

## Organization Forms in Bulgarian Agriculture

D. Lulcheva and St. Todorova  
Agricultural University, Bulgaria

**Abstract:** Agriculture is one of the priority economic sectors, because of the country's favourable natural and climatic conditions. The object of article is to consider the main organization forms in Bulgarian agriculture: private, family farms, large tenant farms and production cooperatives. At present, in the country there are some 1,7 million private agricultural farms with an average size of a farm about 1,45 ha. Regarding the average size of a farm, Bulgaria ranks almost last in Europe. About 2000, nearly 90 % of cows, 95 % of sheep, 90 % of pigs and 95 % of poultry are bred in the private farms. The small and middle bracket landowners associate into agricultural production cooperatives in order to make use of the large-scale production advantages. At this stage, the cooperatives face a number of problems: they have no the due equipment, their workers are advanced in age, the State does not support their activity. The developed during the late years tenant relations in the country contribute to the agricultural sector development.

**Key Words:** Economic Sectors, Climatic Conditions, Production Cooperatives

### Introduction

Agriculture is one of the priority economic sectors due to the country's favourable natural and climatic conditions. The Constitution of Republic of Bulgaria allows existing of all the forms of land ownership, ie. private, state, public, parish, school, etc. On this basis therefore, different organization forms of agricultural production may be developed.

The landowner must himself make the decision of how to manage his land - privately, individually or collectively through entering it in an association or cooperative. He will make his choice depending on the tasks he sets himself, his psychological adjustment, size of available production resources (including funds), specificity of production, possibilities of reducing the risk and responsibility, market infrastructure, etc.

The main organization forms in Bulgarian agriculture at present are: private agricultural farms, farm production co-operatives, large commercial tenant farms, associations, etc.

**Development of the Private Farm in Bulgarian Agriculture:** Since agriculture is a very important sector for the country's economy, it is a common occurrence the State to intervene in its management. During the period 1880-1946, many fully or partially completed agrarian reforms aiming at giving land to more Bulgarian citizens have been carried out. By Government decrees the maximum size of the land that one may own was restricted and the poor and landless peasants received land from the state and public land funds.

During the period of the centrally planned economy a collectivization of Bulgarian agriculture has been carried out, i.e. the private farms were organized into big collective units. The development of farm organization has been restricted. However, each household in the village maintains its individual self-subsistent farm. About 13.6 percent of the country's arable land is managed just in these private farms.

About 1989, 48 % of the meat and eggs, 53 % of potatoes and 50 % of vegetables have been produced in the individual farms. During the 90<sup>ies</sup> the country was under a land reform and in 1996 - more than 51 % of the farm lands become ownership of the agricultural producers.

As a result of the reform, nearly 1.77 million private farms with average size of about 1.45 ha emerge in the

country. Thus, with regard to the average size of a farm, Bulgaria ranks almost last in Europe.

The lands of the individual owner are not compact, but situated on several places within the village territory, which makes their cultivation and mechanization rather difficult.

About 2002, the private farms in the traditional farming regions of the country gradually differentiate in functioning agricultural enterprises. The farms sized about 5-10 ha specialize in the production of specific product. They provide themselves with the necessary specialized machinery and equipment, storage and freezing accomodations and start realizing good incomes. The apples, grapes, peanuts, squashe and water melons are some of the profitable crops grown in these farms. In the private farm, the material interest to the production is rather higher and the management activity in organizing the production and marketing the produce - much more flexible. The concern about producing of high quality products is also considerable. In this connection, the traders and distributors' interest to the produce of the private agricultural producers is also higher. As a result of this, the private farms realize good incomes, innovate their necessary equipment and have available funds for organizing the reproduction process.

However, all of this applies to the larger private agricultural farms. About 85 % (1.5 million) of all the private farms have less than 1 ha of arable land. Their production is intended mainly for self-sufficiency and their owners are either in a pension age or work in other branches of the economy.

Most Bulgarian peasants - small and middle-bracket owners possess about 1-2 ha of arable land, parcelled out and scattered over different places within the village territory. At this stage, just these lands if not being included in production co-operatives become deserted and uncultivated and their owners live in misery. According to statistical data, at this stage, the private agricultural farms are of a prime importance to the sector. About 2000, almost 90 % of the cows, 95 % of sheep, 90 % of swine and 95 % of poultry are being bred in these farms. Most of the private farms are in Lovetch, Plovdiv, Varna and Sofia regions.

The average yields received from the crops grown in the private farms are much higher as compared to those received in the co-operatives. For example, the average

yield of wheat is 50 kg per ha, that of forage barley 48 kg/ha, corn 75 kg/ha, sunflower 30 kg/ha, early season tomatoes 450 kg/ha, red pepper 250 kg/ha, potatoes 150 kg/ha, wine vineyards 80 kg/ha, dessert vineyards 100 kg/ha, apples 200 kg/ha and peaches 300 kg/ha.

Though not all private farms are being provided with the necessary equipment, the achieved labour efficiency level there is much higher than that achieved in the production co-operatives. The number of man-days put in the production of 100 kg produce in the private farms is considerably lower than that in the co-operatives. For example, the number of man-days put in the production of wheat is 0,31, forage barley 0,58, corn 1,80, sunflower 1,2, tomatoes 0,4, pepper 0,6, potatoes 2,1, wine vineyards 0,9, dessert vineyards 1,02, apples 0,75 and peaches - 0,8.

In the private farms, a higher employment both of the family's members and many of the part-time workers, is being achieved. Against the background of the high level of unemployment in the country, the private farms actively contribute to solving this serious social problem, which especially refers to the rural regions.

**Agricultural Production Co-operatives:** The cooperative is a traditional organization form in Bulgarian agriculture. The first co-operatives for common cultivation of land have been formed already in 1903. They have been established on the basis of the classical cooperative principles, i.e. free will, democratism, mutual aid, free choice of the object of activity and freedom in marketing the produce. Until 1948 in Bulgaria there has been a wide variety of co-operative forms, such as the agricultural production cooperatives, consumer's, credit, insurance, artisan and other cooperatives. In the different sectors, the cooperatives integrate in syndicates and unions, such as the union of rice-producers, tobacco-producers, vine-growing and wine-producing, silkworm-breeding, apiculture, cotton-growing, etc. The main object of these unions is to support the development of the relevant sectors by supplying them with high-quality seeds, fertilizers, chemicals and also to help them in realizing their produce.

During the years of the centrally planned economy this co-operative variety has been liquidated. The so-called labour cooperative farms were the only existing organization form in agriculture. In the initial years of their functioning they were of considerable importance and contributed to improving the social status of people working in Bulgarian agriculture. The implemented after 1972 consolidation of the labour cooperative farms, is actually a high degree nationalization of the farm lands and land use, which leads to lowering the material interest to working in agriculture. The negative occurrences, such as lack of interest to the work, high wastage in harvesting and stealing of produce and materials, become a common practice in agriculture. The established large bureaucratic administrative machine impedes the management process. The State takes away and centralizes a great part of the incomes through the pricing and taxation system. The labour is switching to other sectors. The people working in agriculture advance in age and the villages become deserted.

In November 1989, the social and political regime in the country underwent a radical change. It was established a democratic system of the country's economic and political life.

The old organization forms of production in agriculture and the rest economic sectors have been destroyed. The necessary equipment was also destroyed and plundered. Bulgarian agriculture has got into a deep economic crisis.

The farm lands become deserted. The social status of the population is drastically worsening.

At present, there are many agricultural production co-operatives that operate in the country. The object of their organizing is to help the small and middle-bracket landowner in carrying out his production and realizing of incomes. Through associating in a cooperative, the small and middle-bracket land owners can help each other and realize larger production. They also can use the advantages of the large-scale production - mechanization of the labour processes, introduction of modern high-efficient technologies, buying of more expensive high-quality varieties, etc.

However, at this stage the farm production cooperatives face different difficulties and problems, which proceed both from the business environment in the country and their inner situation. They are not provided with good farm machines and equipment. What is more, the available machinery is rather outworn, while its maintenance and necessary spares - too expensive.

The yields received from the crops grown in the farm production cooperatives are not very high due mainly to a poor and inconsistent management and also to non-observance of the technology. For example, we may indicate the average yields received from some crops grown in these cooperatives: wheat - 35 kg/ha, forage barley 38 kg/ha, corn 25kg/ha, sunflower 20 kg/ha, early-season tomatoes 300kg/ha, pepper green 180 kg/ha, potatoes 100 kg/ha, wine vineyards 35 kg/ha, dessert vineyards 45 kg/ha, apples 100 kg/ha, peaches - 80 kg/ha, etc. Our studies demonstrate that because of the highly lowered material incentive, the production technology is not being observed and the agricultural activities are not being seasonably carried out. This affects negatively the level of yields, quality of produce and hence the incomes of the farm cooperatives and their members.

The achieved level of labour efficiency measured with the man-days put in the production of 1 kg produce is usually within the following limits: wheat - 0,42, forage barley 0,7, corn 2,4, potatoes 2,8, early-season tomatoes 0,6, pepper red 0,8, wine vineyards 1,4, dessert vineyards-1,7, apples 1,4, peaches - 1,2, etc.

In the farm production cooperatives there is a trend of carrying out only the main agricultural activities and if it possible - in a mechanized way. This has an effect on the employment of the active population in the villages. At this stage in the Bulgarian village it is observed a tendency towards increasing the share of middle-aged population and decreasing that of the young people. Usually, the number of pensioners figures out at about 70 percent of the total population in the village. The population's advancing in age affects unfavourably the number and structure of labour in the farm production cooperatives.

The cooperatives often change their production direction in accordance with the market situation. They meet with considerable difficulties in realizing their produce. They have no available storage and freezing base for to may follow the market situation and prices, in order to bring their produce to the market when the prices are most beneficial.

The cost of production is a very serious problem for the cooperatives. In the country there are many banks, but almost there is not such, that to offer low-rate interest credits for agriculture. The prices of prime and raw materials steadily increase. The main items in the material costs are: costs for mechanized cultivation, fuels, spares, plant-protection chemicals, etc.

## D. Lulcheva and St. Todorova: Organization Forms in Bulgarian Agriculture

Table 1: Main Economic Indices Average for the Period 2000-2002

Indicators Crops	Incomes \$/ha	Production costs	Net Profit	Cost price \$/Kg	Rate of Return
Wheat	3,5	3	0,5	1,62	16,60
Forage barley	3	2,6	0,4	1,75	15,38
Corn	7,2	6,4	0,8	1,54	12,50
Rice	9,6	7,8	1,8	0,15	23,07
Sunflower	4,5	4,1	0,4	1,52	9,75
Peanuts	9,5	7,8	1,7	0,40	21,79
Tobacco	12,8	10,4	2,4	0,34	23,07
Tomatoes	27,5	20,8	6,7	5,40	32,21
Pepper	23,7	19,6	4,1	4,08	20,91
Apples	8,5	7,6	0,9	0,10	11,84
Wine vineyards	9,2	8,2	1,0	2,081	2,19
Dessert vineyards	12,3	10,4	1,9	2,14	18,26
Peaches	11,5	10,8	0,7	0,32	6,48
Cherries	7,4	6,2	1,2	0,28	19,35

The full-time and part-time workers' labour is underpaid. Table 1 consists of the main economic indices about some traditional for the country crops grown in farm production cooperatives.

The advanced in age agricultural workers and also the outworn technics contribute to the low labour efficiency. The yields received from the crops are low and inadequate. On the other hand, the high prices of prime and raw materials and also the high total production costs determine the unprofitable production.

At this stage, the agricultural cooperatives usually specialize in the production of only one profitable crop. With the income received from it they make up for the losses of rest crops. However, thus it is not possible to make any profit.

Many of the serious problems in the production cooperatives result from the fact that most cooperative members do not live in the village where their lands and cooperative are. These cooperative members do not participate with their labour in the cooperative's work. They receive incomes from the cooperative like renters. That is why, there exist inequality and contradictions between the interests of the cooperative members who participate in the cooperative both with their property and labour. It is very difficult for the cooperators' general assembly to make decision of how to allocate the incomes - for payment of labour, rents, or accumulation of funds. The last may be used for innovating the necessary equipment and implementing the reproduction process. It is being observed a certain delay in making and implementing the management decisions by the collective managing board.

**Large Tenant Farms:** Lately, a great number of large tenant farms situated entirely or partially on rented land arise in the country.

During the second half of the 90<sup>ies</sup>, the tenant relations in Bulgarian agriculture started developing. As a result of this, some large tenant farms with arable land of about 20-30 ha were formed in North Bulgaria, mainly in the region of Dobrudza. They apply mechanization of the labour processes and modern technologies and thus achieve a higher labour efficiency. Therefore, they realize an effective production. This allows them to innovate their machinery and to pay well the hired workers.

The further development of agriculture requires agrarian policy directed to supporting both the farm production cooperatives and large tenant farms.

First of all, to apply the achievements of the advanced science and technique it is necessary to switch to an enlarged land use.

It is necessary to create attending structures in agriculture, such as trade, credit, supply, machine and tractor, and other organizations, which to attend the farms, notwithstanding being private or cooperative ones. Reducing the members' staff in the cooperatives will contribute to improving their production and economic results. Also, it is necessary to improve the mechanism of income allocation and their social functions.

The uncontrolled import of agricultural products mainly from the neighbouring countries considerably affects the Bulgarian producers' interests. It involves in the supply of agricultural products and competes with the price, though in many cases the imported products are of a lower quality compared to that of Bulgarian products.

The availability of market information is a very important factor for the development of Bulgarian agriculture. The now existing such kind information does not always reach to the farmers. Therefore, they have not enough available information about chemicals, varieties, prices, markets, supplied and demanded quantities.

Providing the farms with beneficial bank credits will considerably improve their activity. Establishment of markets for agricultural products, such as commodity exchanges and other market places, is also very important for improving the agrobusiness environment in the country.

Solving of all these problems will contribute to improving the current development of agriculture and the living standard of the employed in the sector.

### References

- Delev, D., 1998. Economic analysis of the farm activities, Sofia.
- Kanchev, I., 1997. Organization forms and structures in Agri. Sofia.
- Kanchev, I., 1992. Organization aspects of the agricultural farms' management, Sofia.
- Mishev, V., 1996. Agrarian crisis and its overcoming, Sofia.
- Petkov, P., 1996. Private agricultural farms, Sofia.