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FARMER'S CO-OPERATIVES AS A RURAL
DEVELOPMENT FACTOR

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CONTENTS

Introduction	1
I The aims of agrarian policy	1
II Agrarian structure, capacity and production	2
III Realization of the reconstruction of agriculture and the role of agricultural co-operatives	3
1) Period of administrative management	3
2) Period of worker self-management	4
Bibliography	9

Introduction

From the view-point of economics, the ideal movement of goods from producer to consumer is reached when the production and processing of raw-materials as well as the marketing of finished products are linked up and effected without any intermediaries. In this context, some mergers have taken place in certain cases of industry between the producers of raw-materials and the manufacturing industries, and thus combined enterprises have been formed.

In agriculture, this process is belated and has progressed very slowly. Yugoslavia is among the countries where agro-based industrial complexes have been formed in agriculture. Large farm enterprises and corresponding factories in the processing sector have joined together in vertical integrations and thus, a significant number of agro-industrial complexes have been set up. This process has not yet ceased in Yugoslavia and is sure to continue for a long time to come.

The issue of vertical integration is a very complex one, especially when it deals with peasants' farms. Its complex character lies in the fact that it deals with tiny farms which are also very backward. The experience gained by Yugoslavia in including these peasants' farms in the modern course of economy may be very useful. Much has been done in Yugoslavia in this sector. Considerable efforts were made to modernize the peasants' farms i.e. the production on these farms and linking them with the processing industry. Agricultural co-operatives play a very significant role in this respect.

Taking the achievements of Yugoslav agriculture into consideration, this paper will cover in brief the salient features of that development with particular emphasis on the role of agricultural co-operatives - their achievements or failures, and the problems yet to be solved.

I. The aims of agrarian policy.

After World War II Yugoslavia inherited a retarded and disrupted agriculture. The following details refer to the state of agriculture at that time: (1) in 1931 the contribution of the agricultural population was 76 per cent whereas in 1948 it was 67 per cent; the number of rural farms in 1941 totalled 2,636,000 and had been gradually increasing until that year. They were very poorly supplied with means of production. On the eve of the war, the estimated number of tractors, which were mostly used as stationary machines, was 2,500. The size of about 67 per cent of the rural farms was up to 5 ha in toto and this was also the average size of all the farms. On account of the primitive means of production and the retarded technology, the contribution was low, determined as it was to a great

extent by external factors. With the introduction of socialist development there came a change in the aims of the agrarian policy. The means of production are being constantly improved, their effectiveness increased and for reasons of **economy**, the big complexes of land have to be taken over, since the development of equipment leads automatically to large-scale industry. One of the aims of agrarian policy has been to create a large-scale industry. The example of other better developed countries also shows that under the pressure of modern means and up-to-date technology, family farms tend to turn to industry on a large scale. The conscious and active establishment of large scale industry was also pursued in the interests of the agricultural producers. Their standard of living could only be raised through the promotion of production, i.e. by the transition to industrial production on a large scale.

In addition to the above, the agrarian policy also aims at stopping exploitation and creating socialistic productive relations (socialistic relations in the field of production), i.e. socializing agricultural production. These two aims - the creation of a large scale industry and the socialization of agriculture - form the essence of the socialist transformation of agriculture.

II. Agrarian structure, capacity and production.

In Yugoslav agriculture today there are two sectors of ownership: private and public. The greatest proportion of agricultural capacity is in the hands of private rural farms. Although these rural farms represent the greatest part of the agricultural capacity, they are by virtue of their great number split up to a great extent. These farms are for the most part (72,3 per cent) no greater than 5 ha.

Table 1: The size structure of rural farms in Yugoslavia(2) in 1959

Categories	Number of farms	
	in 000	%
Total	2,598	100
up to 2 ha	1,021	39,3
2- 5 ha	910	35,0
5- 8 ha	384	14,8
8-10 ha	132	5,1
over 10 ha	151	5,8

In the social sector in 1970, there were 1,925 farms(3) These were farms with a large surface area.

The public sector comprises several categories of farms. In the first place, there are the estates referred to as being engaged specifically in agricultural production, the production of agricultural raw-material. The combines form the other category. These are enterprises dealing with the production and processing of agricultural products.

Another category of ownership are the agricultural co-operatives dealing with agricultural production, trading and co-operation with rural farms. Along with the above mentioned farms, various school holdings, experimental stations, institutes, etc. also belong to this category.

III. Realization of the reconstruction of agriculture and the role of agricultural co-operatives.

The co-operatives are the organizations of small commodity producers, farmholders, craftsmen and others. These organizations, with the help of associated forces, ensure to a certain extent the utility of large-scale production. As Yugoslav agriculture was dominated by small-scale commodity production, the co-operatives were able to serve as the farms organizing the development process in agricultural production.

The co-operatives have a long tradition in Yugoslavia. In earlier days, the agricultural producers themselves established co-operative organizations, gained experience in self-management and realized the positive sides of these organizations.

From the socialist point of view, co-operation can serve as the instrument for the socialist reconstruction of agriculture. Such a policy can first be pursued in the general types, starting with simpler forms such as the consumers' co-operatives, which are also the most widespread and the most acceptable to agricultural producers, since they disturb private ownership to the least extent. Steps can ^{then} be taken to approach specialized production and processing co-operatives and finally the complete producers' co-operatives.

The importance of agricultural co-operatives lies also in the fact that they are directed towards agricultural production, as well as towards trade and the processing of agricultural products. Through contracts with the private farm owners, they serve as a means of modernizing agricultural production on private farm holdings and linking them with socialist production. Additionally, the agricultural co-operatives become large agricultural organizations demonstrating the superiority of large-scale production.

1) Period of administrative management.

In order to obtain a better understanding of the measures and results realized in agriculture, it is essential to point out certain facts which are directly related to the measures applied in agriculture. This development period was experienced at a time of great economic difficulties: the Yugoslav economy was not only underdeveloped but also aggravated by the devastations of war, and as such, it could offer but little accumulated reserve.

Hence, in order to utilize this hard-earned, small amount of reserve in the most effective way, it was felt essential to manage the business from one centre, thus giving rise to the centralized management of the economy or administrative management, as it is otherwise called in Yugoslavia. At the time, such a system of management had some positive sides, since it helped the economic development along a definite path and successfully preserved economic independence. Meanwhile, in course of time, it started to show certain negative phenomena, which retarded the further development of the economy; thus, such a way of management was dropped.

One of the measures realized in this period and abandoned later was collectivization. The working peasant co-operatives (of the kolkhoz type) had been an instrument of collectivization, which was considered to represent a possible method, through which large scale production could be realized. In the course of the period until 1953 when collectivization was introduced (mostly forced from 1949 to 1952), it appeared unsuitable for Yugoslav conditions, and agricultural production showed signs of diminishing. Therefore, at the beginning of 1953 regulations(4), were issued dealing with abandonment of collectivization, representing also abandonment of the last administrative measures concerning agriculture. The number of rural working co-operatives dropped from 6,888 in 1952 to 1,236 after the re-organization in 1954. This figure was also tending to drop because of mutual mergers between the agricultural co-operatives or the agricultural estates (farms). In 1955 their number totalled 924, in 1960 147, and in 1965 10. With regard to the rural working co-operatives, which survived re-organization in 1953, it should be said that as far as employment, organization of work and earnings are concerned, they did not differ from the agricultural estates farms: the more so as 1953 was the year in which co-operative property became public.

2) Period of worker self-management.

As the number of agricultural farms and combines drop in relative terms and though the number of villages and peasant holdings are numerous, great attention is being paid to the development of agricultural co-operatives in Yugoslavia, so that these organizations can become much closer and reach almost all agricultural producers. During their development in the preceding period, a large number of small and economically weak co-operatives had joined together or linked up with agricultural farms and combines in order to create large, economically strong organizations. The statistical data regarding the work of the co-operatives indicate that despite certain fluctuations, these co-operatives are developing successfully. The values of their fixed-assets, their total realization as well as their personal earnings, are increasing from year to year.

The task of the agricultural co-operatives, as mentioned above, is to work on the development of agriculture i.e. on the creation of large-scale social production. They undertake and perform various tasks directed towards agricultural development. The followings are the activities with which they deal:

1. Agricultural production (on their own holdings) and the processing of agricultural products: Like the agricultural farms and complex-plants, the agricultural co-operatives are also developing agricultural production on their own land. From the review of the tables 2 and 3, relating to the equipment and consumption of modern means of production as well as the yields attained on the farms, it can be concluded that production on the co-operative-farms is becoming increasingly intensive. Apart from production for the market, the co-operative-farms also produce high quality reproduction materials - livestock offsprings, seeds, seedlings, etc. for the peasant-holdings.

Table - 2. Some indicators of work on the agricultural co-operatives in Yugoslavia 5).

Year	No. of Co-ops.	Agril. area in 000 ha	Value of fixed assets	Investment	Realization	Personal earnings
in million dinars						
1961	3,228	625	1,922	360,3	1,861	312,5
1964	2,096	896	3,288	445,5	2,793	559,4
1967	1,600	832	3,738	366,9	4,970	883,2
1970	1,102	618	3,192	449,0	2,225	880,0
1972	906	465	4,908	514,0	3,521	1284,0

A considerable number of economically developed co-operatives are also opening departments for the processing of agricultural products, such as flour mills, slaughter houses, dairies, food and vegetable processing factories, cellars as well as feedstuff plants.

2. Purchase of agricultural products: The agricultural co-operatives through contracts with the peasants holdings purchase agricultural surplus from these holdings either for processing or sale. Since the agricultural co-operatives are fully engaged in the agricultural development of the peasants holdings, through contracts or free purchases they also act as buyers of the maximum quantity of farm-products. With the increased efforts made to promote production on the peasants holdings, there is a corresponding increase in the amount of articles to be purchased from the peasant holdings.

Year	No. of tractors	Standard live-stock heads (each of 500 kgm)	Consumption of chm.fertilizers in kg/ha		Yields in m. quintals/ha.		
			Cultivable area	Arable area	Wheat	Maize	Sugar beet
1961	16,712	108,974	506	635	30,5	34,8	248
1964	19,049	146,554	776	969	25,7	51,3	365
1967	14,464	108,102	778	972	38,3	52,8	432
1970	8,424	75,166	531	646	27,0	38,6	353
1972	6,124	58,546	557	666	32,8	55,9	459

3. Certain co-operatives also deal with savings and credit transactions, sale of industrial goods, crafts and servicing activities. However, such activities are very limited at co-operative level owing to the simple fact that their fundamental task is to promote agricultural production.

4. Economic collaboration (co-operation) with the peasants holdings: Besides agricultural production on the co-operative farms, the collaboration with the peasants holdings is one of the most important activities of the agricultural co-operatives.

What is co-operation? Edvard Kardelj gave the following definition:

"It (co-operation) is the name for any form of co-operation in production between socialist economic organizations - agricultural estates, peasant work co-operatives, agricultural co-operatives of a general type and their farms, and in specific cases even industrial and commercial organizations - and individual peasant households - which prepares, establishes, initiates and promotes the elements of the social process of production, on socially organized areas of land prepared for this production process, which will enable in such a process based on social investments and social fixed assets for production, the socialist economic organizations to become the protagonists of enlarged reproduction".(7)

Collaboration in production entails co-operation between the co-operatives and the peasants' holdings, based on the principle of voluntarism, in order to promote the small-scale production of the peasants' holdings, and subsequently to unite them with the large-scale production of the socialist holdings.

Collaboration in production with the rural farms, namely co-operation, represents one of the co-operative's most important functions, whereas with regard to the Yugoslav conditions of development, it has become one of the ways of socializing agricultural production. In addition to the purchase of land from the owners who leave agriculture, co-operation provides a means of non-compulsory entry into private-property, where on a voluntary and gradual basis and through economic measures, modern technology, including modern means of production, may be introduced to the rural farms. At the same time,

co-operation provides a way of strengthening the ties between the rural farms and the socialist enterprises: the rural farms, using their own public means, produce for the large industrial consumers (merchandise and industry).

The direct tasks of co-operation involve mobilizing disposable means which should promote the production of the rural farms, in order to increase production for marketing, modernizing it and increasing the income of the rural farms. The essence of co-operation lies in providing the rural farms with professional aid, machinery services and reproduction materials (seeds, artificial fertilizers, cattle etc.), which are supplied by the public farms (estates), as well as the acceptance of their products (production). The rural farms pay for these services directly in cash, or they take them on credit.

Although there is some oscillation in the scope of co-operation, there is a tendency towards increasingly. In the last few years, as the economic position of the rural farms has improved, they have become better equipped with modern machines (tractors etc.) With the development of commodities and financial relations and a market-oriented agriculture, there are signs of co-operation being stipulated for a period longer than one year or one production cycle.

Table 4) Supply of machine services and reproduction materials to the peasant holdings through co-operation.

Year	Plough-	Sowing	Harves-	Seeds in		Chemical fertiliz- ers (in tons)	Concentrated livestock (in tons)
	ing		ting	Wheat	Maize		
	in 000 ha						
1961	674	129	130	85,864	3,435	458,726	100,662
1964	969	211	303	76,627	13,715	831,864	455,313
1967	930	281	305	86,069	14,430	988,679	343,027
1970	661	342	299	81,624	13,201	854,232	527,084
1972	390	307	316	66,492	18,446	1067,000	572,745

The activities of the agricultural co-operatives have led to greater application of modern technology on peasant holdings. Although collaboration has tended increasingly towards the application of modern means of production, it has not yet been able to embrace the whole private sector. However, the application of new technology to the production process is being reflected by the attainment of high yields of the farm products per hectare. In order to get a complete picture of the production results, the following table shows the yields of major crops attained in the private sector and on socialist holdings in Yugoslavia. The differences are quite apparent and favour socialist holdings and co-operation. However, as peasant holdings still predominate in Yugoslav agriculture (they account for about 85 per cent of the total arable land in Yugoslavia), the average yield for the whole of Yugoslavia is still moderate.

Table 5) Annual yields of some important crops.

Year	Maize				Maize				Sugar beet			
	Peasant holding without co-operation	with co-operation	Socialist holdings	Yugoslavia	Peasant holding without co-operation	with co-operation	Socialist holdings	Yugoslavia	Peasant holding without co-operation	with co-operation	Socialist holdings	Yugoslavia
1961	14,4	21,3	30,4	17,3	20,7	34,1	43,0	23,9	238	263	332	294
1964	14,4	19,4	25,7	17,6	22,2	41,7	51,3	28,6	207	265	365	320
1967	---	28,6	38,3	25,6	---	43,6	52,8	23,7	---	317	432	363
1970	17,6	21,1	29,1	20,7	26,3	43,0	55,0	29,5	290	299	394	346
1973	21,2	27,8	36,5	25,2	32,5	47,9	57,8	34,7	334	361	421	387

The increase in yields as well as in production has also occurred in other branches of agriculture - in animal husbandry, horticulture and viticulture, where the maximum was done towards changing the composition of breeds and species as well as the introduction of new production technology. In particular, excellent results have been achieved in animal husbandry as in pig breeding.

The agriculture co-operatives and co-operations are more developed in the agriculturally developed regions. However, if the agricultural organizations in Yugoslavia are considered part of the process of development, it can be said that the future lies in complex plants; the large-scale holdings with ancillary factories. Already today, one can see a good number of co-operatives, which have already grown into combines, large-scale agricultural industries. Current statistical data also show that the co-operatives as well as other socialist holdings are increasing their own production capacities and thus generating more employment openings for the peasants.

Given that many agricultural co-operatives have their own processing plants or at least have entered into collaboration with agro-industrial complexes or processing industries, the peasants' farms are linked with the processing industry through co-operation. Contracts for the production of fattened pigs (bacon) are made on a co-operation basis and the peasant farms supply these products through the agricultural co-operatives to the slaughter-houses and elsewhere. In order to ensure the sustained production of raw materials, large processing plants (wine cellars, slaughter houses and vegetable-oil plants) often enter into co-operation with peasant farms.

Under the present circumstances, as far as the agricultural co-operatives, peasant farms and the production of raw-materials for the processing industry are concerned, great efforts are being made to formulate a relationship by which the peasant farms would produce on a long-term basis and at a favourable price raw-materials for the co-operatives and thus for the processing industry.

Such peasant farms would produce a greater amount of raw-materials and attain higher incomes and, thereby, will be in a better situation to pay their contributions to the pension and social security schemes.

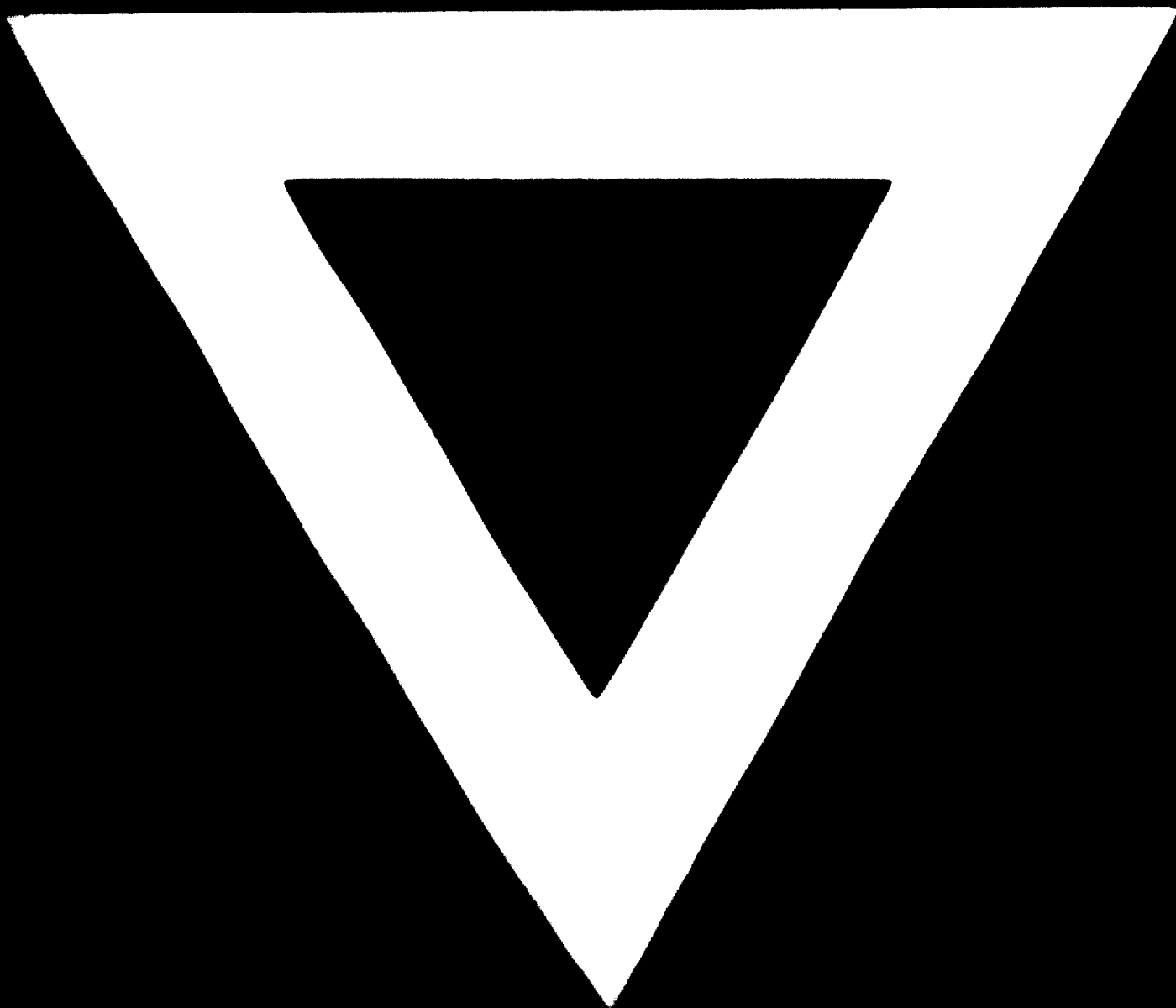
Agricultural co-operatives have undergone major changes during the post-war period both in their activities and management. As regards their activities, they have turned out to be the organizations which have developed their own production capabilities (farm productions on the co-operative-farms, processing, etc.) in order to create large-scale production and to offer more employment to the surplus village labour-force and, in the final analysis, they have influenced the peasants' farms.

They have also experienced significant evolution in the field of management and decision making. It should be noted that agricultural co-operatives under Yugoslav conditions represent, on the one hand, the organizations established on the basis of the social ownership of the means of production (as in any other enterprise) and, on the other, they also enter into business collaboration with their members (the peasant farms). Owing to the character of their composition, management bodies, such as the "co-operative council" and the "management board", comprise both the employees of the co-operatives and their members (i.e. the peasant farmers).

Given the significant change that have taken place recently, agricultural co-operatives have become large organizations with developed individual activities. It is also felt that every one should decide and manage the results of his own labour himself and, as such, management in the co-operatives has been designed to this end. Units for individual activities have been formed in the co-operatives. Production management, means of production and distribution of income are all managed by the persons directly involved i.e. by the persons who work in the unit concerned. In this sense, units (the basic organizations of associated labour) for co-operation are formed in the co-operatives to do business with the peasants farms. Such units for co-operation have their own management bodies, composed mainly of the co-operative members,, and these bodies send their representatives to the management bodies of the co-operatives.

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