

# Cooperative Agricultural Farms in Bulgaria during Communism (1944-1989): an Institutional Reconstruction

Tsvetelina Marinova<sup>1</sup>  
Nikolay Nenovsky<sup>2</sup>

## *Abstract*

The main task of the study is to reconstruct the evolution of the agrarian cooperative sector in Bulgaria in the years of communism (1944-1989) from the standpoint of a long-term historical perspective and as a result of the accumulation of two leading institutional transmission mechanisms. The first institutional mechanism is associated with the available institutional inertia being the result of Bulgaria's capitalist past (kind of path dependence), where the cooperative sector and social forms, deeply embedded and rooted among Bulgarians, were put under the government control. The second institutional factor, which determined the image of the cooperative model in Bulgaria under communism, was an external one and was associated with the transfer of the Soviet cooperative agrarian model. Under the communist ideology, the cooperatives were devoid of their original character and were subordinated to the state planned economy.

*Keywords: agricultural cooperatives, communism, Bulgaria, Soviet and Russian cooperative thought, Soviet agrarian model*

*JEL Classifications: P13, B24*

## **Introduction**

More than twenty-five years have passed since the collapse of communism in Eastern Europe, Bulgaria included. The interest of society and of economists in the remote periods of the Bulgarian history and in those preceding the

---

<sup>1</sup> New Bulgarian University, Sofia, Bulgaria, CRIISEA, University of Picardie Jules Verne, Amiens, France, email: tsvetelina.marinova@gmail.com

<sup>2</sup> CRIISEA, University of Picardie Jules Verne, Amiens, France, Affiliated researcher, National Research University Higher School of Economics, Moscow, Russia, email: nenovsky@gmail.com.

establishment of the communist economy has grown over time. The interest in the cooperative economic forms has been motivated by the alternative they represent to the private and state organization of the economy, especially today as regards the search for new post-crisis paths for economic and social development. In a historical and theoretical context, cooperatives have been extremely adaptive and dependent on different ideologies (socialists and liberals). They have always played an important role in the agrarian sector in the Balkans and in the Bulgarian countryside.

This research has been inspired by the necessity not only to sustain the interest in the socialist past but also to attempt at reconstructing it. In this paper, we dwell on the development of the Labour cooperative agricultural farms during the socialist period (1944-1989). The main task is to reconstruct the evolution of the agrarian cooperative sector in Bulgaria in the years of communism from the standpoint of a long-term historical perspective and as a result of the accumulation of two leading institutional mechanisms<sup>3</sup>. Concisely what is meant here are two institutional channels of influence mutually strengthening and supporting each other. One of them is related to the role of the capitalist past, to the trajectory of development of the cooperative sector until the imposition of communism after WWII and the second – to the influence and import of institutional practices. Both channels resulted in the denaturalization of the cooperative sector in the years of communism, the role of the state being their common characteristics. Let us dwell on them in detail.

The first institutional process is the gradual nationalization of the agricultural cooperative practices, which emerged as an original continuation of the deep traditions of the Bulgarians, and Slavs of the Balkan region in the pre-capitalist epoch of collective and communal land cultivation (see Laveley, 1888). Having originally emerged as an informal and spontaneous institution in the years of the Ottoman Empire the collective agrarian farms (*zadrugi*) were gradually transformed and formalized by the state. The formalization process started back during the last decades of the Empire when monetary economy and market relations penetrated in agriculture. The mutual aid funds emerged at that time (the reform of Midhat Pasha). However, the rapid acceleration of the processes of the state “encompassing” of the spontaneous collective agrarian institutions was associated with the emergence of national capitalism after the Liberation. As regards its character, it was peripheral, agrarian and dependent on foreign capital. Since A.

---

<sup>3</sup> As regards the formalization of institutions, the formal and informal institutions as well as the interaction between institutions see the original monograph of the Russian economist V. Tambovtzev ([2014], 2017).

Gerschenkron and even before, it is known that the state plays a major role in the conditions of peripheral and belated capitalism. Against that background the drawing on the cooperative practices of the developed countries (e.g. the extensive spreading of cooperative and popular banks in Bulgaria during the first decades of the 20<sup>th</sup> century) was rapidly subordinated by the state and banks to the economic and political interests of local elites. The key stage of the “denaturalization” of the cooperative sector occurred in the years of depression, in the early 1930s when by means of regulations and state credits the state policy subordinated completely the cooperative sector. This étatisation fits into the general trend of strong state interference and the spread of the ideology of the guided economy.

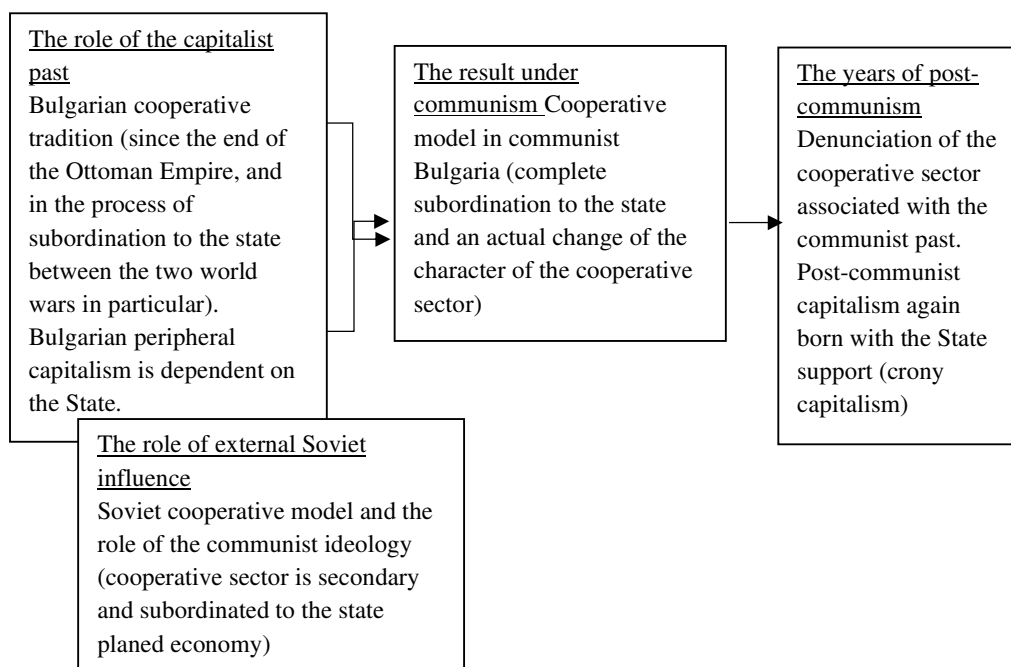
World War II and the subsequent imposition of the communist regime in Bulgaria inherited those practices of nationalization of the cooperative sector and for their part laid the beginnings of an institutional channel of influence related to the transfer of Soviet practices in agriculture. Those practices were motivated by the Soviet communist ideology concerning the cooperative sector’s role within the frameworks of the socialist planned economy, which found its explanation in the political economy of socialism. Being covert at the beginning that institutional mechanism of transplanting and imposing external institutions quickly acquired key importance. It was characterized by the total copying of *kolkhoz* and *sovkhos* practices (in Bulgaria they became labour cooperative agricultural farms/*trudovo-koperativni zemedelski stopanstva* and state agricultural farms/*darjanvi zemedelski stopanstva*) respectively. In general, after WWII cooperatives and cooperative ownership in Bulgaria developed under the same economic conditions, regulations and mechanisms as the state enterprises. The authorities imposed heavy regulation and control on them that deprived them of their social and democratic substance. Many cooperatives and whole cooperative branches were nationalized and the rest were brought under the political and economic governance of the state and municipalities.

During the late 1980s at the stage of stagnation and crisis in agriculture again as an imitation of the *perestroika* in the USSR timid attempts were made at liberalizing the cooperative sector. The second part of the paper dwells on the history of the transfer of institutions as well as of the role of cooperative practices and ideas of the Russian and Soviet economists.

Therefore, as a result of those two institutional influences (of the past and those externally imposed), the character of the agrarian cooperative model was shaped up in Bulgaria in the years since the end of World War II (1944) till the fall of communism (1989) (illustrated in scheme 1). That model was completely

nationalized and devoid of its original social character, typical for the Slav and Bulgarian population in the pre-capitalistic period. The emergence of capitalism as well as the development of the socialist economy were associated with the strong interference of the state. After the collapse of communism, the re-emergence of capitalism was again associated with the state which proved to be the major factor for private capital accumulation. Being an alternative form of capitalism the cooperative sector was ignored and was often associated with the communist past.

**Scheme 1. The Long Term Institutional Dynamics of the Cooperative Agrarian Sector in Bulgaria**



The paper is organised in three parts. The first one is devoted to the development and role of agricultural cooperatives in Bulgaria after the Liberation (1878) until the WWII in the period of peripheral capitalism. In the second part of the paper, we dwell on the understanding of the place and role of cooperatives within the Russian and Soviet cooperative thought and the Soviet cooperative model in agriculture. This is important because the Soviet institutional practices were later transferred to Bulgaria. The third part explores the history of labour cooperative agricultural farms in Bulgaria. We discuss some important differences in the Bulgarian agrarian model compared to the other European socialist countries. Finally, we present our reflexions on the general institutional history of the

agricultural cooperatives in Bulgaria, and on their future within the Bulgarian economy.

### **1. Agricultural Cooperatives in Bulgaria Before Communism - From Informal Institution to State Subordination**

The agricultural credit cooperatives were the most widely spread and popular cooperatives in Bulgaria after the Liberation until WWII. Their emergence was related to the mutual aid and solidarity among the Bulgarians from the period of the Ottoman Empire until the Liberation. During that period, the oldest known associations (*zadruga*) of collective labour in agriculture appeared spontaneously and spread in many Balkan territories (Bucher 1901, Iorga 1929, Lavaley 1888, Novakovitch 1905, Todorova 2010). They emerged primarily as credit and saving associations in the villages, but in the course of time developed as multiservice cooperatives as the supplies of consumer goods and machines to farmers complemented their lending activities. The cooperatives were also engaged in cultural, educational and supplementary activities among the rural population. The backwardness of the Bulgarian villages, the poverty, misery and cruel exploitation of farmers created conditions for the expansion of agricultural cooperatives and their transformation into multiservice ones. The cooperatives provided farmers with comprehensive support in the fight against usury, tradesmen and rich people (*chorbadjii*).

A typical example in this regard was the saving and credit agricultural cooperative "Oralo" established in the village of Mirkovo in 1890. It was the first agricultural credit cooperative in Bulgaria and in the Balkans based on the principles of Raiffeisen saving and credit associations. The social mission and nature of the rural credit cooperative was determined by its statute. The cooperative was characterized by voluntary membership, equal rights and obligations of its members, autonomous governance. The capital belonged to its members. It provided cheap and accessible credit to its members (CCU 1986; Pavlov 1970). The experience of the first agricultural cooperative was further used in establishing rural saving and credit associations at the end of the 19<sup>th</sup> and in the beginning of the 20<sup>th</sup> century.

After the Liberation the Bulgarian authorities acknowledged the important role of the agricultural credit cooperatives in the country's development and kept the main functions of the existing credit funds of public utility transforming them into

agricultural funds (*zemedelski kas*)<sup>4</sup>. That was associated with the development of monetary and market economy. The state interference in the agricultural cooperatives' activities gradually increased through the loans the funds granted to them. In 1903 the Bulgarian Agricultural Bank (BAB) was established as the only state owned bank institution granting farmers cheap and accessible credits based on the market principles through the local support of cooperatives. The bank also had the right to lend money to the state<sup>5</sup>.

The adoption of the first Cooperative Law (1907) and the setting up of the General Union of the Bulgarian Agricultural Cooperatives contributed to the boom of the cooperative movement in the country<sup>6</sup>. The rural agricultural cooperatives represented the main part of the cooperatives after the Liberation. Their number grew after 1907 and the process accelerated after the end of WWI until the Great Depression. The same trend was observed as regards the number of cooperative members due to political and economic reasons.

In the political context, in the 1919-1923 period, the state was governed by the Peasants' Party (*Bulgarski zemedelski naroden sauž*), which was strongly in favour of the cooperative movement especially in the countryside. The cooperatives were an integral part of the statist theory of the Prime Minister Alexander Stamboliyski who declared himself in favour of the statist struggle (*suslovna borba*) and aimed at bringing peasants into full power in the country (Bell 1977). According to Stamboliyski cooperatives were the solution to all peasants' problems and means of agricultural development (Stamboliyski, 1909). The cornerstone of the party's agrarian policy was the concept of "property based on one's own labour" (*trudova sobstvenost*)<sup>7</sup>. Only its owners directly used this property to meet their family needs. The Law on Property based on one's own labour provided land to those who cultivated it (to the landless people and small farmers). The government aimed at uniting all Bulgarian farmers in a national cooperative network. During that period, the three state banks (the Bulgarian National Bank, the Bulgarian Agricultural Bank and the Bulgarian Central Cooperative Bank) eased the terms and conditions for granting loans to cooperatives. The state established a national cooperative for grain sale - the Consortium for crops export. The purchase of

---

<sup>4</sup> The agricultural funds were the successors of the credit funds of public utility created by Midhat Pasha in the Danube *vilayet* in the period of the Ottoman Empire (See Atanasov 2017, Pamuk 2016 and Bakardjieva 2009). Those funds became the leading credit and saving institutions on a local level.

<sup>5</sup> See Marinova, Nenovsky, 2017, 2017a.

<sup>6</sup> See Palazov, {1947}, 2005.

<sup>7</sup> Developed by Raiko Daskalov, one of the leaders of the Peasants' Party.

crops from producers became the exclusive right of rural cooperatives. The consortium was established in 1919 as an autonomous state-run enterprise financed by the Bulgarian National Bank (BNB) and BAB. In 1920, it became a state-run cooperative monopoly<sup>8</sup>. Despite the carrying out of the agrarian reform, there were no significant changes as regards the concentration of land in Bulgaria. Small farms dominated in the country as 34% of them owned between 5 and 10 ha in 1926 (Berov, 1989).

After 1923 the state governance was based on the idea of the guided and administered economy (*rakovodeno stopanstvo*) in which the economic policy was aimed at stimulating production and armament<sup>9</sup>. The greatest defender of state control was the leading Bulgarian economist and Prime Minister Alexander Tsankov who believed that the state should act as a manager and ruler and participate in the establishment and creation of a new social order (Tsankov 1942). In the administered economy the cooperative was a form of enterprise whose purpose was to bring greater social justice in the capitalist economic system. The governments of both Tsankov and Andrey Liyapchev (1926-1931) focused on the promotion of the domestic industry. Liyapchev initiated the establishment of the Bulgarian Central Cooperative Bank (BCCB). He was one of the founders of the Union of Rural Cooperatives and member of the Governing Council of the General Union of Agricultural Cooperatives. Liyapchev was also Chairman of the Union of popular banks during the 1923-1926 period.

In the economic context, one of the most important prerequisites for the development of cooperatives was the stabilization of the Bulgarian currency in 1926/1928 under the control of the League of Nations<sup>10</sup>. During the crisis many cooperatives went bankrupt because of the deflation and insolvency of many farmers. During the 1929-1934 period the government constantly intervened in domestic trade through the pricing policy as regards grain and some staple consumer goods, etc. In domestic trade the state monopoly on most farm produce was introduced by the setting up of the Food Export (*Hranoiznos*) Directorate. The primary goal of the directorate was to establish subsidised prices for cereals at a level significantly higher than the average world prices.

In 1932 the Law on the Protection of Farmers was passed which introduced concessions on the debts of most farmers. A Repayment fund was established as a

---

<sup>8</sup> See Deyanova, 1935.

<sup>9</sup> See Nenovsky, 2012, Penchev, 2017.

<sup>10</sup> The stabilization of the Bulgarian lev was accomplished during the 1926-1928 period. (See Nenovsky, 2006).

state-owned credit institution to play the role of an intermediary between private creditors and debtors. In 1934 the BAB and BCCB merged into the new state owned bank (the Bulgarian Agricultural and Cooperative Bank, BACB). By this act the state gained the exclusive right to manage the cooperatives' resources and capital. By its establishment the state became the only institution which disposed of the cooperative resources and capital that devoid them of their autonomy and democratic nature just before the outbreak of the WWII and the communist period<sup>11</sup>.

The period of the “personal regime” of Tzar Boris III (1934-1941) was characterized by the strict regulation of the economy. The cooperative sector was severely restricted by the authorities. In April 1938, the National Assembly passed the Law on the State Supervision of Companies and Associations which limited the cooperatives' autonomy in the country. The powers of the BACB proved the strong interference of the state in the establishment, management, control and development of cooperative banks in the country. The practice of state surveillance and control on the cooperatives was later on used by the communist party to subordinate the sector and to liquidate it.

One of the main explanations of the nationalization of the cooperative sector and its resources refers to the need to mobilize them for paying the country's foreign debt and later for stabilizing and maintaining the currency rate, the peripheral capitalism in the Balkans that was underscored in the past (Lampe, 1986)<sup>12</sup>. Depression subsequently resulted in the increased growth of debt of farmers and cooperatives and the only mechanism for rescuing them again proved to be the state (Dimitrov, 2014)<sup>13</sup>.

We have provided data on the spreading of the cooperative movement in the country after the Liberation until the outbreak of WWII.

---

<sup>11</sup> See Marinova, Nenovsky, 2017, 2017a.

<sup>12</sup> As regards the role of the monetary regime, debt and foreign capital within the frameworks of peripheral and dependent capitalism in the Balkans see Mihailova and Nenovsky (2015) and Magnin and Nenovsky (2016).

<sup>13</sup> See also Nenovsky, 2012.



**Table 1 Cooperative movement in Bulgaria during the 1899-1939 period**

	1899	1907	1910	1918	1923	1929	1934	1939
Total number of cooperatives	....	.....	670	994	1812	5882	4891	3502
Total number of cooperative members	....	.....	....	.....	434,954	726,826	836,697	995,805
Agricultural credit cooperatives	4	238	576	738	998	1890	1654	1961
Number of cooperative members in the agricultural cooperatives	236	20,000	39,561	41,971	104,966	152,615	135,343	161,484

*Source:* Palazov {1947}2005, p. 256; 329; Central Cooperative Union, vol. 1 and 2, 1986, p. 148, 149.

State cooperative banks played a major role in granting loans to farms in the country. Almost every second farm was financed by those banks, during the Interwar period, and there was a significant increase in the average loan size per farm. The BAB (later BACB) became the biggest creditor of the rural population and one of the most important banks in the country. That fact resulted in increasing the state interference in the cooperative sector.

**Table 2. Loans granted by the Bulgarian Agricultural Bank/Bulgarian Agricultural Cooperative Bank**

Period	Total number of farms	Number of credited farms	% of the total number of farms	Average loan size per farm, levs
1922-1929	734,000	308,280	42	7,815
1930-1934	905,044	397,913	44	10,615
1935-1938	941,882	309,788	32.9	13,123

*Source:* Kurkliński, 1962, p. 96.

The leading role of the cooperative banks in the economic development is evidenced by data about the share of the agriculture in the GDP. The agriculture marked a continuous upward trend before and during the Interwar period<sup>14</sup>. The

<sup>14</sup> See Zagoroff, 1955.

cheap and accessible rural credit should be considered as one of the main reasons for the twofold increase of agricultural production as well as for the significant rise in the GDP per capita in the country.

**Table 3. GDP and GDP per capita in Bulgaria**

Year	GDP in billion levs ( 1939 prices)	Agriculture, billion levs	Industry and crafts, billion levs	Trade, billion levs	GDP per capita, levs
1919	28.8	14.7	4.2	0.9	6002.6
1921	32.1	16.7	5.1	1.4	6495.5
1923	36.1	19.0	6.1	1.9	6998.2
1925	38.5	21.3	5.6	2.1	7165.8
1927	38.3	20.5	6.0	2.3	6892.2
1929	39.4	20.6	6.3	2.3	6909.8
1931	44.9	25.6	6.7	2.5	7675.8
1933	43.5	25.0	6.7	2.0	7253.3
1935	44.7	24.8	6.3	2.6	7294.3
1937	52.9	28.1	7.8	4.5	8498.1
1939	59.4	31.0	8.9	6.0	9405.1

*Source:* Ivanov, 2012, p. 520-524.

Moreover, in the 1919-1930 period the BAB developed as a real bank. The BAB continuously recorded profit reaching nearly 20% of its equity in 1921 and 1925. The equity increased more than eight times during the Interwar period and that gave strong impetus to its expansive credit policy.

**Table 4. Equity and profit of the Bulgarian Agricultural Bank**

Year	Equity, levs	Net profit	
		levs	% of equity
1919	82,946,216	8,114,185	9.78
1921	120,077,253	22,536,780	18.77
1923	152,890,993	24,458,056	16.0
1925	212,073,933	40,000,000	18.86
1927	458,620,892	36,751,320	8.01
1929	617,141,408	99,810,326	16.17
1930	703,258,192	90,700,000	12.90

*Source:* Journal of the Bulgarian economic society, 1931, p. 503.

As a whole, during the 1880-1934 period 80% of the active Bulgarian population was employed in agriculture and the sector's average share in the national income

was estimated at 56%. An extensive research has been devoted to the sources of growth in Bulgaria's agriculture in the 1887-1939 period. Contrary to widespread views, the study proves that during the Interwar period Bulgarian peasants did cross the threshold to modern growth and they substantially contributed to the modernization of Bulgaria's economy and society. The cooperatives and the agrarian movement were vivid manifestations of the high levels of interpersonal general trust present in Bulgarian villages. It was this propensity to 'spontaneous sociability' that powered many of the positive developments in Bulgarian society and the economy in the 1930s, at least regarding agricultural transformation, accelerated land productivity growth, as well as economic and demographic flexibility (Kopsidis, Ivanov, 2015). Those achievements of the Bulgarian agricultural sector should be considered in the context of the "extremely adverse economic conditions of the Interwar" period (Aldcroft, 2006).

In the early 1940s more than 94% of the land was private and the state owned land accounted for only 0.2% of the total land in the country. Until 1944 there were about 1,110,000 small backward individual farms in Bulgaria. Each farm possessed approximately 4.3 ha of agricultural land. The specific features of the agrarian sector were its primitive technical equipment and tools, small-scale irrigated areas and low productivity (Migevev, 1998).

After the mid-1930s the influence of the Soviet *kolkhozy* movement on the Bulgarian cooperative agriculture appeared for the first time. The Bulgarian communist party spurred on its activities among the cooperatives and directed its efforts to the collective management of the land. The party initially utilized the rural multiservice cooperatives, their experience, resources and long standing traditions among the population. The first production department for cooperative (collective) rice growing was set up in 1937 within the framework of a multiservice cooperative in the village of Tervel. Ten years earlier (1927) the "*Nachalo*" first agricultural production cooperative was established in the village of Straldja which was considered the pioneer in the cooperative management of the land (Syulemezov, 1967).

In 1940 the BACB approved the statute of the agricultural cooperatives in the country. It acknowledged the principle of voluntary membership as being the main one in establishing such farms. Each cooperative member was obliged to be a member of the cooperative at least for two or three years. Upon leaving the cooperative, the cooperative member was given back the same piece of land which he/she brought in the cooperative provided that he/she paid for all the improvements. The cooperative members had to bring in all their cultivated land,

farm equipment and cattle. The cooperative members retained their ownership of the land but had no right to dispose of it. They were paid an income and its size was approved by the managing body of the cooperative and it did not surpass 40% of the revenue to be distributed. Work was organized in a collective manner similar to that in the *kollehozy*. The cooperative farms obtained funds from share capital, membership contributions, funds and loans granted by the BACB.

By 1944 just before the communists took power there were the following cooperatives in Bulgaria: 2,232 agricultural cooperatives; 432 production, processing and sales cooperatives; 36 urban consumer cooperatives; 6 construction; 220 forest and 51 artisan cooperatives; 7 mutual aid funds; 117 popular banks and 29 independent agricultural production cooperatives and departments for collective cultivation of the land in the rural cooperatives.

At the beginning, the rural cooperatives developed as social institutions on the principles of voluntary membership, self-governance, mutual and self-aid among the Bulgarians. They accumulated immense funds and social trust. The credit cooperatives granted loans to their members at low interest rates that decreased transaction costs. The limited (small) area in which they operated and the direct contacts among debtors and creditors diminished the information asymmetry and minimized the moral hazard in the system. Later, during the Interwar period the cooperatives functioned within the frameworks of the Bulgarian peripheral capitalism. Before the outbreak of WWII, the state engaged in tough regulation and restriction of the activities of the cooperatives but that did not stop their growth. Nevertheless, the state succeeded in putting them under its control and in managing their funds for political goals and struggles. That process of gradual submission of the cooperative sector to the state provided favourable preliminary opportunities for the new communist regime.

## **2. The Role of the Communist Ideology: Soviet Cooperative Thought and USSR Agrarian Policy**

The Interwar period was "the period of a long-term change and great institutional transformations" in the developed capitalist countries in Europe (Boyer, 2015). In the context of an increased inequality and enrichment of a small part of the nation and the reaction of the population (craftsmen, tradesmen, peasants) to the capitalist realities, the dominant regime of intensive accumulation of capital without massive consumption, stimulated the development and spread of the cooperative movement in Europe.

The cooperative thought in Russia (similar to France, Germany and England) developed further within the frameworks of European socialism. Cooperative ideas had developed within the frameworks of its two main branches - the state and cooperative socialism since the 19th century<sup>15</sup>. Later on, these ideas persisted during the first years of Soviet power until the enforcement of Stalin's industrialization in the late 1920s.

Under state socialism cooperatives did not have a leading role in the economy and their development was entirely subordinated to state planning, governance and control and eventually they were absorbed by and merged with the public sector. Cooperative socialism was based on the effective development of cooperatives and their practical advantages. It was an evidence of the spontaneous evolution of collectivism in the wake of the capitalist regime. Collectivism itself was the result of the social evolution. Under cooperative socialism the state intervention in the cooperatives' and economy's growth was more limited than under state socialism. The cooperative was an instrument for progress but it didn't lead to a deep social reform<sup>16</sup>. The cooperative socialists believed that free association may solve all the social issues if it was organized according to the specific conditions different for all the systems. They searched for the solution of social problems in socialization and were the predecessors of collectivism. They considered that freedom and individualism might develop only in the cooperatives. Furthermore, the cooperative was the only instrument to reverse competition without abolishing freedom and production requirements. The cooperative socialism was developed by Robert Owen, Charles Fourier<sup>17</sup>, Pierre Proudhon<sup>18</sup> and later Charles Gide<sup>19</sup>.

Before the IWW Russian cooperative theory in the Interwar period was based on the ideas of Marxists, Narodniks and liberals (Korelin, 2009). Mihail Tugan-Baranovsky (1865-1919) and Vahan Totomianz (1875-1964) were among the most prominent representatives of cooperative socialism in Russia<sup>20</sup>. Tugan-Baranovsky and Totomianz<sup>21</sup> shared the ideas and principles of Charles Gide about

---

<sup>15</sup> In France for example, Louis Blanc was the predecessor of state socialism. He was among the first socialists who considered that the state should carry out the social reform. Blanc suggested the establishment of social workshops (atelier social) in the main productive sectors with democratic governance and where the state played the role of "a bank for the poor", see Demoustier and Rousseliere 2004.

<sup>16</sup> See Halévy, 1974.

<sup>17</sup> See Gide 1922

<sup>18</sup> See Lajugie 2002.

<sup>19</sup> Cooperatives are "the institutions of social progress" (See Gide, 1905)

<sup>20</sup> See Allisson, 2014 and Allisson 2015.

<sup>21</sup> See Totomianz, 1919; 1922, 1961.

cooperatives. Highly appreciating Proudhon, Tugan-Baranovsky studied the theoretical basis and history of the cooperative movement in Russia as well as the cooperative forms in Western Europe<sup>22</sup>. He believed in the "cooperative ideal" which combined efficiency and moral principles. According to him, the cooperative form of organization made it possible to surmount the dichotomy between capitalism and socialism in seeking new forms of liberal, self-organizing, spontaneous and free socialism<sup>23</sup>. Tugan-Baranovsky defined the cooperative as an economic enterprise of several voluntarily united people whose aim was not to make the biggest profit possible but to increase their revenue and diminish their consumer costs because of common management. The cooperative enterprise was neither a charity association nor a formation for propaganda purposes. Furthermore, it was not a political organization or a workers' union. According to Tugan-Baranovsky, cooperatives were unstable forms that could not exist without public enterprises and a specific legal framework. Under socialism cooperatives developed together with the state enterprises, the market and through keeping the market mechanism. The power of cooperatives stemmed from the solidarity of interests (common and private). One of the most renowned classifications of cooperatives based on "labour" was elaborated by Tugan-Baranovsky. Cooperatives were divided into cooperative forms of manufacture, labour and consumption.

The Interwar period was also characterized by the rapid development of agrarian socialism and agrarian liberalism in Russia. The agrarian liberalism was developed by Boris Brutzkus (1874-1938)<sup>24</sup> and Lev Litoshenko (1886-1936), liberal economists, adherents of the free market<sup>25</sup>.

Agrarian socialism was based on the rural collective community (*obshchina*) which was deeply rooted in the nation's traditions and customs. The most ardent adherents of agrarian socialism were Alexander Chayanov (1888-1937) and Nikolai Kondratiev (1892-1938). Chayanov developed the concept of the "rural family economy" in which only the labour of the whole family was used. The aim of those enterprises was to provide funds for the family's subsistence in utilizing the available means of production and family labour force. The maximization of the national income could be achieved through the family enterprises because the biggest part of the workforce was engaged in the cultivation of the land. The idea

---

<sup>22</sup> See Tugan-Baranovsky, 1915 and the biography of Proudhon (Tugan-Baranovsky, 2014 [1891]).

<sup>23</sup> See Nenovsky, 2009.

<sup>24</sup> See Penchev 2014

<sup>25</sup> See Rogalina 1998, Kojima 2014.

of the “rural family economy” was close to the NEP (New Economic Policy) of March 1921 which played an important role for the cooperative movement development in the Soviet Union<sup>26</sup>.

In Chayanov's view the rural family economy was based on the decentralized rural agriculture rather than on the forced collectivization. The cooperation represented the alternative of collectivization and of the *kulak* farms. In the family economy the income depended on the number of workers in the family, their productivity and the number of working hours as well as on the market conditions, the distance from the market, the quality of the land and the availability of the means of production. Chayanov suggested that the agrarian reform should be completed through the creation of land communes in which land distribution depended on the family size.

In 1929 Chayanov radically changed his views on the family economy and upheld the establishment of large-scale farms. Chayanov's peasant utopia foresaw the failure of the nationalization in the agrarian sector and the establishment of the Soviet Peasant Republic where the state was relieved from almost all social and economic functions by the various associations, cooperatives, congresses, leagues, academics and clubs. The cooperation of small peasant farms provided their members with all the benefits of large enterprises<sup>27</sup>.

The *Bolsheviks* (V. Lenin, N. Meshcheryakov) exerted a strong influence on the cooperative movement in Russia after 1917<sup>28</sup>. Their ideas developed in the context of establishing the socialist society and economy. Lenin's cooperative plan played a central role in that process. He defined the socialist system as a “system of civilized cooperative members in the presence of social ownership of the means of production given the class victory of the proletariat over the bourgeoisie”<sup>29</sup>. According to Lenin the social nature of cooperatives was determined by the social conditions in which they developed. He also upheld the leading role of cooperation among every small peasant in building the socialist economy. The plan envisaged the transition from scattered individual farming to large-scale production units (collective farms). It also recognized the need for state support and privileges for the cooperatives thus putting them under the control of the authorities. Later the cooperative plan became part of the NEP that gave back, though partially, the freedom and self-governance of the Russian cooperatives. By

---

<sup>26</sup> See Halévy 1974.

<sup>27</sup> See Barnett, Zweynert, 2008.

<sup>28</sup> See Meshcheryakov, 1920.

<sup>29</sup> Lenin “On Cooperation”, Selected Works, 1950, English edition, vol. II.

approving the NEP the Bolsheviks gave up to a certain extent their ideas and views to impose state socialism. In this regard in the early 1920s, Bukharin and Preobrazhensky and their theory on the transition period from capitalism to communism made a significant contribution to the Bolsheviks' theory and policy<sup>30</sup>.

Later, after the model of the political economy of socialism gained ground, the ideas of the nature and role of cooperation in the socialist economy reflected primarily the economic and social substance of the following categories: “labour, ownership, goods and money, the law of the planned proportional development and the law of value” (Arroyo, 1983, 1986). Under socialism, the so called “the whole people's ownership” (de facto state property) prevailed. The cooperative ownership had a secondary (subordinate) role in the economy. The cooperative and collective agricultural ownership encompassed the collective farms and cooperative unions and their land, livestock, buildings, tools and production. A certain part of the means of production remained the private property of the households participating in the collective farms (individual subsidiary plots).

The existence of market relations, or as they were referred to in the political economy of socialism - commodity-money relations (CMR), and of the Law of value was also explained by the existence of the cooperative form of ownership. Within the frameworks of that explanation, which was included in the first textbook of Political Economy, published in the USSR in 1954 (PE, 1954, Batyrev, 1961), the cooperative (*kollektiv*) ownership existed alongside “the whole people's ownership” whereas the CMR and the market were needed to serve as a link between the two sectors. Later the CMR were explained by other theoretical methods including: (1) the need for labour distribution at the first stage of communism, when there was no distribution according to the needs, (2) differences in the labor qualifications especially between mental and physical labor and in the late Soviet years - (3) the establishment of enterprises as independent entities (Arroyo, 1986, Bogomazov, 1988, Kan, 1988). As regards all these explanations however the cooperative (*kollektiv*) sector remained a key argument for the existence of the market and market relations.

The collectivization of agriculture in the USSR proceeded through different stages of development characterized by the dominance of various forms of cooperation. The initial stage of cooperation among peasants aimed at selling agricultural produce and at the supply of industrial goods to the countryside and at obtaining credits. The second stage included the system of contracts based on agreements

---

<sup>30</sup> See Bukharin, Preobrazhensky, 1969 [1922] and Bukharin, 1979.



where the state placed orders with the cooperative producers and the individual farms for the production of definite amounts of agricultural produce, supplied them with seeds and implements of production. The state purchased their output to supply food for the population and raw materials for industry. The highest form of peasant cooperation was the organization of collective undertakings - collective farms during the third stage of collectivization. The collective farms were voluntary production cooperative unions of peasants based on public ownership of the means of production and collective labour.

In the 1920s just before the large-scale collectivization, the associations for joint cultivation of the land (T.O.Z) were the predominant type of collective farms. The land and labour were socialized and the cattle and equipment remained peasants' private property. The agricultural communes, the next basic type of collective farms, were the predecessors of the agricultural artel (*kolkhozy*). The agricultural artel was based on the socialization of the main means of production of peasants and their collective labour while the collective farmers retained the right on their individual property. The leading role in the collectivization belonged to the machine and tractor stations. Those were state-owned enterprises and had a park of tractors, harvesters, other machines which were supplied to the collective farms on a contractual basis. They were the main link between industrial production and agriculture.

In November 1929 the accelerated collectivization was introduced by the establishment of *kolkhozy* and *sovkhozy*. The first state farms (*sovkhozy*) were set up immediately after the socialist revolution in 1917. The *sovkhozy* were large-scale socialist agricultural enterprises in which the means of production and commodities belonged to the state. They were established by the state on the land expropriated by the former large farms (*kulaks farms*) and employed poor and landless peasants.

The agricultural artels (*kolkhozy*) were set up by the unification of small individual farms in a cooperative unit. The amount of revenue of each cooperative member depended on the degree of involvement in the socialized labour (number of working days), productivity and the degree of development of the collective farm. The revenue was distributed in cash and in kind. According to the agricultural artel's statute the following components became socialized: agricultural equipment, draught cattle, seed stocks, fodder for the cattle, farm buildings necessary for the artel's economy and all the implements for the processing of produce.

In the agricultural artel those were *not socialized*, but remained the *individual property* of the collective farm household namely the dwellings, a fixed number of draught cattle, poultry, farm buildings for the privately owned cattle, and small agricultural implements for the individual subsidiary plot<sup>31</sup>. In 1940 the process of collectivization in agriculture in Russia came to an end. The collective farms encompassed almost 80% of the arable land in the country. The first large-scale socialist collective farms were built (PE, 1954, Kunin, 1977).

Therefore, the two main institutional mechanisms namely the national cooperative traditions and its etatisation on the one hand and the influence of Soviet ideology and practice on the other determined the basic characteristics of the cooperative sector in Bulgaria during the years of communism.

### 3. Past and Ideology: The Agricultural Model in Bulgaria during Communism

The rise to power of the Bulgarian Communist party at the end of 1944 led to profound changes in the cooperative movement. In the 1944-1960 period the implementation of the Soviet socialist model in the Bulgarian agriculture developed in two directions: the first one was related to obtaining agricultural resources and their use for the industrialization of the country and the second one was related to the modernization of the agrarian sector<sup>32</sup>.

After a few years of a slight demur, the cooperatives began their development under state socialism by the adoption of the Cooperatives Law in 1948. It was one of the first and most important measures taken by the state authorities aimed at obtaining full power on them. The law stipulated that “the cooperative is a public economic organization based on the voluntary membership of unlimited number of working people having equal rights and duties. The cooperative has an unrestricted share capital and is aimed at supporting the national economy and satisfying the economic and cultural needs of its members through mutual, self-aid and collective labour” (State Gazette, 282/1948). The cooperatives developed as collective forms of economic activity and took an active part in the building of the socialist economy. Their activities were determined by the state economic plan. The state divided the cooperatives into: multiservice, production, consumer, credit and housing cooperatives. Under the new Cooperatives Law in 1953 the

---

<sup>31</sup> See Political Economy: A Textbook Issued by the Economics Institute of the Academy of Sciences of the U.S.S.R 1957 Lawrence & Wishart London

<sup>32</sup> An extensive survey on Bulgarian agricultural sector during communism is featured in the books of Vladimir Migev (1995, 1998) and Mihail Gruev (2009).

cooperatives functioned on the self-supporting principle and financed their activities by their own funds (State Gazette, 13/ 1953). The state had the right to supervise them.

The socialist period was characterized by transplantation of the Soviet cooperative model in the Bulgarian agriculture with the so called socialist laws being in force<sup>33</sup>. The socialist production was regulated by the state plan. The labour in the state and cooperative sectors of the economy was regarded as community service and the market mechanism was replaced by the state planning in the production of commodities and the administration of prices. The cooperative sector was turned into an appendage to the state sector and ultimately the former became part of the latter. The socialist state functioned on the principle of the public ownership on the means of production that predetermined the complete dependence and unity between the state and the cooperative sectors<sup>34</sup>. That was the main reason for depriving the cooperatives of their autonomy, self-governance and democratic nature.

The restructuring of the Bulgarian agriculture started with the adoption of the Law on the Labour Cooperative Agricultural Farms (LCAF) in 1945. The main purpose of the LCAF, similar to the Soviet *kolkhozy*, was to implement the collective cultivation of the cooperative members' land. Pursuant to the law the small fragmented pieces of land had to be merged in large plots through collective labour and use of the means of production and land, the implementation of science and modern technology. Each Bulgarian citizen who owned land in the area of the LCAF or who worked as a farmer could become a member. The members had to bring their own cultivated land, cattle and equipment in the LCAF. During the initial years of the implementation of the law the members kept their ownership of the land but later the private ownership of the land was completely abolished. It was possible for each member of the LCAF to retain about 0,2-0,5 ha of the land for his own needs and that land became part of his individual farm<sup>35</sup>. All the activities of the LCAF were performed through the individual labour of its members and that of their households' members.

---

<sup>33</sup> See Arroyo 1983, 1986. It should be mentioned that his views were regarded as „radical“. He considered the law of value as the most important one in the socialist economy.

<sup>34</sup> See Velikov 1977.

<sup>35</sup> They were granted the right to own only draught animals and use small agricultural equipment. The LCAF decided on the enlargement and limitation of the activities of the individual farm. The state supplied them with the means of production and fertilizers and purchased the produce. The volume of production in those farms reached 20.9% of the total in agriculture in 1960 and rose to 27% of it in 1980 (See Popov, 1990).

Similar to the Soviet *kolkhoz*, the law stipulated the implementation of the state planning in the economic activities of the LCAF. The produce became the property of the LCAF. By the beginning of the 1960s, the remuneration of the farms' members was set according to one of the following principles: when the members were paid a definite rent for the land, then 80% of the farm's revenue were distributed among them; when the rent was part of the revenue (at the beginning 40% of total income), then 70% of it were allocated among the members.

The LCAF operated on the principle “one cooperative member - one vote” and on the principle of electing the managing bodies but that did not make them real cooperatives at all. The main reason was the strong state intervention through planning and given privileges (lower interest rates on loans granted by the Bulgarian National Bank, exemption from direct taxes for five years, etc.).

During the 1947-1949 period the state nationalized the industry, the banks and the agricultural machines. Formally the private ownership of the land was preserved but actually the most essential attributes of the private property stopped being into force: each member became a joint owner of the LCAF's land; the members did not have the right to sell, exchange, give away or rent their former land as well as the farm's land. The right of using the land was transferred to the LCAF. The land was subject to inheritance just in cases when the heir was or would become a member of the LCAF. The state introduced a system of compulsory purchase of part of the farm produce at administered prices and the rest of it was at the free disposal of farmers who sold them at free prices. After 1948, the state began to impose progressive taxation on the land owners and determined larger amounts of the compulsory state supplies.

In 1948 the system of remuneration was changed. The main production unit became the established crop-raising brigades each consisting of 40-60 people. Each brigade was provided with land, cattle and equipment. It was divided into smaller units (eight-ten people) provided with technical, vegetable and trench areas. The distribution of the farm's revenue depended on the crop gained by each brigade and its subunits. The labour of the head of the cooperative was calculated according to the number of working days and according to the amount of the area under crops and the number of draught animals of the LCAF.

The 1950-1956 period was characterized by the en masse collectivization of small peasant farms into large labour cooperative farms. The rent was continuously

diminishing. The LCAF were set apart of the agricultural cooperatives and became separate agricultural production cooperatives.

The April plenum of the Bulgarian Communist Party in 1956<sup>36</sup> adopted a decision to increase the purchasing prices of commodities sold as state supplies and to raise the prices of those offered freely by the farmers after paying in kind the machinery and tractor stations (MTS). The LCAF was granted the right to sell their produce on the free market. The compulsory supplies from the individual farms were abolished in 1957. The LCAF in the mountain and hilly areas were exempted from the obligatory delivery of grain to the state. Since 1959 the state implemented a common system of contracted purchase of agricultural produce while introducing common purchasing prices of the farm produce.

The private ownership of the land and the rent were abandoned by 1960. The farms members' income was allocated according to the quality and quantity of their labour. In 1957 the land in cooperatives accounted for 86.5% of the total arable land in the country and the number of the households in cooperatives reached 982,000. The land owned by a LCAF increased more than fourfold during the 1956-1960 period and the number of its members more than threefold. The same trend was observed in the amount of the output that rose more than fivefold. The consolidation of the LCAF strengthened the state's planning role which put them under its full control.

By 1959, the measure used to assess the labour and income distribution among cooperative members was the "day of work" (*trudoden*). The payment in kind was widely used. In 1963 the Ministry of Agriculture established the State-Cooperative Fund for the payment of a guaranteed minimum of work to the cooperative members. The funds were raised by all the LCAFs which deposited 2% of their total income and the shortage was provided by the state. The income tax depended on the net income and varied as regards different farms, depending on the achievable rate of profitability. The LCAF with profitability rate of up to 5% were exempt from tax.

At the end of the 1950s over 50% of Bulgarian peasants were already members of the cooperative farms. At the same time there were many spontaneous uprisings

---

<sup>36</sup> The April Plenum gave impetus to some „democratic” changes in the party and marked the consolidation of Todor Zhivkov's power. The changes had some similarities to those initiated by Nikita Khrushchev in the Soviet Union.

in some parts of the country against the establishment of the state-cooperative system<sup>37</sup>.

**Table 5. Consolidation of the LCAF**

Indicators	Unit of account	1956	1957	1958	1959	1960
Number of LCAF		3100	3202	3290	972	932
Average cultivated land per LCAF	Ha	103	106	115	418	426
Main funds	Thousand levs	2378	2469	2799	10 279	11 986
Members	number	533	528	551	1910	1736
Relative share of the revenue	%	9.3	5.8	1.9	0.1	0.00
Total production	Thousand levs	2,333	2,843	2,949	12, 385	13,843

*Source:* Central Cooperative Union, vol.3, 1989, p. 207.

In the early 1960s the state introduced direct lending for the LCAF by the BNB for all production needs and wages. The structure of the national income underwent a significant change in terms of the form of ownership during the 1948-1958 period. The share of the state enterprises increased more than twice (from 28% to 54%) and that of the cooperative sector almost six fold (from 6% to 29%). The LCAF accounted for about 21% of it and that of the private farms was just 3% in 1958 (Popov 1978).

Parallel to the establishment of the LCAFs the government set up state agricultural farms (SAF) and machine and tractor stations (MTS). The SAF, like the Soviet *sovkhosy*, became the successors of the state agricultural organizations which existed under capitalism and after 1945, the State Land Fund increased significantly its lands because of the inclusion of the big landowners. The main task of MTS was to carry out production and technical maintenance of the LCAF and the personal subsidiary farms. The MTS emerged initially as branches of sales cooperatives which provided machines for the agricultural production, but later they were nationalized. The services of the MTS were originally paid in cash, and then in agricultural produce. By the adoption of the Act on the Purchase of Agricultural Machines in 1948 the machines of large *kulak* farms were purchased and transferred to the Ministry of Agriculture and Forestry, which provided them against payment to the MTS, LCAF and SAF. In 1959, most of the MTS were purchased by the LCAF and the rest were liquidated. The economic links between the LCAF and the MTS were implemented through the establishment of inter-cooperative farms for the output of certain type of agricultural produce. The LCAF developed direct relations with the consumer cooperatives in the country

<sup>37</sup> See Znepolsky (Ed.), 2011

which purchased their produce thereby stimulating the output of numerous agricultural produce (Syulemezov, 1975).

We have illustrated some of the basic differences between the agricultural cooperatives under capitalism and the LCAF under socialism (according to socialist economic ideology).

**Table 6. Comparison between the agricultural cooperatives and LCAF**

Criteria	Agricultural cooperatives	LCAF
Membership	Voluntary	Initially voluntary and later the state imposed constraints through legislative changes.
Governance	Autonomous (by adopted statute); democratic decision-making - each member - one vote, election of the managing bodies.	The statute elaborated and adopted by the state; each cooperative member - one vote in the management body; election of the managing bodies.
Basic principles and values	Self-help, self-responsibility, equality, democracy and solidarity.	Abolition of inequality, collectivism
Ownership of the means of production	Preservation of the private ownership of the land, cattle and equipment of each cooperative member.	Members brought the land, livestock and equipment in the farm; the ownership of the land was transferred to the cooperative and became public.
Funds	Share contributions of its members and loans from the BAB.	The farm's revenue came from the produce and loans granted by the BNB.
Remuneration of the cooperative members	Members were not paid; they used their own labour and that of their families.	Initially a rent was paid and part of the income was distributed among the farmers. Later farmers were paid according to the number of days of work.
Termination of membership	At any time and the invested capital was paid back.	A cooperative member had to be a member of the farm for a minimum of three years
Activities	Provision of a short term social credit; attraction of savings; supply of industrial goods to its members; manufacturing and sale of agricultural produce; involvement in cultural and educational activities in the villages.	Collective cultivation of the land; supply of produce to the state at administered prices; sale of part of the produce on the market; the activities were subject to state planning.

*Source:* Authors compilation

Due to the institutional transformation during socialism, the cooperatives practically became forms without substance<sup>38</sup>. Their path of development was suspended at the beginning of the 1930s and the import of institutions (soviet model) led to their only formal existence as cooperatives. The table clearly shows the major distinctions and discrepancies between the cooperatives as real social institutions and the LCAF. We come back again to the first saving and credit cooperative in Mirkovo. After 1944 the agricultural cooperative started a new path of development. It was transformed into a consumer cooperative whose entire economic activity was subordinated to the execution of the tasks determined by the party and the government.

In fact, cooperativism and collectivism represented two rather opposing doctrines. In 1886 Charles Gide described them as following: “The land belongs to the peasants and the factory to the workers. This refers to the means of production owned by those who use them. That is cooperativism. The doctrine of collectivism: The land and all means of production belong to society. That is when the individuals are deprived of their property of the means of production and it is transferred to an abstract body” (Gide, 1927, 20).

Gide made a clear distinction between socialism and solidarity. Socialism aimed at abolishing the inequality whereas solidarity required distinction and inequality among individuals. The more unequal individuals were, the more effective their cooperation would be. In this regard cooperatives gave the opportunity to the poor to use the energy of the rich and that completely corresponded to the solidarity law<sup>39</sup>.

After the consolidation process was completed in the early 1970s and in line with the ongoing process of industrialization, the state began to establish agro-industrial complexes (AIC). The means of production were owned by the members of the cooperative agricultural enterprise. The AICs were widespread agricultural organizations managing large areas of land and carrying out industrial activity for the processing of agricultural produce. They included large independent units for agricultural work and industrial enterprises, for repair and sometimes for transportation activities. They merged agricultural and industrial activity. The AIC being a major economic agricultural organization with a high degree of concentration of production and in-depth sector specialization included all categories of agricultural enterprises of a definite sub region: LFAC, SAF, MTS.

---

<sup>38</sup> On the debate on forms without substance see Daskalov, Mishkova 2014.

<sup>39</sup> See Gide, 1927, p. 20.



The LCAFs members of the AIC retained their legal, organizational and economic independence until 1975, when it was suspended. The AIC was managed by the Ministry of Agriculture and Food Industry. At the end of 1972 there were 172 AIC including 679,158 LCAFs and SAFs, covering 94.7% of the arable land (except the land for personal use). The property of the AIC was divided into three types: fully cooperative (collective), based on the LCAFs model, state-owned involving only SAFs; mixed, including LCAFs and SAFs. Over 80% of the established AICs were cooperative. The LCAFs managed and carried out the production activities, fulfilled the plan, and the AIC aimed at ensuring the introduction of scientific and technical achievements, industrial technologies and methods in agricultural production.

As a next step, the government established the National Agro-Industrial Complex (NAIC) in 1979. The large part of facilities and the purchasing right of the LCAFs were transferred to the NAIC. It included the sectors which were technologically, productively and economically interrelated and which took part in the production, manufacturing and sale of produce and its delivery to consumers as well as in its circulation. The most specific feature of this complex was the vertical integration between the agrarian sector and industry on a national level. It operated on the "land-product" principle. The NAIC was comprised of several groups of economic sectors: the first group included the branches that produced means of production in agriculture and the food industry (agricultural machinery and food industry machinery; production of mineral fertilizers, chemical industry fertilizers; construction of buildings and facilities); the second group: fodder industry; material and technical supply; machine and tractor facilities; transport; storage refrigerators; the third one: the agrarian sector; the fourth one: the food and light industry and the fifth one: domestic and foreign trade.

The NAIC was an economic and social organization engaged in governing, planning, economic and regulatory functions. It carried out economic and social activities through its branches in the country. The NAIC accomplished several activities related to the state policy stemming from international agreements, conventions, etc. (Lutsov, 1976). In the middle of the 1980s the share of the cultivated land in the public sector (SAF) reached nearly 100%. There were twenty-four SAF in the country.

According to Bulgarian historians despite the continuous lagging behind of the Bulgarian agriculture, in comparison to other socialist countries some positive trends and achievements were recorded in the 1960s and 1970s. They were to be found in the increased average production of several crops (cereals, tobacco,

maize, barley), the accelerated process of mechanization and the rise of the productivity of agricultural animals (cows, sheep, hens). In the 1965-1975 period the biggest rise in the average annual production was registered for cereals (133%) and barley (27%). The productivity of cows, sheep and hens increased by 133%, 68% respectively during 1957-1977. The total amount of productive funds grew by more than 70% and individual funds by 74% in the 1970-1978 period<sup>40</sup>.

**Table 7. Mechanization of agriculture (in numbers)**

Years	Tractors	Harvesters
1948	5,231	.....
1950	8,657	13
1960	40,309	8,390
1970	90,277	16,610
1978	148,500	23,545

*Source:* Migeu, 1998, p.213, 214.

Bulgaria became the only socialist country in Europe where the private ownership on land was de facto abolished by the mid-1980s. In the USSR, for example, the creation of a large state sector in agriculture might be explained by the prevailing large-scale land ownership and the poor attachment of peasants to private land ownership. Conversely, in countries where peasants tended to strive for private ownership, as it was the case in other socialist countries (notably Poland) only a small part of the land became public.

**Table 8. Agricultural development in the socialist countries (in %)**

Country	1970			1980			1986		
	State sector	Cooperative sector	Private sector	State sector	Cooperative sector	Private sector	State sector	Cooperative sector	Private sector
Bulgaria <sup>41</sup>	10.9	79.7	9.2	86.5	-	12.8	96.4	-	3.6
Hungary <sup>42</sup>	19.3	48.6	32.1	30.8	63.7	1.4	27.4	71.5	3.5
Poland	11.5	1.3	87.2	19.3	5.0	68.4	18.5	3.6	77.9
GDR	8.0	72.8	19.2	8.5	82.5	9.0	12.4	82.6	5.0
USSR <sup>43</sup>	42.2	56.4	1.4	67.3	30.9	1.8	67.9	30.4	1.7
Czechoslovak Republic <sup>44</sup>	19.5	66.4	9.1	30.5	64.0	4.2	30.0	67.2	2.1
Romania	29.4	50.2	20.4	30.0	60.6	9.4	29.7	60.8	9.5

*Source:* Popov 1990, p. 404, 405.

<sup>40</sup> See Sazdov (Ed), 2005.

<sup>41</sup> Including the lands which were a part of the personal farms.

<sup>42</sup> Personal plots are calculated in the cooperative sector.

<sup>43</sup> Personal plots are calculated in the cooperative sector.

<sup>44</sup> Personal plots are not calculated.

Various types of production cooperatives of peasants existed in the socialist countries. The most common form of agricultural production cooperative (permanent and temporary groups for joint farming) spread mostly in Poland and Hungary though they had their own specific features. They were collective farms that fully preserved the farmers' status of independent and private owners of the land (Popov, 1990).

The second type of agricultural cooperatives had the characteristics of both private and state ownership of the means of production. That represented a transitional form of agricultural production cooperative and was spread mostly in Bulgaria (1947-1960), Romania and the Czechoslovak Republic. The cooperative members retained the right to the personal use of the yards which they brought in the cooperative whereas the size of the land they were granted was determined by each state. They were given rent and remuneration depending on the working days as well as according to the amount of the area under crops and the number of draught animals of the cooperative.

The third type of agricultural production cooperatives was characterized by the land and the means of production which became cooperative (de facto state) ownership. Only the means of production necessary for maintaining the personal subsidiary farms remained private property. The income was distributed only in the form of farmers' remuneration. Similarly, to the second type all members were obliged to work in the cooperatives. Those cooperatives were widely spread in the USSR, Bulgaria (since 1960), Romania and East Germany. In Poland, where the private sector played a crucial role in agriculture, they did not exist. The reasons for the public sector not being comprehensive and for the failure to complete the collectivization were related primarily to the understanding of the need of a very gradual transition from private to public agriculture. The situation in Yugoslavia was quite similar (Popov, 1990).

As regards private farms in Romania, the Czechoslovak Republic and Bulgaria they emerged mainly in the mountain regions because there the implementation of the socialist agricultural model was considered ineffective. The private farms did not use hired labour and they were marked by all the peculiarities of the small-scale private sector economy under capitalism (Popov, 1990).

Forms of economic activity associated with leasing emerged in the mid-1980s in the Soviet Union and *kolchozy* obtained the right to lease land as soon as

Gorbachev rose to power and the “*perestroika*” began<sup>45</sup>. Farmers and their families were able to work independently on public land allocated to them for a fixed term. They were entitled to be owners not only of cattle but also of farm equipment and buildings (Gorbachev, 1988). Thus collective farms were able to “get away” from the strong dependence on and connection to the state and to approach the private initiative. Similar practice developed in Bulgaria as well by the adoption of the so-called “New Economic Mechanism” (Angelov, 1987). The “family accord” represented private activity in agriculture. It was used primarily in tobacco and some vegetable growing<sup>46</sup>.

The practice and development of the LCAF proved that the state played a key role in the struggle between cooperativism and collectivism.

### Concluding Reflexions

In this paper, we have tried to reconstruct the institutional history of the Bulgarian agrarian cooperatives. The cooperative movement and above all the cooperative agrarian sector in Bulgaria has enjoyed a century-long tradition.

The rural multiservice cooperatives played an important role in the economic development after the Liberation until World War II. Their emergence and spreading were related to the Bulgarians’ customs, values and traditions as well as to the conditions of life and work and the European practice during that period. Within the framework of capitalist economic relations, the credit cooperatives had to compete with the private capital and state interference which aimed at usurping and distributing the cooperative funds. In the Interwar period the state succeeded in strengthening the control and governance of the cooperative sector and it took a new path of development after WWII in the conditions of socialism. The cooperative model was subject to state administration, centralization and later to nationalization.

Parallel to the imposition of the communist regime and the planned economy, the cooperative sector was fully nationalized and was only nominally a cooperative sector. In contrast to the Central European socialist states, the land and the means of production in Bulgaria became entirely state-owned and private property did not actually exist. The LCAF were established and functioned according to the

---

<sup>45</sup> In the economic area “the perestroika” ensured greater autonomy of enterprises and cooperatives in order to plan their output, to sell it directly on the market, to use the profit as well as it granted greater freedom to small-scale private business.

<sup>46</sup> See Popov 1990.

Soviet model to fulfil the state purposes and policy in agriculture as well as to meet the economic and financial needs of the government and the aspirations for building the socialist society and economy.

After the fall of communism in 1989, the state engaged in the quick enforcing of the principles of the market economy and private property through the liberalization of prices and privatization. In most former communist countries, Bulgaria included a large scale and “crony” redistribution of wealth took place, a kind of new primitive accumulation of capital (Nenovsky and Mihailova-Borissova, 2015). The new Bulgarian capitalism was born. After the socialist government resigned in 1989, a radical restructuring in the agricultural sector took place. All collective farms were officially disbanded (in 1991) and property rights in land returned to the families which held them prior to collectivization.

The cooperatives have been no longer regarded as an economic alternative. They are still related to the communist past of the country and are considered incompatible with the market and capitalist economy. This tendency has become even more pronounced after 1996/1997 crisis, followed by orthodox monetary and conservative budget policy under the Currency board functioning. The main challenge for Bulgaria today, as EU member, consists in reconsidering the role cooperatives could play in economic and social development through the self-organization, self-help and solidarity among people.

## References

- Aldcroft, Derek. 2006. *Europe's Third World. The European Periphery in the Interwar Years*. Aldershot: Ashgate.
- Allisson, François. 2015. *Value and Prices in Russian Economic Thought. A Journey inside the Russian Synthesis 1890-1920*. Routledge.
- Allisson, François. 2014. Tugan-Baranovsky on Socialism: From Utopia to the Economic Plan. *Œconomia*, 4-1: pp. 35-53
- Angelov, Ivan. 1987. The New Economic Mechanism and the Socialist Economic Self-governance. In: *Strategy for Qualitative Changes*. Sofia: Partizdat. (in Bulgarian)
- Arroyo, Jacques. 1983. *Political Economy of Socialism. Questions and Answers*. Sofia: Partizdat. (in Bulgarian)
- Arroyo, Jacques. 1986. *Law of Value under Socialism*. Sofia:Partizdat. (in Bulgarian)

- Atanasov, Hristiyan. 2017. Rural Credit Development in the Danube Vilayet: "Credit Funds of Public Utility" in the 60s and 70s of the 19th Century". Veliko Tarnovo: Faber. (in Bulgarian)
- Bakurdjieva, Teodora. 2009. One Step ahead of Time. Statesman and Reformer Midhat Pasha (1822-1884). Rouse: Avangard Print. (in Bulgarian)
- Barnett, Vincent and Joachim Zweynert. 2008. Economics in Russia. Studies in Intellectual History (Modern economic and social history): Routledge.
- Batyrev, Viktor. 1961. On Commodity-Money Relations during the Period of Accelerated Building of Communism, in: Kronrod, I. (Ed). Problems of Political Economy of Socialism, Moscow: Edition Politicheskoi Literaturi (In Russian)
- Bukharin, Nikolai. [1920] 1979. The Politics and Economics of the Transition Period. London: Routledge.
- Bukharin, Nikolai, Evgenii Preobrazhensky. [1922] 1969. The ABC of Communism. Penguin Books.
- Bell, John. 1977. Peasants in Power: Alexander Stamboliiski and the Bulgarian Agrarian National Union: 1899-1923. Princeton: N.J.: Princeton University Press.
- Berov, Lyuben. 1989. Economy of Bulgaria until the Socialist Revolution, Sofia: Nauka i izkustvo Publisher (in Bulgarian).
- Bogomazov, Georgi. 1988. Studies on the Commodity-Money Relations under Socialism, In: Bogomazov, G. (Ed.). History of Political Economy in USSR during 1930-1950, Leningrad: Leningrad University Edition, 35-36 (in Russian)
- Bücher, Karl. [1893] 1901. Industrial Revolution. New York, H. Hold and Company.
- Central Cooperative Union. 1986. History of the Cooperative Movement in Bulgaria. First volume. Sofia: Otechestven Front Publisher. (in Bulgarian)
- Central Cooperative Union. 1986. History of the Cooperative Movement in Bulgaria. Second volume. Sofia: Otechestven Front Publisher. (in Bulgarian)
- Central Cooperative Union. 1986. History of the Cooperative Movement in Bulgaria. Third volume. Sofia: Otechestven Front Publisher. (in Bulgarian)
- Daskalov, Roumen, Diana Mishkova (Eds.). 2014. Entangled histories of the Balkans. Volume two: Transfers of political ideologies and institutions. Sofia: New Bulgarian University. (in Bulgarian)
- Demoustier, Danièle, Damien Rousseliere. 2004. Social Economy as a Social Practice: Historical Perspective on France, Cahier de Recherche, Grenoble, 2004/6.
- Deyanova, Mariya. 1935. Agrarian Issues of the Balkan Countries. Archives of Economic and Social Policy. Book one. Sofia. (in Bulgarian)

- Dimitrov, Mitko. 2014. The State and the Economy in Bulgaria during the Interwar Period, 1919-1939. Sofia: Publishing Complex-UNWE (in Bulgarian).
- EIAS, Economics Institute of the Academy of Sciences of the U.S.S.R. 1954. Political economy. Manual. Moscow: Edition Politicheskoi Literaturii.
- Economics Institute of the Academy of Sciences of the U.S.S.R. 1957. Political economy. Manual. London: Lawrence & Wishart.
- Encyclopedia of the Cooperative Movement in Bulgaria 1890-1947. 2012. vol. one. Sofia: Coopmedia. (in Bulgarian)
- Gide, Charles. 1905. Economie sociale. Les institutions du progrès social au début du XX siècle. Paris: Imprimerie Contant-Laguerre.
- Gide, Charles. 1922. Histoire des doctrines économiques depuis les Physiocrates jusqu'à nos jours. Bordeaux: Imprimerie Y. Cadoret.
- Gide, Charles. 1927. The Cooperative. Statements and Essays for Propaganda. Ruse: Levi, Petrov Publishing house (in Bulgarian)
- Gorbachev, Mikhail, Potential of the Cooperative - Reorganization: Speech at the Fourth Congress of Collective Farms on March 23, 1988. (in Russian)
- Gruev, Mihail. 2009. Re-ploughed Landmarks: Collectivization and Social Change in the Bulgarian Northwest, 1940s-1950s. Sofia: Ciela (in Bulgarian)
- Halévy, Élie. 1974. Histoire du socialisme européen. Gallimard.
- Iorga, Nicolae. 1929. Le caractère commun des institutions du Sud-Est de l'Europe. Paris.
- Ivanov, Martin. 2012. Gross Domestic Product of Bulgaria 1870-1945. Sofia: Siela. (in Bulgarian)
- Journal of the Bulgarian economic society, Different Issues, especially 1931.
- Kan, Pavel 1988. On Commodity-Money Relations inside the Government Sector, in: Bogomazov, G. (Ed.). History of Political Economy in USSR during 1930-1950, Leningrad: Leningrad University Edition, 57-66 (in Russian)
- Kojima, Shuichi. 2014. Russian Liberal Visions of Agricultural Development at the Beginning of the Twentieth Century - Litoshenko and Brutzkus, (Economia 4-1: pp. 55-76.
- Kopsidis, Michael, Martin Ivanov. 2015. Was Gerschenkron Right? Bulgarian Agricultural Growth during the Interwar period in Light of Modern Development Economics. EHES Working papers in economic history №82.
- Korelin, Avenir. 2009. Cooperation and Cooperative Movements in Russia, 1860-1917. Moscow: Rosspen.
- Kunin, Petko. 1977. The Process of Building the Socialist Order in the Bulgarian Village. Character and Regularities. Solution of the Agrarian-rural Issue. Sofia: Partizdat. (in Bulgarian)



- Lampe, John. 1986. *The Bulgarian Economy in the Twentieth Century*. London: Croom Helm.
- Lajugie, Joseph. 2002. P.J. Proudhon “Mutuellisme et fédéralisme”. Québec.
- Lavaley, Émile. 1888. *La péninsule des Balkans: Vienne, Croatie, Bosnie, Serbie, Bulgarie, Roumélie, Turquie, Roumanie*. Paris: BnF Gallica.
- Lenin, Vladimir. [1923], 1950. *On Cooperation*. Selected Works. Vol. II. Moscow.
- Lutsov, Ivan. 1976. *Planning of the National Agrarian-industrial Complex. Theoretical and Methodological Aspects*. Sofia: Partizdat. (in Bulgarian)
- Magnin, Eric, Nikolay Nenovsky. 2016. *Dependent Capitalism and Monetary Regimes in the Balkans*, in: *Trajectoires de transformation et d'intégration dans l'Europe du Sud-Est. Défis pour les élargissements futurs*, V. Delteil and R. Ivan, Eds., Editura Universității din București, 173-196.
- Marinova, Tsvetelina, Nikolay Nenovsky. 2017. *Histoire et transformation institutionnelle des banques coopératives bulgares: de l'Empire ottoman à la Première Guerre mondiale*. *Recma*, n° 343, 2017: 131-146.
- Marinova, Tsvetelina, Nikolay Nenovsky. 2017a. *L'apport des banques populaires au progrès économique et social en Bulgarie entre les deux guerres (1919-1938)*. *Recma* n° 344 :104-119.
- Meshcheryakov, Nikolai. 1920. *Cooperation and Socialism*. Moscow. (in Russian)
- Migeu, Vladimir. 1995. *The Collectivization of the Bulgarian Village (1948-1958)*. Sofia: Stopanstvo Publisher (in Bulgarian).
- Migeu, Vladimir. 1998. *Problems of the Agrarian Development of Bulgaria (1944-1960)*. Sofia: K&M. (in Bulgarian)
- Nenovsky, Nikolay. 2006. *Exchange Rates and Inflation: France and Bulgaria in the Interwar Period and the contribution of Albert Aftalion (1874-1856)*, Sofia: Bulgarian National Bank.
- Nenovsky, Nikolay. 2009. *Place of Labour and Labour Theory in Tugan Baranovsky's Theoretical System*. *The Kyoto Economic Review*, 78(1): 53-77.
- Nenovsky, Nikolay. 2012. *Theoretical Debates in Bulgaria during the Great Depression Confronting Sombart, Marx and Keynes*. *OEconomia*, (1): 67-101
- Nenovsky, Nikolay, Gergana Mihailova – Borissova. 2015. *Debts, Ideas and Interests in the Balkans. Chronology of the Post-communist Transformation, 1990-2013*, *Economie et institutions*, 23(2): 121-145
- Novakovitch, Dragolioub. 1905. *La zadrouga. Les communautés familiales chez les Serbes*. Paris: A. Pedone.
- Palazov, Iliya. [1947] 2005. *Theory and Practice of the Cooperation*. Sofia: Filvest. (in Bulgarian)



- Pamuk, Sevket. 2016. Economic Growth in Southeastern Europe and Eastern Mediterranean, 1820-1914, *Economic alternatives* n°3, 2016.
- Pavlov, Ivan, (Ed.). 1970. 80 Years Anniversary of the First Bulgarian Cooperative in the Village of Mirkovo. Sofia: Profizdat (in Bulgarian)
- Penchev, Pencho. 2014. Boris Brutzkus and the Theoretical Debate on Socialism, *Economic and social alternatives*, n° 2, 2014. (in Bulgarian)
- Penchev, Pencho. 2017. Theoretical Analyses of the Dirigisme and Economic Planning among the Bulgarian Economists during the 1930s, *MRC Working Papers No 14/2017*. (in Bulgarian)
- Popov, Nikola, (Ed.). 1978. 100 Years of Bulgarian economy. Sofia: Nauka i izkustvo. (in Bulgarian)
- Popov, Nikola. 1990. Agrarian Relations under Socialism. Sofia: Publishing house "Kliment Ohridski". (in Bulgarian)
- Rogalina, Nina. 1998. Boris Brutzkus. A Historian of Russian National Economy. Moscow. (in Russian)
- Sazdov, Dimitar (Ed). 2005. The Collectivization and Development of the Bulgarian Agriculture. In: *History of the National Economy*. Sofia: Stopanstvo, 479-488 (in Bulgarian)
- Stambolyiski, Aleksander, [1909], 1990. Political Parties or Estate Organizations, Sofia: Bulgarski zemedelski naroden sauz Publisher (in Bulgarian).
- State Gazette, issue, 282, 1 December 1948. (in Bulgarian)
- State Gazette, issue, 13, 13 February 1953. (in Bulgarian)
- Syulemezov, Stoyan. 1975. Cooperative Movement Development in Bulgaria. Sofia: Partizdat. (in Bulgarian)
- Syulemezov, Stoyan. 1967. Furrows of the Future. Sofia: Narodna mladej. (in Bulgarian)
- Tambovtzev, Vitalyi. [2014], 2017. *Economic Theory of Informal Institutions*, Ed. Prospect, Moscow State University, Moscow (in Russian)
- Todorova, Mariya. 2010 Bulgaria, the Balkans, the World: Ideas, Processes, Events. Sofia: Prosveta. (in Bulgarian)
- Totomianz, Vahan. 1922. *The Cooperative in Russia*. Prague. (in Russian)
- Totomianz, Vahan. 1929. *Cooperative Chrestomathy*. Prague. (in Russian)
- Totomianz, Vahan. 1961. *The Cooperative (History, Principles, Forms, Importance)*. Frankfurt am Main. (in Russian)
- Tugan-Baranovsky, Mikhail. 1916. *The Social Foundations of Cooperatives*. Moscow: Kušnerev. (in Russian)
- Tugan-Baranovsky, Mikhail. [1891] 2000. P. Proudhon. His Life and Social Activities, Krasand, Moscow. (in Russian)
- Tsankov, Alexander. 1942. *The Three Economic Systems: Capitalism, Communism, National Socialism*. Sofia. (in Bulgarian)

- Velikov, Nikola. 1977. Contemporary Issues of the Political Economy of Socialism, part one. Department of post-graduate learning, Sofia. (in Bulgarian)
- Zagoroff, Slavcho. 1955. Agriculture and Food in Bulgaria before and during World War II. in:Zagoroff, Slavcho, Végh Jenő and Alexander Bilimovich: The agricultural economy of the Danubian countries 1935-45. Stanford:Stanford University Press.
- Znepolsky, Ivaylo, (Ed). 2011. The Bulgarian Village during Communism: Collectivization, Social Change and Adaptation. In: People's Republic of Bulgaria from the Beginning to the End. Sofia: Ciela, 145-167 (in Bulgarian).