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The Farm Production Cooperative as a Support for the Rural Household in Bulgaria

During the past several years of dramatic changes taking place in the Bulgarian socio-economic landscape:

The countryside and the peasants paid, and are still paying, a high social price. We should go back a decade or so to 1989, to trace, at least partially, the process of formation of this price. In the years following 1989, the Bulgarian state failed to undertake an economic policy of utilizing the assets and potentialities of agriculture (as compared with other economic sectors) allowing its rapid adaptation and development during the period of transition to a market-oriented economy (Totev, 1993: 14–19).

The collective form of farming, agricultural production and performing “socially useful” (as it was called in those days) agricultural labour, established some 50 years ago was dismantled within a short period of time — with destructive consequences for husbandry.

Some systems i.e. supplies, purchasing and marketing, specialized agricultural services, weed and pest control, veterinary control, etc. which were linked with farming and farm production were destroyed.

A change in land ownership and the main means of agricultural production was introduced once again — within less than a human lifetime, “from higher quarters”, through a legislative act (naturally by way of a practical measure because farmland in Bulgaria never actually lost its private property legal status). Without questioning even in the slightest way the democratic essence and correctness of this act, I should only mention that for many people this “returning” of the land came very late both in time and in their own lives; other people were absolutely unprepared (objectively and subjectively) to assimilate this kind of transformation; others were very far from their land and everything associated with it (literally and figuratively). Moreover, at the end of the 1990s for a significant number of landowners the actual change — enforced by the Land Act in 1991 — was still an abstract scheme and, in practice, has not yet been accomplished.

Law making and legislation concerned with the land and the forms of husbandry proved to be extremely magnetic for all the cabinets and national assemblies that have been in office since 1991. Each parliament's membership felt obliged to repeal, revise or at least amend certain articles and paragraphs with the main purpose of transforming them so as to correspond to the interests of the respective parliamentary majority. There has been political bias, partisanship, lack of consistency and, as a result, no security for the owners and farmers themselves with respect to their land and the forms of its use. At first the land was "restored" in shares, later — "within real boundaries". During certain periods, the formation and registration of cooperatives was permitted, but later it was against the law currently in force, etc. People were lost, perplexed, confused, disappointed, engaged in protests, tired...

In fact, this brought about particular objective conditions leading to the NON-introduction, NON-stabilization, NON-consolidation and NON-development of both old and new patterns of agricultural production corresponding to the aspirations — demonstrated by all governments so far, but not yet realized — to carry out the transition to a democratic society and market-oriented economy. A further negative effect was produced by the earlier "mapped out" unfavourable socio-demographic situation in rural areas, as well as by a number of subjective factors responsible for the now prevalent unpreparedness of the people to adapt to and participate in the ongoing changes — namely, lack of initiative, indifference, passiveness, expectations that the problems will be resolved and things settled by some "high quarters", etc.

The cost of transition rose even higher as a result of the nation-wide insecurity, instability, soaring crime rates, rapid impoverishment of the population, profound social tension. The reduced production in almost all economic spheres, including industry in agricultural areas, deprived rural dwellers of the opportunity of finding employment outside agriculture. The fact of being left with no other means of livelihood other than farming was the underlying reason for the drastic impoverishment of the rural population.

The reaction of rural households to the high social price thus formed was, in the first place, defensive. In general, the rural family was isolated, it turned in on itself, and its agricultural activity, for the most part, was confined to satisfying its own demand for agricultural products (as well as the needs of closest relatives living in urban areas). So, the landowners and the farmers chose to engage in such patterns of farming and agricultural production which best suited (under the currently existing social and economic circumstances) their own (and their households') interests and potentialities.

The family-run farm and the farm production cooperative proved to be the preferred forms of agricultural production.

Over 95%¹ of the rural families ran smaller or larger farms, mostly as a form developing the tradition of the earlier household plots, personal subsidiary farms² which had been characteristic of the period preceding 1989 (Dobрева, 1994). The prevailing majority of those plots aim at meeting the needs of individual rural households (as well as the needs of their relatives residing in urban areas) and are only partly market-oriented.

Family farming has turned out to be a stable, comparatively flexible and adaptable form of farm production with high social significance. From the point of view of the rural household, for the time being this is the most convenient, efficient and feasible way of making a living, contributing to the family budget, and in many cases the only possible way of surviving. Under current conditions, the existence of the prevailing number of rural families would have been virtually impossible without subsidiary farms. Besides, these farms, in fact, create additional forms of occupation (sometimes being the only possible employment) for all generations in the household. At the same time, being involved in such a farm makes it easier to adapt socially to the changing public scene, brings back lost habits and attitudes of owners and farmers, relieves the existing social tension, etc.

In 1994 farm production cooperatives were founded in more than 60% of the villages: in two thirds of those villages there was only one cooperative, a quarter of them had two cooperatives, and in 4% of these villages there were three or more cooperatives. Nearly 45% of the rural households were members of cooperatives, and in the case of rural households owning farmland the proportion of cooperative members was almost 50%.

At this point, it is necessary to mention briefly some of the characteristic features and specific problems of the operating farm cooperatives. A considerable number of them, much like the personal subsidiary farms, follow a survival strategy. As a rule, a cooperative farm has an elementary system of production and is oriented to forms of work involving machine-operation and requiring few workers — i.e. chiefly grain production. Taking into account the totality of factors like production diversity, market orientation,

¹ The data are from the empirical sociological studies: *Economy of the Rural Household* — 1994; 1996 — all under a multinational research project on “Collectivization and Its Alternatives”, the Bulgarian section being coordinated by Prof. Mika Meurs. The study is part of the project “Family-Run Farms: The Potential to Help the Survival of the Rural Household under the Conditions of Transition”, 1997–1999, financed by the Research Support Scheme of the Open Society Institute, grant N410/1997 — Stanka Dobрева.

² In the period of collective farming (from after World War II until 1990) each household, which was a member of a cooperative farm and resided in its area, was entitled to a small plot of land (part of the collectivized land) — sized between 0.3 and 0.5 ha; this plot was cultivated by the rural household as a personal subsidiary farm and was mainly used to satisfy its own farm products needs.

amount of profit and prospects of growth of those farms, we can conclude that only some 15% of the cooperatives surveyed in 1994 functioned on a full scale. The work of 10% may be assessed as good, and that of 20% — as poor. About 14% of the cooperatives worked entirely on a personal consumption basis (the whole produce, usually small in quantity, is distributed among cooperative members), while about 10% are not yet in operation. A serious problem facing the new cooperatives is that of their management personnel: the difficulty in finding suitable managers, the lack of adequate training of this personnel required by the specific conditions in the period of transition, the absence of qualified agrarian specialists among managerial staff. 34% of all the cooperatives surveyed in 1994 had an agronomist, 8% — a zootechnician, 1% — a veterinary surgeon, 20% had other specialized agrarian personnel. Another major problem has resulted from the significant heterogeneity of the members — landowners who hold shares, live in the area of the farm and work on it; landowners who hold shares, live in the area of the farm but do not work on it; landowners who hold shares but are not local residents; members who are only shareholders, possessing no property, either employed or not employed on the farm, etc. Heterogeneity of this kind is a potential source of inner contradictions related with the guarantee of members' rights and the fulfilment of their obligations.

In spite of the existing difficulties, failures and slow adaptation to the changed economic reality, the farm production cooperative, both in its present implementation and in general, proved to be a convenient and adequate alternative corresponding to the interests of the majority of rural households (with the different empirical studies the proportion of households that would chose to join a cooperative farm as a form of economic realization of their landed estate ranges from 56 to 60%). What the functioning cooperatives, at least the majority of them, are like in actual fact is a different question.

Although the examination of this subject is not among the objectives of this paper, I would nevertheless like to briefly present my view on it. If we refer to the familiar definitions of a production cooperative to be found in the specialized literature, we will be able to see that the farm cooperatives now developed in Bulgaria represent some specific form of farmland lease rather than any genuine "associations of owners for collective cultivation of the land and use of the agricultural machinery, and for mutual aid" (since, in their majority, the members cannot yet be regarded as real owners, and the prevailing number of the landowners as well as the members of their households, are not at all engaged in the production activity of the cooperative). Moreover, in the present-day realities "we should not consider that the formation of the new cooperative farms is motivated by any idea of cooperation shared by the vast majority of landowners, or by their awareness of the significance of collective labour" (Vladov, 1995: 46). Nonetheless, at least in the situation which agriculture, landowners and farmers now all

face, these cooperatives have their own specific place and role on the national economic scene and correspond to the needs of the population, appearing to be almost the only choice involving practical possibilities of land use and replacing the alternative of merely abandoning the land. Nowadays, the establishment of cooperative farms has some other aspects that the households find attractive.

How can a rural household benefit from a cooperative?

Utilization of the farm land owned by the household. The reasons or rather the combination of reasons impeding the cultivation of land with the efforts of the household alone or making this independent farming completely impossible, are manifold. On the one hand, Bulgarian peasants have a long-established and realistic knowledge of the set of objective and subjective prerequisites necessary for the independent husbandry of their own land and for profitable agricultural production. Along with this, a small number of rural households possess this set of requirements in the necessary and sufficient measure, and they are aware of it. In any case, we should not forget the problems stemming from the uncertainty of "temporariness" caused by unsettled ownership. Joining a cooperative may in a number of cases be regarded as a more or less advantageous yet temporary solution. The reported willingness to join a cooperative does not exclude the willingness to restore one's land ownership.

Under the current circumstances, we can distinguish several different groups of rural households for which farmland utilization within a cooperative is either a convenient or a sole alternative and which, all together, make up the majority of rural households.

— Households which do not wish to take the risk of starting and running a private farm of their own. Although some of them are in a position to organize such a farm, they are highly apprehensive of: the inconsistent agrarian policy pursued by the state; high crime rates; disloyal businessmen and purchasers; the likelihood of being unable to market their produce; eventual insolvency, and so on and so forth.

— Households which, in the context of a lacking or very narrow land market, do not possess sufficient land of their own for organizing a private farm that would be able to seek market realization and profits. (The average size of plots of land of single households is approximately 1–2 ha. As few as 4% of rural households and about 1.5% of urban ones possess over 10 ha.)

— Households whose human and material resources only allow them to cultivate a small portion of their landed estate, including for example cases in which a household runs a small but intensive-production farm for early or greenhouse vegetables, flowers etc.

— Households which, on account of deteriorated socio-demographic characteristics — higher age; poor health; small size of household; inadequate education, knowledge, skills, experience, etc. — are incapable of engaging in private farming larger in scale than a personal subsidiary farm. Such households constitute a considerable portion of all rural households — for example, some 40% of the rural families consist of pensioners alone; almost one fifth are single-member families; over one third are two-member families; large families consisting of more than 5 persons account for less than one fourth, etc.

— Households with limited resources and equipment for farm production, coupled with a poorly developed system of agricultural utilities and services, including facilities for mechanized land cultivation. The majority of rural households may be classified within this group.

— Given the lack of any other possibilities of economic realization of the land (apart from own-effort cultivation) as, for example, granting one's land on lease to some smaller or larger private tenant, or selling the land and so on, its cultivation within a cooperative farm is almost the only alternative, for the other one — to abandon the land — makes no sense and provides the household with no business prospects whatsoever.

Cultivation of the land on the average-crop-yield principle.³ Almost 40% of the cooperatives provide this service to their members; over 30% of the rural households have this possibility. In this way they can “extend” the scope of their personal farm with activities they can either perform with difficulty or cannot perform at all, thus being supplied with products — characteristic of large-scale farming — like grain, fodder, etc., which can lend variety to their own farm produce or provide income if sold. At the same time, this is a form allowing the household to free its resources — human labour of its members, time, land, etc. — which it uses (or at least can use) for raising the efficiency and profits of their personal farm by engaging in other kinds of production more suitable for small-scale farming.

Using machinery provided by the cooperative. The equipment of the cooperative farm with the necessary number of machines of the required quality is, as a rule, inadequate. The vast majority inherited the machine stocks from the former cooperative farms (TKZS)⁴ consisting of outdated,

³ Land cultivation based on the “average crop yield” consists in the following: each member of the cooperative has the right to pay the cooperative the production expenditures for raising particular crops to a limit fixed by the cooperative. The final produce is distributed among the cooperative members in a proportion based on the declared costs and expenses paid at the beginning of the agricultural year according to the average yield for the respective crop.

⁴ TKZS — cooperative farm — one of the collective organizational forms of farming in Bulgaria after World War II operative until 1989–1990.

poorly maintained equipment (according to our data, over 60% of the actual cooperative farms). In some places, on the other hand, this machinery had been "privatized" or sold out to particular individuals (on legal or illegal grounds), so that the cooperatives that were founded later remained without or with insufficient farm equipment (20% or so of them rent machines from state-owned companies, including MTS (machine and tractor stations);⁵ every tenth cooperative farm employs machines rented from private firms or persons; some 5% — from other cooperatives; some of them use other persons' machines without paying). However, the available farm equipment of the cooperatives may be, and in fact is, used for lending services to rural households. Both sides benefit from this practice. In a number of cases, as reported by our respondents, this is an easier, more secure and cheaper way than renting machines from private persons and firms — although this kind of service is often accompanied by social tension caused by disagreements, speculation, availing of privileges, incorrect relations, etc. Almost 50% of the cooperatives (in 1998) provided their members with the service of mechanized cultivation of land, in half of them the cost of the service was lower than for non-members, there were also rare cases in which it was free of charge; 40% of the cooperative farms lend services to non-member households in the village too, half of them at a price higher than the one set for cooperative members. In turn, half of the rural households maintaining a personal farm use machines for cultivating their plots — 36% having benefited from services provided by cooperative farms, 39% — by private firms or persons, 15% — by state-owned companies, 10% — by cooperative firms.

Receiving income. In this respect there are two alternatives:

Receiving a pension — in cash, in kind, or a mixed pension — makes for a good deal of the rural households' motivation to participate in a cooperative. This fact is of essential importance for rural households, especially the ones whose members are elderly, who have no income other than their pensions, who are entirely unable to engage in farming any more or who manage to maintain only a minimum-sized personal subsidiary farm. Although most of the cooperatives involve pension payment (in 1998 20% of them — money, 46% — in kind, 34% — both in cash and in kind), nearly 10% of them declare they pay no pension to their members either because they are not functioning, or because they have not yet achieved stability. Over three quarters of the rural households which are members of cooperatives state that they receive some kind of pension.

⁵ MTS — machine and tractor station — state-owned enterprises providing mechanized services in the sphere of agriculture which, following 1989, were drastically reduced in number and the quality of their services was substantially lowered.

Receiving earned income. Given the drastically reduced employment opportunities outside agriculture, many of the village dwellers who for one reason or another cannot, or would not take the risk of organizing a private, profit-oriented (even for an insignificant profit) farm, perceive the existence of a cooperative farm as an opportunity of finding a job providing a regularly paid monthly income (hoping that it will be the way it had been in the former cooperative farms). Such are the expectations of both landowners and landless people. It is a different matter how far the present cooperative farms can ensure employment for a sufficient number of people. Given the predominant orientation towards mechanized farming rather than to production requiring larger manpower, the number of regular jobs is small enough in order to be able to solve the unemployment issue. Yet — 10% of the cooperatives provided regular employment and 42% — part-time employment for non-members, about 5% of our rural respondents were engaged in farm labour within cooperatives.

Other specific advantages and benefits provided by cooperatives:

— Share capital (money alone) participation in a cooperative is attractive for the landless rural households, since it provides an opportunity for being given a plot of land, although a small one, which they can cultivate as their own subsidiary farm.

— The supplies of the diverse needs of subsidiary farms are easier and more secure via the cooperative — seeds, seedlings, fertilizers, chemicals, fodder, other materials, as well as the provision of certain facilities (or at least expectations of such) in the marketing of the cooperative produce.

— A good number of cooperatives, through good organization and management, provide different attractive material advantages for their members — cheaper bread, sunflower oil, white cheese, flour, possibilities of purchasing fruit, wine, brandy, etc. at lower prices than those asked in the shops.

Conclusion

Experience has shown that, in the context of changes still taking place in the socio-economic conditions in Bulgaria, certain forms of farming and farm production such as the cooperative farms or similar formations, are relevant. As long as the process of the agrarian reform has not yet been completed and the entire situation in society has not become finally stabilized. Because under the existing circumstances neither is the rural household able to engage in farming and agricultural production sufficient to satisfy the nation's demands, nor will the establishment of small-scale farming be able to lead the country out of the agricultural crisis. It is the formation and active functioning of the markets of land, labour, farm equipment and farm production that will determine the future progress of the now ex-

isting forms of husbandry, as well as the advance of some other forms — familiar, less familiar or absolutely unfamiliar to the rural practice.

For the normal development of agriculture, as well as the stabilization of the household economy it is indispensable to promote the variety of forms of agricultural land usage and farm production, as well as the combination of different forms within a particular household, village, region, or the country as a whole. Some of the underlying reasons of this inevitable variety are the differences in the natural geographical environment, the effectiveness of the specific types of production appropriate to develop by large-scale, medium, and small-scale farming, respectively, as well as the varying subjective and objective characteristics of the landowners and farm producers themselves.

The empirical data⁶ show that even now the different forms have both supporters and opponents. The cooperative farm is obviously going to remain the most widespread form of farming, but undoubtedly this form cannot comprise the entire agricultural production nor can it be the only one.

Agrarian economy experts have analysed and established the *raison d'être* of diverse organizational structures — common services cooperatives; agricultural produce processing cooperatives, purchasing and marketing cooperatives; agricultural credit cooperatives, cooperative and inter-cooperative enterprises and unions; private farmers; partnerships and farming companies, cooperative-type associations — “cooperated farmers”, etc. (Yakimov et al., 1995: 39–46; Petkov, 1993: 12–14). In the case of cooperative forms, the number of supporters of the cooperative responsible for the whole production cycle (approximately 57% of rural dwellers interviewed in 1994) is largest. The different types of specialized cooperatives are preferred by about a quarter to a third of rural households. Nearly half of all respondents have no opinion on whether the particular types of specialized cooperatives are a suitable form to develop in the Bulgarian context.

The further advance of Bulgarian agriculture and the farming practice itself will show which of them are essential, appropriate and effective under the existing conditions in this country, which of the older forms will be re-established, which new ones are going to appear, which forms are going to die out, and which of them will be stabilized and further developed.

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