

INFORMATION REPORT INFORM

CENTRAL INTELLIGENCE AGENCY

This material contains information affecting the National Defense of the United States within the meaning of the Espionage Laws, Title 18, U.S.C. Secs. 793 and 794, the transmission or revelation of which in any manner to an unauthorized person is prohibited by law

50X1-HUM

50X1

C-O-N-F-I-D-E-N-T-I-A-L

COUNTRY Hungary

REPORT

SUBJECT Arany Janos Agricultural Cooperative in Felsömarac, Hungary

DATE DISTR.

30 JUL 1963

NO. PAGES

1

REFERENCES

RD

50X1-HUM

DATE OF INFO.

PLACE & DATE ACQ.

THIS IS UNEVALUATED INFORMATION. SOURCE GRADINGS ARE DEFINITIVE. APPRAISAL OF CONTENT IS TENTATIVE.

50X1-HUM

5
4
3
2
1

5
4
3
2
1

C-O-N-F-I-D-E-N-T-I-A-L

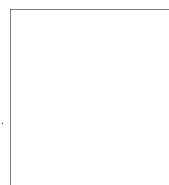
GROUP 1
EXCLUDED FROM AUTOMATIC
DOWNGRADING AND
DECLASSIFICATION

STATE	# X	ARMY	# X	NAVY	# X	AIR	# X	NSA	# X	OCR	# X	DIA	X	AID	X
ORR															
X															

(Note: Washington distribution indicated by "X"; Field distribution by "#".)

INFORMATION REPORT INFORMATION REPORT

50X1-HUM



50X1

C-O-N-F-I-D-E-N-T-I-A-L

50X1-HUM

[Redacted]

COUNTRY : Hungary

[Redacted]

50X1

SUBJECT : Arany Janos Agricultural Cooperative in Felsomarác, Hungary

DATE DISTR: 11 July 63

DATE OF INFORMATION:

[Redacted]

NO. OF PAGES: 9 50X1-HUM

PLACE ACQUIRED :

50X1-HUM

[Large Redacted Area]

DOWNGRADED AT 12-YEAR INTERVALS
NOT AUTOMATICALLY DECLASSIFIED
DOD DIR 5200.10

C-O-N-F-I-D-E-N-T-I-A-L

GROUP 1
Excluded from automatic
downgrading and
declassification

50X1

50X1

C-O-N-F-I-D-E-N-T-I-A-L

- 2 -

Background.

1. On 20 January 1960 the Arany Janos Agricultural Cooperative was founded in Felsőmarác, Hungary. Communist propagandists were in the area about two weeks before the cooperative was founded to convince the farmers it was advisable to join. All 251 farmers in the community of 800 persons joined and all the available land was collectivized. Holdings and livestock were the mutual property of all the members.
2. Each farmer was paid an annuity, based on the number of cadastral acres he had owned when joining the cooperative. The annuity was calculated in gold crowns, which was the established basis for landholding values before World War I. The standard value of each gold crown was set at five kilograms of wheat or 10.40 forints, the present price of wheat. Annuities of members of the cooperative represented 120,000 forints or an average of 500 forints per member per year.
3. On 31 December 1961 only 29 members of the cooperative were under 50 years of age; about 70 of the members were retired or receiving disability allowances. On 1 September 1962 the number of members had decreased to 235. About half of the members were women. Only persons who had reached retirement age in some occupation other than farming, joined the cooperative after it was founded. They were actually not qualified to join, but local authorities accepted their applications. The other inhabitants in the community worked in the mines, on road construction or in the forests.

Organization.

4. The three principal nominal offices in the cooperative were the president, who was the director of all the cooperative's functions, the agronomist, who handled the agricultural functions, and the chief bookkeeper, who was the cooperative's office manager and, in addition, responsible for financial and administrative matters.
5. The top governing body of the cooperative was the general assembly, which convened every third month. Their meetings never dealt with important matters of the cooperative. They listened to the president's report and then handled personal matters such as assignment of better household plots to members. Subordinate to the general assembly was a 13-member board, which held regular meetings fortnightly. Their meetings were also of little value in dealing with any important matters.
6. The president of the cooperative had the over-all responsibility for its activities and functions, but his power was limited by orders received from his Communist Party superiors. From January to June 1960, Vince KOBLI, was president of the cooperative. He was forced to resign because of his lack of agricultural knowledge and ability. Jozsef PINTER,

C-O-N-F-I-D-E-N-T-I-A-L

50X1

C-O-N-F-I-D-E-N-T-I-A-L

- 3 -

50X1

a former independent farmer and sufficiently experienced on agricultural matters, was the next president. He attempted to administer his duties to the best interest of the members. PINTER's deputy, Istvan NEMETH, who was a Communist Party member and secretary of the cooperative, was forced to resign because of his misappropriation of the cooperative's funds.

7. A peoples' control committee of seven members was elected by members of the cooperative. At the end of the year the head of the committee read a report to the general assembly. The figures in the report were fabricated and meaningless. The committee was powerless and exercised little or no control on the activities of the cooperative.

Management.

8. The business office of the cooperative actually managed and controlled the cooperative. It assigned the work norms, handled the finances, legal matters, insurance and all other business affairs of the cooperative.
9. The agronomist, who had a desk in the office, controlled and guided the agricultural policies of the cooperative in line with the agricultural policies of the Communist government in Hungary. Ferenc MIHALYI, [redacted] was the agronomist. [redacted]
10. The two leaders of the crop brigades and one leader of the stock breeding brigade, which were the two main activities of the cooperative, supervised the agricultural activities. The cooperative hired a storekeeper, who was responsible for material and goods owned by the cooperative.
11. The chief bookkeeper was the office manager, Other office personnel were a bookkeeper and an employee, who calculated and verified the work units of the members by data submitted by the brigade leaders. A double-entry bookkeeping system was used. Office personnel handled contract matters, correspondence, and drafting of reports required by the district council, central statistical office and the trade unions social insurance centers, [redacted] 50X1-HUM
12. The office of the cooperative had to report monthly the number of members and their status to the social security center of the trade union, which was the basis for the members' social security deductions. The cooperative paid for each working member 37.50 forints per month. If the member was in retirement status, 10.50 forints per month was paid for his social security deductions.

C-O-N-F-I-D-E-N-T-I-A-L

50X1

C-O-N-F-I-D-E-N-T-I-A-L

- 4 -

50X1

13. Each month the cooperative had to report to internal revenue their income and amount paid for services rendered. An excise tax, varying from eight to 15 percent, was levied on the cooperative. A detailed report had to be sent quarterly to the central statistical office containing data on number of members, livestock, fields under cultivation, plan fulfillment, milk and egg production, losses and damages. The report to the district council contained information on accidents, fulfillment of work quotas by tractor drivers, sowing, harvesting, etc. 50X1-HUM

C-O-N-F-I-D-E-N-T-I-A-L

50X1

C-O-N-F-I-D-E-N-T-I-A-L

50X1

- 5 -

Work Units.

19. A work unit book, issued by the Ministry of Agriculture, contained directives on work units based on national averages of state-owned farms and other agricultural co-operatives founded many years ago in Hungary. Theoretically work units of members of the Arany Janos Cooperative were based on these norms, however, leaders of the cooperative were forced to deviate from the general rules, since workers could never meet the requirements with the lack of fodder, poor soil, scarcity of fertilizers, untrained workers, and poor equipment. In 1961 the total number of work units earned by members of the cooperative was 66670. The total number of working members was 200, which represented 330 work units per member. The value of a work unit in the cooperative was as follows:

1960	9.97 forints
1961	18.50 forints
1962	20.43 forints (planned)

During the first year members were very embittered with their returns. In 1961 the cooperative was able to pay the 18.50 forints by requesting a loan of 163,000.00 forints from the state. In 1962 the cooperative would have to receive an additional loan to pay this sum.

20. Members of the cooperative received about half of their earnings in cash and other half in produce. The members had to pay their taxes and social security payments from their cash income. Each year the cooperative had to pay more taxes and dues. In 1961 the cooperative was granted a 20 percent deduction by the State Machine Tractor Station, but in 1962 the full amount had to be paid. In 1961 the cooperative received a 30 percent deduction on the price of fertilizer, but in 1962 this was not given. Increase in other expenses in forints were as follows:

	<u>1961</u>	<u>1962</u>
Retirement Fund	38,000	75,000
Income tax	58,000	95,000
Insurance policies	78,000	135,000

Investment credit in-	none	50,000
stallments		

50X1-HUM

In addition the property tax was increased from 634 quintals of wheat to 638 in 1962.

Agricultural Land.

21. The cooperative controlled about 2500 cadastral acres (one cadastral acre equals 1.42 acres). The acid soil in southwestern Vas County needed lime and fertilizer. In 1961 the cooperative had only 650 quintals of fertilizer, which included nitrogen, phosphate and potassium. The land was utilized as follows:

C-O-N-F-I-D-E-N-T-I-A-L

50X1

C-O-N-F-I-D-E-N-T-I-A-L

- 6 -

50X1

<u>Cadastral Acres</u>	<u>Purpose</u>
1400	Cultivation of crops
500	Hay fields
100	Pasture land
500	Forests

Crop Production.

22. Crops were raised on about 1,230 of the 1400 cadastral acres assigned for cultivation. The remaining 170 cadastral acres were used by the members of the cooperative as household plots. The cadastral acres were tilled as follows:

<u>Cadastral Acres</u>	<u>Crops</u>
450-480	Grain for flour
170	Oats
100	Corn
50	Potatoes
50	Flax
20	Sugar beets
20	Poppy seeds
100	Silage corn
20	Fodder beets

23. They also raised alfalfa and clover and several acres were left as fallow land. Because of the lack of mechanical equipment and manpower, about 100 cadastral acres were untilled a year. The hay fields were poorly cared for and wintering of livestock raised a serious problem. The forest lands were exploited and reforestation suffered from the lack of professional knowledge and inefficient planting. Leaders and members of the cooperative were not too concerned, because they figured that the state would eventually nationalize all forests.
24. The State Soil Ameliorating Company applied 100 to 200 quintals of marsh lime per cadastral acre per year on about 200 to 300 cadastral acres of the cooperative's land. In 1962 the cooperative experimented with the use of lignite powder, but the results of the experiments were unknown. It cost the cooperative about 300,000 to 400,000 forints a year for their soil amelioration program.
25. After collectivization, the cooperative permitted only 40 to 50 cadastral acres of rye to be raised on the acreage assigned to grain. Emphasis was on raising wheat even in

C-O-N-F-I-D-E-N-T-I-A-L

50X1

C-O-N-F-I-D-E-N-T-I-A-L

- 7 -

50X1

areas where rye would be more suitable. Government pressure stressed the raising of a Soviet wheat called Bezostaya and Italian San Pastore and Produttore wheat, which emphasized the need for quantity more than quality. In 1961 the yield per cadastral acre of the principal crops by the cooperative was as follows:

<u>Product</u>	<u>Quintals per acre</u>
Wheat	8.1
Rye	6.0
Oats	6.9
Barley	7.0
Shelled corn	9.0
Potatoes	16.0

26. No date was available on the number of bales of hay per acre, but farmers always had hay for sale before collectivization. Under collectivization, the supply was depleted by March 1961 and farmers were forced to bed down their livestock with leaves and bark. In early summer 1962, leaders of the cooperative predicted that the supply of hay would be used by January 1963. Members of the cooperative had a passive attitude about crop production. The brigade leaders lacked experience and were unable to create an enthusiastic response among the members, which affected the production figures of the cooperative. Many acres were uncultivated because of the shortage of labor.
27. The regrouping of the arable land into 20 to 30 cadastral acre units was unsuccessful. The supervisors or brigade leaders followed country averages and did not consider local characteristics. The farmers had only hope that the government would have to return to the system of independent farming.

Livestock.

28. In August 1962 livestock owned by the cooperative was as follows:

130 milk cows
180 head of cattle
250 pigs (20 sows)
5000 chickens
42 horses

In January 1960 the cooperative owned 230 cows and 70 horses, but by August 1962 the number of cows had decreased to 130 and horses to 42. Because of the lack of fodder and poor handling of the animals, the number of livestock owned by the cooperative was decreasing. Milk production averaged 1.8 to 2 liters per cow and to fatten a pig to 100 kilograms required about 14 or 15 months. The cooperative sold off about 30 to 40 cows each year which netted about 200000 to 250000 forints.

C-O-N-F-I-D-E-N-T-I-A-L

50X1

C-O-N-F-I-D-E-N-T-I-A-L

50X1

- 8 -

Agricultural Equipment.

29. The cooperative lacked funds to purchase new, modern farm machinery. It owned the following:

2 Hungarian, G-35 tractors
 1 Rumanian, 45-horsepower, Utos tractor
 1 Czechoslovak, 30-horsepower, Zetor-3011 tractor
 1 East German, 15 horsepower, Maulwurf-type tractor

The cooperative had sufficient plows but they were unable to obtain blades for them. Because of the inefficiency of the tractor drivers, about 70 percent of the tilling and cultivating work was done by the State Machine and Tractor Station in Kormend, which cost the cooperative about three-quarters of a million forints per year.

Barns and Buildings.

30. Livestock was housed in stalls and stables of members until the necessary buildings had been built. As of 1 September 1962 the cooperative had built the following:

<u>Building</u>	<u>Capacity</u>	<u>Value in Forints</u>
2 cow barns	204	2,600,000.00
3 calf stables	150	700,000.00
1 calf nursery	100	300,000.00
2 pig nurseries	40	100,000.00
1 pig feeder house	240	160,000.00
1 chicken hatchery	3000	160,000.00
1 cornloft	10 carloads of corn	100,000.00

31. Buildings were hastily built with careless workmanship and required repairs almost before being completed. The construction companies did not consider the local characteristics and worked by country-wide standards. The technical controls were the responsibility of the County Investment Bureau, but they were overworked and did not have time to carry out their duties effectively. The engineers in the bureau had been employed by the same construction companies that built the buildings for the cooperative, and they did not attempt to correct the errors in the construction work on the buildings. The Bureau collected two percent of the monetary value of all construction work as their fee.

Blacksmith and Carriage House.

32. In the carriage house there were four cartwrights and joiners for making and repairing carts and wagons. There were two blacksmiths and two bricklayers working for the cooperative. The grist mill was operated by one man and the oil press operated only in the wintertime. No funds were available for purchasing new equipment. The tradesmen were unable to make a living and engaged in illegal, private business activities and were occasionally forced to steal in order to survive.

C-O-N-F-I-D-E-N-T-I-A-L

50X1

C-O-N-F-I-D-E-N-T-I-A-L

- 9 -

50X1

Communist Party Organization and Influence.

33. Five persons in the cooperative were Communist Party members and there were 15 Communist Party members, including candidate members, in Felsőmarác. Kalman TOTH, who was the Communist Party secretary in the community, was also the Communist Party supervisor of the cooperative. His salary was 1,800 forints per month. TOTH called a meeting once a month to read the Communist Party directives and instructions. During 1960 Communist Party members frequently visited the cooperative. Their control and direction of the cooperative diminished as their visits gradually decreased. They were too busy arguing over personal matters and convincing their superiors they were not Stalinists to be concerned with the cooperative.

Household Plots.

34. The majority of members of the cooperative fed and clothed their families from the income they earned from efficiently utilizing their household plots of one cadastral acre. Each member was permitted to own one cow, a calf under one year old, and as many pigs and fowl as they wanted. Their total sale of milk to the collecting agency was greater than the cooperative produced and sold. Young beef cattle brought about 16 forints per kilogram in the market. Only young pigs weighing 20 to 30 kilograms were sold, because they lacked fodder to fatten them and pork prices paid by the state purchasing companies were low. In general one-third of the household plot was used to raise potatoes and the other two-thirds for corn. Tilling and fertilizing was done collectively by the cooperative and it cost about 300 forints a year for this service. In addition, property taxes had to be paid on the land.

Outlook for Cooperatives.

35. The future outlook of the Arany Janos Cooperative was not encouraging and there were no indications that the situation would improve. Charts on the cooperative's production continued to indicate a downward trend. Authorities tried to encourage members to work harder with the idea that this would result in better times. Members secretly hoped that the government would eventually be forced to liquidate the weak and inefficient cooperatives and return the land to the farmers.

C-O-N-F-I-D-E-N-T-I-A-L