a contributive participation as employee, the behaviour of the wage-worker.

In the recent years we became aware of the significance of financial contribution on the one hand and do not consider this institution on the other hand to be a "remnant of capitalism" which weakens the socialist character of the cooperatives. At present it is clear for us that no consciousness of the proprietor can function without an existence as proprietor and material (financial) contribution as well as proprietary and entrepreneurial interestedness play such a role in the establishment of existence as proprietor which cannot be replaced by anything else. The traditional types of the material (financial) participation between the cooperative members and the cooperatives (the bringing in of land and other assets) lost for the present their former importance. The types of the financial participation of the cooperative members and also the scopes of those systems of interestedness (forms of income sharing) which encourage financial participation, the augmenting and optimum utilization this way of the cooperative property are growing in number and continue to enrich alongside with the advance of the reform processes in the Hungarian cooperative movement. We are paying in the recent years already increased attention to the types of financial participation implemented through part-shares for special purposes, members' loans, bonds.

At present the following thesis is already generally accepted: one key problem of the cooperative renewal is that each

member of the cooperative should become perceptively interested in the creation, augmenting and optimum utilization of the cooperative property. This, by the way, represents also a fundamental problem of the further development of the socialist cooperative property. Property interestedness exerts, namely, unambiguous effect on the management and autonomy of the cooperative, on the relationships existing between the cooperative and its members.

Diverse proposals worthy of attention arise, arose and are coming to light for being serviceable in the establishment of the financial interestedness of the cooperative members. These recommendations are still to be pondered and verified through research and eventually through experiments. Proposals of this kind are e.g. the following ones:

- It is suggested that lands being in collective use by the cooperative but forming propriety of the cooperative members should be transformed into shares. What would be the practicable way for this needs to be made clear still in this respect.

- The idea also emerges that also in the agricultural cooperative sector an increased role should be assigned generally to the shares and a real dividend should be paid after them (e.g. proportionate with the accumulation) at the same time. The details of the possible arrangement, the rules concerning the amount of the dividend, the conditions of re-payment in the case when membership relation terminates, etc. should be regulated within the scope of cooperative autonomy.

- Proposals came into being in the respect also that for furthering the financial interestedness of the cooperative members the institution of the so called asset shares should be introduced. Here the point would be that the members would receive asset shares in proportion with the ratio of their participation in the augmenting of the cooperative property or with the duration of their membership relation and this would

provide them "usufruct" on the part of assets expressed in the shares i.e. in addition to their original shares further dividend would be assigned to them. (Difference should be made here on the one hand between the already existing - old - assets and the newly created ones and these two should be treated in different manners; on the other hand problems can be raised by the elaboration of the exact measure for the "participation in augmenting the assets"; by the inheritability of the asset share; by the assessment of the rate and amount of the dividend to be paid after it, etc.).

- The introduction of a special cooperative bond (which could be called the new type of part-share of specific purpose, profit share) can be the means for promoting the increased circulation of capital, for providing the pecuniar cooperative participation (i.e. opportunity of investing in the cooperative) of natural and legal persons from outside the cooperative (and, of course, of cooperative members and labourers). Since it would not be bound to the cooperative membership relation therefore this bond (part-share, profit share) would not be accompanied by autonomous rights but would provide suitable dividend and could form the subject of sale and purchase, its rate of exchange could be established and so it could have a function similar to that of the stocks.

Proposals can be suggested by the science concerning the financial participation and its types and these proposals can be adopted by the policy too. The concrete establishment of the interestedness relationships, however, is to be entrusted to the cooperative itself: the members should decide about the type which and the way how will be introduced by the cooperative. The task of policy is in this respect to provide the necessary autonomy and sphere of movement for the cooperatives for being able to establish independently the financial interestedness of their members. Correctly the legal regulation should formulate here only the basic principles and the most

necessary restrictions (e.g. the upper limit of the dividend rate).

And still another important condition: the elaboration and realization of the realistic assessment of land value represents an indispensable preliminary for the full establishment and efficient operation of the financial interestedness in our agricultural cooperatives. Land is the most important means of production in the agricultural cooperative; the protection of the cultivated land and the improvement of its quality is most important among all the financial problems and in interestedness. We must insist here also upon our opinion that we break a lance on behalf of the indivisibility of the cooperative landed property: the reprivatization of any cultivated land being in social property would be incorrect! This does not mean, of course, that socially proprieted land could not be let on lease to privat persons or smaller collectives for a longer period (for 30-50 years).

As far as the establishment of financial interestedness is concerned, the elucidation of the following problem is necessary: what should happen with the indivisible cooperative property in the case if the cooperative ceases to exist? What would be the organizational scope in which this property could be managed and used for economic purposes?

Attitude must be defined about this question in two dimensions:

On the one hand: historical facts prove that the indivisible cooperative property or the indivisibility of the cooperative property should not be considered exclusive, should not be fetishized. It was proven that the exaggeration of indivisibility may cease or at least reduce to the minimum the financial interestedness of the cooperative members. Therefore certain part of the cooperative property should be rendered divisible in the period when the cooperative exists and operates, but also then when it ceases to exist.

On the other hand: the indivisible cooperative property should in no case be liquidated. The indivisible cooperative

property is necessary not only for the reason because it represents an "eternal" classical cooperative category and not only because certain socialist ideological axioms were adherent to it so far but also therefore since it is the basis and the differentia specifica for the existence of each cooperative.

What can we then answer to these propounded questions? It is only that the indivisible cooperative property should be treated in compliance with the classical principle of "disinterested devolving" in the future too and after the liquidation of the cooperative (after the ceasing of its existence) the indivisible property should be used only for cooperative purposes.

Still there is the problem whether it is justified or not to provide the sharing of the former members of the liquidated cooperative in the result originated from the operation of the indivisible property and what kinds of settling can be taken into consideration in this respect?

The answer is: yes. from the "result", sharing from it should be provided, if there is result at all. (The rightful claims of the members should be satisfied, of course, from the divisible property!) In our opinion the indivisible property itself cannot be made a subject of division!

c/ The implementation of financial (property) interestedness in the income-sharing of the agricultural cooperative members

It is desirable in the collective farms of the agricultural cooperatives that the financial contribution and participation of the cooperative member should be implemented first of all there - in the relatively independent organizational, entrepreneurial unit, department, branch, plant, workshop or factory unit - where he works. So the property financial contribution, participation can be concerted with the common undertaking of a smaller collective. The purpose is, namely, that

mutual and possibly most intensive interestedness should be realized in the financial relationships existing between the cooperative and its member.

Financial contribution - as we referred already to it - has double task: on the one hand the augmenting of the cooperative assets, and on the other hand the optimum utilization of the existing assets. The cooperative assets can, of course, be augmented also through personal contributions. No doubt that the fundamental and most important source of the augmentation of the assets in the farmers' cooperatives is the labour performed in the cooperative. It is neither doubtful that in the not producer (commercial and other) cooperatives the source of the augmenting of the assets is in addition to the labour of people (cooperative members and employees) working there also that the cooperative members (who are not necessarily labourers of the cooperative) avail themselves of the economic activity, of the services of the cooperative. At present also the results of the diverse small-scale undertakings operating within the cooperatives also represent a source of the augmentation of the cooperative assets.

When we are speaking about the financial interestedness in the cooperative financial contribution - practically about the interestedness of the proprietor and undertaker - then we have the idea on the one hand that the cooperative member should be interested in the augmentation of the cooperative assets and on the other hand that the cooperative member should be interested also in the optimum utilization of the cooperative assets. At present this double interestedness being mutually closely interdependent and postulating each other is still failing in the sharing system of our cooperatives. We may create this interestedness in the case if we substantially transform the present system of cooperative income sharing.

Adequately with the new situation financial contribution needs to be renewed so that on the one hand the former forms in which the financial contribution of the cooperative members was

implemented should be enlarged and on the other hand so that we recognize the socialist nature of the incomes (sharing) deriving from the financial contribution.

We declared so far that the cooperative member is both the proprietor and the labourer of the cooperative (of the farmers' cooperative). Now here is the time to enlarge this definition: the cooperative member is proprietor, undertaker and labourer also at the same time in the cooperative.

We can realize, strengthen and further his existence and consciousness as an proprietor if he becomes financially interested in the augmenting and utilization of the cooperative assets. In both cases the financial interestedness should perceptibly manifest itself in the sharing of the cooperative member. Moreover, the term of the indivisible property should theoretically be elucidated as well as the ratios of indivisibility and the necessary conclusions must be drawn from this also in the practice.

The entrepreneurial character of the cooperative member is provided by the fact that he carries out an undertaking with all the positive and negative consequences adhering to this i.e. he accumulates and assumes risks - mainly in the cooperatives of producer type - in the undertaking in which he takes part i.e. he becomes interested in the optimum utilization of the cooperative property there, in that organizational unit (undertaking) where he works.

His character of labourer is expressed in his sharing assigned according to the quantity and quality of labour performed in the collective plants of the cooperative, in the collective labour organizations or the smaller or greater more or less separated, independent operative organizations linked with the cooperative as well as in the totality of those social and other allowances - fully equivalent but not discriminated similar allowances of other social groups - which are linked with labour performance.

In the cooperatives of non producer type the cooperative member is in most cases not the labourer of the collective enterprise but he is the user of the economic activities and services supplied by the cooperative and in this quality, on the other hand, he is interested in a use which is most favourable for him also in its financial aspect.

An important and logical step forward is made through the recognizance of activity performed in the household plots as cooperative labour performance. The extension of this attitude to each individually performed activity integrated by the cooperative would be correct also from the aspect of social policy. (It is not useless to stress here also the sociological fact that the proprietary-entrepreneurial-labourer characteristics are inseparably interdependent and assert themselves in the household plots.)

Well, the cooperative system of income sharing should reflect this above described triple interestedness of the cooperative member. We cannot say about the income sharing system of our cooperatives that it complies with this requirement.

In order to increase the real group proprietary and collective entrepreneurial interestedness as well as personal interestedness therein it is topical therefore to revalue and radically transform the system of income distribution and income sharing of our cooperatives so that it should express the essentials, the specification of differences of the membership relation, the labourer, entrepreneurial and proprietary character of cooperative membership.

3. Multiplication of the cooperative types and type versions

At present the implementation of the social and cooperative tasks, the satisfaction of the members' demands at a higher standard, the ability to better adjust to the changing conditions, the better exploitation of potentialities residing

in the types of cooperative undertaking, the establishing of financial interestedness and generally the cooperative renewal process require that the types of operation and management of the cooperatives should become even more suitable scopes for the evolution of arrangements and versions mostly adequate with their natural, economic and cultural conditions.

Concretely the point is here that the existing cooperative types and forms should become more flexible on the one hand: an actual type of cooperative should be transformable to another type, diverse type versions should exist within the scope of an actual type or several cooperative types and forms should be alloied occasionally in one and the same cooperative (e.g. an agricultural-farmers' cooperative should be entitled to create a home building cooperative, or a resort and holiday cooperative, or a crediting cooperative department within its own organizational scope, etc.);

to the enrichment of the cooperative types belongs on the other hand also that corresponding to their needs and according to their voluntary decisions - taking the cooperative principles and criteria formulated in the Bill on the Cooperatives into consideration - those Hungarian subjects who wish to cooperate may create any new cooperative type or type version. (As a very important principle should be enforced that the Hungarian cooperative movements should not be pressed to apply certain inflexible schemes elaborated by some central organization of the state!)

In the practice of cooperative policy the Hungarian cooperatives are grouped into three "branches": (1) the agricultural, (2) the industrial and (3) the consumers' cooperative branches. As far as the subject of our paper is concerned the agricultural cooperative branch is the relevant one; at the present the agricultural farmers' cooperatives, the specialized agricultural cooperatives, the fishers' cooperatives and most recently the cooperatives of the agricultural small-scale producers being under creation are grouped as primary cooperatives

and fundamental types into this category, their diverse associations, the cooperative organizations as well and to finish with also the specialized agricultural groups as simpler cooperative organizations without independent legal personality.

Differences in the standard of the agricultural productive forces - and of those existing in their scopes -, sometimes very significant differences in the natural (e.g. soil quality, configuration, climate, etc.) conditions, contradictions between the density of the population and the sustaining potentiality of their sphere of operation: these are equally characteristic for our agricultural cooperatives and their organizations. In consequence of circumstances created by these all and by other (e.g. production and cultural traditions, distance from the market, settlement structure, economic political constellation, system of regulation, etc.) reasons

- in addition to the most advanced types of production and management also the so called "traditional" production methods based on manual labour are present in the large-scale organizations together with the corresponding plant and labour organization (e.g. family cultivation) as well as with the corresponding types of distribution (e.g. labour paid in proportion to yield);

- in addition to the large-scale production and management based on up-to-date technics ("high-tec") and ("factory like") technology also small-scale production, household plots or members' farming are - at a different extent, intensity and integration in the diverse cooperatives - very important and very different systems of interestedness, types of undertaking (the relatively separated but integrated undertakings of the families or of smaller groups of the members) operating within the cooperatives are also gaining ground;

- in addition to the agricultural activity as so called "fundamental activity" also industrial, building industrial, servicing, commercial and other non agricultural activities

are going on which are from the aspect of management determinative in certain cooperatives - mainly in those existing under natural conditions unfavourable from the aspect of the present structure of agricultural production which is in several cases determined "from outside";

- the essentially various scales of the diverse cooperatives.

It is important to emphasize the taking into consideration of all these factors for the reason since very substantial structural and formal differences exist within the fundamental cooperative types determined by the legal rules, between the cooperatives belonging to the same - equal from the aspect of legal regulation - fundamental type in the practice - because of the differences of the above described and still other factors. Consequently: diverse type-versions, inner types of organization and versions of the external (market) relationships are motivated within the fundamental types of the agricultural cooperatives by the differentiated gaining ground of the factors and conditions and these are not yet legalized by the legal regulation.

We make here the remark - as critics on the cooperative law - that the present legal regulation treats very rigorously the types and forms of our cooperative system and particularly the cooperative branches, the belonging to the respective cooperative branch - to the presentation of the respective branch interests. The typization of the cooperatives according to the branches as inflexible like this, the interdiction or limitation of certain activities did not render possible that the cooperative freedom could assert itself in each branch or activity. The state monopoly of certain activities - crediting, foreign trade rights, activities of human and social purposes, the editing of books, telecommunication, etc. - is slowly loosening but the tendency is still valid in the present that the regulation impedes the transformation between the cooperative

forms of diverse types and the implementing of production, commercialization, consumption, of various services and other activities (e.g. of crediting) within one and the same cooperative scope. To create opportunity for the liberty of transformation, union, capital circulation, etc. between the diverse cooperative forms, branches and types became topical.

Adjusted to the evolution of the reform processes in our society and fitted into them a more flexible (more independently selectable) and less regulated (not so much "overregulated") cooperative typization system would be needed also in the world of the agricultural cooperatives.

In the cooperative system of agriculture can the demand be considered as most justified that types and versions of types better adjusted to the existing conditions should come into being.

a/ The particular problems of
agricultural cooperatives farming under
unfavourable natural conditions

There is a great number of agricultural cooperatives operating in this country - particularly in the so called regions of unfavourable conditions - which cannot perform resultful farming in the system of requirements concerning large-scale agriculture judged to be modern and within the scopes imposed on the agricultural (farmers') cooperatives as representants of a type or of a form. The creation, then the functioning and the subsistence of these farmers' cooperatives could be implemented even so far only by means of significant external support and if the organizational conditions of their farming remain unvaried their problems and losses will year by year be reproduced.

In the case of these agricultural (farmers') cooperatives it is already inevitably necessary that opportunity should be offered for the changing of the type where - in a way adjusted to the local conditions - based on their own decision and res-

possibility they may establish the ratio between the collective large-scale activity and the farming based on individual assuming of risk but still remaining within the scope of the cooperative and collective large-scale (farming) activity should be organized only there where it can really resultfully be performed.

So the point is here that by loosing the restrictions imposed on the traditional agricultural farmers' cooperative as a type and form - which become already unjustified for the present - these cooperatives themselves should determine the ratios of collective and individual (family) activity and farming and they should decide themselves about the way how of the two versions of farming. (This means that certain newer types or methods of arrangement should not be imposed upon them incidentally "from above"!))

Concerning this problem, however, the standpoint became chrystallized that the type of the specialized cooperatives which is already functioning in the agricultural cooperative movement as one of the possible solutions is - somewhat differing, of course, from the legal rules valid at present - suitable to satisfy this need. Therefore it seems to be reasonable that the above mentioned agricultural (farmers') cooperatives being in critical situation - based on the application of the voluntary principle - should be transformed to cooperatives similar to the specialized type.

In this case still further opportunity of simplification should be provided for the "specialized cooperative"* when com-

*The "specialized cooperative" should not be definitely equal with the specialized cooperative organizations and institutions functioning at present. Only their substance would be equal and - corresponding to the given conditions and the will of those who cooperate - besides several versions of type could occur within this one and same form (model). These agricultural cooperative types and type-versions to be establish are called "specialized cooperatives" still at the present for the end that the substance of the model, the reasonable association of collective and individual (family) farming should be expressed also this way. (The time is come, for this matter, to change also the names of the agricultural cooperative types: the name "specialized cooperative" e.g. does not express the substance of this cooperative model!)

pared to the existing specialized cooperative organizations and institutions: in the forum system of autonomy, generally in the management and direction of the cooperative, in the establishing of labour and farm organization, in the system of income distribution, in the accounting and administration, etc. Also the system of economic regulation exercised by the state in respect with these cooperatives would be adjusted to the above intentions. Generally the establishment of such a situation would be necessary in this cooperative type which creates a close and real economic interestedness in the purposeful association of the collective and individual ("member's") farming, in the personal and pecuniar contribution.

In the cooperative type established this way the principal task of the collective farm (enterprise) would be to afford assistance (integration) for the individual (family) farming of the cooperative members. The farming of the cooperative member (family) is carried out on own risk and for the relationship existing between the cooperative and the member the same could be characteristic as in the specialized cooperative: a participation with full rights in the autonomy (right to elect and eligibility, participation in decision making, etc.); pecuniar contribution; the making use of the services offered by the collective cooperative enterprise (centre) against compensation etc. The facts of the land-use relationships based on membership relation (e.g. lasting tenure and its conditions) would be decided by the general assembly of the cooperative within the scope of legal regulation.

It is already natural also in this case that beside the fundamental activity (farming) also any other non agricultural activity can be performed in the most reasonable types of farm and labour organization (wage labour, home working, etc.) within the scope of the above described cooperative type.

b/ Type versions of the agricultural (farmers') cooperatives

The changes of the present schematic types of the agricultural (farmers') cooperatives are justified, of course, not only in the case of farms operating under unfavourable conditions but also everywhere where the renewal of the present type is for certain reason purposeful and useful. This renewal process is already started and its major tendencies can be forecasted:

The opportunity of and the needs for the independence of the diverse organization units, for the establishment of different more or less independent undertakings is already increasing in the agricultural (farmers') cooperatives. Through the functioning of the organization units and types of undertaking going to become independent the agricultural cooperatives may become reformed and may base their farming partly (in a smaller or greater extent) or so to say fully on internal undertakings. In correspondence with the extent of which i.e. in the ratio of their activities and farming in which the agricultural (farmers') cooperatives are basing "partly" on the relatively independent organization-undertaking units, on the so called "profit centres" (of which also a relatively independent autonomy came into being) several type-versions may be created. Ad absurdum: even an agricultural (farmers') cooperative type-version can be established where the decisive, determinative majority of the activities can be performed in independent undertakings and the cooperative as an economic centre "only" manages, regulates and integrates the operation of the independent undertakings.

Also within the agricultural (farmers') cooperative model, of course, generally and not only in the regions of explicitly unfavourable conditions could the ratio of large-scale and of the small-scale (family) or small group farming be changed at discretion. Moreover the sphere of activities - and even of those being different from the producer type and the agricul-

tural character could continue to enlarge also in the cooperative model.

At any case when we are speaking about the colorification and enrichment of the cooperative types then we mean also that even the present "classical" types of cooperatives are going to differentiate and diverse type versions most favourable for their conditions and potentialities are coming to being in them...

c/ The cooperative of small-scale agricultural producers

Beside the large-scale agricultural enterprises as determinative factors of Hungarian agriculture also homeplot and subsidiary farming is and remains of a substantial importance. The so called household plot is practically a type of small-scale production based on the agricultural cooperative membership relation which is in the greater part integrated by the respective agricultural cooperative.

In the agricultural small-scale production, however, the number and scale of the so called subsidiary farms is more and more increasing. One third of them are congregated to specialized agricultural cooperative groups, to the associations of small-scale breeders and friends of horticulture. Relationships existing between their majority and the large-scale agricultural enterprises (agricultural cooperatives and state farms) as well as public purchaser and food industrial firms are mostly of commercial nature and as far as their organization is concerned they are not much linked with the large-scale agricultural enterprises and other firms.

The improvement of the state of organization, the increase of the integration and the development of the organization system of agricultural small-scale production - if this takes place really on the basis of mutual interests - meet the demand of the small producers. Therefore such an arrangement is justified or even necessary which offers a type disposing of legal personality for the cooperation of the small-scale producers.

One of the reasons for the independent cooperation of the small-scale producers is that in the advanced commodity producing society where the leading role is played by large-scale economic organizations of great power, there the small-scale enterprises (small producers, small-scale undertakers) are "weak in the economy"; and in consequence of their position they cannot be partners equal in rank of the small- and medium-scale enterprises. Small-scale producers are getting into a disadvantageous situation particularly in the cases when they are buying production means, are applying for credit, make use of services or when they are realizing their produce. They can eliminate or at least reduce these disadvantages only through cooperative collaboration. The possible model of the cooperation of small-scale producers should serve the task to consolidate the existence of the small-scale producer as such.

Our ideology did not consider so far this type of cooperation as one which can be fitted into socialism among other reasons therefore since according to its opinion the role of the cooperation of this type was judged as one preserving the small commodity producer relations of the small-scale producers and assisting in their further differentiation. At the present, however, we think that agricultural small-scale production based on family labour and performed mostly with supplementary activity can be - simultaneously parallel with the decisive and determinative role of the socialist large-scale enterprises - an objectively necessary type serving the benefit of the whole society in socialism particularly in the case if this undertaking is integrated in the cooperative.

Thinking this way we may draw the conclusion that the creation of such cooperatives for the small-scale producers is absolutely justified where assistance is rendered for them in the acquisitions, realization and credit supply and besides manifold services are also offered or perhaps products are also processed.

So the task of the cooperative of agricultural small-scale producers as a new form (or even a new type) of agricultural cooperation is to facilitate and coordinate the agricultural and food industrial production performed by its members in their own farms through the acquisition of materials and means needed for production, intervention for credits, collective implementing of investments and various services; to realize per procuram of the cooperative members - after collective processing if needed - the products produced. The cooperative of the agricultural small-scale producers should be entitled, of course, to perform also industrial, building industrial, commercial activities.

d/ The situation and future of the specialized agricultural groups

Several specialized agricultural groups - not disposing of independent legal personality - are operating within the scope of the ÁFÉSZ-es (General Consumers' and Produce Realization Cooperatives)* which perform production of significant scale, dispose of numbersome collective assets and have an ambition to continue their activity as independent legal persons. Correctly opportunity should be provided also for them - based on the application of the voluntary principle - to may be transformed to specialized cooperative-like cooperatives or to cooperatives of the agricultural small-scale producers. The creation of agricultural small cooperatives established after the model of the industrial small cooperatives could also be justified for them - but even for small-scale agricultural producers in general. The "specialized groups which became independent" from the ÁFÉSZ-es, of course, could have a choice whether the SZÖVOSZ (National Federation of the Cooperatives)

*The attributes and efforts described in the forthcoming are not yet characteristic for the specialized groups operating in the large-scale agricultural enterprises - e.g. in the farmers' cooperatives.

or the TOT (National Council of the Farmers' Cooperatives) or perhaps some other organization should be the representant of their interest in the future...

e/ Cooperative relations of the
Bill on the Economic Companies under preparation

During the preparatories of the Bill on Companies the problem was raised whether the legal rule should draw also the cooperatives into the sphere of regulation or not; namely: the transformation of some cooperatives to joint stock companies would be justified or not?

The responses were so far the following: the majority of the cooperative managers and of their business federations consider the transforming of the cooperatives to joint stock companies to be inacceptable. There are, however, certain cooperatives, mainly among those farms of large scale which concentrate diverse activities at the opinion that their transforming to joint stock companies would be justified since without changing the type this way the cooperatives would be in an unfavourable position in the recently evolving competitive situation where the companies coming into being would enjoy certain advantages.

At a first approach to the problem - in the lack of the suitable research results, based on our knowledge gained so far - the following opinion can be formed:

- The fact was proven that the cooperative is a favourable social-economic (proprietary) organization even in the case when the cooperative character asserts itself as defectively and in such a problematic manner. Several research results and practical experience testify that those economic advantages of the agricultural (farmers') cooperatives, specialized cooperatives, fishers' cooperatives, specialized groups which are apparent under the conditions of the socialist economic management are inherent to their cooperative character.

Just therefore we may rightfully suppose and conscientiously declare that the topical task is to consolidate the cooperative character, the real cooperative characteristics, the specification of differences of this character of the organizations in question since the key of their further progress and the condition for their social economic utility are residing here. (This, however, seems to be reasonable not only in agriculture but also in the industrial and building industrial branches, in the services, in the spheres of consumption and commerce, in the management of housing, in the finances and the fact that the cooperatives can operate most resultfully in agriculture is internationally recognized and justified also through the historical experience of the cooperative movements.)

- The joint stock company is not a cooperative! The cooperative as a social-economic form, as the particular organization and order of economic management was a negation of the joint stock company already at the time of its coming into being under the conditions of the Western European capitalism of free competition. And this is true also for the present: Those cooperative principles about the insufficient implementing of which we are calling to account - struggling for them and not fighting against them - the cooperatives (and our cooperative policy!) are diametrically contrasting with the principle of the joint stock companies. So we must make a choice between cooperative or joint stock company. In the case if we establish an economic regulation and create an economic constellation which encourages the cooperatives to transform themselves to joint stock companies then we disintegrate our cooperative system, we liquidate the cooperative property, the cooperative membership relations, the cooperative democratic autonomy and so everything through the consolidation of which socialism should be strengthened.

- The cooperative and the joint stock company can even less be "relatives" therefore since the cooperative is not only

substantially something different and of other quality but also because it is more than the joint stock company. The cooperative is not only an economic organization, not only an economic undertaking but also a social organization, cooperation is also a movement and the cooperative is the fundamental unit of this movement. In the case if we would encourage the cooperatives to transform to joint stock companies then we would deprive them of their most humanistic substantial trait, of their democratic character (of their social and cultural functions, of their mutual assistance, of the multifold expression of the interest of their members, of their democratic autonomy, etc.).

All the considerations described above do not exhaust the treasury of the arguments but they are still sufficient to make obvious that we cannot support the encouraging of the transformation of the cooperatives to joint stock companies.

At the same time we do not contradict to the necessity to establish economic companies and we are optimistic about their future functioning. Just therefore it will not be disadvantageous if the cooperatives as undertakings will participate with their capital in the economic companies (joint ventures). Certainly this will be reasonable if a regulation can successfully be elaborated about the participation of the cooperatives in the economic companies which will not curtail their cooperative interest and character. Our agricultural cooperatives hitherto already excelled in the participation in diverse economic companies...

Several people are at the opinion that since the inflexible sectoral detachment of production, processing and commercialization is the source of "eternal" tensions in the sphere of food economy therefore the implementation of the integrated cooperation established here in the form of joint stock companies can be worthy of stressed attention.

f/ The topicalness of the revision of the terminology related with the agricultural cooperatives

Obviously the content does not depend on the label... But the terminology related with the agricultural cooperatives is already outdated for the present, the denominations do not reflect the substantial content and at a certain extent they may impede progress (they render the forms more inflexible).

One of them is e.g. the term "agricultural (farmers') cooperative".

- At the present these cooperatives are already cooperatives of not only "producer (farmers')" type but an always increasing number of non productive (commercial, servicing, etc.) activities find their places within their scopes.

- Many of them perform not only agricultural but also substantial industrial, building industrial, commercial, servicing activities. These are called at present "supplementary" activities even in the case when their share in the production value, in the returns from sales, in the profit and in employment is decisive and determinative.

Based on this all it would be justified to call simply "agricultural cooperatives" those farmers' (producer) cooperatives where the agricultural raw material producing activity is determinative or to call - as this was already suggested - "agricultural-industrial" or "industrial-agricultural" cooperatives those ones where the industrial activity is substantial or determinative. Giving expression to the structure of activities also the name "agricultural-industrial producer and commercial cooperative" etc. could be used.

At present neither the name "specialized cooperative" does reflect the reality since most of them belonging to this type are not specialized for a well defined activity in correspondence with which we could call them so. Depending on their activity structure or on the ratio of small-scale and large-scale activities a more general name could be given to them. The general term "agricultural cooperative" could be en-

larged to embrace them but a name for many of them could be "the cooperative of small-scale producers for supply, commercialization and processing". Those of them, however, which are really specialized (e.g. for grape and wine production at the Hegyalja or in the region situated between the rivers Danube and Tisza) and this represents the principal characteristics of the cooperative farm may remain even "specialized cooperatives".

Neither the "fishers' cooperatives" are already of fishery character. (The share of the industrial, building industrial, commercial and other non agricultural activities amount to 65-66 per cent of their net returns from sales and to 60-61 per cent of the gross production value!) To insist on the terms "fishers" or "producer" is also unjustified here...

The term "homeplot (or household) farm" is also one of the typical vestiges of the kolkhoz model. Let us call it on its real name "the private farm of the cooperative member". And we could replace with this name also the bad and ugly Hungarian expression "tagi gazdaság (member's farm) of the members of specialized cooperatives.

The term of the so called "supplementary farm" is correctly used if the farm is really a "supplementary" one but here also the situation is that most of them are not of supplementary character. We should not be afraid from the term "private small-scale farm".

The terms, the names of course have ideological contents and these names being prevalent at the present are fitting this way as categories into a conservative and now already outdated image of socialism... But the ideological categories are adequate only in the case if they correctly reflect the objective reality; and they are inadequate at any case if they bypass the real content and if they render the processes more inflexible.

4. The development problems of cooperative democracy

The cooperative members perform their proprietary and collective entrepreneurial functions and exercise their rights of labourers within the mechanism of cooperative democracy (autonomy) and also assert their interests in this system. It is important to mention here: as cooperative relationships in general so cooperative democracy too - as a part of the whole - are definite ones; their determinants are the nature, quality and development of the general democracy in the society. Therefore we would make a serious mistake if we would form an opinion on the cooperative democracy in itself in a way torn away from its social-political environment.

As far as the situation of the cooperative democracy in Hungary is concerned we can draw in summary the conclusion that the substantial exercise of autonomy is rendered difficult because of several problems. The freedom of the cooperative members to make decisions as proprietors is significantly and in several cases wantonly restricted by the methods of regulation applied in the state control of economy which leave the cooperative particularities out of consideration. The decision making opportunities of the members in the disposal over the assets, in the utilization of the incomes, in the assessment and formulation of the balance, in the way of financing, in the establishment of external relations, etc. is limited to a narrow sphere and in addition even these decisions are very frequently formal ones. This all, of course, call forth disinterestedness among the cooperative members, interfere with the cooperative behaviour, with the identity and proprietary method and offend democratism.

The cooperative autonomy is upset and infringed similarly also by the practice of diverse bodies of the state and society intervening into the sphere of the proprietary authority (influencing of development and structural establishment, the selection and pressing on the cooperatives - and on their

business federations - of personnel for the leading managerial posts, the testing of economic reasonability at the occasion of supervision, etc.).

Similar symptoms can be observed in the legal rules concerning the professional organization. It is, namely, not the obligation to organize the performance of certain task prescribed but the creation of a job or specific organization (the creation of permanent posts for inner supervisor, labour safety manager, personnel manager, etc.).

In course of the further development of the cooperative autonomy two mutually interrelated and inseparable tasks are to be accomplished. Relations between the state and the cooperatives are to be improved on the one hand as an external condition for the assertion of cooperative democracy; and the internal relationships are to be progressed in the cooperatives on the other.

The greatest attention will be paid in the forthcomings to the development of the internal relationships of the cooperative and mainly to two problems of this: to the system of forums and to the autonomy of the internal organization units (undertakings).

a/ The modernization of the forum system of cooperative democracy

There are numbersome formal elements in the functioning of the existing institutions of cooperative democracy in this country. In the general assemblies e.g. the substantial proprietary decisions suggested by the management are - without being thoroughly discussed or without alternative recommendations having called into being - rather only accepted, approved or noted. In many cases the general assemblies should make decisions in problems which are already settled by legal rules and so the cooperative members have nothing to consider.

Experts of the theory and practice dealing with the further development of the cooperatives and the cooperatives themselves almost uniformly disapprove of the schematical nature of the cooperative autonomy system, its rigidity and poorness in types.

What is then the point here? Richness of types and forms is characteristic for the cooperative system in Hungary - de facto. Numbersome cooperative type- and form-versions are present even within one and the same cooperative type, branch or form, depending upon the nature and structure of the activities, enterprise and labour organization, differences in the system of interestedness, the scale of the cooperative, etc. These differences are determinative at such an extent and they motivate so many versions of type and form that with little exaggeration we may state: there are almost not two cooperatives which are managed under the same conditions. At the same time the Bill on the Cooperatives prescribes - with few exceptions only - one and the same pattern for the autonomy of all cooperatives: general assembly, assembly of delegates, management, obligatory commissions, president, etc.

The fact that the establishment and functioning of the democratic forum system of the autonomy is organized in all cooperatives according to an almost uniform pattern became for the present already an impediment to the creation of concert between the labour and farm (enterprise) organization and the forum system of democratic autonomy by the cooperatives.

What should then be done in the further development of the forum system of cooperative democracy? First of all: legal opportunity should be provided (by the law) for the cooperatives where based on their independent decisions a more variegated democratic forum system better adjusted to the particularities of the diverse cooperative type-versions should be established. In this variedness, of course, the institution of the general assembly - instead of or beside it the assembly of the delegates - should inevitably be maintained as funda-

mental cooperative characteristics. Similarly the election of the most important officers, their calling to render account on their activity, release (recalling), etc. and also the so called status acts (creation, liquidation, union, separating, etc.) would continue to remain within the exclusive sphere of authority of the general assembly (assembly of the delegates) of the cooperative members.

In the further development of cooperative democracy it is demanded by the cooperatives that the cooperative members themselves should be entitled to decide whether in addition to the fundamental questions the rights of making other proprietary decisions should be exercised in the general assembly or in the assembly of delegates. Primarily not the legal rules but the statutes and other internal regulations formulated by the cooperative members should play an increased role in the division of authorities between the general assembly, the assembly of the delegates and the management.

Moreover: beside the control commission and the arbitration committee the creation of other committees should be entrusted reasonably to the cooperative members. (The existence of the control commission is a fundamental cooperative characteristic: it is the organ of proprietary control; and the arbitration committee is destined for decision making in litigations between the members - and so their existence cannot be disputed.) If they want, of course, the cooperatives may create constant or temporary committees for any task. (This principle, on the other hand, should be valid also to other organs of the cooperative autonomy: the elaboration of the details of autonomy - just like that of the cooperative types - cannot be squeezed into the pattern of legal rules, place should be provided for specific arrangements and for the own decisions of the cooperative members in the establishment and operating of the internal organization.)

b/ The relative independence of the internal organization units

Another important step is in the development and renewal of the cooperative democracy - particularly in the farmers' cooperatives - the evolving of the independence of the organization units to an extent where opportunities are provided for the creation of undertakings within the cooperative. It must be stressed in this context that first of all the economic independence of the organization units should be established since without economic independence there is neither any undertaking nor any interestedness. The economic independence, of course, postulates certain proprietary rights as e.g.:

- the making use of machines, buildings, plants, plantations, enterprises, shops, workshops, etc.,
- participation in the commodity turnover in respect with certain well determined assets: acquisition, realization, management of the assets purchased,
- the distribution and utilization of the additional profit (for shares, for social and cultural tasks, for development and reserve - including also the coverage of risks).

The expression of the organizational independence of the economic unit is its autonomy. Adequate substantial tasks, sphere of authority and responsibilities should reasonably be established in this autonomy and this should embrace:

- the negotiation of an agreement between the organization unit and the management, the approval of this agreement,
- right of disposal of the additional profit (income),
- the establishment of the system of labour remuneration and sharing,
- selection of the cooperative members and employees working in the respective organization unit and the conclusion of labour contracts with them,

- election, release and replacement of the leaders of the organization unit,
- the calling to account of the cooperative members and employees working in the organization unit,
- the administration of social and cultural issues and other cases related with the living conditions of those working in the organization unit,
- eventually the elaboration of an own regulation for the organization unit.

The organization type for the autonomy of the organization units would be the members' meeting of the cooperative members (employees) working there which would elect the leaders and responsible officers for the accomplishment of diverse operative tasks and - just as the cooperative general assembly of the whole cooperative - the members' meeting of the organization unit is the leading body and the most important forum of autonomy of all the members working there.*

Obviously the autonomy of the organization units - should it be implemented in any form - should be fitted into the autonomous management system and hierarchy of the cooperative.

(Also considerations arose that e.g. the leaders of the organization unit should be - ex officio - simultaneously members of the cooperative management.)

Only certain major aspects of the further development and perfection of the cooperative democracy should be treated here, of course, and we did not mention e.g. that the hitherto well proven forums of the autonomy should be maintained and increasingly consolidated. By all means, the manifold character of the subject needs further research and means the accomplishment of very sophisticated tasks in the renewal process of cooperation.

*In this case the existence and functioning of consultations (collectives) at the worksite - which by the way brought about also substantial deficiencies - would become unnecessary.

5. Relationship between the state and the cooperatives

The activities of the state related with the cooperatives embrace in this country legislation, economic regulation as well as the performance of sectoral-professional and legal control by the authorities. These activities - based on the mutual consideration of interests - are justified and they should be continued in the future according to the following basic principles:

- The state recognizes the socialist character of the cooperatives and the fact that they and the state farms are of equal rank and enjoy equal rights; it should declare and regulate in a Bill the most important problems related with the existence of the cooperatives (their creation, transformation, union, amalgamation, liquidation); the general conditions of economic management; the internal life and external relations of the cooperatives; the scopes of the representation of their interests; it warrants the independence of the cooperatives; it respects the cooperative autonomy and the representation of interests; supports politically - and in the case of well defined conditions - also financially the cooperatives.

- The cooperatives recognize the exercise of power supremacy and economic control functions of the socialist state; the activity of the state's organs in the sectoral-professional and legal supervision by the authorities which affects the cooperatives as social-economic organizations. In respect with the state the most important obligations falling on the cooperatives are to function under legality and to take part in the satisfaction of the needs of society by asserting at the same time also the interest of their members.

a/ Problems and anomalies in the practice of relationships existing between the state and the cooperatives

Certain problems are arising in the present days concerning the relationships existing between the state and the cooperatives:

The legal overregulation and the spread of bureaucracy are characteristic; contradictions between the legal rules of higher and lower rank are frequent.

Problems are caused in the cooperative management - which render difficult or impossible the strategic considerations and behaviour - by the great number, detailed "intervention" and frequent changes of the regulators, it is a negative symptom that the regulators do not take into account the particularities of the cooperatives which are recognized by the law and sometimes even the particularities of agriculture neither.

From the aspect of agriculture as a whole but particularly from the aspect of the agricultural cooperatives the budgetary relations (supports and withdrawals) are unfavourably developing. The agricultural scissor (the gap between the prices of industrial and agricultural products) continues to open. In a significant number of the agricultural (farmers') cooperatives - mainly in the farms existing and operating under natural conditions worse than the average - these all make impossible the realization of a gross income necessary for stability and development.

The sophisticated structure and irrationalism of the accounting and data supply system appears as a problem of increasing stress which also contributes to the augmentation of the non productive personnel in the cooperatives and shifts massive - and several times unnecessary - tasks on the economist-financial-book keeper employees.

The informal interventions ("expectances" or "requests" etc. mainly at the regional levels) are numbersome in the co-

operative life and management. (The organs of the Party and of the Councils, mass organizations, business federations of the cooperatives, etc. figure among those who "intervene".)

b/ Some proposals for the settling of problems which arose in the relationship between the state and the cooperatives

In order to settle the above described problems - in close interrelation with the social, economic and political reform as well as with the renewal of ideology - the open conflicting, concerting and synthesizing of the interests are necessary, the finding, namely, of a solution where neither the reason of the state in a realistic and up-to-date interpretation nor the cooperative character and particularities are impaired.

As far now as e.g. legislation is concerned there the standpoint and guiding principles to be followed should be that

- the Bill on the Cooperatives should have the nature of a skeleton regulation and beside it only a few clear and unambiguous legal rules are needed;

- the legal rules should render possible that the cooperatives may regulate their internal life and organization system, establish the type and form of the cooperative, their autonomy and regulate all those aspects of their economic management which are not legally settled by laws with great independence, through the participation and will of their members and in accordance with their interest as well as select freely and voluntarily the most adequate type of the representation of their interests;

- legal rules of lower grade, public and other measures, "expectances", decisions, directives, circulars, guiding principles, etc. should not be in contradiction with legal rules

of higher grade and if this would still happen then the agricultural cooperative movement should be provided with due legal protection and also adequate authority should be given to the respective business federations, to the bodies representing the cooperative interests in cases like this;

- law and order should protect the cooperatives against informal interventions.

The power functions, the economy organizing and controlling activities of the socialist state should be asserted also in respect with the cooperative system but stability is needed in this sphere: first of all the substantial elements of the regulators should be lasting ones for the end that the cooperatives could plan and strategically think in safety. Moreover it is also needed that the economic regulators should take into consideration the cooperative particularities, the regulators should create e.g. equal chances in the production of incomes and in the withdrawal of certain part of them for the economic organizations of the diverse social sectors but they should respect the independence of the cooperatives and their particularities deriving from the group property in the utilization of the taxed incomes.

Within the scope of the state control of economy it is necessary that increased preference and material (financial) support should be granted by the state to those measures of the agricultural cooperatives through which they implement - with the pecuniar contribuion of the cooperative members - well defined tasks of the state (the creation e.g. of new jobs in those regions where employment troubles are present or the increase of services, infrastructure, communal supply, participation in the accomplishment of settlement development tasks, in the satisfaction of cultural needs, etc.). The case is also worthy of preference accorded by the state when the cooperating subjects assist in the implementing of public (national economic, local, regional, etc.) tasks through the foundation of a new cooperative organization.

The sophisticated book-keeping system of the agricultural cooperatives as well as the shorelessness of their data supplying obligation do not result only in a dispoiling of the cooperative independence but lead also to the fact that this way the number of the administrative personnel and the costs of operation are increasing in the cooperatives too. Therefore the emergence e.g. of a proposal is justified that if - after the hoped simplification of the data supply obligation and its new legal regulation - an organization requests information from the cooperative which is not entitled by law to do so or an otherwise authorized organization asks for such data to the supply of which the cooperative is not obliged by legal rules then this organization should pay for the data supply!

Finally also proposals are suggested that in order to complete the cooperative independence the legal supervision of the cooperatives should be performed reasonably within the sphere of authority of the courts of justice.

Therefore the most important task of the settling of the relationships existing between the state and the cooperatives is that these relationships should become increasingly creative, active and mutually positive, useful for the cause of the society as a whole and of socialism. The settling of the problems in the relationships existing between the state and the cooperatives represents one of the most fundamental conditions for the development of the inner cooperative relations, membership relations, democracy and autohomy, for the liquidation of deficiencies occurring around these same inner cooperative relations and for the enriching of the agricultural cooperative types.

6. Business federation of the agricultural cooperatives

In consequence of the economic reform processes, the renewal of the political institution system and of the cooperative sectors the cooperative independence and autonomy continue

to progress. These all demand the further development of the cooperative business federation system with a trend that the national council, the diverse association should represent the economic, social and political interests of the cooperatives still more unambiguously, resolutely and efficiently. The increased pooling and collaboration of the agricultural cooperatives may become an important resource for the renewal and progress of cooperation.

At present the political system and the central power expect that the organizations of the cooperative business federation should transmit "upwards from below" the cooperative interests after having explored, analysed, described, concerted and synthesized them. To transmit and enforce the central will is not the task of the business federation organizations. This is the task of other organizations which even exist. In our altered turn of mind recently declared on the interests, on their structure and hierarchy the opinion can well be fitted that contribution is made to the social interest, to the cause of the progress, completion and consolidation of socialism if the cooperative interests reveal themselves, appear and find the place where the conflicting, concerting and synthesizing of the diverse interests can be performed.

It is obvious that in the political system of socialism the communist party - as leading force of society and of the political system - is necessarily devoted for the synthesizing at a final end, fitting into the complex system of the society's collective interests, setting thereby to the service of the socialist development the interests appearing in society and represented by the diverse business federations.

a/ Substantial particularities of the business federation system of the agricultural cooperatives

The agricultural cooperative sector is a particular social formation, a fundamental class of our society, the class

of the cooperative peasants exists within this social-economic scope. (In our age the system of the agricultural cooperatives is - in certain sense - also the class organization of the Hungarian peasantry!)

So the business federation system of the agricultural cooperatives when representing the interests of the agricultural cooperatives and those of the members of these cooperatives represents simultaneously also the interest of a fundamental social class, of peasantry. There are some people who propound upon this basis the question whether the business federation of the agricultural cooperatives which is at the same time also the business federation of peasantry does induce or not the assertion of such interests which are conflicting with the interest of the working class? This means, namely, that the leading role of the working class within the alliance between the working class and peasantry in a traditional sense will or will not be endangered by this business federation?

When giving an answer we need to take into consideration the fact that such fundamental changes took place on the one hand in the production relations, in the class structure and jointly in the interest structure and on the other hand in the super-structural - power relations of our society upon the basis of which we may draw the conclusion: the assertion of the interests of the agricultural cooperatives and of cooperative peasantry more consequent than so far improves first of all the conditions of food production and renders this way assistance to the interests of society as a whole - and of the working class therein. If we continue to be engaged in preventing the social-economic conditions of food production to become worse than those of the industrial production and in achieving that the members of the agricultural cooperatives should enjoy equal rights with those living from wages and salaries then group interests will be asserted in a way where they would serve at the same time also the universal interests of socialism.

b/ An important task: to consolidate the movement and democratic character of the cooperative business federation system

In the further development of the representation and assertion of the cooperative interests it is essential that the will of the founders (the basic cooperatives, their members and employees; the associations and their workers as well as the small-scale producers) should prevail in the activity of the business federation organizations and the conditions and guarantees should be established for this in the spheres of personnel, institutions and work style. The social cooperative character should be consolidated and the role and position of the corporate bodies (and not of the apparatus!) should be increased in the management of the movement also for this end

The standpoint formulated by the KB (Central Committee) of the MSzMP (Hungarian Socialist Workers' Party) in April of 1984 about the tasks of the further development of the economic control system stressed already that the organizations of the cooperative business federation - which make part of our political institution system and are not economic centres or those of economic management - should increasingly be set to the service of the cooperative interests and their character of movement and corporate body should be consolidated. As emphasized also in the resolution one important method for this is: "All those competences of authorities or administration the performing of which makes the task of other public (state) organs and which disturb the practising of the protection of interests should be eliminated from the activity of the business federation organizations."*

*Az MSzMP KB 1984. április 7-i állásfoglalása a gazdaságirányítási rendszer továbbfejlesztésének feladatairól. (Standpoint formulated about the tasks of the further development of the economic control system formulated by the Central Committee of the Hungarian Socialist Workers' Party). Társadalmi Szemle. 1984. No.5. p.9.

After the formulation of this standpoint by the Central Committee the supervision and reduction of tasks of the cooperative business federations as public authorities, in administration and in economic control took place.

In consequence of the structural nature of the Hungarian cooperative system, of the absence of democratic centralism and subordination in it undoubtedly these competences of authorities, administration and economic control cannot be concerted with the social-movement character of the cooperative business federation organizations. From the aspect of those cooperatives which established and maintain their business federation organizations it cannot be indifferent whether these organizations command or assist them. It is obvious that tasks and obligations can be allocated to the cooperative only by those bodies whom the cooperative is subordinated but the cooperative is neither theoretically nor legally subordinated to the organizations of the business federation. Therefore: each tasks of authorities, administration and economic control should be eliminated from the activities of the business federations and be transferred to the competent public (state) authorities.

The changes accumulated in course of the further development of the movement and democratic character of the cooperative business federation organizations lead obviously to the idea that democracy should be increased in the election of the diverse delegates but mainly in the election and recalling etc. of the members and officers in the leading corporate bodies. The socialist cooperative democracy would be consolidated also if e.g. the president, the leading officers and the members of the national council (and equally those of the cooperatives!) could be elected, selected from among several persons on the basis of more democratic candidature by the delegates of the congresses and of the assembly of delegates in the federations elected also more democratically than at the present. The mysticism of the present system of candidating should be dispelled,

it should be made public and the delegates should be informed about the debates and different opinions which arose in the candidating committees. (At present, namely, the officers and the members of the corporate bodies are not really elected but at most the fully elaborated recommendations are only accepted, approved or acknowledged in the form as they were presented.)

It is also antidemocratic in the present system of election and impairs the cooperative character that the candidating committees receive generally a complete list which is prepared partly not by cooperative organizations but even if yes then by the officers or personnel (apparatus) of the business federation organizations. It is also worthy of consideration that in the case of the leading officers of the business federation organizations rotation should be introduced.

(The democratism of the system's functioning could also be consolidated if e.g. the essential proposals of the diverse delegates would separately be submitted to voting to the cooperative congresses and the collective of the congress would decide how the proposals should be fitted into the resolution. A method like this could significantly improve the reputation and sense of responsibility of the congress delegates.)

c/ The interest protection problem of the cooperative members

An essential characteristic of the representation of cooperative interests (of their business federation) is that "de iure"

- it represents on the one hand the interests of the cooperatives as social-economic-managed organizations and renders assistance in their operative and economic activities;

- it represents on the other hand the interests of the globality of the cooperative members, of their diverse groups and of the individual members as a movement, as proprietor, as economic actors, as undertakers and - farmers' cooperatives being in question - as labourers also.

This duality gives a content to the cooperative business federation which differs from that of all other business federations: including, namely, the representation and protection of interests of both "chamber" and "trade union" types.

There are several people among the theoreticians and politicians dealing with the cooperatives who do not consider reconcilable the protection of the cooperative's and of the members' interests, i.e. the business federation of "chamber" and "trade union" type within the business federation system of the agricultural (farmers') cooperatives.

We agree with the opinion of those who starting out from the substantial content of the cooperative membership relation think that the point is here not the expression and protection of the separated interests of the "enterprises" and the "employees" but a complex of interests which is embodied by the cooperatives and the members jointly. The protection of the individual interests of the members is first of all the task of the cooperatives. The protection of the interests, however, cannot be strictly divided into that of the collective and of individual interests. The organizations of the business federations - as a result of their intended purpose - should far reachingly assist the cooperatives in preventing any offence against the interests of the members and if this still would take place then in the performance of the possible and rapid redressing. This sphere of duties cannot be regarded yet as perfectly established and so neither its methods nor its procedural rules are settled so far. The influences e.g. of which the federations dispose in respect with the cooperative legal advisers and cooperative legal assistance could well be used for this end.

By asserting more consequently the protection of the interests of the cooperative members as labourers, of course, those institutions (cooperative arbitration committees) and forums of autonomy which played also hitherto a role in the ruling upon disputes questions among the members can and should

be till used well - or even better - in the cooperatives. The protection of the interests of the cooperative members (including also the protection of their interests as labourers) cannot be put under the care of extra-cooperative bodies since this would violate the cooperative principles and weaken the co-operative character of the cooperatives.

d/ Voluntary principle, richness in types and independent choice in the representation of cooperative interests

The business federation system of the cooperatives was organized upon a territorial (regional) basis and this organization system became inflexible. The demand is increasingly strengthened for the present that the cooperative business federations should represent and protect also professional branch interests.

The justification for the exploration, formulation and representation of the particular professional branch interests is provided by the fact that particular professional interests (the interests of dairy farmers, pig breeders, grain producers, viti- and viniculturists, horticulturists, small-scale producers, etc.) do exist even in the agricultural cooperative sector.

At any case this problem was put on the agenda and diverse committees - e.g. the Committee for Crop Production of the TOT, the Committee for Animal Husbandry of the TOT (TOT = National Council of the Farmers' Cooperatives) - are created within the scope of the national council. This, however, does not settle completely the representation of the sectoral interests. At present the changes taking place in the social-political-economic environment as well as the advancing reform processes render necessary the more complete expression of the diverse elements in the structure of cooperative interests. The changes - the progress - of both the cooperative system and the political institution system demand the occurrence and functioning

of more independent, variegated business federations of the cooperatives which are even in competition with each other.

We may accept as starting basic principles that

- the joining of the cooperatives to the existing and already functioning business federation organization should be rendered really voluntary;
- it should be made possible for the cooperatives to create freely sectoral (professional branch)
 - or other - business federations, occasionally cooperative centres for the representation and protection of their particular interests;
- the cooperatives could join on the basis of their independent choice to the business federation organizations rich in types established this way (perhaps even to several federations and centres too);
- the business federation activities could be integrated by the TOT at a national level.

In course of the further development of the federation system also national sectoral (professional branch) federations could be established, organized, of course, from below upward. In this case a cooperative existing in any region of the country could join, as needed, to one or more national sectoral (professional branch) federations.

Life put on the agenda that the distinct representation of the interests of the small-scale producers should also be settled. The problem is here twofold again.

It is on the one hand that the agricultural business federation organizations represent first of all the interests of the "collective farms" and perform the representation of the distinct interests of small-scale producers (cooperative members, household plots, specialized groups, cooperatives of small-scale producers) integrated in the cooperatives only as a "supplementary activity". (We can speak here about "distinct" or even "separated" interests since commodity and financial re-

lations are increasingly gaining ground in the collaboration of the small-scale producers - in their cooperation, integration - with the collective farms.)

It is also a problem on the other hand that a significant number of the small-scale producers (the majority of the supplementary farms) are not yet in connection with the cooperatives. Who should then manage the protection of their interests?

Based on the resolution of the xth Congress of the Consumers' Cooperatives - as recommended by the Presidium of the SzÖVOSz (National Federation of the Cooperatives) - a decision was made by the terms of which County Commissions of the Agricultural Small-Scale Producers and Specialized Groups well created in each county in 1987 and also the National Committee of the Agricultural Small-Scale Producers and Specialized Groups was established. This can be one of the possible settlements... But unrelated with this the small-scale producers should be entrusted with the creation and operating of other business federation organizations - incidentally also within the scope of the TOT - which are of an independent federative system.

The cooperatives, the cooperative members, the diverse groups of the agricultural small-scale producers demand that the business federations should exert an increased influence on those decisions of the government where they are concerned; the activity of the business federations should have greater publicity; the legal status of the cooperative business federations (those of the small-scale producers) as well as their partnership relations with the diverse organs of the state should be regulated in legal rules of higher grade, in laws (perhaps in the Constitution); the transmitting role of the business federation system should be abolished.