INDIVIDUAL FARMING AND SOCIALIST AGRICULTURAL COOPERATIVE
—Based on a Case Study of Individual Farming in the 1970s' Hungary—

Osamu IEDA
(Hokkaido Univ.)

In the last years of the 1980s a series of political changes occurred in Hungary, and she was a top runner among the East European countries. But it is still not sure what economic system will follow the command economy. Though it is very probable that the Hungarians will choose a market economy or mixed economy, they cannot disregard the real problems growing out of decades under communist rule. This is undeniable even when almost of the new political leadership criticizes the communists for their failures in economic policy. Here our task is not to judge the policies, but to depict the problems that will condition any future reconstruction of the economy.

In our essay we shall study individual production behaviors among the farmers mainly after the introduction of so-called New Economic Mechanism in 1968. As is well known, the NEM was an attempt to make a “market mechanism” work in a socialist economy and to grant a certain autonomy the enterprises. In the 1970s the large agricultural enterprises (state farms and cooperatives) enjoyed the right to be engaged in non-agricultural production, and in 1980, as a result of this, 32% out of their total production came from non-agricultural activities. This non-agricultural production reached 89,6 milliard Forints in value (in the following Ft.) and it made up 6,7% of the total production in the branches of industry, construction and trade. In the agricultural cooperatives, which combine collective production and household production, agricultural produce made up only 55% of total collective production in 1980. These figures show that the agricultural cooperatives,
which were still basic factors in agriculture, are no longer "pure agricultural
collectives". They have turned into comprehensive enterprises in the course
of the economic reform since 1968, and they consist of three elements: collective
agricultural activities, collective non-agricultural activities and the members’
household activities.

Figure 1. shows the distribution of gross agricultural production in value
by farm categories from 1960 to 1985. We can see from the figure that,
roughly speaking, an integration of production into the cooperatives’ collective
activities was going on from the early 1960s, when the collectivization finished,
until the middle of the 1970s. Thereafter the integration process stopped.
Moreover a tendency to return to individual production can be seen, though
it was very modest. Figure 2. gives a more detailed picture. Namely an
obvious change took place in the respective shares of collective and individual-
household productions units around 1980. Vegetable, fruit and potato production
increased rapidly. Animal breedings rose slightly. Wheat and corn production
stopped falling. Nevertheless, in such items as sugar-beets and feed grains,
production remains a monopoly by the collective or state farms.

At present the agricultural contribution to the gross national product is about 20%, but in other respects it was and is more important for the national economy. In a country where half of the national consumption comes from foreign trade and industry is moderately developed, agricultural export continues to play a significant role. Figure 3. shows that the contribution of agricultural exports and production stopped diminishing in the middle of the 1970s. Export to the West has been constantly occupying 30% and agricultural net production recovered a part of its share in the NNP during the first half of the 1980s. Secondly, the country’s transition to a market system might be made with less difficulty by the contribution of agriculture, which has already demonstrated its adaptability to a market economy. Individual farms were not swept away, and they kept their considerable, vital role within and outside of the cooperative farms. Many of them appear as “flexible producers” in “an emerging market”.

Fig.2. Shares of individual production in main items in value (1976-1985)
Now we know that individual farms or their products are very important to the national economy. However we have no picture: no survey of individual farms. We don’t know how they work. So I went into the countryside where the farmers live. The farm described in this essay was the first to be recognized as a model farm in the county Bács-Kiskun megye in 1985. The minister of agriculture personally honored it as an excellent individual farm in 1987. The farmer, whom we shall call József Ferenc, is therefore a good example of a socially and politically recognized “model case”. The farm’s data in the essay are based partly on hearings and observations in the field and partly on official documents, which József permitted me to see in the last days of my stay in Hungary from 1987 to 1989.

Personal and historical backgrounds
In Hungary, as in the other East European countries, agricultural collectivization started in 1948. In this year a series of administrative ordinances were published to prepare for the transformation to socialist collective agriculture. The 8,000/1948, ordinance restricted membership in Farmers’ Cooperatives (FC, in Hungarian Földműveszövetkezet). This was the base for the early producers’ collective farms. The 9,000/1948, ordinance set an upper limit
of 25 kataszteri holds (1 kh. is 0.57 ha.) on individual land leasing and a limit of 40 kh. on combined land holding and leasing. Farms that exceeded these limits, had to be given to the FC’s land lease groups or land lease cooperatives. The 12,000/1948. ordinance provided that Producers’ Cooperative Groups (PCG, Termelőszövetkezeti Csoport) could be formed within land lease groups. The 14,000/1948. ordinance provided three types of PCG.

1. the members decided how much land to farm collectively, and only some operations (ex. ploughing or sowing) were carried on collectively. 2. the members decided how much land to farm collectively, but most operations were carried on collectively, and the crops were brought together before being distributed according to the land area which each member worked. 3. the members offered all productive properties to the collective except a few small animals and a household plot. In the third type, all work was done collectively and each member received returns according to his work-units. In the first and second types the members could be more or less “farmers” and in the third type the members were practically workers.

However, at this time, the ordinances only gave general definitions of collective farms and had no provisions compelling anyone to form them. As a result of this, results were very modest until the end of 1949, when a violent campaign of collectivization started. The basic goal of collectivization had changed. From 1948 to the last months of 1949, the FC was the core of collectivization. Not only production but selling, buying, consuming and food-processing activities were to be integrated. It seemed that a comprehensive rural cooperative organization was coming and a PCG was to belong to it. At the end of 1949, however, the communist leadership changed their policy. The FC was no longer to be the integrating core, and it was deprived of almost all its functions. It became a mere commercial cooperative with the task of collecting duties from the farmers. Later its name was changed to the General Cooperative for Consumption and Selling (Általános Fogyasztási és Értékesítő Szövetkezet), and it took over the shops of the traditional rural

* Ordinances: Magyar Közlöny (Hungarian official gazette)
cooperatives, the Hangya cooperatives. The Hangya cooperatives had spread all over the country before the war, and they were engaged in many activities. The other functions of the FC were divided. Food-processing went to state factories and agricultural machine shops were transferred to the state’s machinery-stations. Agricultural production was handed over to Agricultural Producers’ Cooperatives (APC, Mezögazdasági Termelőszövetkezet), which were the re-organized PCG. Thus, 1949 saw a decisive turning point in the concept of collectivization. Under the new concept, violence played an important role.

It was just before this turning point that J. Ferenc got married to his fiancee, Erzsebet Szabó (a fictitious name). Their parents were both successful farmers in Kecskemét, a typical agro-town in the Hungarian Great Plain. J. Ferenc had a 36 kh. farm in Matkó to the south of the town and Erzsebet had a 9 kh. farm in Szarkás, where the Ferencs are now living. At the time of their marriage Erzsebet’s parents gave them 90 kh. of land in Köncsög. So three farms, altogether 135 kh. belonged to them when they started their new life (see Map 1.). This is interesting to us, because a landholding of more than one hundred kh. was prohibited by the government’s ordinance in the previous year as we have seen. This might reveal that the administrative ordinances were not enforced and were not recognized by the farmers. Perhaps, the communist leadership had no significant power in the rural societies in those days.

But right after their marriage collectivization according to the new concept started. At this time the ordinances began to work. The Ferencs decided to make their holdings as small as possible. They “voluntarily” offered

5. J. Ferenc got the farm as private property in the Land Reform in 1945. The farm was originally his father’s, and its size was 160 kh. Before the Land Reform the land was under the ownership of a catholic church, and the church’s estate was confiscated and divided among “landless peasants” at the Land Reform.
INDIVIDUAL FARMING IN HUNGARY

Map 1: KECSEMÉT and Its Surroundings

Notes:
• Ferenc's farm
△ Ferenc's house in the inner town
▲ Plots under lease by the farm in 1989
X: inner town
88: Tanya

Source of the map: the Map Section of Hungarian National Library
OSAMU IEDA

the farms in Köncsög and Szarkás to the state with no compensation and wanted to keep only one farm in Matkó. However, the Szarkás farm was soon given back to them, because no state farm existed near Szarkás, which could have integrated the small farms there. Further, in Szarkás, the farms were so small and densely scattered that it seemed inefficient by any means to make a collective farm out of them. In general it was almost impossible to form a collective farm in districts with the pattern of settlement like the one in Szarkás. In Hungary this settlement or scattered farm is called ‘tanya’. It is typical of the surroundings of Kecskemét (see Map 1.)⁷. So the Ferencs must have kept two farms in Szarkás and Matkó, and with 45 kg. of land they had more than the legal maximum for an individual farm.

When a collective farm was formed in Matkó in 1951, J. Ferenc tried to join the farm by offering the Matkó farm, but the chairman of the cooperative refused his membership and the farm was confiscated by the cooperative. The Ferencs were pronounced “kulaks” for having more land than the 9,000/1948. ordinance allowed. As a result of these turns and twists, only the smallest farm in Szarkás remained in their hands. J. Ferenc found a job as a truck driver at a milling factory in Kecskemét, and his wife cared for the farm.

Through the collectivization, the state and collective farms rapidly increased their share of the total available farmland, but in 1953, when Imre Nagy became a prime minister, he put an end to the forced collectivization. The political changes that came with the revolt in 1956 made collectivization retreat again. The Hegedűs government, which followed Nagy’s in 1955, tried to abolish the less collectivized types of cooperatives⁸, but later, in September of 1956, permitted the forming of a very simple type of collective farm; that is, the Specialized Agricultural Cooperative (SAC, Mezőgazdasági Szakszövetkezet), in which farmers could produce individually while purchasing

6. On the origin of the settlements in Szarkás, see L. Bende; A Kecskeméti Szőlő-és Gyümölcs-termelés Fejlődéstörténete (History of grape and fruit production in Kecskemét), 1929, Kecskemét, pp.165-8.
8. The 1067/1955. decision of the ministers’ council and central committee of Hungarian Worker’s Party.
INDIVIDUAL FARMING IN HUNGARY

Fig. 4. Shares in total agricultural land area by farm categories 1949-1970


Notes: The figure does not include state forests. Their share always 11-13% for total agricultural land area.
SAC and other simple types of cooperative include their member’s household

materials and selling products collectively⁹. It was symbolic of the situation right after the revolt in 1956 that the first administrative ordinance of János Kádár’s government abolished the compulsory delivery of agricultural products¹⁰. Individual farms continued to dominate agriculture until the end of the decade. Figure 4 shows the fluctuations in Hungarian collectivization, which was completed only in the early 1960s under the stabilizing regime of J. Kádár.

We have spoken of fluctuations and completion of collectivization, but this is from hindsight. During the years of fluctuation how did the farmers respond? The Ferencs are one example. They hoped to take up individual farming again under the new policy of I. Nagy government. In 1953 they began to plant grapes and apples and until 1956 they continued to expand

---

¹⁰. The 21st ordinance of the presidency, Nov. 12, 1956.
their planting plot by plot. It was not easy for them. They had to do it in the early morning every day before József went to work as a driver. It was a daily task for them to ride on bicycles to the farm in Szarkás from their inner town home.

In this district, many individual farms planted apple trees and grape vines in the same plot. The two plants were beneficial to each other, and it was also an efficient way to use the land. In 1956 the Ferencs had 3 kh. of combined orchard and vineyard. Their decision making on planting in this time turned out to be very important. The mature trees and vines gave them a good basis during the following decades, when they once again devoted themselves to farming after a ten year interval. J. Ferenc recollects those days. The new policy of Imre Nagy made him ambitious and he thought that the planting would be meaningful in the future. His father was very much against it, fearing that his son would lose everything, just as he had lost in the previous collectivization. We can glimpse here the real effect of the fluctuations between the collectivization and decollectivization on the individual farmers.

During the years of J. Kádár’s collectivization the Ferencs did nothing to develop the farm except to keep up the orchard. In 1962 J. Ferenc was offered a position as agronomist in an APC but he refused it. In the collectivization until 1956, the ‘kulaks’ were forbidden to be cooperative members and the other farmers were forced one by one into cooperatives. During Kádár’s collectivization, however, everyone could get membership and the so-called whole village membership became prevalent. In other words there was only one cooperative in one village, and every farmer was supposed to enter it at the same time. Here we must mention that behind the success of Kádár’s collectivization, as seen in Figure 4., a lot of SAC’s had risen again, where the farmers could remain individual producers in practice and in a legal sense as well. Ferenc Donáth, a specialist on postwar Hungarian agriculture, pointed out that these SAC’s touched off a controversy within the communist leadership. Should they be allowed to form or not? According to some opinions SAC was nothing but a ‘hideout’ for those who would not or could not follow the collectivization policy. But finally “the state recognized that collectivization would result in enormous destruction in such significant spheres as orchards, greens & vegetables, and other labor-intensive
INDIVIDUAL FARMING IN HUNGARY

products”. The number of SAC’s grew from 196 in 1960 to 425 in 1968. It was still a fact that the APC was, as a whole, the dominant form of agricultural cooperative. There were 2,840 of them in 1968. However, the political leadership had already given up collectivizing individual farms that were engaged in labor-intensive production.

Bács-Kiskun was a typical county where the SAC’s were widespread. In 1962 43 SAC’s came into being in the surroundings of Kecskemét, and in 1967 16% out of the total agricultural area within the town was under SAC utilization. In the SAC’s land use, fruit planting was characteristic. It took up 40% of the total land area belonging to the SAC’s. The Nemeskadar was one of the SAC’s in Kecskemét and in 1974, uniting with another SAC, it became the Alföldi SAC, among whose founders was J. Ferenc.

The Ferencs’ farming

The Ferencs have an inner town residence in Kecskemé, which J. Ferenc got in 1940 as an inheritance, and he worked as a truck driver in Kecskemét up to 1972. But already in the middle of 1960’s he was preparing to return to individual farming. In the end of 1960s, the Ferencs had a stable with a grain storage bin constructed in the yard of the Szarkás farm, and in 1969 they moved here from the inner town. From then on J. Ferenc called himself a farmer-in Hungarian gazda, gazdálkodó, or földműves-again. This decision to change his main occupation was certainly influenced by the maturing of the vineyard that he had planted in 1953 to 1956. It is also meaningful that it was only from 1967 on that the Ferencs kept records of their farming, allowing us to develop pictures of their farming out of documentation. Anyway it seems that at the end of 1960s J. Ferenc was, in practice, already a full-time farmer with membership in the Nemeskadar SAC. In 1967, on the eve of the introduction of the NEM, new laws on agricultural cooperatives

12. J. Gyenis ‘Special farming cooperatives in the Hungarian cooperative movement, in Economic studies on Hungary’s agriculture, ed. by I. Benet & J. Gyenis, 1977, Budapest. Special farming cooperative is the author’s translation of SAC, but now SAC is the most common term.
were enacted, and, following these laws, some administrative ordinances provided clear and comprehensive definitions of the SAC. According to them the farmers might form a SAC with as little as 25kh. of collective orchard or 100kh. of collective plough-land. Some contribution to their common fund was required out of each member’s income. In the case of SAC’s with orchards, the contribution could be as little as 10% of total production. These new legal conditions and the more liberal atmosphere in general under the new policy of the NEM encouraged individual farmers to expand their production, though it was only in the second half of the 1970s that individual farm productions (including the APC members’ household productions) increased significantly.

As seen in the following graphs relating to the Ferencs’ farming, grape production was dominant there up to the middle of 1970s. In 1968 90% and in 1975 more than 75% out of their total income was from grape production. Toward the end of the decade, however, the share of apple production was getting larger and larger, and in 1977 it occupied two thirds of gross income. This drastic change from grape to apple was a sequence of the planting during 1953 to 1956. While the apple trees were not so big and their products were insignificant, the grape vines were flourishing even though they were under the apple trees. However, when the apple trees grew big enough and began to yield many apples, the productivity of the grape plants fell considerably, finally to one fourth or one eighth of their earlier yields. So this course was natural outcome of the planting in the 1950s.

By law the Ferencs had a free hand in marketing, but the practical possibilities of selling products at open-air markets were very limited. Statistics show that in the 1970s and even in the 1980s the share of private free marketing in the distribution of agricultural products was only 4 or 6% of the total. The Ferencs had no way to sell their produce except by entering into a contract with their cooperative to hand over the products to the cooperative. Even so they tried to sell as much as possible at open-air markets in Kecskemét and in bigger cities like Szeged or Budapest.

During 1975-1976, when the apple trees began to produce, the Ferencs suffered an unfortunate. A gas line was constructed through their orchard,

Map 2. Outlines of the farm in Szarkás

Notes on the yard:
I: resident built in the 19th century
1: guest room  2: living room with beds  3: pantry  4: dining room (until 1989 also bedroom of the employees and originally horse stable)
II: stable built in the end of 1960s
1: horse stable  2: grain storage
III: shed 1, built in 1975-1978
1: garage  2: storage with a grain-mixer  3: seller  4: pig stable
IV: shed 2. built in 1980
1: barn and garage  2: poultry stable  3: pig stable  4: barn and garage
V: shed 3. built in 1982-3
1: stable  2: employees' bedroom (from 1989 and until then barn)
3: sheep stable

and they lost 170 apple trees and 1,000 grape vines. The Ferencs took legal action to claim reasonable compensation, and they won (52,226 Ft.). The others who also suffered loss didn't act so resolutely, and they received only the nominal compensation offered by the state.
The Ferencs were forced to reconstruct their farming. They were then around fifty years old, not young enough to anticipate results from another planting of fruit trees. In addition, they had no children. They started breeding domestic animals. Graphs one through three show that in 1977 the share of income from pig raising was about 10%. We have no documents concerning later years, but animal breeding became more and more important. First, as seen already, pigs were the most significant. Then cattle breeding and milking came to have a bigger weight. From 1986 on, sheep breeding predominated. Now they keep, in approximate numbers, 150 to 200 sheep, 30 pigs, 200 poultry, and one workhorse.

Animal breeding, while its production cycle is relatively short, required capital: bigger stables, large quantities of fodder, and a shepherd to look after the sheep. Three buildings were erected one after another from 1975 to 1983 (see Map 2.). What were the sources for the investments? How could they cover the breeding costs?

Graph 4, showing the distribution of income in 1968, can be taken as an example of the early years. It shows that the Ferencs' main interest was to keep the farm as it was. The investments were mere renovations. In those days investments and renovations were within one item on the tax form. We see only repairing costs and seeds—altogether 11,943 Ft.—and a document from that year shows that the Ferencs had not made any considerable investments except for the construction of the stable. After 1970, however, we find lots of bills and records reflecting real capital investments. Their share in total expenditure was growing, while total expenditure was growing as well (see Table 1. The table is not complete because some of the original documents are missing. It only presents an overall picture). In 1972, the Ferencs bought a sprinkler of agricultural medicines made in Japan (4,970 Ft.) and a grape crusher (4,944 Ft.). In 1974 they made large scale 'renovations', costing 57,627 Ft. In 1975 they bought materials to build a larger shed and a wagon (28,016 Ft.). They also built a watering unit (at least 17,058 Ft.). These costs were covered by the increasing income from apple production and were presented as items of investment on the tax forms. Graph 5, showing the distribution of income in 1975, and Graph 6, showing a breakdown of expenditures in 1976 obviously show a significant increase in the amount of income that went into investment. In the latter
Graphs on the incomes and expenditures of the Ferencs' farm
Table 1. Data on the Ferencs' farm 1967-78

<table>
<thead>
<tr>
<th>year</th>
<th>gross income</th>
<th>expenditure</th>
<th>net income</th>
<th>taxes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1967</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>6084</td>
</tr>
<tr>
<td>1968</td>
<td>127261</td>
<td>77859</td>
<td>49402</td>
<td>6613</td>
</tr>
<tr>
<td></td>
<td>128582</td>
<td>73663</td>
<td>54919</td>
<td>–</td>
</tr>
<tr>
<td>1969</td>
<td>102975</td>
<td>89895</td>
<td>13010</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>1970</td>
<td>92750</td>
<td>73027</td>
<td>19723</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>1971</td>
<td>96814</td>
<td>79176</td>
<td>17638</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>12078</td>
</tr>
<tr>
<td>1972</td>
<td>144787</td>
<td>114324</td>
<td>30463</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>171804</td>
<td>97926</td>
<td>73978</td>
<td>13375</td>
</tr>
<tr>
<td>1973</td>
<td>152912</td>
<td>74488</td>
<td>78424</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>7242</td>
</tr>
<tr>
<td>1974</td>
<td>175108</td>
<td>158417</td>
<td>26691</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>175108</td>
<td>70043</td>
<td>105065</td>
<td>23041</td>
</tr>
<tr>
<td>1975</td>
<td>141385</td>
<td>128667</td>
<td>12718</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>141385</td>
<td>87486</td>
<td>53899</td>
<td>15358</td>
</tr>
<tr>
<td>1976</td>
<td>139859</td>
<td>123988</td>
<td>15871</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>24775</td>
</tr>
<tr>
<td>1977</td>
<td>110635</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>6784</td>
</tr>
<tr>
<td>227715</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>13841</td>
</tr>
</tbody>
</table>

* The upper figures are based on self-declarations by the taxpayer and the lower are taken from official assessments.

* The tax was based on the net income of the previous year.

Therefore, figures for each year reflect the previous year's operation.

* Taxes include only those which are presented in the documents. So the figures are not at all complete. Some reflect only the income tax, some include other taxes as well.

year it reached 56.5% of total expenditures. The Ferencs could 'finance' the increasing investments from income, but the burden of taxation became very significant and as a result net income decreased decisively. There was no possibility for them to take credit. Usually, they could buy only for cash. The best terms that they could get were a few months' delay in payment.
INDIVIDUAL FARMING IN HUNGARY

Taxation was an important and restricting factor in a farm’s ‘financing’. In 1975, compared to 1968, the taxes occupied much greater part of the expenditures, reaching more than 20% (see graph 4 and 5). What taxes were there at that time? Among various kinds of taxes on individual farms, the income tax was one of the most important. The basic taxation law relating to individual farmers was the 51/1967. ordinance. According to the ordinance there were two categories of taxpayer. One included those whose income was ‘average’. People in this category paid a tax based on an official estimate of the profitability of their lands. The concept of land profitability was introduced by József II. in the late eighteenth century. According to this concept, a farmer had to pay a fixed amount of tax regardless of his production. So it was usual for ‘average’ production to range close to the upper limit within the category. In practice, however, this happened only later. We come back to this problem at the end of the essay.

The other category of taxpayer, which included the Ferencs, were those who employed workers systematically (that is, more than 60 man days employment per year) or those whose net income was more than 50 thousands Ft. They were to be taxed progressively on their net income. The net income was calculated to be gross sales (gross income) less expenditures. The latter had to be less than 50% of gross income and could not include costs of investments (immovable or movable properties) or wages above what was necessity for agricultural production. The taxpayers’ own consumption of their products was not included in income and it was not taxed. The lowest taxation rate was 20% for less than 70 thousand Ft. of net income; the highest was 50% for more than 150 thousand Ft. of net income. An additional 10% of tax was charged for each employee. We draw the reader’s attention to the fact that it was legal for farmers to employ workers either occasionally or permanently.

Besides the income tax the farmers had to pay various other taxes and the burden was not insignificant. For example the Ferencs paid in 1976 an 800Ft. horse keeping tax, a 500Ft. property tax, a 1,086Ft. community

16. See, for example, the 2/1973. ordinance from the agricultural and labor ministers on the working hours and wages of agricultural workers employed by private employers.
tax, a 10,899Ft. wine turnover tax, a 3,600Ft. vehicle tax, a 2,160Ft. contribution toward upkeep for the rural constable, and so on, altogether 19,325Ft. beyond the 5,430Ft of income tax. We have only incomplete documents about taxation for other years, but it is very probable that the Ferencs paid more than 20,000Ft. at least every year after 1972, and their tax burden reached 15 to 20% of gross income (see Table 1.). So the taxation on the above 'average' farmers was indeed very heavy, while the members of APC's or those whose income from household productions was 'average' paid relatively small amounts for taxes or nothing at all.

Coming back to the 'financing question', we already pointed out that animal breeding became more and more important after the mid 1970s on the Ferenc farm. How did they solve the question of feeding the animals? Generally speaking, individual farms and households did not produce their own feed. Fodder supply was almost monopolized by the collective or state farms. Therefore the small farms were 'tied very closely to the cooperative economy through the utilization and sale of commonly produced animal feedstuffs, and also through the supply of breeding animals'17. In the Ferencs' case, however, the commonly produced animal foodstuffs were limited by the small area of collectivized land in their cooperative. They had two possibilities: to buy feed at a shop at an expensive price, or to produce it for themselves. The Ferencs chose the latter. In the 1970s, generally speaking, the government’s land policies encouraged land lease step by step. Among the Ferencs’ documents we see some agreements between the SAC and him or his neighbor that were de facto land leases. The agreements were authorized by a paragraph out of an ordinance issued by the minister of agriculture18. It provided that the cooperatives 'are to promote cooperation between the collective economy and the household economies, and to further household breedings.' The agreements, word for word, permitted J. Ferenc 'to use landed property /meadow, pasture/ out of the common lands in return for the payment a tongue charge (szájbér)'. The first agreement even specified

18. The 8th chapter of the 19/1969, ordinance of the agricultural minister on modifications of the rules concerning the large agricultural farms’ additional activities and household enterprises.
the area (8 kh.) to be granted. The later agreements, however, specified only the amount of tongue charge-an annual 600-1,000Ft. for one grown animal. The agreements were valid for one year but they were customarily extended from year to year. From 1975 on, J. Ferenc—and his nominal neighbor—rented an increasing area of land from two SAC’s. The rent came to 9,550Ft. in all, which corresponded to 17 or 18 kh. So the Ferencs kept their animals in the common fields of the cooperative, and in the 1980s their land lease became larger and larger, while legal restrictions became less and less burdensome.

It should be said in passing that the cost of leasing land from the cooperatives was quite modest. When the Ferencs bought feeds to breed a horse, it cost as much as 8,000Ft./year. Roughly speaking, two kh. of average quality pasture was enough to keep a grown animal for half of year. So the Ferencs got enough feed from the common land for 4 cattle for a year, a value of more than 30,000Ft. or 1,600Ft. per kh., if we take the cost of fodder presented in the documents as basic data for the calculation. Even if the productivity of the rented pasture was only half the average, the Ferencs reaped considerable benefits from the common land that they leased.

In 1988-89 the Ferencs rented more than 80 kh. Its dominant part came from cooperatives-three SAC and one APC- (see Map 1.). Out of the 80 kh., 60 kh. was land for feed grain production and 20 kh. was pasture and meadow. The average yearly charge was 600 to 1,000 Ft. per kh. This was very cheap. Legally speaking, the new Act of land in 1987 abolished the restrictions on land lease. So the Ferencs can now rent their lands without no resorting to fictions. The benefits from farming the cooperatives’ land have compensated for the heavy taxation.

The ethics of the Ferencs’ investment strategy are of interest. First, J. Ferenc followed his father’s example by developing his farming through expanding land leases. At the beginning his father had only a small holding at Matkó rented from a catholic church. Land lease was not an unusual

19. Mezőgazdasági lexikon (Agricultural lexicon), ed., by A. Bezerédi & Z. Szilassy, 1913, Budapest, Vol.2., p.638. Now, the average production of 1 kh. of pasture is 900 to 1,200Ft. in value and that of plough-land is 2,000 to 8,000Ft. (based on data from the end of the 1970s).
20. According to my observations at the farm, the Ferencs used to pasture their animals on the cooperative’s fallow lands and the common fields that had just been harvested at no charge, as if it had been their natural right.
way for small farmers to develop their enterprises at that time\textsuperscript{21}, so it was natural course for J. Ferenc to take this way. Second, as we have seen, the development of the farm failed to bring an adequate net incomes after taxes. Indeed, income considerably diminished. But guaranteed a minimal living by their agricultural production and untaxed self-consumption, the Ferencs, in general, have followed stoicism. Their life style is simple. To consume more is not the purpose of their effort to enlarge the farm. This ethic seems to come from their catholic religion. Third, possession of an inner town residence and a tanya-farm were preconditions for their strategy. They could invest as much of their incomes as they liked to develop their land, even if no net income remained for them. These factors deeply influenced their behavior and their investment opportunities.

The SAC also benefitted from the Ferencs' leases. It was quite usual for a SAC to have many scattered plots left uncultivated by its members and it could only gain by renting them out. Already in 1967, when the new land law was established, its 16th chapter permitted agricultural cooperatives to 'sell their lands to citizens if the lands could not be utilized collectively. In 1974 an ordinance\textsuperscript{22} provided that a community should promote leases of the state land in the community by individuals, 'if the lands could not be utilized collectively'. 'The community might lease up to 12 ha. to any citizen whose vocation was agriculture and whose total holding did not exceed 12 ha.'\textsuperscript{23} At first, the term of lease was 15 years at longest, but in 1976 another ordinance relating to the state or cooperative lands\textsuperscript{24} declared that 'for the sake of production the lands are to be leased for at least 50 years' and, 'when the land user dies, the right to use it is passed to his heir'. Thus the land policy of the government obviously oriented itself toward

\textsuperscript{21} For a case study of this development in farming, see O. Ieda 'Nomin-keiei to kyodotai - 1945 nen tochi-kaikaku ni itaru Hangari noson-shakai eno ichi sekkin (Peasant farming and the land community - an approach to Hungarian rural society before the land reform in 1945), in 'Shakai-keizai-shigaku (The Socio-economic History), 1982, Tokyo, Vol.47., No.5.

\textsuperscript{22} The 2nd to 4th chapters of the 28/1974. ordinance of the ministers' council on agricultural utilization concerning the state lands supervised by local communities.

\textsuperscript{23} This upper limit of individual land lease is exactly equal to that in the provision about 'Kulak' under collectivization. See the 9,000/1948. ordinance of the government.

\textsuperscript{24} The 33rd ordinance of the presidency on continuous land use.
expanding land lease among the small farmers, while the selling and buying of state and cooperative lands was prohibited.

In all fairness, it must be added that the government was not only trying to collectivize the land during those days but also to consolidate the scattered plots into bigger fields in order to modernize agriculture on the state and collective farms25. Superficially, this policy of consolidation seemed to contradict the laws that required individual holdings or land leases to be more encouraged, but the government was consistent in the sense that it was trying to utilize the less cultivated scattering plots. Of course, this problem was always the bottleneck in the collectivization and it led to disagreements among the communist leaders. But the essential point here is that ‘continuous land use’ in the form of leases by small farmings was legally permitted and it prevailed in practice as well26.

Finally, we see a labor force at the Ferenc’s farming. The farm was basically a family farm as long as they devoted themselves to orchard cultivation. However, the Ferences have been ‘employing’ a man since 1952. He had worked as a servant-in Hungarian cseléđ-on a farm belonging to J. Ferenc’s father. Cseléđ can mean a domestic servant, but here it signifies a worker in the field and formally an employee. Taking this into consideration, we must say that, strictly speaking, the Ferences’ farm was not a family farm. But it is also true that the cseléđ, who is retarded, lives on the farm and regards himself as a member of the Ferenc family. The Ferences also feel so, and the employment is lifelong. His ‘wage’ consists of his living costs in kind and some amount of money monthly (now 1,000Ft.), which the ‘employer’ automatically places in a bank in the cseléđ’s name. This form of employment is not exceptional in Hungary. Moreover it was very widespread before World War II27. J. Ferenc’s father had several cseléđs. Nowadays, this traditional

25. The 23rd and 24th ordinances of the presidency in 1976 on land re-allocation and on expropriation were intended to serve this purpose.
26. According to my observation, it seems that the provisions on land lease were only partly known in the field. Some people there, even a leader of a cooperative, believed that it was legal to rent land up to only one kh. and some believed that the lease term could be only one year at longest. So this was a curious misunderstanding, but the legal provisions harmonized with actual practice.
27. We can see the spiritual world of the cseléđs in Gyula Illyés’s Puszták népe (in the English version Peoples of the Puszta and in Japanese Pusuta no tami, 1974, Hosei Univ. Press).
form of employment is diminishing. But it is still seen among upper class individual farmers. In any case, this traditional form of labor force existed on the Ferencs’ farm from the beginning.

Besides the cseléd the Ferencs employed day laborers for seasonal work. For example, in 1971, according to a document, they employed three workers for 60 man-days altogether and paid 7,500Ft. to them. In fact, many more day laborers were surely employed. Even in the last years, despite the diminishing number of grape vines, the Ferencs employed many more workers to care for them. Most of the day laborers used to be recruited from their neighborhood. When this was not enough, the Ferencs found them in other villages or towns. In the former case, the day laboring provided the neighbors, especially retired people or women, with precious opportunities to augment their incomes. In the latter case, the day laborers were workers at a factory or cooperative and were employed as a group.

In the end of the 1970s and especially in the 1980s, when the Ferencs converted to animal breeding, they came to need a permanent labor force. They employed a second cseléd and also a third to take care of the sheep. These men had previously worked at factories or other individual farms. They had ‘dropped out’ of the socialist economy and could only find jobs in ‘the private sector’. Their ‘wages’ besides living costs in kind were 2,000 and 3,000Ft. respectively. Their ‘employment’ was not lifelong, and their consciousness of themselves as cseléd closely identified with the farm was not so strong as in the case of the first one. It was symbolic of the changing relationship between the ‘master’ and the ‘cseléds’ that in 1989 the Ferencs prepared a room for the cseléds by fixing up a barn. Until then they had no room of their own and had slept in beds in a dining room of the master’s house (see Map 2.).

Thus, the Ferencs’ farm became a small enterprise with a kind of labor force when they converted to animal breeding. The major part of the work is now done by ‘employees’. Nevertheless it is still a family farm in the sense that the working relationships are those of a family. J. Ferenc is something of a patriarch among the enlarged ‘families’.

Conclusion
It is true that the SAC is not the most common form among Hungarian
INDIVIDUAL FARMING IN HUNGARY

collective farms. There have always been more APC’s. From a historical perspective, however, we see that the SAC and its predecessors, the simple types of cooperatives, amounted to one third of the total number of collective farms for several years right after the beginning of collectivization. And now we see even such a revaluation on SAC; “the APC came into our country as an adaptation of the Kolkhoz, which was organized among the Russian-Soviet conditions of agriculture. ... the SAC, by contrast, was organized under domestic conditions, and from the time of beginning it has been an organizational form that has utilized up-to-date methods of commodity production.”

Though this is an exaggerated revaluation, we can note some significant changes in the APC. A series of government ordinances in the 1970s encouraged the members of APC’s to expand and to devote themselves more fully to their household production. We have already seen some of these ordinances. Among them the most important and effective ones were those according to which an APC might exempt its members from working for the collective if they sold their household products through the APC or the state enterprises. For example; 90 kg. of tomatoes, 60 kg. of root crops, or 80 kg. of onions, were taken to be equal, respectively, to ten hours’ work; to breed 1 cow, or 2 bulls, or 12 pigs was equal to three work-days monthly. As to fruits, one work-day equalled to 350 kg. of cherry, or 400 kg. of peaches, or 250 kg. of nuts. The ordinance relating to the labor equivalents of greens & vegetable production was published in 1974, and that relating to animal breeding and fruit production came out in 1976.

In practice, as seen in Figure 1, household production stopped diminishing and turned to upward. Here, however, it is also meaningful that the ordinances forwarded the SAC-zation of the APCs by encouraging the members to devote themselves to household production, and thus, the role of the APC itself changed. Its agricultural production began to stagnate while commercial

29. The 13/1974 ordinance of the agricultural minister on some provisions to promote household production in greens & vegetables.
30. The 13/1976 ordinance of the ministers’ council on some provisions to serve development of the household production.
and processing activities carried on by non-member employees expanded. Generally speaking, the APC’s began to be transformed into SAC during the 1970s. In addition the General Cooperatives, which succeeded the Farmer’s Cooperatives and the Hangya cooperatives and had been exclusively engaged in retailing in villages, got permission to take up cultivating, breeding and manufacturing. That is, the Agricultural Units (mezőgazdasági társulás), in practice the one-time PCG, were revived as sections in the General Cooperatives.31

Concerning the SAC’s, they rented out more and more of their lands. In the case of the Alföldi SAC 42% of its lands (827 ha.) were land lease in 1989. Besides this, 193 ha. out of 331 ha. of collective plough-land were lying fallow. Only one third of its land was being used collectively. It did not pay for the SAC to cultivate the land for itself. Now it is an accepted principle that those who want and can may use as much land as they like32.

In conclusion, Hungarian collectivization in agriculture was not yet completed in the 1970s when individual enterprises began to recover. The history of the Ferencs’ farm and the relationship between it and the SAC was a typical case of the widespread persistence of individual farming under communist agrarian policies. The SAC-zation of the APC’s and the changing cooperatives into comprehensive rural organization show another side of the transformation that began at the end of the 1960s. To some extent, there was a basic overhauling of the original concept of collectivization that had prevailed in 1948-1949. Now, as a result of political changes, the Hangya cooperatives are beginning to revive with the encouragement of the Independent Smallholder’s Party (a Független Kisgazdapárt)33. According to our understanding this is not a revival but an outgrowth of the transformation that began in the 1970s.

In any case individual farms and household enterprises were and are becoming more and more important. But it is also a fact that the development of small farms in the 1970s and in 1980s, as we saw in a case of the Ferencs,

31. Chapters 1 and 33-56 of the 50/1968. ordinance of the government on simple types of cooperative.
32. Based on observations at the Alföldi SAC.
resulted not only from the farmers’ own efforts-though this was an essential starting point-but also from the low cost of land and the traditional form of agricultural labor. In the oncoming market economy in agriculture, small farms will inevitably play a major part. On the other hand, the market economy might deprive them of the very conditions under which they have developed.