Co-operation Internationally

THE CO-OPERATIVE MOVEMENT IN HUNGARY

by

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The first Co-operative in Hungary, the Savings and Credit Union, was set up in 1851. Later on a number of groups began collective trading in agricultural produce, mainly in milk and poultry. The forerunner of the modern retail society was formed in the capital, Budapest, in 1904, and was known as the General Consumers' Co-operative (Áfosz). For the benefit of the poorer section in the working-class districts it developed a trading policy to oppose high prices, to extend credits, to make home deliveries. It set up workshops, for the most part bakeries, meat processing plants and cellars with the object of cutting the profit margin in order to provide these essential foods at cheaper prices.

In the course of fifteen years it was successful in establishing a hundred shops, but after the first world war and the overthrow of the Hungarian Socialist Council Republic in 1919, the political regime which followed decimated the ranks of the Co-operatives and almost destroyed the movement. Only after a long interval did some activity re-emerge in the nineteen thirties, this time in the framework of "HANGYA", an organisation which made inroads in the villages by improved standards in the provision of consumer goods.

After the second world war the state introduced the land reform which distributed the land to the peasant farmers. It was they who led the Co-operative revival by the formation of farmers' Co-operatives. Their banner proclaimed the decision to help the rural population to acquire their everyday necessities (hitherto in short supply) and to further farming and agricultural production on a collective basis.

Three Areas of Development

Fired by this initial success a National Conference of Co-operatives was held in the summer of 1948 which changed the course of the Co-operative movement. It planned the formation and growth of three Co-operative operations - agricultural, small-producer and consumer. In the thirty-five years that have passed since then all these operations have developed considerably. Today the Co-operatives are providing 25% of the national income.

The Co-operatives have been affected by the main economic changes implemented by the country in the last fifteen years. The number of Co-operatives has been diminished by amalgamations, resulting in fewer but larger societies and the growth of large-scale management.

1. Agricultural Co-operatives

The agricultural Co-operatives consist of:

1338 agricultural producers' Co-operatives
61 specialist farming Co-operatives

16 fish breeding Co-operatives

Their interests are looked after by 20 regional Federations and 1 fish breeders Federation, and nationally by the National Council of Agricultural Producers Co-operatives.

The average size of an agricultural Co-operative is about 4,000 hectares of land (1 hectare = 2.471 acres). Their share of the total national agricultural production is 68.5%. Their basic activities are animal husbandry and crop production. Supplementary activity is conducted in the locality by engagement in the food industry, in building, in distribution, in industry, considerably enhancing their profitability and absorbing the entire local surplus labour force.

2. <u>Consumers Co-operatives</u>

The consumer Co-operatives consist of:

280 general consumers' Co-operatives
261 savings Co-operatives
76 housing Co-operatives
984 home maintenance Co-operatives
174 garage Co-operatives
14 holiday Co-operatives
240 school Co-operatives

Their interests are looked after by 20 county associations (Mészov) and nationally by the National Council of Consumers' Co-operatives (Szövosz).

Forms of Consumer Co-operation

The bulk of the Co-operatives within Szövosz consist of consumers' Co-operatives, but with extremely varied activities. Basically their task is in retail distribution, but they are often also involved in direct and contractual agricultural production, with resultant industrial activity, with the result that their role in producing commodity supplies for both home and abroad is growing considerably.

They transact 35% of the home trade. They constitute practically the sole trading bodies in 2800 of the 3057 settlements of the country. They are now operating 90 departmental stores, 17,000 retail trading units and something approaching 8,000 catering units. Retail trade and catering account for 85% of the total income, the remaining 15% being contributed by bulk purchase trading and industrial activity carried out by 16,000 employees in 1,463 units.

The next largest section of the Szövosz operation is the savings Co-operatives which deal with 13% of the total savings of the population. They provide loans to their members for production, for building, for the purchase of goods, in addition to which they provide numerous supplementary financial services such as insurance and currency exchange.

Housing Co-operatives are performing an ever greater role in the life of the Co-operatives. The value of their home stock amounts to more than one thousand million £s. At the present time 22% of the new multi-storey homes are built by Co-operatives, whilst the home maintenance Co-operatives are servicing 60% of the 230,000 homes. Garage Co-operatives and holiday Co-operatives are also developing successfully.

3. Small Producer Co-operatives

The third area of Co-operation consists of:

539 small producer Co-operatives
96 handicraft and cottage industry Co-operatives
172 building Co-operatives
65 services Co-operatives
11 others

Their affairs in each of the 19 counties of Hungary are managed by the Small Producer Co-operative Federation and in Budapest by 3 Co-operative Federations, with overall national control by the National Council of Small Producer Co-operatives (Okisz).

Under the auspices of Okisz the small producers Co-operatives are extremely far-reaching in their operations. They produce a very wide range of products, their work being characterised by quick adjustment to market requirements.

These Co-operatives produce 6.4% of the national industrial output, but within this the ratio in light industry amounts to 16.7%. Their share in the export of light industrial goods is even greater, 23.6%. Of decisive importance is their role in the production of 60% of the handicraft and cottage industries.

Organisation and Structure

In each society in the whole Co-operative movement the highest body is the general meeting of the members, which is held annually. Each Co-operative elects its own self-governing body, a board of directors of 9-15 members and a control committee of 3-9 members. These are the bodies which guide and control the Co-operatives in the period between the general meetings of members. They are empowered to set up various specialist committees, such as women's, youth, agricultural,aand so on.

Under the Co-operative Law of Hungary each Co-operative draws up its own constitution, defining its operational sphere of activity, the organisational structure, the definition of members' and officers' rights and duties. Within the framework of the Law the Co-operatives enjoy complete autonomy. They decide on their management, their trading policy, the benefits to their members themselves. They decide their own development plans, with the help of a central development fund based upon Co-operative collaboration, set up from contributions from the member Co-operatives and run by the county and national federations. This is a complement to their own resources.

The relationship between the various Co-operatives, based on mutual advantage, is partly determined by the economic potential and the market conditions prevailing. The Co-operative aim is dynamic development and competent management. Hungary does have economic problems to which the Co-operative response is flexibility, fast reaction to the "challenge of the age", and a readiness to change structures in the interest of the members.

State and Co-operation

In Hungary the socialist administration acknowledges and supports the Co-operatives. Based on the parliamentary law it respects the independence of the Co-operatives within the whole country's economic regulations. In common with all enterprises the Co-operatives pay taxes and enjoy numerous state benefits. State measures guarantee marketing and competitive facilities for the Co-operatives, of which they can avail themselves in accordance with local conditions.

In the relationship between state and Co-operatives the county and national federations play a leading role. For example when measures are put forward by the state regarding the Co-operatives they can only come to fulfilment with the agreement of the Co-operative federations. The manifold activities of the Co-operatives are carried out in a favourable political and social atmosphere, with total respect by social and state bodies. Here is a several million strong members movement, with many thousands of employees, characterised by a spirit and will to improvement, intent upon finding solutions to any problems that arise, enthused by the knowledge and practical experience that Hungarian society values them and continues to count on them for their vital work in the many different fields of the nation's economy.

Note of the Author

DEZSŐ BŐLE was for many years head of the Department of Press and Culture in the National Council of Consumer Co-operative Societies and two years ago was appointed head of its administration and made a director.