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Divergence from the Stalinist Model of Socialist Agriculture: The Case of Hungary

INTRODUCTION

By the end of the 1940s, Sovietization had advanced significantly in East-Central Europe, affecting both political life and the economy through nationalization. The exception was agriculture, where private property still dominated. Collectivization aimed to eliminate this through the widespread use of state violence. Due to strong peasant resistance, collectivization was interrupted several times and dragged on until the early 1960s.

In Hungary three collectivization campaigns took place: I. 1949–1953., II. 1955–1956, III. 1959–1961. The paper focuses on the relation between the Stalinist *kolkhoz* model and the collective farm that emerged and spread in Hungary.[1] Was it really a *kolkhoz* that was created in Hungary? The methodology that helps to answer this question is a combination of transfer studies and historical comparisons.[2]

1 In Hungary, the full name of the collective farm was »mezőgazdasági termelőszövetkezet« (agricultural producers cooperative). In Western academic literature, there is another widely used term: collective farm. This term will be used in my paper.

2 A volume edited by Heinz–Gerhard Haupt and Jürgen Kocka in 2009 describes the innovative cooperation between the approaches above – Haupt and Kocka, Comparative and Transnational History.

The first part of the paper describes how the Stalinist model of socialist agriculture was transplanted to Hungary.[3] The second part focuses on how the lessons of the 1956 revolution triggered debates about some aspects of the Soviet agricultural model. In the third part, the process of divergence during the 1960s will be analysed. Special attention will be paid to the agency of local actors and the mediating role of the agrarian lobby. Besides archival and statistical data sources, the paper also relies on oral history and contemporary press.

COPYING THE STALINIST MODEL AND ITS FAILURES

At the end of November 1948, Mátyás Rákosi, the General Secretary of the Hungarian Workers' Party (HWP)[4], announced the schedule for the establishment of socialist agriculture at a meeting of the HWP's Central Committee (CC). »Within three to four years we must get this question to the point where 90% of the Hungarian peasantry and 95% of Hungarian land is cultivated through proper socialist, joint, collective farming.«[5]

The three words Rákosi highlighted – socialist, joint, collective – made it clear that the individual peasant farms had to be replaced by Soviet *kolkhoz*es (collective farms). The *kolkhoz* was one of the main elements of Stalinist agriculture. The foundation of this complex system was that Stalin treated agriculture as an »inner colony«, i.e., subordinated its human and material resources to the interests of forced industrialization.[6] This required a farm organization that ensured not only the concentrated extraction of peasants' income but also the control and discriminatory treatment of the agricultural population.[7] Consequently, peasants were treated as second-class citizens.[8]

The Stalinist agriculture was based on three pillars. The machine and tractor station (MTS) served as a channel for supplying the state with crops and exerting political control over the countryside. The second pillar was the state-owned farm (*sovkhoz*). The third element was the artel-type collective farm (widely known as a *kolkhoz*).

3 Until the death of Stalin, the Soviet agricultural model was essentially a Stalinist model. However, after 1953, this model changed and became a »moving target«, a changing set of features, due to the Khrushchev reforms – Swain, Eastern European Collectivization Campaigns, 502–03. See also Swain, Decollectivization Politics; Varga, *The Hungarian Agricultural Miracle?,* 1–36.

4 The name of the Communist Party in Hungary between 1945–1948 was Hungarian Communist Party (HCP), between 1948–1956 Hungarian Workers' Party (HWP), and between 1956–1989 Hungarian Socialist Workers' Party (HSWP).

5 HU MNL OL M-KS 276. f. 52. cs. 4. ő. e. Jegyzőkönyv az MDP Központi Vezetőség 1948. november 27–i üléséről.

6 Viola, Collectivization, 49–77.

7 Merl, The role of agriculture.

8 Fitzpatrick, *Stalin's Peasants*, 48–79.

According to the Model Statute of February 17, 1935, the *kolkhoz* was a community of people who were joint users of the nationalized land of a given settlement, and who shared their farming equipment and animals.[9] From the communal land fund, a certain amount (¼–½ ha per *kolkhoz* family) was given for personal use, which was called the household farm. The members of the collective farm were carrying out the actual agricultural work together – within the framework of brigades and work teams – and therefore received payment for the communal work. The unit of measure for the work performed was the »work unit« (*trudoden*), which literally meant a working day. This unit expressed both the time expended and the nature and quantity of the given piece of work, but at the same time, it did not reflect the quality of the work completed. The *kolkhoz* leadership punished neglect of work according to the internal rules of the *kolkhoz*, while damage caused to state or *kolkhoz* property fell under the scope of Soviet criminal law. The *kolkhoz* was considered inferior to the *sovkhoz* because it was not the property of the entire society but of a smaller community or group. For this reason, the official ideology viewed the *kolkhoz* as a temporary solution that would evolve into a *sovkhoz* over time.

The Sovietization of agriculture in Hungary started with the increase in the area of existing, pre-war state farms.[10] From 1948 onwards, the building of the network of machine and tractor stations also gained momentum.[11] The introduction of the third element of Stalinist agriculture, the *kolkhoz*, came onto the agenda due to the Stalin–Tito split in late 1948. The HWP was thus compelled to act; alignment with the Soviet Union had to be demonstrated not only through statements, but also through actions as soon as possible.

The HWP leadership developed its initial tactics, taking into account the Hungarian peasantry's fear of the *kolkhoz* and its strong ties to privately owned land. Therefore, it promoted a gradual transition by allowing three types of collective farms.[12] The various types of collective farms were characteristic not only of the Hungarian case, but also of the collectivization process in East–Central Europe.[13] Parallel to this, market mechanisms in agriculture began to shut down. Compared to the previous period, the delivery quotas, taxes, and public charges proliferated.

9 On the characteristics of the operations of *kolkhoz* see: Davies, *The Soviet collective farm,* 75-97; Merl, *Bauern unter Stalin; Wädekin, The Soviet Kolkhoz*, 95–116.

10 Klenczner, Az állami gazdaságokról, 695–97.

11 Honvári, *A gépállomások története*, 81–144.

12 The essential difference lay in what portion of activity was carried out collectively, and, related to this, what proportion of income was allocated on the basis of labour executed or land contributed – Varga, *The Hungarian Agricultural Miracle?*, 44–48.

13 Swain, Eastern European Collectivization Campaigns, 497–534.

Based on the experiences gained in 1949, the Hungarian party leadership assessed that the expectations for the lower Type I and Type II collective farms had not been fulfilled. The membership considered them either as a supplement to their economy or as a hiding place where they could be relieved of the high taxes and compulsory deliveries. There was little interest in Type III which was most similar to the *kolkhoz*. As a response, the party leadership in early 1950 made it clear that the future of Hungarian agriculture would be the *kolkhoz*. A resolution adopted by the HWP's *Politburo* at its meeting of January 26, 1950, stated that the »... [Hungarian collective farm] will differ from the *kolkhoz* type only in that it will not yet farm on nationalised land.«[14]

Building on the 1935 *kolkhoz* statute, the model statute for Hungarian collective farms was drafted in 1951.[15] It stipulated that the members of the collective farm should share their farming equipment and livestock, thus creating the common property. It also provided for communal work (in the form of brigades and work teams) and stipulated that the work unit system should be used for both measuring and remunerating completed work. Membership in Hungary also gave the right to have a household farm.[16]

Continuing the elements introduced by the Model Statute of 1935, the activities of the collective farm were determined from outside, through the compulsory sowing plans defined by the party and state administrations. The membership, therefore, had no say in what and how a given collective farm produced. The membership cannot even decide how to use what it generated during the year. The Hungarian statute also copied the »remainder principle«, which gave priority to the enforcement of the state interest. The collective farm first had to fulfill its state obligations, then replenish the production funds for the following year, and only after all these were met, did the members (both in cash and in kind) receive their share for the work completed during the year. Consequently, the remuneration of the membership was low and insecure.

The above has already shown how *kolkhoz* members were treated as second-class citizens. This was also demonstrated by the fact that a member was not free to decide whether to leave the collective farm and take a job elsewhere. In the Soviet Union, a *kolkhoz* member, like a serf, had to ask permission to leave the village.[17] In Hungary, this was regulated in such a way that it was not allowed to

14 HU MNL OL M-KS 276. f. 53. cs. 44. ő. e. Jegyzőkönyv az MDP Politikai Bizottság 1950. január 26–án tartott üléséről.

15 8.010/1951. (I. 20.) F. M. sz. rendelet az önálló termelőszövetkezet alapszabályának és a termelőszövetkezeti csoportok működési szabályzatának egységes szerkezetben való közzétételéről. *Törvények és rendeletek*, 619–28.

16 In 1950–51, the area for the household plot was 0.14–0.28 ha. Animals allowed: 1 cow, 1 calf, 1 sow and her piglets, 5 sheep or goats, unlimited poultry, rabbits and bees, 1–2 fattening pigs – ibidem.

17 Fitzpatrick, *Stalin's Peasants*, 95–102.

go for 3 years after entry. The Hungarian Model Statute also stipulated a minimum number of work units as a precondition for a household farm. No matter how much land a Hungarian peasant had brought into the collective farm, if he/she did not meet the minimum work requirement, he/she was not eligible for the tiny household plot.

The Stalinist *kolkhoz* was so alien in Hungary that, although a wide range of state violence was used during the first collectivization campaign from 1949, the peasantry showed strong resistance. Although the well-to-do groups of the village society (*kulaks*) were destroyed in a short time, most of the middle and small peasants did not join the collective farm.[18] At the beginning of 1953, the new large socialist farms were cultivating barely 40% of the arable land, whereas according to Rákosi's original timetable, 90% should have been reached by then. So, the target was not achieved. Meanwhile, the Hungarian agricultural sector has undergone complete disintegration, and production has declined dramatically. This is demonstrated by the fact that Hungarian agriculture only reached its pre-war level in 1951, a year with extremely favorable weather conditions.[19]

Similar agricultural problems arose in other countries of the Soviet bloc. After Stalin's death in March 1953, in order to increase agricultural production, Soviet leaders (Nikita Khrushchev, Georgy Malenkov) advised their allies to stop the forced collectivization and allow peasants to leave the collective farms, reduce their tax burdens and compulsory delivery quotas.[20] The implementation of de-Stalinization in Hungary was entrusted to the new Prime Minister, Imre Nagy, due to his expertise in agriculture.[21] After the initial »firefighting measures«, Imre Nagy initiated a longer-term agricultural development program. Instead of copying the Soviet model, the emphasis was on taking into account domestic conditions and pre-war traditions and experiences.[22]

This renewal of Hungarian agricultural policy had far-reaching consequences. It not only led to a decollectivization and a boom in individual farming, but also to more expansive room for manoeuvre of the »surviving collective farms«. It is worth briefly mentioning the grassroots initiatives, which can be seen as the first steps towards independent farming. A general tendency in the collective farms that survived the de-collectivization in 1953 was to change both the *kolkhoz*-type remuneration (work unit system) and the work organization.[23] Different forms of premisation supplemented the work unit system. In many places, there

18 Ö. Kovács, The Forced Collectivization. Varga, Three waves, 262–73.
19 Pető and Szakács, *A hazai gazdaság,* 207–11.
20 Swain, Eastern European Collectivization Campaigns, 505–06.
21 Rainer M, *Imre Nagy*, 38–51.
22 Varga, *Az agrárlobbi tündöklése,* 25–43.
23 HU MNL OL M-KS 276. f. 93. cs. 508. ő. e. A PB által kiküldött Termelőszövetkezeti Bizottság iratai, 1954.

was a return to sharecropping. István Szabó, president of the Red Star Collective Farm in Nádudvar, recalled it in a detailed way.

> Take the cultivation of corn, for example. Until then, the fields were hoed by brigades, without anyone controlling the quality of the hoeing, either individually or per brigade. Under the new system, the ploughing and sowing were done by the collective farm, and individual families or kinship groups did the hoeing and harvesting on the land *they undertook*. They hoed when and as often as they wanted. However, whatever the harvest, they were entitled to 20 per cent of it in addition to the fixed amount of work units. Until then, they would only start hoeing when the last, laziest member of the brigade was in sight. Now they were in the field from sunrise, waiting for no one. As far as possible, we used the same method for other crops. [...] After the first year's harvest, everyone became an enthusiastic believer in the system. [...] The party organizations found it harder to give in.[24]

Similar grassroots initiatives before 1953 were considered a capitalist leftover. In the second half of 1953, a group began to form around Imre Nagy, which took a different view. Among the defining figures of the group, it is worth mentioning Ferenc Erdei, Lajos Fehér, Ferenc Donáth, and Ferenc Fekete. They thought that these grassroots initiatives should not be rejected, but rather studied carefully, because they could help make collective farming more attractive in the future. The majority of the agricultural administration, especially the Ministry of Agriculture, remained dismissive.[25]

Every stratum of the rural population welcomed post-Stalinist corrections. However, hardly two years passed when, in the spring of 1955, Imre Nagy was forced to resign, and Mátyás Rákosi regained power. He and his supporters returned to the Stalinist policies. In the agrarian sector, this meant an increase in taxes and delivery quotas, as well as the resumption of forceful campaigns to drive people into the collectives.[26] This second collectivization campaign caused a deep crisis in the countryside by the summer of 1956. Thus, the outbreak of the revolution on October 23, 1956, struck the villages in this uproarious situation.

24 Under his leadership, the collective farm has developed into one of the largest and most successful one in the country. This collective farm has always been at the forefront of innovation – Romsics, *Szabó István életútja,* 59–61.

25 HU MNL OL M-KS 276. f. 93. cs. 508. ő. e. Jegyzőkönyv a FM Tsz Főosztályán 1954. augusztus 3–án tartott tsz. csoport vezetői értekezletről.

26 Varga, Three waves, 273–78.

LESSONS FROM THE 1956 REVOLUTION AND THE FINAL PHASE OF COLLECTIVIZATION

The publications of urban events still dominate the historiography of the 1956 revolution. This could be explained by the fact that the armed struggles were concentrated in the capital and the main industrial centres. The essence of the »quiet revolution of the villages«, however, was not armed struggle, but multi-dimensional and multi-layered self-organization. These rural communities, where peasants still constituted the majority, quickly and clearly formulated their political and economic demands in late October, early November 1956.[27]

The new government, which came to power with Soviet military assistance on November 4, 1956, was headed by János Kádár. He was holding the position of General Secretary of the Hungarian Socialist Workers' Party (HSWP) at the same time. Faced with a nationwide general strike by industrial workers, the government was forced to compromise with the other large group in Hungarian society, the peasantry. The Kádár government halted the second collectivization campaign and abolished the compulsory delivery system, which had been one of the fundamental elements of the Stalinist agricultural model. Hungary was the first socialist country to take this step, the most enduring impact of which was the revival, albeit to a limited degree, of market mechanisms in agriculture.[28]

As a result of all of the measures listed above, two-thirds of collective farms were dissolved, and at the same time, several hundred thousand peasant farms began work anew. The bulk of land-owning peasants left the collectives. At the same time, the majority of the landless and smallholders, in the absence of any other possibility for making a living, decided to remain in the collective farm.[29] These surviving collective farms became very valuable to the Kádár regime, as they were proof that the foundations of socialist agriculture had been laid. In November, the government declared: »The government deems it necessary to draft a law on collective farms which states that peasants should themselves choose the form of cooperation, determine the operating rules and decide on the method of remuneration. The government will tolerate no interference in cooperative affairs.«[30]

In this climate, the surviving collective farms, on the one hand, wanted to achieve independence from the organs that had previously interfered in their

27 See more on this in my sub–chapter »Demands of the peasantry during 1956« – Varga, *The Hungarian Agricultural Miracle?*, 83–90.

28 Ibid., 92-93

29 HU MNL OL M–KS 288. f. 28. cs. (1957) 17. ő. e. Megyei jelentések a termelőszövetkezeti mozgalom helyzetéről.

30 *Magyar Közlöny*, November 27, 1956, 580.

farming (the party, the council, the banks, the machine and tractor stations) and the party itself. In contrast, they wanted to regulate their internal affairs independently. As their members wished to obtain a regular income throughout the year, rather than relying on the work unit with its uncertain value, the majority of collective farms transitioned to a system of in-kind shares, in the form of either sharecropping or various types of bonuses.[31] The leaders of the Ministry of Agriculture strongly attacked these grassroots initiatives, which pushed state interests into the background. The following passage from a contemporary speech of Imre Dögei, the Minister of Agriculture, illustrates their views.

> There's a lot of talk and chatter these days about how each collective farm should draw up its statute, distribute its income as it wishes, and we should not interfere, [...] This, comrades, is nothing less than the purposeful, subversive work of the enemy. We are not going to stand for it. We say there is no point you chattering about Hungarian uniqueness this and Hungarian uniqueness that, you have brought nothing new to the table, you have not created anything better than the model statute, you have not come up with a better model of income distribution than the work unit, only something worse, and we therefore stand by it.[32]

At the same time, another group in the leadership, led by Lajos Fehér, head of the Agricultural Department of the HSWP' Central Committee, argued that these grassroots initiatives would make members interested in improving the quality of production, in increasing yields and reducing costs and that this served the interests of the state, too.[33] »Collective farms' members, like others, do not like their every step to be regulated in advance, to be "spoon fed".« That is why the opportunity must be provided for collectives, while maintaining fundamental socialist principles, to modify their operating rules to local circumstances, to make them more flexible, so that the membership has a better sense that it is the valid owner of their collective farm.[34]

The debate mentioned above also signalled that these two groups had different views on how to complete collectivization. The leaders of the Ministry continued to adhere unconditionally to the Stalinist agricultural policy, the main elements of which they considered unchangeable. The group around Lajos Fehér, the emerging agrarian lobby, wanted to develop the HSWP's agricultural policy by avoiding the pre-1956 mistakes and considering Hungarian conditions and peasant interests. When Soviet pressure brought collectivization back on the agenda in 1958, a new debate began between these two groups. Kádár finally

31 Varga, The Impact.
32 HU MNL ZML Zala Megyei Levéltár XXXV 1. f. 1957. 2. ő. e. Jegyzőkönyv az MSZMP Zala Megyei Nagyaktíva üléséről 1957. május 29.
33 Papp, *Fehér Lajos*, 202–25. Varga, *Az agrárlobbi*, 66–82.
34 Fehér, *A magyar mezőgazdaság*, 36.

started collectivization in early 1959, relying on the dogmatic line. The party and state organs involved in the collectivization used a wide range of violence, including physical, administrative, criminal, and psychological violence.[35]

It was the third attempt within a decade to turn Hungarian peasant farms into large socialist farms. During the 1950s, peasants had developed their resistance and survival strategies and reacted to the new campaign with them. Their experience showed that they could expect low and insecure income from the collectives because of the work-unit system and the »remainder principle«. Families, therefore, contributed their less valuable labour (elderly family members, women) to the collective farms. Men of working age, on the other hand, took jobs in the cities and became daily or long-distance commuters.[36]

A further problem was that many of the new members only completed the minimum amount of work on the collective farm needed to qualify for the household farm. Members could expect a low level of income from the collective farm, so it was more worthwhile to concentrate their efforts on the household farm.[37] The above-mentioned forms of »everyday resistance« were easy to trace in the weekly and monthly reports that were sent from both the HSWP district committees and the agricultural departments of local councils to the Agricultural Department of the HSWP Central Committee.

> In many collective farms, especially in the Transdanubian counties, there is a weak work discipline. Members who used to work early in the morning until late in the evening on their farms now don't want to work more than 8 hours a day in the collective, even at the busiest times. ... the weak work discipline is also the reason why some 15,000 ha of corn remained unharvested nationwide and in some Transdanubian counties the treshing of grain was not completed until the first days of October.[38]

During 1959, it became increasingly clear that the ministry under Imre Dögei was not able to deal with these growing problems. In this situation, the proposals of the other group, led by Lajos Fehér, were appreciated more than ever before. Lajos Fehér, Ferenc Erdei, and their fellows referred to the collectives that survived de-collectivization both in 1953 and in 1956. Their local initiatives were analyzed by two research institutes of the Hungarian Academy of Sciences (the Institute of Economics and the Institute of Agricultural Economics).[39] The

35 Ö. Kovács, The Forced Collectivization, 225–27.
36 *Mezőgazdaságunk*, 174–75.
37 HU MNL OL M-KS 288. f. 17. cs. 5. ő. e. A Központi Statisztikai Hivatal feljegyzése a paraszti családok és a paraszti népesség számának alakulásáról, 1960. november.
38 HU MNL OL M-KS 288. f. 28. cs. (1959) 9. ő.e. Jelentés a tsz–ekben a mezőgazdasági munkák helyzetének vizsgálata során szerzett tapasztalatokról, 1959. November.
39 The latter one was headed by Ferenc Erdei and become a backbone of the agrarian lobby.

analyses have proved that these local initiatives bring better results (e.g., higher yields) than the work unit system.[40] Although these collective farms diverged from the Soviet *kolkhoz* model, their results were convincing enough for the party leadership to correct the midpoint of collectivization. The replacement of the dogmatic Minister of Agriculture, Imre Dögei, symbolised this. The new minister, Pál Losonczi, was a reform-minded collective farm president in Barcs (Somogy county).[41] On the other hand, at its meeting of February 16, 1960, the *Politburo* decided that local initiatives differing from the *kolkhoz* model should be allowed in the practice of the collective farms.[42]

To understand the changes in Hungarian agricultural policy, it is necessary to recall the international context, especially the changing Soviet expectations. As has already been mentioned, the Stalinist collective model was in force at the time when the collectivization process in East-Central Europe was launched. Later, however, de-Stalinization and the events of 1956 in Poland and Hungary had a significant impact on Soviet policy-makers. When the Soviet leadership initiated the completion of collectivization in the late 1950s, it tolerated that neither Yugoslavia nor Poland had fulfilled this task, and their agriculture continued to be dominated by small-scale farms. On the other hand, those countries that resumed collectivization were allowed to modify some aspects of the Soviet model (e.g., dismantling of machine-tractor stations, abolition of compulsory deliveries, liberalization of *kulak* policy, allowing different types of cooperation).[43] Khrushchev also hoped that providing more room for manoeuvre to the satellite countries would help them to produce their own food needs rather than constantly demanding grain from the Soviet Union.[44] Khrushchev devoted exceptional attention to stimulating agricultural production because of the economic competition »catching up and surpassing« the USA in twenty years (1960–1980). This applied not only to industrial, but also to agricultural production.[45]

40 Varga, Agricultural Economics.
41 Bertalan, Somogyországtól a miniszteri székig, 288–330.
42 HU MNL OL M–KS 288. f. 5. cs. 170. ő. e. Jegyzőkönyv az MSZMP Politikai Bizottság 1960. február 16–i üléséről.
43 Swain, Eastern European Collectivization Campaigns, 525–29.
44 HU MNL OL M–KS 288. f. 23. cs. 43. ő. e. A KSH jelentése a külkereskedelmi forgalom alakulásáról, 1960–1963, 1963.
45 Taubman, *Khrushchev*, 325–60.

GRASSROOTS INITIATIVES AND CHANGING POLITICAL RESPONSES

Collectivization was completed in Hungary by February 1961. After that, the question arose again: how to make the collective farms work? By eliminating the aforementioned temporary compromises and returning them to the *kolkhoz* model, or by allowing room for grassroots initiatives? My research has shown that the reconciliation of interests was further strengthened through the mediation of the agrarian lobby group around Lajos Fehér. This was because for the Kádár-regime, the performance of agriculture was critical, as a stable food supply was the main factor in the »living standard policy« initiated after 1956 to improve the living standards of the society.

From time to time, the Ministry of Agriculture, headed by Pál Losonczi, published its recommendations on remuneration and work organisation.[46] In particular, it proposed solutions which, although they deviated from the model statute, were more of an interest booster for the membership than the work-unit system. Since the collective farms were under the close control of party and state authorities, many problems arose when the staff of the local apparatus still adhered to Stalinist, dogmatic views that they had been taught before 1956.

The agrarian lobby sought to encourage cooperative leaders through the contemporary press to apply the Ministry's recommendations. The lobby established good relations with the media (press, radio).[47] This way it gained regular forums for its views as evidenced by the following article published in the HSWP's daily newspaper, *Népszabadság*. »In several counties and districts, there was also a certain rigidity and incorrect attitude towards the tried and tested forms of income distribution and premiums proposed by the Ministry of Agriculture. In many cases, the district and county authorities prevented the cooperative members from applying the best solutions. [...].«[48] The dogmatic groups of the apparatus argued that the proper socialist form of work organisation was the brigade and that of remuneration was the work unit. In their view, »everything is forbidden that is not expressly permitted«. In contrast, the members of the agrarian lobby, the leaders of the Ministry, argued that »what is not expressly forbidden is permitted«. As a result, there were huge local differences in the implementation of the HWSP's agricultural policy in the early 1960s.[49]

46 The recommendations were published in the ministry's *Agricultural Bulletin*, which was posted to all collective farms.

47 Varga, *The Hungarian Agricultural Miracle?*, 153–62.

48 *Népszabadság*, December 8, 1961, 2, Hogyan fokozhatjuk a szövetkezeti tagok anyagi érdekeltségét.

49 Varga, *The Hungarian Agricultural Miracle?,* 147–53.

The agrarian lobby around Lajos Fehér tried to deal with this problem in the following way. It organized training courses for the district and county agricultural administration. High-ranking members of the lobby travelled extensively to the countryside, creating forums for an intensive exchange of information with the local politicians and cooperative leaders.[50] This way, they mapped out their regional allies, with whom they maintained constant contact.

Through this specific dialogue, year after year, more and more local initiatives were moved from the prohibited or tolerated category to the supported category, thus increasing the divergence from the *kolkhoz* model. However, a major problem remained: the legal regulations did not reflect the forms of remuneration and work organisation justified by practice. Thus, in the first half of the 1960s, the *de jure* and *de facto* conditions in the life of the collective farms differed significantly.

To remedy this problem, the agrarian lobby initiated a complex reform at the turn of 1961–1962. One of the elements of this was the drafting of a new law on collective farms, to bring the legislation into line with the proven grassroots initiatives of work organization and remuneration.[51] With the new law, the agrarian lobby sought to achieve even more, aiming to legalize a new concept that was utterly different from Stalinist logic. It was based on two principles: self-management and legal equality with state-owned companies.

The implementation of the new principles required changes not only in the legal system, but also in economic regulation (price, tax, credit policy, etc.) and the agricultural administration, since many decision-making powers had to be reassigned to the collective farms. All three parts of the agricultural reform were completed by the end of 1963. However, their introduction in early 1964 was postponed.[52] This can be explained by the fact that other areas of the economy were also showing increasing signs of crisis (efficiency problems in the industry, external trade imbalances, etc.), and these were occupying the attention of the party leadership.

As numerous ministries, authorities, and research institutes were involved in the elaboration of the complex agricultural reform between 1961 and 1963, they thus contributed to a broad discourse not only on the problems of socialist agriculture but also on the planned economy in general. When, a few years later, in 1966, due to the worsening economic situation, the HWSP leadership decided to elaborate a general economic reform, the New Economic Mechanism (NEM), it

50 In addition to Ferenc Erdei and Lajos Fehér, Pál Losonczi and István Dobi also played an important role in this respect – Interview with Imre Dimény (born 1922).

51 HU MNL OL M-KS 288. f. 28. cs. 2. ő.e. Előterjesztés a Mezőgazdasági Bizottsághoz az új termelőszövetkezeti törvény előkészítésével kapcsolatos főbb vitás kérdések eldöntésére, 1962. szeptember 16.

52 Varga, *The Hungarian Agricultural Miracle,* 158–60.

became possible to revisit the previous agricultural reform plans. While the NEM was introduced on 1 January 1968, the agrarian lobby had already implemented several major changes in 1966/67, based on the 1963 concept.[53] Credit consolidation and price reform were carried out in favor of the collective farms, and the machine stations were abolished, and their machines became the property of the collective farms. As will be discussed in the following, in 1967, the Parliament adopted two major laws, and the interest representation bodies of the collective farms were established.

As a result of a lengthy consultation process and heated debates in the HSWP leadership, in the fall of 1967, the Hungarian Parliament accepted two laws that defined the economic and social relations of collective farms for the next twenty years. Law III on collective farms aimed to resolve the discrepancy between their practice and legal regulations. As the introduction of the law clearly indicated, »The primary purpose of the new regulation is to express those basic features of the operation of collective farms that have taken shape following developments in the past years.«[54] As previously mentioned, there were three major areas where collective farms diverged from the *kolkhoz* model: remuneration, work organization, and household farming. These widespread grassroots initiatives were successfully included in Law III of 1967. The other important law (Law IV of 1967) was revising land ownership and land use within the collective farms. Alongside private and state land ownership, a new type of land ownership emerged: cooperative ownership. This was created by offering landowners who were not collective farm members (e.g., those who had left to work in other sectors or had inherited land from their parents) the decision within a given timeframe: either join the collective farm or sell their land to the collective at a low price set by the state. This was therefore a hidden nationalization, which, however, did not affect the private property of those who were active or retired collective farm members.[55]

Law III of 1967 was built on the concepts of self-management and legal equality. The law granted collective farms the right to decide on their production and their operating plans. This law specified that collective farms were independent legal entities, and consequently, they had no administrative superior organizations in the party-state apparatus. The law also stated that the property of the collective farms was on an equal footing with state property. It even noted that household farming was an integral part of the collective farm. This is important because previously, the household farm was considered only a temporarily

53 HU MNL OL M–KS 288. f. 28. cs. 8. ő. e. Előterjesztés az új termelőszövetkezeti törvény irányelveiről, 1966.

54 Fóris, *Mezőgazdasági termelőszövetkezeti törvény*, 172.

55 Dániel Luka's PhD dissertation provides a detailed analysis of the genesis of the Law IV of 1967 – Luka, Földbirtokpolitika Magyarországon.

tolerated concession until the peasantry – as the propaganda repeatedly stated – could free itself from its previous backward views (adherence to private property, etc.).[56]

Laying the foundations for independent farming activities required, first of all, securing the financial background. The agrarian lobby's starting point was the following: the difficulties of the incentive system within the collective farms would not disappear as long as the distorted price system remains in effect. The goal of the price increases and credit concessions that took place in 1966/67, therefore, was to lay the foundations for the ability to self-finance. The majority of collective farms became capable of independent enterprise-like farming. One of the most important and consciously maintained restrictions in this field was investment policy.[57] The collective farms could not fully finance their investments from their income.

Many changes were introduced in the area of income distribution, the most important of which was the abolishment of the »remainder principle. This was of tremendous significance. As mentioned earlier, however much the collective farms endeavored to find ever better incentive solutions for their memberships, the efficiency of local initiatives remained restricted because of the »remainder principle«. Law III of 1967 stipulated that the wages paid to members over the year should be considered production costs, and it also specified that their payment preceded the state's demands.[58]

From 1967 onwards, they, like all industrial workers and employees, deserved a guaranteed wage, which was regularly paid. The decree that implemented Law III of 1967 also passed measures about remuneration, allowing collective farms to make use of any form of remuneration that conformed to the principle of »socialist income distribution«. Instead of the former centralized regulation, this became the responsibility of the collective farm's general meeting. »The collective farm establishes how labour is measured and remunerated, whether based on meeting work norms, the amount of time spent, or a share of production (yield), etc.«[59]

Aiming for an independent, enterprise-like farming system, a significant amount of decision-making power had to be transferred from the state administration to the collective farms. Previously, their activities had been administratively directed by district and county party organs and councils, state-owned purchasing companies, and bank branches, using partly political pressure and economic tools, granting or revoking credits and subsidies to influence production.

56 Kovách, Hungary.
57 Fóris, *Mezőgazdasági termelőszövetkezeti törvény*, 172.
58 Ibid., 68–69.
59 Ibid., 110.

One of the basic principles of Law III was that collective farms would independently decide about their production structure. After 1967, it was still compulsory to prepare a plan and farm according to it, but the plan was not submitted for official approval by any administrative body. Law III of 1967 abolished the previous limits placed on their sphere of activity. The limitations of the Soviet *kolkhoz* model had long prevented collective farms from engaging in supplementary activities beyond crop cultivation and animal husbandry, even though there had been traditions of this in Hungary in the past, both on pre-war large estates and peasant farms. Reference can be made to the extent of village household industry, woodworking, carting, and food processing.[60]

The new regulations defined the activities of collective farms to permit food processing, procurement, sales, and services in addition to agricultural production. They could utilize their facilities and equipment not only for their own needs, but also for state-owned enterprises, institutions, associations, and the public directly.[61] Collective farms could sell products, from either the communal farm or household plots, not only to purchasing enterprises, but also to petty commerce, the hospitality industry, public bodies, industrial users, and foreign trade enterprises. Furthermore, they could open their shops to sell their produce.

One of the consequences of recognizing independent, enterprise-like farming was that Law III of 1967, then, established the equal legal status of collective farms, but some difficulties remained. The main problem with state purchasing enterprises was that they were in almost exclusive possession of the facilities and qualified workforce necessary for bringing agricultural products to market. This situation changed only gradually as the processing and sales activities of collective farms expanded. Many problems also arose from the fact that the state-owned banks held a strong monopolistic position, rendering the negotiating power of collective farms, for example, in the area of credit, weak.

Outdated model statutes had to be repealed if self-management was to be achieved. The framework provided by Law III of 1967 enabled collective farms to adapt their organizational structure to their specific circumstances.[62] In general, it could be summarized that all essential issues – income distribution, work organization, remuneration, etc. – have been returned to the competence of the general assembly from external organizations.

Before 1967, the procedure for administering the collective farms was not regulated by law, but rather by their statutes. From 1967 onwards, by contrast, the rights and duties of the membership, together with the sphere of authority

60 Juhász, Agrárpiac, 24–50.
61 Fóris, *Mezőgazdasági termelőszövetkezeti törvény*, 56.
62 Csizmadia, A vállalati önállóság.

and legal status of the president, the leadership, and various committees, were all defined by the established law.[63] As far as these matters were concerned, Law III of 1967 mostly just repeated what the 1963 reform package had contained. However, this new Law brought an important innovation: the collective farm membership elected its president by secret ballot.[64]

The significance of Law III of 1967 is even more apparent when compared to the Soviet legislation of the time. As already mentioned at the beginning of this paper, the 1935 model *Kolkhoz* Statute was not replaced by a new one until 1969. The document was adopted at the Third National Congress of *Kolkhoz*es on November 27, 1969.[65] Although it contained many new elements, it did not change its function: it continued to regulate the functioning of the *kolkhoz*es in a binding manner. In contrast, Hungarian Law III of 1967 did not even contain a model statute. To guarantee the autonomy of the collective farms and to encourage internal regulation, it left it to the general assembly to draw up their statutes according to valid legal regulations, while also reflecting local characteristics.

Even after 1969, the *kolkhoz*es were still bound by the system of compulsory sowing plans, compulsory deliveries, and the »remainder principle«. The activities of *kolkhoz*es were restricted to crop production, livestock farming, and cottage industry, as in 1935. The Soviet party-state still did not give the *kolkhoz* membership the right to adapt the *kolkhoz* to local conditions and needs.[66]

The increased decision-making power of the general assembly of the Hungarian collective farm was evident in its ability to elect its president by secret ballot. Collective farms were the first such economic organisations in socialist Hungary. In the new situation after 1967, it no longer made sense to maintain the three-year ban on leaving the collective farm, allowing a member to leave at any time, at their discretion. In the Soviet Union, the consent of 2/3 of the membership was still required for a *kolkhoz* member to leave the *kolkhoz* and receive the internal passport necessary for employment in the city.

The recognition of the long-term existence of household farming and its »true socialist nature« was one of the fundamental elements of the Hungarian agricultural reform. Law III of 1967 stated that the household farm was an integral part of the collective farm and legalized its role in commodity production as well. This was in two ways contrary to the Soviet concept. On the one hand, in the Soviet Union, the existence of household farming was expected only for a temporary period. On the other hand, its function was reduced to mere self-sufficiency.

63 Fóris, *Mezőgazdasági termelőszövetkezeti törvény*, 16–49.
64 Ibid., 26.
65 Varga, *The Hungarian Agricultural Miracle?,* 13–17.
66 Ibid., 190–95.

CONCLUSION

In this study, I interpreted collectivization in Hungary as a transfer of the Soviet agricultural model. This model only began to change after Stalin's death. All of this had a significant impact on how some East–Central European countries continued and completed collectivization, while others (Yugoslavia, Poland) stopped and never finished the process.

The methodology of transfer studies greatly aided in exploring Soviet commands from the late 1940s to the early 1960s. In this way, I was able to identify not only changes over time, but also the changing expectations towards the individual bloc countries. Hungary, for example, became a country of greater importance to the Soviet party leadership after the 1956 Revolution.

In the context of changing Soviet instructions, the methods employed by local mediators during the transfer also evolved during the examined period. In response to these, different groups of peasant society have developed various strategies of resistance and adaptation. As a result of these factors, a divergence from the Soviet model began in Hungarian agriculture.[67]

This made it possible for another transfer in the 1960s. As an outlook, it is also important to note that Hungarian agriculture was influenced by Western technology and knowledge transfer. Its first phase coincided with the completion of collectivization. Faced with the problems of the new socialist large-scale farms, the Hungarian party leadership decided to adopt Western technology that would enable meat production to be quickly boosted. Already in 1960, a Hungarian delegation purchased the most modern »chicken factory« at the time from a West German company.[68] This early opening to the West naturally could not have taken place without the approval of the Soviet leadership. Following the suppression of the 1956 uprising, Moscow accorded greater room for maneuver, especially in agrarian policy. Food supply became a strategic issue for the Kádár regime, which attempted to compensate for its lack of political legitimacy through a »policy of living standards«. Since meat production requires a stable fodder base, Hungary purchased the first John Deere machinery complexes from the United States in 1969 as part of the second phase of Western technology transfer.[69]

Initially, state farms played a key role in Western transfers, and then, as the Hungarian collective farms deviated from the Soviet model, they became capable of integrating capitalist closed-production systems. As a result, the 1970s brought

67 A group of Hungarian historians interprets this process differently. For summary of their views in English, see: Csikós, Horváth, and Ö. Kovács, The Sovietization of rural Hungary.

68 Varga, *The Hungarian Agricultural Miracle?*, 162–67.

69 Ibid., 201–07.

a rapid boom in Hungarian hybrid agriculture.[70] It was a unique achievement within the Council for Mutual Economic Assistance (COMECON), often labelled by the Western media as the »Hungarian agricultural miracle«.[71] Today's evaluations are more critical due to the socio-natural costs, such as the dissolution of the symbiotic relationship between arable and livestock farming, as well as environmental consequences (including the nitrification of groundwater, soil erosion, and soil compaction).

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71 Berend, *From the Soviet bloc*, 31–33.

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