

ISSN 1020-1211

CENTRAL AND EASTERN EUROPE AGRICULTURE IN TRANSITION

2

# Reorienting the cooperative structure in selected Eastern European countries

Report of the workshop



Food  
and  
Agriculture  
Organization  
of  
the  
United  
Nations

ISSN 1020-1211

CENTRAL AND EASTERN EUROPE

AGRICULTURE IN TRANSITION

2

# Reorienting the cooperative structure in selected Eastern European countries

Report of the workshop

Gödöllő, Hungary  
21-27 June 1992

FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED  
NATIONS Rome, 1994

The designations employed and the presentation of material in this publication do not imply the expression of any opinion whatsoever on the part of the Food and Agriculture Organization of the United Nations concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries.

M-03

ISBN 92-5-103431-1

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying or otherwise, without the prior permission of the copyright owner. Applications for such permission, with a statement of the purpose and extent of the reproduction, should be addressed to the Director, Publications Division, Food and Agriculture Organization of the United Nations, Viale delle Terme di Caracalla, 00100 Rome, Italy.

© **FAO 1994**

## TABLE OF CONTENTS

1.	Introduction	1
2.	Workshop Procedures	2
2.1	Workshop Arrangements	2
2.2	Workshop Documents	2
2.3	Conduct of the Workshop	2
3.	The Global Situation of the Cooperative Movement	3
4.	Present Situation of Agricultural Cooperatives in Central and Eastern European Countries	6
4.1	Poland	6
4.2	Hungary	10
4.3	East Germany	13
4.4	Yugoslavia	16
4.5	Albania	17
4.6	Bulgarie	19
4.7	Czechoslovakia	21
4.8	Romania	23
4.9	Slovenia	25
5.	Open Forum Discussions	27
6.	Conclusions	31
Annexes		
1	List of Participants	35
2	Agenda	38
3	Timetable	39

**REPORT OF THE  
WORKSHOP ON THE REORIENTATION OF COOPERATIVE  
STRUCTURES IN CENTRAL AND EASTERN EUROPE**

**GÖDÖLLÖ, HUNGARY  
21-27 JUNE 1992**

**1. Introduction**

1.1. The Human Resources, Institutions and Agrarian Reform Division of FAO has been engaged for many years in establishing and strengthening agricultural cooperatives in developing countries. The recent political changes in Central and Eastern Europe have prompted the Division to expand its activities in cooperative promotion to the countries of this sub-region as well. As a first step, the Division initiated, in 1991, the preparation of case studies on the reorientation of the cooperative structures in four of these countries. As the studies became available the Division felt a need to review their findings and discuss ways and means for improving the performance of agricultural cooperatives by converting them to voluntary, self-controlled, member-oriented institutions. The Cooperative Research Institute of Hungary agreed to organize, together with the Human Resources, Institutions and Agrarian Reform Division, a Workshop on the Reorientation of Cooperative Structures in Central and Eastern Europe.

Concurrently with these activities of FAO, the ECE Committee on Agriculture, at its forty-second session in March 1991 "instructed (its) subsidiary bodies to devote special attention to problems of economies in transition". For this reason, the new FAO/ECE Working Party on the Economics of the Agri-food Sector and Farm Management at its first session in October 1991 accepted the invitation of the Government of Hungary to organize a Workshop to discuss the "Specific Problems of the Transformation of Collective Farms into Viable Market-oriented Units".

In view of the similarity of the two activities, it was decided to combine as far as possible the two meetings, particularly the opening and closing sessions, as well as the field trip. The combined Workshop was held at the University of Agricultural Sciences in Godollo, near Budapest, Hungary.

1.2. The Workshop on the Reorientation of Cooperative Structures in Central and Eastern Europe had the following objectives:

- to assess the present situation of cooperative societies in Central and Eastern Europe and to analyze strengths and weaknesses of different types and identify within these cooperatives the role of members with regard to such cooperative principles as voluntary membership, democratic control, self-management, etc.

- to identify possibilities for reorienting existing cooperative structures with a view to transforming state-controlled cooperatives into member-directed bodies through diversification and increased services for members, and
  - to make recommendations on relevant policies and programmes and future technical assistance needs.
- 1.3. The Workshop was attended by 20 specialists on cooperative development from Albania, Bulgaria, Croatia, Czechoslovakia, Germany, Hungary, Poland, Romania and Slovenia. Two representatives of FAQ and four observers also participated in the Workshop. (A list of participants is attached as Annex 1.)

## 2. Workshop Procedures

### 2.1 *Workshop Arrangements*

The Workshop was sponsored by FAQ and organized on its behalf through a Letter of Agreement by the Cooperative Research Institute of Budapest, Hungary. The Institute was responsible for issuing the invitations on behalf of FAO, arranging travel and accommodations and providing meeting facilities. In addition, the Institute prepared the final report of the Workshop. Workshop participants were all from ex-socialist countries and had been invited in their individual capacities.

### 2.2 *Workshop Documents*

Four country case studies, commissioned by FAO, had been prepared on reorienting the agricultural cooperative structures in East Germany, Hungary, Poland and Yugoslavia. These papers had been sent to the participants prior to the Workshop and were presented by the authors at the Workshop. In addition, the participants from Albania, Bulgaria, Croatia, Czechoslovakia, Slovenia and Romania made oral presentations supported by hand-outs on the situation of cooperative development in their respective countries.

### 2.3 *Conduct of the Workshop*

The Workshop lasted six days, from 21 to 27 June 1992, as scheduled. The official language of the Workshop was English. The Workshop was held in plenary sessions and in joint meetings with the Workshop organized by the FAQ/ECE Working Party on the Economics of the Agri-food Sector and Farm Management on "Specific Problems of the Transformation of Collective Farms into Viable Market-oriented Units". The participants of both Workshops had combined meetings during the opening and closing sessions, and they were together during the cultural programme and the excursion to agricultural production cooperatives, but otherwise the two groups met separately.

The joint meeting of the two Workshops was officially opened by Mr. Sándor Elek, Deputy Secretary of State for Agriculture, Mr. Károly Kocsis, Rector of the University of Agricultural Sciences and Mr. Csaba Székely, Dean of Agricultural College. A welcome address on behalf of FAO was delivered by Mr. Hans Meliczek, Chief, Rural Development Analysis and Organization Service.

The first substantive item on the agenda of the Workshop on the Reorientation of Cooperative Structures in Central and Eastern Europe was the presentation made by the representative of FAO on the report of the United Nations Secretary-General to the General Assembly entitled, "The Status and Role of Cooperatives in the Light of New Economic and Social Trends". This was followed by presentation of the four background papers and six country statements. After this, open-forum discussions took place. The Workshop arrived at a number of conclusions which were presented at the joint closing session with the FAO/ECE Workshop. During the last day of the Workshop, the joint group made a field trip to two agricultural production cooperatives at Tápiószentmárton and Nagyróde, which were undergoing structural adjustments. (The Agenda and the Timetable of the Workshop are attached as Annexes 2 and 3.)

### 3. The Global Situation of the Cooperative Movement

The global situation of cooperatives is dealt with in a comprehensive and detailed manner by the above-mentioned report of the Secretary-General of the United Nations. The report, based on a global survey prepared by the COPAC Secretariat, reaches a series of conclusions, some of which are summarized below:

- 3.1. The potential contribution of cooperatives to national economic and social progress appears to be a promising option for Governments to examine, especially where confronted by very severe problems of structural transformation. The economies of all of the advanced market-oriented economies, which are fully acknowledged to be "mixed" in the sense that there exists a substantial partnership between public and private sectors, are also "mixed" insofar as cooperatives constitute a significant and successful element of the private sector, and hence of the national economies. Cooperative business enterprises play a key role in the private sector, especially in agriculture, where they are often dominant. These facts argue forcibly for giving greater prominence to cooperatives as a means of contributing to economic restructuring and social progress in the countries of central and eastern Europe and the Commonwealth of Independent States, as well as in many countries in Africa, Asia and Latin America.
- 3.2. Organizations of farmers, including agricultural cooperatives, are key institutions in the revitalization of agriculture and the development of rural areas, and hence to economic revival. Their role appears often to have been given less attention by Governments and international agencies than they deserve, and consequently their potential has not been fully utilized.
- 3.3. Reorganized and modernized agricultural supply and marketing cooperatives in central and eastern Europe and in the countries of the Commonwealth of Independent States can play a vital role in the future efficiency of agriculture, often vital to successful economic transformation.

- 3.4. Savings and credit cooperatives ("credit unions") have the most dynamic growth of all cooperatives. They have a strong potential for mobilizing local savings and providing credit to members - particularly important in apparently capital-scarce conditions - thereby encouraging thrift and entrepreneurial activity and stimulating local multipliers. They appear to be capable of making a significant contribution to the solution of financial problems facing the countries now engaged in transformation from centrally planned to market-oriented economies.
- 3.5. The economic importance of cooperatives appears not to have been reflected sufficiently in the attention devoted to them by the international community. More systematic and coordinated scrutiny by the appropriate bodies might serve to ensure that the potential of cooperatives to contribute to economic and social progress is more fully considered in the formulation of international economic strategies and in the undertaking of comprehensive international assistance programmes.
- 3.6. The primary purpose of a cooperative is to serve as a means of achieving the economic goals of its members, and it is not possible, particularly in current difficult economic circumstances, for cooperatives to assume such additional responsibilities as provision of social programmes unless these are decided upon by members in order to meet their own needs. Respect for this basic condition, however, does not detract from the recognition that cooperatives, by their very existence, contribute to the achievement of broad goals of social progress.
- 3.7. Most categories of cooperatives, but particularly agricultural and consumer cooperatives, are able to make significant contributions - and often more effectively than other types of enterprise given their member-controlled character - to ecologically rational and sustainable development.
- 3.8. Governments, supported by all relevant parts of the international community, should give renewed attention to the mutual benefits of more effective involvement of women in cooperatives.
- 3.9. The countries of Central and Eastern Europe and of the Commonwealth of Independent States, as well as those in Africa, Asia and Latin America also engaged in transformation from centrally-planned to market-oriented strategies for societal management, share a serious problem: the establishment in the past of certain types of cooperatives, created from the top down without the genuine participation of members. For this reason, new Governments and potential members have tended to reject cooperative enterprise. However, the experience of market-oriented countries shows that strong cooperatives in certain sectors of the economy are an essential feature of the social structure. Consequently, establishing vigorous true cooperatives counts among the principal means whereby economic and social problems might be resolved. In these countries there exists a significant gap between the concepts of cooperation held by the majority of citizens - usually concepts which are entrepreneurially dynamic but at the same time embedded in wider social and cultural components of indigenous culture - and the perceptions of cooperation which have characterized the state sector. Consequently, it would appear important for their long-term development that these societies find ways to encourage a new and spontaneous development of cooperatives from the indigenous base of society. It would appear useful that an international



programme of research be undertaken to promote and support such efforts.

- 3.10. Particularly in the context of privatization of state-owned property, and also in the context of the formation of cooperatives in conditions of poverty, illiteracy and lack of managerial experience on the part of cooperators, questions of the rights of individuals to association, and of the legal status of cooperatives as enterprises, (particularly in regard to property ownership) appear to be not yet adequately resolved. These problems impede the effectiveness of cooperatives and the realization of their potential contribution to human progress.
- 3.11. Political recognition of the importance of cooperatives in economic and social development is already very substantial: the cooperative form of private enterprise has been considered of high importance in national affairs of countries. However, there is still an insufficient awareness of the very substantial economic and social weight of cooperatives throughout the world, of their success in adjusting to varied and often hostile societal environments, and of their contribution to the achievement of the personal objectives of millions of individuals, their families and their communities, and to national economic and social progress.
- 3.12. A major effort is required to assist national cooperative organizations to improve their data base and to further develop an international information and research network.
- 3.13. Notwithstanding current difficulties, it is noteworthy that there is a highly successful degree of collaboration between national, regional and global cooperative organizations, donor Governments, and both regional and global intergovernmental organizations, including notably the relevant specialized agencies within the United Nations system, in assisting cooperatives and in supporting governmental efforts to establish favourable environments for their development.

#### **4. Present Situation of Agricultural Cooperatives in Central and Eastern European Countries**

In the transition from centrally planned to market-oriented economies, the countries participating in the Workshop are today experiencing radical systemic transformations in all economic sectors. Within the agricultural sector, despite important differences from country to country, they face a host of common problems and opportunities. The future of agricultural cooperatives in this region might fairly be classed as both problem and opportunity.

The "collectivization" of agriculture by the former socialist governments had varying degrees of success. In Hungary and East Germany, collective farms ultimately embraced most of the agricultural land. In Poland and Yugoslavia, in contrast, peasant farming remained the dominant form of production. In any case, the task of restructuring agriculture - from input supply to production, from processing to marketing and distribution - is a complex one. It calls for a careful approach which is sensitive not only to the new market conditions but also the needs and rights of farmers, absentee land-owners, former land-owners, and rural populations. As demand for agricultural products remains low, production will have to be reduced. In some cases, food security may be threatened during the transition period. A more likely danger, however, is large-scale rural unemployment.

The transition to private ownership and enterprise in the agricultural sector of all four countries is only in its initial phases, with governments, farmers and potential entrepreneurs still uncertain as to the best course of action. Policy and legislative work is far from complete, and much will depend on the implementation of decisions regarding property rights.

In the present transition phase, a great deal of emphasis has been placed on the settlement of property rights. Yet, the privatization of land by itself will not be sufficient to create a dynamic and profitable agricultural sector. As small-scale farms confront harsh market conditions, they will have to arrange to buy fertilizers and seeds, gain access to machinery, process their produce, find markets. The transition years represent an opportunity for farmers to build true cooperative networks oriented toward meeting their needs. It is only a matter of time before traders, wholesalers and other middle-men appear on the scene, ready and willing to provide the same services at higher prices. Already in a weak position for competing with Western European farmers who are generously assisted through subsidies and price supports, small-scale farmers in the East need whatever advantages they can get to increase their efficiency and reduce production costs. Cooperation can offer such advantages.

##### *4.1 Poland*

Poland has a large and deeply rooted private farm sector. Private farms comprise over 76 percent of the cultivated area, state farms 20 percent, and collective farms account for the remaining 4 percent. About one third of the nation's human resources are engaged in agriculture. Sixty percent of the country's total land area is arable (18.7 million ha.), for a ratio of 0.5 ha. of arable land per person. Polish agriculture is characterized by a relatively low use of chemical fertilizers and pesticides, and yields are lower than those in France, West Germany, or even Hungary or Czechoslovakia. However, the country as a whole is nearly food self-sufficient.

Despite more than four decades of communist rule, and the accompanying drive for collectivization and centralization, the agricultural sector in Poland preserved private ownership and a market orientation to a greater degree than in other East European countries. While most of the population became involved in cooperatives of one type or another, small-scale private farming persisted, and agricultural production cooperatives (collective farms) never enveloped a great portion of the country's agricultural land.

While the collectivization drive in Poland did not succeed in reaching its objectives, it brought striking changes to the agricultural sector. The period 1945-1985 saw a significant development of the cooperative sector, particularly in terms of membership. Cooperatives assumed a monopoly/monopsony role in the provision of inputs, purchase and processing of agricultural products, deposit and credit activities in rural areas, provision of marketing and other services, and housing. They also played a major role in training and education, in organizing cultural and sporting events in local communities, and in creating new jobs and rehabilitation for the disabled.

In 1989, at the beginning of the transition from a centrally planned to a market economy, Poland had more than 15,000 primary cooperatives - mostly service-oriented institutions, not production cooperatives - with some 15 million members. However, only a small portion of members were actually employed by cooperatives. In 1989, the cooperative sector employed 1.8 million people or 14 percent of the labour force, and contributed 11 percent to Poland's GNP. These primary cooperatives were affiliated with 400 regional unions, which in turn belonged to 17 different central unions, each of which was responsible for a different cooperative sub-sector. Several distinct types of primary cooperatives are found in Poland's agricultural sector.

Peasant self-aid cooperatives originated in 1948 when a number of agricultural and marketing cooperatives were merged to form "Peasant Self-Aid Supply and Marketing Cooperatives" in rural areas. This type of cooperative is organized to meet the needs of both farmers and rural consumers, providing agricultural inputs and food and consumer goods. They purchase agricultural produce and handle wholesale and retail trading through a network of warehouses and over 70,000 retail outlets. In addition, they engage in food processing and operate restaurants, bars, cafes, bakeries, soft drink factories, grain mills, animal feed plants and transport services.

Dairy cooperatives set up after World War II, were dissolved in 1951 when the dairy industry was nationalized, and reestablished in 1958. Their main role is to organize the supply of dairy products to the urban market. Dairy producers are affiliated with 48 local dairy cooperative unions, which operate 10,000 milk collection points and own 700 production units of various types. At the local level, dairy producers also belong to Peasant Self-Aid Cooperatives.

Vegetable and fruit growers and honey producers belong to horticulture cooperatives. These organizations provide inputs, purchase raw produce, and handle processing and marketing. As of 1988, there were 140 such cooperatives affiliated with the Central Union of Horticulture Cooperatives. Approximately 1,600 cooperative banks provide savings and credit services for agricultural and household use. In their form and operation, they are regarded by the rural populations they serve as truly cooperative. Agricultural circles provide services for agricultural mechanization, transport and construction, particularly for small-scale farmers. They operate about 2,000 servicing units around the country.

The agricultural production cooperatives are essentially collective farms. Today, these number about 2,240, employ some 190,000 individuals and cultivate 700,000 ha. of land. In practice, at least until recently, they carried out the orders of the central authorities. Their productivity was comparable to that of state-owned farms.

The Polish farm sector now needs to adapt its level of production to correspond with market demand. With the recent elimination of subsidies, tax preferences and price supports for agriculture, food has become expensive for consumers and domestic demand is down. Export potential will require time and effort to develop, and much depends on international trade agreements outside the control of the sector. In most cases, reductions in the level of production will be necessary. While this will certainly result in unemployment in the agricultural sector, the situation may be less severe than in neighbouring countries undergoing similar transitions. Eighty-two percent of agricultural labour is involved in small-scale, private farms, while state-owned and collective farms employ 11 percent and 4 percent, respectively.

In early 1991, the Polish government adopted an amendment to the Cooperatives Law with two important provisions. First, it called for the election of new representatives in all primary-level cooperatives. Second, it liquidated all regional and national unions of cooperatives and ordered the sale of all their assets. This amendment was improperly implemented and led to a number of problems. Few cooperative members participated in the elections and as a result there was very little change in representation. Low voting participation was attributed to farmers' mistrust of the process and to the well-known wage-worker attitude of the farmer toward his cooperative. In the past, cooperative unions were liquidated and none existed until mid-1991, thus depriving primary-level cooperatives of support services and advice during a crucial period of change. Since the liquidation, there has been no regional or national coordination. The Supreme Cooperative Council, created by law in January 1990, is not functioning due to nonacceptance by primary-level cooperatives.

The process of restructuring of the cooperative sector was introduced with the objective of restoring to agricultural producers and the rural population the cooperatives which had been taken over by the socialist system. So far, however, the interest of members in the future of their own cooperatives is extremely low. Producers and villagers either are simply not interested in private-sector cooperative farming, or they still do not believe that the cooperatives' assets will ever really be transferred to them.

Nevertheless, there are indications that the cooperative idea is still alive in Poland and that there is a readiness to reorganize the movement. After the limitations and inhibitions of recent decades, however, there is an urgent need for renewal of rural cooperatives and other forms of farmer cooperation. Cooperatives have the potential to create local markets, economic infrastructure and conditions enabling competitiveness. They can introduce elements of democracy and social solidarity into the community. They can contribute to the creation of small and medium private enterprises through support to the activities of economically weaker units. The cooperative banking sector in particular has great potential for developing industries which support agriculture and related activities. In addition, cooperatives could introduce training and cultural activities to meet the needs of specific social groups.

The legislative work required for a full transformation of the cooperative sector has yet to be completed. Inadequate legal regulation in the period since the amendment came into force has brought about the transformation of many cooperative societies into shareholder firms. Until a complete legal framework becomes clear, it is likely that many small-scale farmers and cooperative members will hesitate to make changes that bear directly on their families' economic well-being.

A revival of Polish cooperatives on the basis of genuine cooperative principles will depend on a restoration of members' ties to their cooperatives. In this process the role of the state should take four forms: 1) legal regulation, 2) supervision, 3) establishment of forms of cooperation between the state and the cooperative sector, and 4) specified assistance to cooperatives.

It can be assumed that in Poland the existing structure of the agricultural sector - predominantly individual farms, plus a significant contribution from state and collective farms - will continue in the foreseeable future. But certain changes will take place, including a degree of decentralization of the state farm sector. Increasingly modern and high-performance agriculture - both on small-scale farms and on collective and state farms - will coexist with the more traditional small-farm sector for some time to come. Rural cooperatives may tend away from agricultural production and toward non-agricultural activities, to which they seem better suited. Other possibilities for the development or expansion of rural cooperatives include provision of services for agricultural producers' households, provision of high-tech equipment and skills for specialized production, and solutions in the search for leisure time. Agricultural production cooperatives (collective farms), may have to reduce the scale of agricultural production and increase non-agricultural activities.

## 4.2 Hungary

In Hungary, the overwhelming majority of agricultural cooperatives are farming (production) cooperatives. These collective farms dominate Hungarian agriculture, controlling 70 percent of all agricultural land as of 1989. In 1990, there were 1,268 such enterprises, each covering an average of 4,000 ha. and employing on average 377 individuals. State farms accounted for 15 percent of agricultural land. In 1990 there were 171 state farms, averaging about 7,000 ha. in size and employing 850 people each. The remaining 15 percent of Hungary's agricultural land is operated under some 1.5 million small-scale farms, and about 550 private enterprises of various types. Small-scale farms contribute over one-third of the country's total agricultural output, producing largely vegetables, livestock and flowers. This category of farm includes "household plots" within collective farms, the analogous "auxiliary farms" of state farm employees, and the "member farms" within special agricultural cooperatives. The small-scale farming sector has grown significantly in the 1980s, and it is increasingly commodity-producing in character. The overwhelming majority of small-scale farms involve the owners on only a part-time basis.

Agriculture is extremely important to the Hungarian economy, though the numbers employed in the sector have been falling rapidly for over a decade. The sector as a whole employed about 17.4 percent of all economically active persons in 1989. Hungary is food self-sufficient and is a large agricultural net exporter. In grain and milk production, yields approach those of the most developed countries. The level of performance of Hungarian agriculture compares well with international standards.

Hungary's agrarian structure is dominated by collective farming, but a number of other organizational forms are also important to note.

State farms were established in the course of a land reform in the period 1945-1947. The communist regime regarded these state farms as models for production organization as well as technology. Some of these farms played a leading role in technological development and the advancement of production methods. Most, however, became straightforward large-scale enterprises owned by the state.

"Cooperative" collective farms had three characteristics that made them unique to Hungary. First, during the formation of these farms, member farmers turned over their land but maintained legal title to it. Second, small household plots (1/2 ha.) were retained for family cultivation. This was originally intended as a temporary measure, but it survived and ultimately came to enjoy political support. Third, the cooperative farm integrated the activities of the household plots - ploughing, spraying, transportation, marketing and extension. Hence, a sort of symbiotic relationship was established between the household plots and the communal farm. Hungarian cooperative farms were relatively autonomous when compared with their counterparts in neighbouring countries. They maintained the highest possible level of economic democracy under a non-market system, and private ownership of the land allowed for a more flexible member-cooperative relationship. Despite their often poor performance in terms of efficiency, cooperative farms made significant contributions over the last four decades. The economies of scale made possible by the pooling of land resulted in rapid technological development, and the growth of a new, highly trained agricultural intelligentsia. They also brought about a rapid increase in farmer incomes, to the point of parity with the national average. Of particular significance was the employment created in rural areas. Cooperative farms' relative autonomy allowed diversification into food processing and non-agricultural activities. They also served certain social security functions, providing kindergartens, old-age annuities and retirement provisions. However, the chief economic role of the cooperative farm was to meet the requirements of central planning.

Specialized agricultural cooperatives represented an intermediate form of organization, established during the period from 1959 to 1961, especially among wine producers and fruit growers. The main function of specialized agricultural cooperatives was joint processing and marketing of the members' produce. These enterprises were characterized by specialization in a particular crop, continued private title to the land, and private family cultivation. In their joint farms, however, these cooperatives experienced the same problems as the farming cooperatives - hierarchical work organization, technocratic management, and ineffective systems of interests and incentives.

Agricultural associations were the cooperatives of part-time farmers. The association purchased the members' surplus produce, and provided production inputs. There was no common land involved, but members typically had joint ownership of machinery, equipment and buildings. Cooperative farm members could also join agricultural associations, since they were part-time farmers on their household plots within the collective farm.

The concept of the new legislation in Hungary is that cooperatives will be based on private property. Cooperatives can expect no special treatment; they will be expected to be economically viable without incentives. Government support to agriculture as a whole will include a preferential credit system, a rural banking network including a new mortgage bank, and a special insurance structure. The profit tax on agriculture will be reduced or even eliminated, according to the model of many developed countries. State revenues will be compensated with a new value-added tax on food. Government subsidies will be directed to the development of infrastructure, environmental protection (especially in marginal areas) and afforestation.

While the coexistence of a variety of productive forms is foreseen (family farms, cooperative farms, joint stock companies, etc.), it would appear that the government envisages the bulk of production coming from relatively large-scale farms - even after the transformation of property rights. The latter will to a significant extent be affected by the Compensation Law passed in June 1991. It is aimed at compensating individuals for damages caused by variety of acts on the part of the state in the course of the communist rule. Compensation will range from 30 to 100 percent of damage values. Under the law, compensation coupons are issued which will accumulate interest for three years. They may be used to buy property and property shares, or in some cases, state-owned apartments.



Cooperative farms must prepare for the compensation in kind provided for under the Compensation Act. Each cooperative will be informed of the total claims against it, and must assign an area of land which will be sold at auction to the claimants wishing to buy. Another provision of the Act requires agricultural cooperatives to set aside a special area of land to be allotted to members and employees. This land cannot be sold in the compensation process.

In early 1992 the Unified Cooperative Law was passed by Parliament. It provides a legal definition for cooperatives, as well as a regulatory and supervisory framework for their operation. Under this law, cooperatives are joint enterprises based on the private property of their members (either legal entities or individuals.) A cooperative could be established by as few as five people, each person joining would have to buy at least one share, and the principle of open and voluntary membership would prevail. Dividends would be paid on each "cooperative share" from the enterprise's net surplus. "Business shares" based on the cooperative's business activity, would benefit from a separate distribution. A compulsory reserve fund would receive an annual injection of 10 percent of net profits. Each member's liability would be restricted to his shares, not to his property or salary. The law places an emphasis on self-government of cooperatives, with increased significance and authority given to the general assembly. It also guarantees the right of merger, separation, transformation and cessation. Cooperatives, like other economic associations, would be supervised by the Court of Registration.

Close to 1,400 existing agricultural cooperatives will be re-established under the Unified Cooperative Law. A complementary Cooperative Transition Law provides for a 12-month transition period during which each new agricultural cooperative must submit its statutes to the Court of Registration. In the transition, cooperatives will have to convert joint cooperative property to private property of members, undergo an organizational transformation, vote for the new or modified statutes, and elect new officers. Land that belonged to the cooperative and not to members (and which does not come under the Compensation Law), comes under the Transition Law. It must be distributed to members and entered in the cadastral register in terms of proportion and value.

Certainly, diversity will be the main feature of the new agrarian structure in Hungary - diversity of scale, diversity of technical sophistication, and diversity of ownership patterns. In all probability, the profitable agricultural production cooperatives will undergo an organizational transformation and continue to cooperate more or less as before. Others will remain as cooperatives but change their internal organization. A production cooperative, for example, might become a special agricultural cooperative. It might increase the size of private, household plots, or offer new services to members. Services may be offered to those who withdraw their land in order to start independent farming. Links between cooperatives and entrepreneur-members who are no longer wage earners also increase.

To date, few members have left their cooperatives to undertake private farming. Their number is expected to increase, but the trend will depend on the final shape of legislation and on the technical, financial and infrastructural conditions of private farming. However, the years ahead will see the formation of many new small farms, often specializing in areas of production such as animal feed, wine, fruit, vegetables, flowers. These farms will be vulnerable under hardening economic conditions, and there is a clear danger that they will be too small to be viable. Subsistence farming also may become more significant in the harsher economic conditions and growing unemployment ahead. These small-scale farmers cannot afford to miss the advantages of cooperation - for input supply, marketing, and financial services.

#### 4.3 *East Germany*

Large-scale production "cooperatives" - also called LPGs - were the predominant organizational form in East German agriculture from 1950 to 1990. These were typically accompanied by small private plots of members (which accounted for 9 percent of total agricultural output as of 1988). Thus, in terms of the task of land redistribution, the East German case has much in common with that of Hungary. However, unification of the two Germanies in late-1990, and the somewhat lesser importance of the agricultural sector here as compared to neighbouring countries, created unique conditions for the restructuring of agriculture and related industries in the eastern Laender.

In 1990, there were 3,800 agricultural production cooperatives or LPGs in Eastern Germany, cultivating more than 5 million ha. - 86 percent of the total agricultural area - and accounting for 77 percent of all livestock. The agricultural sector as a whole employed 10 percent of the working population, and about 75 percent of those were employed by LPGs. The government's planning needs as well as guiding ideology favoured farming on a large scale: LPGs specializing in plant production covered an average of 4,500 ha; livestock production LPGs had an average of 1,650 large livestock units.

A number of new laws and policy initiatives comprise the legal framework within which changes in the agrarian structure of the eastern Laender are occurring today. Three of the most important among these are the Union Treaty, the Agricultural Adjustment Law and the Set-Aside Programme.

The Union Treaty is the legal foundation of reunification. The first important provision of the treaty is that all laws of the Federal Republic, including those concerning agricultural relations and procedures for land transfer, tenancy and consolidation, apply automatically in the eastern Laender as well. Secondly, the treaty establishes that the land ownership picture immediately following the land reform of 1947 will serve as the reference point in the government's moves to redistribute agricultural land today. In other words, expropriations made in the course of the 1947 reform cannot be revoked.

The Agricultural Adjustment Law directly addresses questions of land ownership and how to transform the socialist LPGs. In essence, it calls for the return of land and capital shares to the "original owners" or their successors from whom land and other property were taken after 1949. Even those land-owners who had left East Germany will be able to claim their entitlements. Secondly, the law establishes that members and workers in the "cooperatives" or collective farms have a valid claim to the common property of their farm or other agricultural enterprise - assuming it has a positive value after the clearance of all debts. Those who continue in agriculture will receive real assets (land, equipment, etc.). Others will receive capital shares or money. For those LPG members who wish to remain on the land, the law provides for the establishment of so called Registered Cooperatives (in German, *Eingetragene Genossenschaft*). The law includes a number of related provisions - for the conversion of an LPG into a Registered Cooperative, the uniting of several LPGs to form one Registered Cooperative, or for the creation of several cooperatives from one LPG. Farmers who join a Registered Cooperative, or any other group for the purposes of common production, will receive financial support from the government.

Under the Set-Aside Programme, which is aimed at reducing excess production in present conditions of low consumer demand, farmers or LPGs receive a compensation of 500 DM or more (depending on land quality) for every 1.0 ha. taken out of production. By the deadline date of October 1990, applications for the Set-Aside Programme totaled 600,000 ha. or 12.8 percent of the total area under cultivation. Grain production will be reduced by an estimated 2 million tonnes as a result of Set-Aside.

Under the new economic conditions, a number of new production structures are possible. The basic options are family farms, personal companies (general and limited partnerships) and joint-stock companies, and Registered Cooperatives. The government appears to be giving the most encouragement to the establishment of family farms. An LPG member who decides to brave the risks and establish a family farm will receive financial support through the joint federal/Laender programme, "Improvement of the Agrarian Structure and Coastal Protection". Private, non-family farms represent another possibility. (For example, a group of 20 individuals might establish an agricultural enterprise on 1,200 ha.) There are a number of advantages in maintaining larger production units in this organizational form. Firstly, they already have their own buildings and machinery. Secondly, many cooperators do not want to give up the social advantages to which they have become accustomed as members of an LPG. Thirdly, many of them lack the capital and/or the courage to break away.

A wide array of assistance and incentives has been made available for the conversion of LPGs to Registered Cooperatives. As a beginning, the LPG must present an opening balance in DM, and a restructuring and development plan. Upon acceptance of the plan, the new enterprise can receive investments of up to DM 14,300 per worker for a total of up to DM 2.5 million. Ten percent of the investment figure must be contributed by the enterprise itself. Low-interest credit of up to DM 2.25 million over 10 years, special credits for infrastructure improvements, energy conservation incentives, and subsidies for direct marketing activities, environmental initiatives, animal hygiene and construction of recreational facilities are available. Investment is particularly encouraged in the areas of liquid manure distribution, modernization of farm machinery, fertilizer application, reduction of harvest and post-harvest losses, and development of direct marketing activities. In order to qualify for incentives, the Registered Cooperative must meet a number of requirements, most of which relate to environmental protection.

Recent surveys reveal that the number of family holdings, including part-time farms, has increased to about 18,000. About 60 percent are worked full time, 40 percent part time. One percent of the family holdings have been abandoned. Tenant holdings have also developed, in some cases with more than 1,000 ha. Farms have an average size of 76 ha. in the south (Sachsen) and 200 ha. in the north (Mecklenburg Vorpommern). It is often possible to increase a farm's size through leasing arrangements, with the leased area sometimes far exceeding the owned area.

About three-quarters of agricultural production cooperatives in East Germany have been transformed into other legal forms, and the rest have been liquidated. Many members opted for the new "registered cooperative" legal form, because the word "cooperative" was familiar and they were less confident in capital companies. To date, nearly 1,500 registered cooperatives have been founded, with an average of 1,700 ha. under cultivation. About 1,050 capital companies (private limited liability companies or public limited companies) have been established, with an average of 1,000 ha. under cultivation.

Another 750 unlimited liability companies, usually involving three farmers, have an average of 550 ha. under cultivation. Under this arrangement the farmers bear full responsibility and, as a result, work very hard. Often the foundation of a Registered Cooperative is only a transitional move, making way for the subsequent creation of an unlimited liability company. However, the transition process varies from region to region.

#### 4.4 *Yugoslavia*

Economic and political reforms in the republics of Yugoslavia will take place not only amidst economic recession, but in the aftermath of civil war with its attendant physical destruction and massive displacement of people. True cooperative activity in the rural areas of Yugoslavia, all but crushed in recent decades by collectivization and other government policies, has the opportunity today to make a comeback. The current status of cooperatives differs from republic to republic in this war-torn, multi-ethnic land, but many of the emerging republican governments appear to be favourably disposed toward this old and deeply rooted organizational form.

As of 1988, agriculture employed 17 percent of the work force in Yugoslavia, and contributed 11 percent of GNP. Over half the population still live in rural areas, despite about a 3 percent annual rate of rural-urban migration throughout the 1980s. Many individuals leaving agriculture over the past four decades were absorbed by rural industries and services. Population pressure on the land is higher in Yugoslavia than in some neighboring countries. A good deal of agricultural land has been lost since 1960 to road construction and city expansion, and much of today's total agricultural area of 14.2 *million* ha. lies on marginal land - slopes and forest areas. Many owners live in cities and work on their farms only on the weekends, also contributing to a certain degree to degradation of the land.

Small-scale private farming dominates the agricultural sector in Yugoslavia with roughly 2.5 million holdings averaging 3.5 ha. in size. The trend is toward progressively greater fragmentation of privately owned farmland, due largely to inheritance laws which divide a farmer's property equally among his children. The land is typically divided into strips, often widely separated from each other. A survey in 1960 showed that the average peasant farm consisted of 7.9 separate plots. The implications for efficient use of labour and machinery are obvious. Throughout the 1980s this sector experienced severe stagnation, with growth rates even lower than for agriculture as a whole, and often negative.

The "socially owned" farming sector, that is, collective farms and state farms, accounts for about 32 percent of all agricultural land and 20 percent of arable land. (The large gap between these two figures is due to the fact that 2.7 million ha. of pasture land - traditionally communal property - is counted as part of the socially owned sector.) This sector has gradually increased its share of total agricultural area since 1957, because, until very recently, as farmers left agriculture they were prohibited by law from selling their land to other small farmers.

Since the early 1950s, cooperatives of all types have suffered an "image hangover". In the minds of many, they are irrevocably associated with the huge losses experienced under forced collectivization. Well aware of this negative image, the socialist government was always hesitant to promote the cooperative sector. The gradual rise of democracy in the 1980s permitted the resurgence of genuine cooperatives, and the new cooperative movement received considerable support in professional circles and among some politicians. The period 1980-1988 saw a 43 percent increase in the number of cooperatives - most of which provide sales and procurement services, but a few involve production. The sharing and lending of machines became more popular, and the number of machines held by cooperatives rose by 50 percent. The level of peasant farm/state farm cooperation declined, and at least for a time, the state was pressured into giving the same subsidies to the cooperatives that it directed to state farms.

The cooperative movement also revitalized its organization during the 1980s. Associations of cooperatives were created on the republican and federal levels, and began to work toward improving the legal status of cooperatives. At the federal level, two constitutional amendments passed in 1989, and a new Law on Cooperatives passed in 1990, provide a new legal status for cooperative organizations. The Law on Cooperatives establishes that cooperatives are voluntary organizations whose members aim to further their mutual interests and improve their social and economic status, making their own decisions. For the establishment of a cooperative, there is no need for permission from any institution, and only three persons are needed. These changes are echoed in the new constitutions of some of the emerging republics. Yugoslavia as a country has almost completely disintegrated into its constituent republics, and it is obvious that in the immediate future the individual republics will be formulating their own agrarian policies, in

particular with regard to the cooperative sector.

Amidst the changes taking place in agriculture throughout the Yugoslav republics, a number of trends run counter to the principles of true cooperation. There is a tendency for cooperatives to select their members on the basis of size of farming operation, resulting in a clash between the interests of large and small producers. The economically stronger receive preferential treatment. Internal equalization of overhead is no longer accepted. Further, the administrative personnel of cooperatives are not educated in the cooperative spirit, resulting in another clash of interests: administrators want to retain more revenues for investment while members want higher payments on their produce deliveries.

As a result of the search for additional sources of capital, non-members become shareholders and the cooperative becomes a "para-cooperative" or "semi-cooperative". In these organizations, rights are accorded in proportion to the number of shares held. The practice of doing business with non-members tends to blur the advantages of membership, and the old principle of "one man, one vote" is undermined.

To sum up, there is a real need for a revival of the cooperative movement. The cooperative leaders of the pre-war period have nearly all died and the new generation has no experience with true cooperation. As a result, the small-scale peasant farmer, emerging from the ruins of socialist agriculture, is left alone, without the cooperative shield. As such he can ill defend himself against the interests of much stronger processing industries, wholesalers and others. These forces are implicitly against the formation of the cooperatives, which would strengthen the peasant farming sector in the struggle for better prices and other conditions.

#### 4.5 *Albania*

Agriculture has always been the largest branch of the Albanian economy. In 1990 agriculture supplied nearly 36 percent of national income and nearly 40 percent of the country's exports. Nearly 30 percent of overall investments in the national economy went to agriculture. Over 65 percent of the population lives in the countryside and most are engaged in agriculture.

Until 1990 agricultural cooperatives administered nearly 76 percent of all arable land and produced nearly 70 percent of total agricultural production, while state farms occupied only 24 percent of arable land and produced 30 percent of the total agricultural production.

The main characteristics of the Albanian collective/cooperative sector were the following:

- Forced collectivization of agriculture deprived farmers of their land.
- Collectivization was implemented primarily for political motives.
- Cooperatives developed to considerable sizes which led to difficulties with regard to production control and efficiency. In 1988 the average agricultural cooperative had 1,200 ha. of arable land.
- Priority was given to developing agricultural production proper, while the development of the necessary infrastructure was neglected.
- Cooperatives had no say in either planning or the implementation of plans.
- Through the state-controlled pricing and taxation systems, the state took over in its budget the bulk of agriculture accumulation.

As a result of these factors, the productivity and profitability of agricultural cooperatives were very low. The Albanian farmer came to lose all faith in the agricultural cooperatives and their development prospects.

Anticipating a spontaneous dissolution of agricultural cooperatives and their transformation into private farms, the Government in recent years drafted the necessary legal framework for cooperatives: the land law, the law for sanctioning and protection of private ownership, the decree for the distribution of agricultural cooperatives' assets and regulations for the implementation of these laws. Despite the presence of a legal framework, economic and political factors arising in the course of the democratic transformation of Albania led to the dissolution of the agricultural cooperatives. The process of dissolution was spontaneous and uncontrolled and resulted in an unequal distribution of assets.

The present situation in agriculture is that only 75 percent of arable land has been distributed to individual farmers, and the process is hindered by demands from several villages to go back to pre-collectivization boundaries and by the claims of former medium and large land-owners whose property was expropriated in the 1945 land reform. Once land distribution is completed, nearly 380,000 private farmers will have an average area of 1.3 ha. - ranging from 0.5 ha. to 5 ha. At present, Albanian farmers own only land and livestock, but no other means of production, material or financial.

Facing a difficult situation and being convinced they could not overcome their difficulties individually, Albanian farmers began of their own volition to organize so-called private farmers' associations of agricultural production - that is, cooperatives. Cooperation is made necessary by the small size and relatively low productivity of individual farms. Passing from self-consumption to a market economy also dictates the need for cooperation. Cooperatives facilitate profitable marketing of agricultural and livestock products and help secure the needed technical means of production. Furthermore, cooperation is a way of surviving through personal initiative and competition.

Because Albanian farmers are now averse to the term "agricultural cooperative", the new free groupings are called Private Farmers' Associations (PFAs). At present there are some 50 PFAs in the country. Membership varies from 12 to 317 members, land area ranges from 29 to 600 ha., boards of directors have from 2 to 11 members, and responsibility for PFA operations may be placed in the hands of 1 to 7 members. A PFA may produce a single commodity or a wide array of commodities. One of the PFAs has a fully integrated operation ranging from production of wheat through milling and baking to sale of bread to the consumer. Some PFAs have tentative plans for distribution of net earnings. The proposed division ranges between a 35 percent to land, 65 percent to labour and a 50 percent to land, 50 percent to labour ratio. Some other PFAs have made plans to retain some net earnings while others have no such plans. Net earnings set aside for the PFA help provide an equity base for future development.

#### 4.6 *Bulgaria*

Agriculture accounts for 35 percent of Bulgaria's GNP and engages as much as 20 percent of the national workforce. Agricultural products continue to be the most important export commodities. Farming has definite comparative advantages in the Bulgarian economic structure. Bulgaria ranks among the leading European producers of tobacco, maize, apples, wool, tomatoes and grapes. It is also among the top exporters of vegetables, grapes, tobacco and cigarettes in Europe. It is among the top eight per capita producers of wheat in the world. Bulgaria is also among the first exporters of vegetables, grapes, tobacco and cigarettes in Europe.

Bulgaria's 40-year period of collectivization had some positive results. At the end of 1990 there existed 1,600 farming cooperatives (TKZS) with an average size of 2,500 ha. The concentration of agricultural production positively influenced other sectors of the national economy. Technologically primitive individual family farms were replaced, and agricultural machinery was introduced. The productivity of labour was raised 8 times in comparison to 1939. Large-scale farming as a whole functioned efficiently. The state drained off income from the farm sector and invested it in other economic sectors.

Collectivized Bulgarian agriculture had considerable weaknesses, too. The goal of creating the collective farms in the world led to overly large and inefficient units. (As early as the 1950s the average size of one TKZS reached 1,000 ha. Later, there appeared agroindustrial complexes which covered up to 50,000 ha.) The process of converting collective property to state ownership was in fact a policy directed against the democracy of cooperation. The state became the only landlord. Centralized planning and obligatory economic indicators and income statements were imposed on the agricultural units. Big monopolistic farm suppliers and processors were positioned at the input and output ends of the food and nonfood chains. The farm sector was involved in non-stop organizational changes, mergers and breakups. In the state-owned farms peasants were unmotivated in their work. Young people left agriculture, and as a result the



majority of farm people today are over 55 years of age. Farm management was quite often poor and incompetent, direct losses occurred through misuse of resources, waste, bad storage, internal imbalances, etc.

In 1991 the government repeatedly declared that farm reform was its top priority. Yet, recent developments in agriculture indicate failure. There is no real sectorial policy; the prerequisites for privatization do not exist. The process of reinstating ownership of farm land is about to start, but the legislation of ownership rights has been delayed; agricultural credits through the EEC's PHARE Project are not yet functioning effectively; and the investment climate in agriculture is unfavourable.

Bulgarian farm reform has three main directions. The first step was the liberalization of prices for farm products. The prevailing monopolistic structures along the food chain and the lack of competition contributed to a roughly tenfold increase in food prices in two years. Farmers most often have not shared the benefits of this price boom. The benefits go mainly to processors, distributors and retailers. Simultaneous liberalization of most prices has also meant that farmers are paying much more for machinery, fertilizers and other inputs. Oil-price increases are likely to raise farming costs by 25-35 percent.

The shift to private farming is to be made through the reinstatement of private ownership of farm land. This will automatically lead to a drastic reduction in the size of farms. The present degree of concentration will thus be destroyed and Bulgarian agriculture will return to something very close to the pre-World War II structural model. The expected number of reinstated farmland proprietors is 2 million. Once farmland is broken up into the pieces that existed prior to the establishment of cooperative farms (TKZS), the owners will be free to determine how to use the land. According to recent information, only 14,9 percent of farmers prefer to establish family farms, while 49.3 percent would choose private farm associations. Other data indicate that only 20 percent of reinstated landowners are engaged in farming; the remaining 80 percent live in towns and have other occupations.

The change of farm ownership from state to private is going to raise many new problems for Bulgarian farmers. Small-scale production is in principle an obstacle for the development of highly efficient farming. The use of modern agricultural technologies and the advantages of agricultural science and plant and animal selection are cost-effective only large-scale production. The solution to this latter problem may perhaps be found in the integration of applied research and universities. The size of economically viable farms in Bulgaria varies from about 15 ha. in the mountainous regions to 5-10 ha. in the flat countryside. The principle of economies of scale will guide individual farmers to seek opportunities for cooperation and association.

Bulgarian farmers have already shown their willingness to organize themselves, to coordinate and make commitments in order to face the reality of short- and long-term problems. Different types of coordination will be utilized in order to replace uncertainty with knowledge about supplies, needs, consumers and markets. Among the most common will be production contracts, sales contracts, forms of vertical integration, joint ventures, cooperatives organized by individual farmers, etc.

The problem of credit supply for Bulgarian farmers is currently the focus of much discussion. A newly organized agro-credit center will operate in Sofia. Its mission is to give long-term mortgage credits to farmers for investment projects.

For renewal of the production structure of Bulgarian agriculture, many farmers and experts think the introduction of European economic standards will be necessary. Many also believe in the need to shift towards organically produced products.

#### 4.7 *Czechoslovakia*

Prior to the foundation of agricultural cooperatives, small- and medium-size farms prevailed in Czechoslovakia. These were the result of earlier agrarian reforms. In 1949 some 86.3 percent of all farms were less than 10 ha. in size, and these accounted for almost 50 percent of farmland (46.3 percent). The percentage of farms over 50 ha. was 0.8 percent, and their acreage was 15.7 percent of the total.

After 1950, there was a rapid incorporation of individual farmers into agricultural cooperatives and state farms. The process was in fact completed by 1960 when the state and cooperative farming sector cultivated some 85 percent of agricultural and 88 percent of all arable land. About 80 percent of farming operations were carried out by agricultural cooperatives and 20 percent by state farms.

In the years from 1970 to 1980, the government of Czechoslovakia encouraged the amalgamation of agricultural cooperatives into larger units, thus reducing the number of cooperatives from 6,270 in 1970, to 1,722 in 1980. As a result the average acreage increased from 638 to 2,486 ha.

In the course of the past 40 years, the number of persons active in agriculture in Czechoslovakia declined from 2,127,000 in 1949 to some 900,000 in 1989.

After the "Velvet Revolution" in November 1989, the so-called Cooperative Transformation Act was passed. The law stipulates the transformation of agricultural cooperatives by no later than 28 January, 1993. The process of transformation will involve a number of different agricultural units. There will be agricultural cooperatives that pay rent for their land as well as joint-stock companies and individual farmers cultivating either their own or rented lands.

At present the transformation does not proceed too fast because there is no greater interest of the younger generation in private farming because of lacking traditional attitude to farmland. The potential young farmers have no experience and knowledge of private enterprise and they fear the risk and failure of business. In addition, they do not possess enough finances for initial investment and some important legal and economic regulations have not been available so far.

Czechoslovak agricultural cooperatives face rather difficult economic problems. Although most agricultural cooperatives had been highly profitable until 1989, 80 percent registered losses in 1991. This was the result, among other factors, of a sharp decline in subsidies. Similarly, the tax burden on agriculture was very high. As a consequence of all this, farms registered a combined loss of 21.1 billion Czechoslovak crowns in 1991, despite the fact that in 1990 they had made a profit of 10.6 billion. These factors are responsible for a general decline in the profitability in agricultural cooperatives and state farms.

In this complex economic situation, the privatization and transformation of Czechoslovak agricultural cooperatives involves a number of problems. One such problem is accessibility. The property of the original owners of farmland was often fragmented in numerous separate plots. As large-scale agricultural cooperatives were introduced, a number of roads between the fields were abolished, so that today the original lands are not accessible by the former owners.

Under present laws, if a small number of former landowners decides to leave the cooperative, they must be given land of the same acreage and of the same soil quality as the original plots, but in some other location. There is no land market as yet; land may be sold, but there are no well elaborated land value assessment procedures, either for sale or for rent.

At the moment, most original owners are interested in renting their land to the respective cooperative rather than cultivating it themselves. Those who really want to cultivate their land are mostly farmers owning 2-5 ha. who also continue to work in the cooperative or are employed in some other sector.

In January 1992 agricultural cooperatives cultivated 65.21 percent of all farmland, while 28.78 percent belonged to state farms. Private farms occupied 4.3 percent of the agricultural area and joint stock companies and the churches together had a share of 1.71 percent. Private farms are generally very small. The overwhelming majority (84.2 percent) have less than 2 ha. land; only 2.7 percent cultivate more than 30 ha.

It is very likely that the share of joint-stock companies and private farmers will increase this year. However, the transformation of agricultural cooperatives will take several years and will raise a number of problems that should be resolved quickly and efficiently.

#### 4.8 *Romania*

The process of privatization in Romanian agriculture began in 1990, continued throughout 1991 and will continue in the future. As compared to other sectors of the national economy, Romania's agriculture has experienced the most rapid pace of privatization, mainly as regards land. Cooperative ownership (cooperative farms, inter-cooperative economic associations, state and cooperative mixed economic associations) has been completely abolished, the farms passing into private ownership.

At present, peasant farm households account for 70 percent of agricultural land, 79 percent of arable land, 34 percent of pastures, 93 percent of hayfields, 70 percent of vine plantations and 66 percent of fruit-tree plantations. State property accounts for 14 percent of agricultural land, 17,6 percent of arable land, 5,8 percent of pastures, 3.8 percent of hayfields, 26 percent of vine plantations and 25 percent of fruit-tree plantations. These figures indicate that the land privatization process is nearly complete. In the very near future (1992-1993), land possessed by the new owners should be surveyed and entered in the cadastral register. This operation is quite difficult, requires the assistance of certain specialized institutions, and takes time. So far, certificates have been issued in all districts, and in 15 districts the granting of property titles has begun. Of the 8 million ha. of agricultural land constituting new private property, 23 percent is organized in associative forms (agricultural companies and associative groupings).

The privatization process has also been completed in the area of livestock. Peasant farms own 78 percent of cattle, 40 percent of pigs, 87 percent of sheep and 60 percent of poultry.

As regards tractors, only 16 percent are privately owned; most are owned by commercial companies and mechanization units (Agromec). However, about 60 percent of tractors are intended to serve peasant farms.

The essential problem with the ownership structure is the peasant household (family farm), which should be consolidated in the future in order to become the main supplier of food in Romania, as in all developed European countries. In order to consolidate these family farms, certain steps should be taken. One third of farm owners are not farmers and may not even live in the rural area. About 23 percent are elderly. Only 30-40 percent are real farmers. (There are significant differences according to region.) The agricultural population with the highest average age is found in the main agricultural regions, namely in Romanian Plain, Tisa Plain and in certain industrial zones such as Brasov, Cluj, Hunedoara, etc.

The findings of a recent survey indicate that 90 percent of those who benefit from land privatization and live in towns do not want to set up a farm; 80 percent of rural land-owners do not want to take bank credits; 56 percent of rural land-owners plan to rely on Agromec mechanization services; and only 1 or 2 percent want to buy land.

Commercial companies with state capital (the former IAS) are also subject to privatization. The new economic units are organized according to the principles of joint-stock companies, in which the private farmers (those having land within the former IASs) have shares representing 300,000-500,000 ha. of agricultural land, i.e. 15-25 percent of the total shares. The commercial companies will continue to represent an important sector of agriculture as they are great producers of commodities, owning 70 percent of all fixed assets. At the same time they promote economic development and technological progress in agriculture. If state property in agriculture is not operated in viable and competitive forms it will continue to diminish due to the convulsions and internal tension between the land shareholders and the shareholders representing the state capital.

Another aspect of agriculture that seems incompatible with the new agrarian structure is irrigation. The large-scale irrigation system, which can serve about 5.5 million ha., is barely functioning. Large investments in both irrigation and drainage have never paid off.

Other agricultural services are not adjusted to the new agrarian structure. This constitutes an obstacle to the reform process and means a less productive and inefficient activity on the whole.

Taking into consideration the whole situation, legislative, organizational and administrative (governmental) measures need to be imposed, for both the short term and the long term. As regards short-term measures, some of the priorities are the following:

- returning land and granting property titles to those who are entitled;
- acceleration of the privatization process in the field of agricultural mechanization; long-term credits with low interest rates should be given;
- land law provisions should also be applied for the livestock sector, and abuses should be uncovered and dealt with;
- family farms specialized in animal husbandry should benefit from combined fodder mix (for pigs and poultry) that comes from feed mills or joint-stock companies (IAS). Raw material (barley and maize) should be provided by the farms themselves;

- animal production (meat, milk, wool) should be sold through specialized cooperatives that can offer facilities and incentives for the producers;
- Existing large-scale pig breeding should ensure breeding stock free of charge for interested and serious individual farmers;
- the rent law and the taxes law should be urgently promulgated in order to complete "the agrarian code" of the Agrarian Reform;
- there is a need for accelerated integration (processing, use of byproducts, etc.);
- equilibrium should be achieved between the prices of raw materials coming from industry and the prices of agricultural products;
- a banking system should be created to serve only agriculture. It should grant credits and loans on soft terms in order to initiate a genuine renewal of Romanian agriculture.

#### 4.9 *Slovenia*

In Slovenia loan societies and other types of farmers' cooperatives were founded and functioned since the late 1850s. After a long and rocky history these cooperatives experienced a rebirth and a rapid recovery in the immediate post-World War II period. By 1946, the number of cooperators once again reached the pre-war level. But changes in the political nature of the Yugoslav state had a dramatic impact on cooperatives, too.

In 1947 loan societies were abolished and in 1949 a new law on farmers' cooperatives was adopted. After that there were two types of farmers' cooperatives, in practice. General farmers' cooperatives were organized according to the territorial principle (at first even for individual villages), whereas collective farm cooperatives were established on the Soviet model on the basis of joint land property and joint work. However, the principle of voluntariness was flagrantly violated during the campaign in the 1950s to establish collective farm cooperatives. In addition to this, many of the cooperatives were economically unsuccessful. Following a decree in 1953, unsuccessful cooperatives were abolished, and the land shares and other equipment were then mainly returned to members.

New regulations on farmers' cooperatives, issued in 1958, 1961 and 1965, put farmers' cooperatives on the same level as enterprises, and cooperatives were absorbed into the associated labour or "self-management" economy. Then, in the course of the 1970s and 1980s, they gradually regained independence. In 1990 the Republic of Slovenia became an independent and diplomatically recognized state. In March 1992 the Law on Cooperatives was one of the first to be adopted.

The operation of farmers' cooperatives is to a large extent defined by natural features, as well as the social and economic structure of Slovenian agriculture. Slovenia has a great deal of forest and meadowland, compared to other European countries. Approximately 70 percent of agricultural land lies on territories with limited production capacities (hilly, mountainous, alpine and karst regions). Private ownership accounts for 83 percent of agricultural land and 62 percent of forest land. The most difficult problem for further agricultural development is an extreme fragmentation of land. A rapid transition of the population from agriculture to other activities was not followed by a process of land concentration. Private agricultural land has been particularly fragmented in lowland areas. Slovenian agricultural land, then, is characterized by a great number of small farm households which earn an income not only from agriculture but also from other sources, primarily from off-farm employment.

Of total agricultural production, animal husbandry (especially cattle breeding) prevails with 60 percent of farm land used for this purpose; 34 percent for plant production; 3 percent for wine cultivation; and 3 percent for fruit growing.

According to the data issued by the Slovenian Association of Cooperatives there were 62 farmers' cooperatives and 9 cooperative unions with approximately 46,000 members at the beginning of 1992. Cooperatives and cooperative organizations in agriculture have been organized mainly on the territorial principle. They purchase and sell various agricultural products, supply farmers with inputs and services, consumer and other goods, and also carry out some production and processing of their own. Due to the past trend for processing units to become independent, only a very small share of farmers' cooperatives are involved in processing (10 percent in dairy products production). The share of farmers' cooperatives in the purchase and sale of agricultural products is substantial in animal husbandry (milk and meat) and important in cereals (wheat), industrial crops (sugar beet) and vegetables.

There are 63 savings and loan societies and their associations which all provide financial services to farmers' cooperatives. In 1990 and 1991 the cooperative agricultural bank, a tourist agency and a society for barter trade were founded.

One of the most important characteristics of the Slovenian cooperative law is that it provides the basis on which cooperatives can participate in the process of privatization of food-processing enterprises, such as dairies, slaughterhouses, wine cellars and poultry plants.

Major political and economic changes have had a considerable effect on the role of farmers' cooperatives. The new Law on Cooperatives, implemented or planned changes in the field of agricultural policy, taxation, social insurance, the scheme of agricultural strategy, all presume that the aim of farmers' cooperatives is not "gradual socialization" of privately owned agricultural production, but the realization of profits for members. The aforementioned changes call for a transition of farmers' cooperatives from a product-oriented, quantitative direction to a thoroughly market-oriented, qualitative direction. The extensive fragmentation of land, the adjustment of the agricultural market into a consumer's market (with the tendency towards surplus supply over demand and declining rates of market growth) and limited material possibilities of the state agricultural policy will demand carefully considered measures within the long-term strategy of agricultural development, which is expected to be prepared and passed in the National Assembly this year.



## 5. Open Forum Discussions

After the presentation of the country statements, open forum discussions took place on three major topics:

- the effects of transition on the economic and social situation of cooperatives;
- government policies and legal framework relative to the cooperatives sector;
- perspectives and strategies for reorienting the cooperative sector.

The most important aspects raised during the open forum discussions can be summarized as follows:

5.1. The effects of the transition from centrally planned to market-oriented economies on the agricultural sector and in particular on the agricultural cooperatives are manifold. As a general tendency, agricultural production has dropped to a greater or lesser extent in all countries. This is largely due to:

- the collapse of the traditional markets in former socialist countries, especially the former Soviet Union,
- the growing gap between agricultural input and output prices,
- the difficulties in competing with the highly subsidized agricultural products of Western European countries,
- the sharp decline or elimination of subsidies, tax preferences and price supports for agriculture which have resulted in an increase in consumer prices and consequently in a decrease in domestic demand for agricultural products.

As a result of all these factors a large number of cooperatives face economic losses and heavy debts. Many are insolvent or have gone bankrupt.

5.2. One of the main functions of socialist agriculture was the maintenance of full employment in the countryside. This function was fulfilled through a considerable redistribution of income in favour of handicapped regions, individual cooperatives and unprofitable activities within cooperatives. The transition to a market-oriented economy has led to a breakdown of these redistribution systems. Subsequently, the maintenance of an artificially high level of employment is no longer possible. According to different estimations, unemployment will affect from one to two thirds of actual working members of cooperatives.

- 5.3. In the course of the transformation and dissolution of cooperatives the affected rural population will lose social provisions and services formerly provided by the cooperatives. Women especially will be negatively affected by the closure of kindergartens.
- 5.4. The transformation process of agrarian structures is a time-consuming and complex process. In general, this process is still in an initial phase. In most of the agricultural areas large-scale enterprises still operate and the private farm sector is growing slowly. In Czechoslovakia private farms now occupy only 2 percent of the arable land. In Hungary, agricultural production cooperatives have not been liquidated, but are to be transformed. According to the Transition Law "personification"/privatization of land and other assets will be carried out but the management unit in most cases remains the former cooperative. Albania may be mentioned as a very specific case. In this country agricultural cooperatives will be completely dissolved. Upon completion of the land distribution each member of a cooperative will possess an average of 1.3 ha. of land. This looks rather like an "africanization" of agriculture (establishment of a subsistence-oriented agricultural production) than a transformation into western-type production. In Bulgaria, where there is even the intention to parcel out forest shelter belts, the process of reinstating private ownership of land is about to start.
- 5.5. The participants noted that the high expectations raised among the peasantry by the possibility of creating small-scale enterprises have not been fulfilled. Only a few former members of production cooperatives intend to establish privately owned family farms. Many cooperative members perform highly specialized work and have no experience in private farming. Therefore, they fear the risk of failure of such a business. It seems that the group of wage-earners want to maintain the former situation, preserving the cooperative and their jobs. Nevertheless, there is a small group of entrepreneurial individuals who want to obtain land and leave their cooperatives.
- 5.6. Apart from the wage-earners and the entrepreneurs, there are two other interest groups to be mentioned: the managerial elite and the new external group of compensated people. Cooperative leaders appear to be in a privileged position which is based on their knowledge, their managerial experience and their relative wealth. Some of them are likely to obtain the property shares of cooperative members at low prices and build up their own private agricultural holdings. With regard to the original owners of land, some countries have opted for the direct restitution of land, while others have chosen to financially compensate former owners. In some cases, restitution of cooperative property to its original owners might lead to the creation of a group of absentee land-owners. In sum, a new social differentiation in the rural area is emerging which needs to be further studied.

- 5.7. The participants stated that cooperatives have a rather bad image in all countries of Central and Eastern Europe. Farmers are averse to the term "agricultural cooperative" which is associated with the forced collectivization process of the past. The future of cooperatives will take four basic forms:
- the former socialist cooperative will be transformed into a genuine cooperative based on the principles of voluntary membership, with the collective character of land ownership maintained,
  - transformation into joint stock companies,
  - the creation of service cooperatives by groups of former members of production cooperatives,
  - the creation of independent private farms.
- 5.8. In the course of privatization the establishment of linkages between primary production and food processing and marketing is of special importance. Farmers should have access to and influence on food industries and marketing institutions. In order to achieve this objective agricultural cooperatives may diversify their activities and get involved in processing and marketing and/or special service cooperatives can be built up. The Slovenian Law on Cooperatives provides an interesting possibility for agricultural cooperatives to participate in the process of privatization of food-processing enterprises. Under this law cooperatives will be able to gain 45 percent of the social capital of dairies, slaughterhouses, wine cellars, poultry plants, etc. if they conducted business or production cooperation with the enterprise in question in recent years.
- 5.9. Training was viewed by the Workshop as a key to alleviating the cooperative movement's endogenous difficulties. Cooperatives today face a radically different economic situation, therefore there is an immeasurable need for training and re-training in many areas - member empowerment, economic analysis, improvement of basic operations, expansion and development of new business activities, human resource management (quality circles, motivation strategies), to name only a few. Farmers who intend to establish independent farms are in urgent need of training in investment possibilities, bookkeeping, taxation, insurance, marketing and tenancy rules. At the level of cooperative management, training and education should seek not only to transmit methods of efficient management, but also to "un-teach" the old customs and erode old ways of understanding and interpreting the cooperative essence. At the grassroots level, training and education are needed to empower and enable cooperative members to reforge their ownership ties with the cooperative enterprise.
- 5.10. It will also be important to influence public opinion in favour of cooperative action in agriculture, and to underline the distinction between a true cooperative and a collective farm. The need for such re-education applies to policy makers as well. Many continue to regard cooperatives with some reservation, or even suspicion.

- 5.11. The Workshop discussed the problem of capitalization in the emergence of a new agricultural cooperative development. No accumulated private capital exists in the rural areas of the former socialist countries and the necessary financial infrastructure is also missing. There is an urgent need for a rural financial structure that provides capital for both individual producers and agricultural cooperatives. This aim could be well served by a network of financial (credit) cooperatives.
- 5.12. As to government policies relative to the cooperative sector, the Workshop emphasized the importance of the cooperatives' independence. This, however, does not conflict with the requirement of a supportive climate to be created by the state. Furthermore, the development of a genuine cooperative movement should be promoted by the state through the provision of financial benefits, such as favorable taxes and soft term credits.
- 5.13. Finally, a question was raised as to the necessity of making comparisons among the agricultures of the respective countries of Workshop participants, in order to discover differences in terms of the pace of recession and recovery and other factors, and to establish the comparative advantages of various approaches. Some participants were of the opinion that an immediate global comparison was impossible, and that first they would have to consider parameters such as general geographic factors and climate; the structure of agricultural produce; markets; the division of land or the size-structure of landed property; technical equipment; the organizational framework of individual enterprises; production chains; credit and other institutions in the sphere of agriculture; accumulated knowledge, etc. A description and analysis of this nature, together with a thorough comparison, could serve as the theme of a follow-up Workshop.

## 6. Conclusions

The participants in the Workshop, comprising 20 specialists on cooperative development from nine countries and four representatives of international organizations, reviewed the present situation of the agricultural cooperative movement in Central and Eastern Europe on the basis of four country case studies (East Germany, Hungary, Poland and Yugoslavia), the oral presentations made by representatives of six additional countries (Albania, Bulgaria, Croatia, Czechoslovakia, Slovenia and Romania), and the contributions of representatives of the Hungarian cooperative movement and the International Cooperative Alliance.

During the Workshop the participants presented their views on the development of cooperatives in the countries under review and evaluated the strengths and weaknesses of different types of cooperatives. They assessed the legislative framework for agricultural cooperatives and identified the possibilities for their future development created by the new policies towards liberalization and privatization.

The Workshop arrived at the following conclusions:

- 6.1. Most Central and Eastern European countries have recently enacted legislation aimed at dismantling agricultural production cooperatives and privatizing land ownership. Although the general legal framework for reform has been established, detailed rules and regulations for its implementation are still missing in most countries and give rise to controversies and disputes.
- 6.2. The participants in the Workshop acknowledged that the specific characteristics of each country required different approaches to reform and that there was no one solution suitable for all countries. Yet, at the same time they recognized many similarities which they felt constituted a meaningful basis for joint efforts. While private farms will become more and more important in these countries, a variety of types of agricultural enterprises will also exist for some time to come.
- 6.3. There was a general consensus that some types of medium- or large-scale enterprises should be maintained and that among them agricultural production cooperatives may play a role in future agricultural development. They should therefore not be abolished at all costs. The Workshop stressed the advantages of all types of agricultural cooperatives, especially for small producers, and suggested that the choice of the most appropriate type should be left to the primary producers on the basis of criteria for social gain and economic efficiency.
- 6.4. The participants noted that high expectations raised among the peasantry immediately after reforms which facilitated the creation of small-scale enterprises have not been fulfilled. Only a small group of former members of agricultural production cooperatives, in some countries not more than 10 percent, have expressed their intention to establish privately owned family farms. Nevertheless, the private farm sector is continuously growing.

- 6.5. The Workshop recognized the beneficial long-term effect of privatization. However, it also recognized that the process of transition has had many negative economic and social effects. In several countries agricultural production has decreased. Other serious consequences are the conversion from hidden unemployment which existed in the socialist enterprises to open unemployment, the closure of kindergartens and the loss of cultural and social facilities.
- 6.6. The participants noted that the general economic framework conditions in Central and Eastern Europe were not conducive to agricultural production. The transition process has resulted in a loss of markets for agricultural products, a decrease in local demand and an increased imbalance between high input and low output prices. Agricultural production in Central and Eastern European countries faces enormous difficulties in competing with Western Europe.
- 6.7. The transition from centrally planned to market-oriented economies has had and will continue to have an adverse impact on rural women and the elderly. Special measures should be taken to alleviate this impact.
- 6.8. The complex problems involved in privatizing land ownership are being further complicated by the question of the rights of the original owners and those who have contributed to the creation of the cooperatives' assets. Some countries have opted for the direct restitution (within limits) of land, while others have chosen to financially compensate the original land-owners. The participants realized that the first option would lead to a fragmented structure of small holdings which could negatively affect agricultural production. Similarly, they drew attention to the difficulties in subdividing assets of the cooperatives and the agricultural infrastructure (irrigation systems, buildings, machinery).
- 6.9. In the case of dissolving agricultural cooperatives, special consideration should be given to the length of membership. The Workshop recognized several forms of compensation payments to former cooperative members who want to or have to give up their membership. The issue of bonds which could be used to purchase shares in non-agricultural enterprises or in urban real estate was considered with caution since this would imply transfer of capital outside the agricultural sector which is in urgent need of investments.
- 6.10. Similarly, the issue of compensation bonds which could be sold to non-members was not considered a suitable solution since it would tend to sacrifice social objectives (satisfying the needs of the members) for economic gains (profit maximation).
- 6.11. Several participants drew attention to the fact that the different social groups (managers, elites, ordinary members of different status) within production cooperatives had unequal opportunities in the process of transforming the former collective property into private property.

- 6.12. A big handicap for the reorganization of agricultural production cooperatives was the problem of debts accumulated during the time of low interest rates prior to reform which have to be repaid at today's high interest rates. The debt situation also caused difficulties for the distribution of cooperative assets and in some instances prevented the splitting up of the cooperatives into more viable new units.
- 6.13. The Workshop identified four main directions in the process of transformation of the former socialist cooperatives: (a) transformation into genuine cooperatives based on the principles of voluntary membership, which implies a drastic change in management but retains the collective character of land ownership; (b) transformation into joint-stock companies; (c) creation of service cooperatives by groups of former members of production cooperatives; and (d) creation of independent private farms. The last form frequently requires the creation of new, genuine cooperatives.
- 6.14. While the future of many agricultural cooperatives producing staple crops was considered to be less promising, the participants drew attention to the need for agricultural cooperatives to diversify their pattern of crop production, and intensify supplementary, non-agricultural activities to make them economically viable. In this connection the Workshop noted with regret the growing trend for the processing and marketing facilities of agricultural cooperatives to be taken over by other types of enterprises. The participants anticipated the collapse in the near future of many agricultural holdings.
- 6.15. The Workshop recognized the enormous difficulties created for the whole agricultural sector in Central and Eastern Europe by the rapid increase in input prices while farmgate prices for agricultural products have remained stable. Large increases in consumer prices for agricultural products have benefitted mainly the intermediaries rather than the producers.
- 6.16. It was generally agreed that the lack of trained managers for genuine agricultural cooperatives constituted a significant handicap for their future development. All participants emphasized the urgent need to train cooperative members and cooperative leaders in modern forms of management. Particular efforts should be made to include women among those to be trained.
- 6.17. The Workshop realized that the restitution of cooperative property to the original owners might lead to the creation of a group of absentee land-owners, many of whom will rent their property to other farmers, cooperatives or other forms of agricultural enterprises. Such arrangements require a clear legal framework which is currently missing in most countries. The unclear tenure situation combined with unfavourable prices for food products will have serious consequences such as lack of access to credit and low levels of input application. This could lead to reduced yields and reductions in the area under cultivation, which would in turn result in a further reduction of agricultural output.

- 6.18. The Workshop recognized and endorsed the trend towards closer cooperation among cooperatives of European countries and stressed the need for harmonization of the legal, economic and social conditions governing agricultural production, marketing and processing in Central and Eastern Europe. It urged cooperative organizations in Western Europe to assist their counterparts in Central and Eastern Europe in this respect.
- 6.19. The Workshop welcomed the proposal made by one participant to establish in the future a "Cooperative Academy" as a sub-regional center for training young professionals, both female and male, in cooperative management. This training institution should work in close cooperation or be a part of the Regional Center for Advanced Training in Extension, Farm Management, Land Tenure Reform and related technical subjects proposed by the FAO/UNDP Workshop on Agricultural Restructuring held in Nitra, Czechoslovakia, 25-29 May 1992.
- 6.20. The participants recognized the potential role of agricultural cooperatives for the protection of the environment and for the preservation of the landscape. They suggested that cooperatives should promote sustainable farming practices and apply the principles of eco-farming.
- 6.21. In order to overcome the general lack of appropriate agricultural machinery in newly established cooperatives, the Workshop drew attention to the experience of cooperatives for the joint use of agricultural machinery (CUMA) in France and to that of Maschinen-Ringe in Austria and recommended further study and, if feasible, adaptation of this form of joint use of agricultural equipment to local conditions.
- 6.22. The Workshop appreciated the opportunity to discuss the implications of the transition from centrally planned to market-oriented economies and to review its repercussions on the cooperative sector. It recommended that FAO and other international organizations organize in the near future a Workshop on the strengthening of the cooperative movements in Central and Eastern Europe which would give special attention to aspects of input supply, marketing, financial management and national/regional networking.
- 6.23. Many participants asked FAO for technical assistance in cooperative restructuring, especially in the field of training in cooperative organization and management, marketing and cooperative legislation.
- 6.24. The participants expressed their deep appreciation to FAO for the funding and technical backstopping of the Workshop and to the Cooperative Research Institute of Hungary and the University of Agricultural Sciences for the efficient organization of the meeting and the warm hospitality extended to them



**LIST OF PARTICIPANTS**  
**Workshop on Reorienting the Cooperative Structure**  
**in Central and Eastern Europe**  
**Gödöllô, Hungary**  
**21-27 June 1992**

ALBANIA

KORCINI, Donika  
Faculty of Agricultural Economics  
University of Tirana

BULGARIA

MICHEVA, Elka  
Higher Economics Institute  
University for National and World Economy  
Sofia

TRENDAFILOW, Range  
Research Institute of Agricultural Economics  
Sofia

CROATIA

STIPETIC, Vladimir  
Faculty of Economics  
University of Zagreb

CZECHOSLOVAKIA

HODIS, Jiri  
Agricultural University  
Prague

PITONAK, Anton  
Ministry of Agriculture and Nutrition of Slovak Republic  
Bratislava

GERMANY

FISCHER, Klaus  
Consultant  
Dresden

HUNGARY

SZÉKELY, Csaba  
Dean, University of Agricultural Sciences  
Gödöllő

JUHÁSZ, János  
Director, Cooperative Research Institute  
Budapest

TELLERÉ, Gyula  
Member of Parliament  
Cooperative Research Institute  
Budapest

BOGÁRDI, Zoltán  
Member of Parliament  
Budapest

ZSOHÁR, Andres  
National Federation of Agricultural Producers and Cooperators  
Budapest

GERGELY, Sándor  
National Federation of Savings Cooperatives  
Budapest

SZABÓ, Gábor  
Cooperative Research Institute  
Budapest

#### POLAND

HUNEK, Tadeusz  
Polish Academy of Sciences  
Institute of Rural and Agricultural Development  
Warsaw

CHYRA-ROLICZ, Zofia,  
Cooperative Research Institute  
Warsaw

SZCZUR, Maria Alina  
Cooperative Research Institute  
Warsaw

#### ROMANIA

BOLOCAN, Constantin  
Research Institute of Agricultural Economics

Bucharest

SLOVENIA

AVSEC, Franci  
Cooperative Union of Slovenia  
Ljubljana

LIPPAI, Martina  
Ministry of Agriculture, Forestry and Nutrition of Republic Slovenia  
Ljubljana

FAO

MELICZEK, Hans  
Chief, Rural Development Analysis and Organization Service  
Rome

BARGEL, Gabriele  
Associate Professional Officer (People's Participation)  
Rome

Observers

VÁRADI, Lajos  
ICA (International Cooperative Alliance)  
Geneva

HANEY, Mary P.  
INSTRAW (UN Institute for Training and Research for the Advancement of  
Women)  
Santo Domingo

MAHONEY, Rosemary  
VOCA, Prague Office

MISHEK, Peter  
American Cooperative Enterprise Centres,  
Prague Office

Workshop on the Reorientation of Cooperative  
Structures in Central and Eastern Europe  
Gödöllő, Hungary  
21-27 June 1992

AGENDA

1. Opening of the Workshop  
Welcome address, Director, Cooperative Research Institute, Budapest Opening remarks,  
FAO
2. Election of chairpersons
3. Adoption of Agenda
4. Presentation and discussion of background papers  
The Status and Role of Cooperatives in the Light of New Economic and Social Trends
5. Presentation of background papers  
Reorienting the Cooperative Structure in Selected East European Countries
  - a) East Germany
  - b) Hungary
  - c) Poland
  - d) ex-Yugoslavia
  - e) other countries
6. Open Forum  
on Effects of Transition on the Economic and Social Situation of Cooperatives
7. Open Forum  
on Government Policies Relative to the Cooperative Sector/Legal Framework
8. Open Forum  
on Perspectives and Strategies for Reorienting the Cooperative Sector
9. Conclusions of Workshop

Workshop on the Reorientation of Cooperative  
Structures in Central and Eastern Europe  
Gödöllô, Hungary  
21-27 June 1992

TIMETABLE

Sunday, 21 June

12:00 - 23:00

Arrival and Registration

Monday, 22 June

9:00 - 10:00

Registration

10:00 - 11:00

Plenary, Opening Session

11:00 - 12:30

Agenda items 1, 2, 3, 4

14:00 - 17:00

Agenda item 5

Tuesday, 23 June

9:00- 12:30

Agenda item 6

14:00 - 17:00

Agenda item 7

Wednesday, 24 June

9.30 - 12:30

Agenda item 8

Thursday, 25 June

9:30- 10:30

Agenda item 9

10:30 - 12:30

Plenary, Final Discussions and Conclusions

14:00 - 16:00

Plenary, Closing Session

Friday, 26 June

Field Trip and Excursion

Saturday, 27 June

Departure

In order to help European countries in transition exchange experiences in reorienting their cooperative structures, FAO initiated a series of four country case-studies. These have been summarized in No. 1 of the present series. To review their findings and discuss ways to improve the performance of agricultural cooperatives by converting them to voluntary, self-controlled, member-oriented institutions, the Cooperative Research Institute of Hungary organized, together with FAO, the Workshop on the Reorientation of Cooperative Structures in Central and Eastern Europe.

In addition to discussion of the four country case-studies on reorienting the agricultural cooperative structures in the former German Democratic Republic, Hungary, Poland and Yugoslavia, the workshop included oral presentations by the participants from Albania, Bulgaria, Croatia, Czechoslovakia, Slovenia and Romania on the situation of cooperative development in their respective countries, which are reproduced in summary form in this document.

ISBN 92-5-103431-1 ISSN 1020-1211



9 789251 034316  
M-03 T1475E/1/1.94/1600