

Models of socio-economic cooperation in Bulgaria until 1989

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Abstract. Until 1989, the cooperative movement in Bulgaria built various organizations. Even before the establishment of the first cooperative in our country in 1890, so-called pre-cooperative forms of joint work and mutual assistance existed. Historically, the significance of cooperatives lies in their socio-economic commitment to the local population. The ideological and organizational principles of the Bulgarian cooperatives were finally formed on the eve of the Second World War and united about 25% of the working population in the country. Built on the basis of voluntarism, mutual assistance and respect for the interests of their members, they gain solid public popularity and the disapproval of the rulers. During socialism, the cooperative idea was accepted as a means of modernizing and socializing agriculture, but made significant changes to impose socialist forms of agriculture aimed at eliminating private property and creating economic disinterest. The totalitarian principle of government takes away private initiative in society, voluntariness and self-interest. People in cooperatives do not feel protected and supported, much less united. Despite partial attempts to return to cooperative values, this cannot be achieved in the existing socio-economic system.

1 Introduction

The cooperative movement has a rich history and established traditions in society. Cooperatives arose in response to specific historical socio-economic needs in Europe from the end of the 19th century. The beginning was made in England [1], 179 years ago, and 133 years ago in Bulgaria [2]. In 1895, the International Cooperative Alliance (ICA) was founded. In the same year, the first consumer cooperative in the town of Shumen - Officers' Economic Society "Opit" [3] and the first labor cooperative (TPK) in the town of Gabrovo - the Workers' Sewing Society "Napreduk" were established. In 1898, the "Bread" company was founded in Varna, which aims to produce and supply its members with good quality bread. In 1900, the Agricultural Consumer Cooperative "Orach" was established in the town of Breznik. After them, consumer cooperatives were gradually established in Plovdiv, Samokov, Sofia, Kazanlak and Yambol. At the end of the 19th and the beginning of the 20th century, cooperatives were established as the main form of association to protect the poor population from usurers and speculative traders.

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The Bulgarian cooperative movement entered the International Cooperative Union in 1902 through the consumer cooperative "Bratski Trud", Sofia [4]. The National Union of TPK was founded in 1919 in Bulgaria under the name Union of Craft Cooperatives. It is an integral part of the Bulgarian cooperative movement, which is one of the oldest in Europe. Over the years, the Union has had different names: Union of Craftsmanship Cooperatives (SZPK) since 1919; General Union of Labor-Productive and Craft Cooperatives (OSTPZK) since 1950; Central Union of Labor-Productive Cooperatives (CS of TPK) since 1953; National (Central) Union of Labor-Productive Cooperatives (NCS of TPK) since 1998, and since 2000 it has been National Union of Labor-Productive Cooperatives (NS of TPK).

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2 Regulatory framework

In terms of legislation, the adoption of the first cooperative law in Bulgaria - the "Law on Cooperative Associations" from 1907 [5], played an important role in the development of cooperative organizations. It stimulated the creation of many different types of cooperatives. The law was developed on the example of the Hungarian one, which was introduced to the Bulgarian representatives at the congress of the International Cooperative Alliance, held in 1904 in Budapest. In Art. 1 of the Law on Cooperative Associations gives the legal definition of the concept of cooperative: "A cooperative association, in the sense of this law, is any company composed of an indefinite number of members, which is established with the aim that through cooperative performance of works or through reciprocity develop the economic interests of its members and give impetus to credit, agriculture, industry and crafts". With this provision, an expansion of the scope of the activities carried out by the cooperative associations is achieved. These include "associations for: advances and credit opening; for the joint purchase of raw materials, work tools, as well as the necessary household and agricultural items; those compiled for the joint use of agricultural and industrial machines and other tools of production, for the delivery of purebred livestock, etc.; for the cooperative sale of agricultural and industrial products and for the maintenance of common warehouses; for general production and fabrication; to build for living; for mutual insurance". The Law on Cooperative Societies served as the basis for the development of subsequent legal acts regulating the process of establishing cooperatives at the beginning of the 20th century.

In 1948, the Law on Cooperatives was adopted, which regulates the cooperative matter in the conditions of transition to a new (socialist) society and introduces a permit regime for the establishment of cooperatives. The most specific thing in the Cooperatives Act of 1948 is that the establishment of a cooperative requires the consent of the Council for Cooperatives under the Council of Ministers, which in turn gives such consent after consultation with the Central Cooperative Union and the relevant ministry according to the type of cooperative: for TKZS from the Ministry of Agriculture, for a credit cooperative from the Bulgarian National Bank, for a consumer cooperative from the Ministry of Internal Trade, etc. The activity of cooperatives began to be controlled by state institutions and depended on their decisions. The principle of free association in the interests of people's needs is violated.

In 1953, the National Assembly adopted a new Law on Cooperatives. It consists of 18 provisions that regulate a limited range of issues. The law provides that the regulation of principled positions and the specification of legal norms should be done by a regulation of the Council of Ministers, which was adopted in 1954. Thus, the activity of cooperatives began to be regulated by two separate normative acts: the Law on cooperatives and the Regulations on cooperative organizations. The law and regulations define cooperatives as "self-acting socio-economic socialist organizations", "an integral part of the socialist organization of the

national economy" and "organs of the implementation of the state national economic plan". The regulations for cooperative organizations define the following cooperatives: labor cooperative agricultural holdings, labor productive cooperatives, consumer cooperatives, fishing cooperatives, cooperatives for the disabled and housing construction cooperatives. The formation of other types of cooperatives can only be done with the permission of the Council of Ministers. In 1960, on the basis of the administrative-territorial division of the country, consumer cooperatives were united in district cooperative unions, which in turn became members of the Central Cooperative Union. In their organizational structure, consumer cooperatives can create their own production enterprises, and district cooperative unions their branches, enterprises, bases and offices with independent accounting and management.

In 1983, a new Law on Cooperative Organizations was passed, which repealed the old one of 1953, as well as the Regulations on Cooperative Organizations of the Council of Ministers of 1954. Thus, the legal framework of cooperative matters is regulated only by law, which eliminates intervention of the Government for changes with its by-laws. There are also special provisions for the creation of branches of consumer cooperatives (PC), and thus conditions for more efficient economic activity and the expansion of cooperative democracy. At the end of 1985, 387 PCs were functioning, with at least 1 cooperative in 247 settlement systems. 904 PC branches were also built, covering 2852 settlements. The branches have a certain economic and legal independence, they are formed on a territorial basis in parts of the area served by the cooperative, thereby bringing the economic and organizational activities of the consolidated cooperatives closer to the needs of the members and the population of the specific settlements [6].

3 Discussion

Historically, the significance of cooperatives lies in their socio-economic activity towards the local population. For the period 1919–1923, during the BZNS government, headed by Alexander Stamboliyski, the number of cooperatives was almost doubled - from 994 in 1918, 1 379 in 1919, to 1 812 cooperatives with 434,954 members in 1923. After the June 9 coup of 1923, the new government imposed control over the cooperatives. The leadership of the General Union of Bulgarian Agricultural Cooperatives (OSBZK) accepts the coup positively, while the International Cooperative Union declares against the brutal self-dealing of the authorities with the co-operators. OSBZK obligates all district cooperative unions to be members of the union and when they are credited, in order to withhold shares of capital for OSBZK. OSBZK recommends that cooperatives develop mainly lending and no other activities. Despite the repression, the cooperative movement has gained public trust and is growing. In 1929 there are 3 242 cooperatives with 726 826 members, and in 1939 they were 3 502 cooperatives, with 995 805 members. This does not include the 1,000 school and student consumer cooperatives that date back to the late 19th and early 20th centuries to support the livelihoods of poor students by providing free meals and grants for textbooks and rent.

In 1928, the Union of Cooperative Women was established, which by the beginning of the Second World War was formed as an authoritative public organization with considerable prestige in the international cooperative movement, and in 1940 it had 122 173 [7] members. The opinion is confirmed that the cooperative is the most accessible organization for social expression of women, a stage towards their emancipation [8]. Women's participation is mostly associated with consumer and craft cooperatives rather than cooperatives, which are business units. By 1943, there were 4,096 cooperatives with 1 523 932 members, of whom 159 489 [9] were women, and cooperative economic activity constituted 55% of wholesale

trade, 20% of retail trade, 30% of credit activity, and 25% of the insurance case. The asset-liability of cooperatives amounts to BGN 30 billion, 3 times more than the state budget [10].

The ideological and organizational principles of the Bulgarian cooperatives were finally formed on the eve of the Second World War and united about 25% of the working population in the country. Built on the basis of voluntarism, mutual assistance and respect for the interests of their members, they gain solid public popularity and the disapproval of the rulers. This was the reason for the adoption in 1938 of an Ordinance-law for state supervision of non-profit and commercial companies, in order to impose control over cooperatives by the rulers [11]. In the wartime period, the government's attempts to limit the autonomy of cooperatives increased. An ordinance was published for the inclusion of cooperatives in solving the country's food problems, in which their leaders are to be appointed on an official basis. In 1947, the Central Cooperative Union was established, uniting 20 cooperative unions and headquarters.

In agriculture, until September 9, 1944, there were 28 agricultural cooperatives in Bulgaria, which united 1,677 farms with a total area of 40,319 acres. Already in 1907, the first national agricultural union was established - the Main Union of Bulgarian Agricultural Cooperatives, which in 1914 adopted the name General Union of Bulgarian Agricultural Cooperatives.

During socialism, the cooperative idea was accepted as a means of modernizing and socializing agriculture, but made significant changes to impose socialist forms of agriculture aimed at eliminating private property and creating economic disinterest. These are the Ordinance-Law on Labor-Cooperative Farms (TKZS) of April 15, 1945 and the Law on Labor Land Ownership (Agrarian Reform) of April 9, 1946. Even before the Ordinance, at the end of 1944, in Bulgaria already there are 110 TKZS. A Model Statute of the TKZS was also created from 1947. In the field of agriculture, the new government prefers cooperation as a means of modernizing and socializing agriculture. The idea is accepted that the cooperative movement in Bulgaria has historical traditions and in 1948 there were already 1110 TKZS, and agricultural production exceeded its pre-war status. But the cooperative principles of voluntariness and material interest have been replaced by coercion, injustice, and pressure. This became state policy after 1948 and led to the gradual nationalization of land in the TKZS.

At the end of 1958, the state authorities in Bulgaria reported the successful approval of the TKZS. 93.2% of the arable land is cooperative, and the number of cooperative farms is 3290 [12]. The vicious implementation of cooperatives in agriculture practically leads to the expropriation of private property, to the loss of private interest and social functions in cooperative organizations, is increasing population migration to cities. In 1959, the TKZS was consolidated - from 3 290 to 957, and the existing annuity from the income for distribution (although decreasing over the years from 40% to 9.5% in 1955) was abolished. 49 state farms were also created. The values of cooperativism in agriculture gradually lost their importance and after 1971 were replaced by new organizational and management structures for concentration and specialization in agriculture such as Agrarian-Industrial Complexes (APK); Industrial-agrarian complexes (PAK); The National Agrarian-Industrial Union (NAPS) for conducting a unified state policy in agriculture, etc.

In the initial stage (1970 – 1974), APC was a voluntary association of TKZS and had a minimal administrative and advisory staff, without having a direct impact on the economy of the constituent farms. Since 1975, the economic independence of TKZS has been taken away and they have been turned into production farms in APC - one for each settlement or for several neighboring settlements. In the early 1980s, production farms were renamed production brigades, leading to even greater centralization of management. The election of leaders of consolidated brigades (in place of the former presidents of holdings) by the cooperators and workers has been replaced by appointment.

The liquidation of the independence of TKZS and DZS does not have a favorable effect on the farmers themselves. They are alienated from their former holdings and immersed in the scale of the new organization. Instead of strengthening interests, indifference to the quality of work accumulates. The result of labor for producers becomes an abstract concept. The produce they produce is often transported to another village, and they are reassigned to work to help other brigades. It is a common practice to give part of the income to other brigades in order to fulfill their plan as well. This accordingly reduces incentives to increase production.

With the transformation of APC into a main production unit, uniting the former cooperatives, and placing it under the subordination of the district union, the process of establishing socialist production relations in agriculture ends. With this, to a large extent, the collective principle of ownership, management and distribution in agriculture, propagated at the creation of TKZS, was liquidated. This reflects the growth rates of the main productive assets and the total output in agriculture – separately for crop production and livestock production. The principles of centralized state management from other branches of the economy are also applied in agriculture. The members of the TKZS were isolated from the management of what they created until the mid-1970s. The question of voluntariness when entering the APC and when closing the TKZS is not raised either. The development of cooperativism is interrupted and the management of TKZS is not improved [13]. Economic options for changes leading to strengthening the interest of TKZS members are not being developed, but a good tradition is being interrupted and replaced with a heavy bureaucratic apparatus, organizational chaos, distancing agricultural producers from decision-making bodies. A re-division of APC from 170 in 1971 to 338 by the end of 1979 [14] was required.

In order to develop the material interest of the farmers, it helps to provoke the private interest by stimulating the private economy. In a letter to the Politburo of the Central Committee of the Bulgarian Communist Party (Central Committee of the Bulgarian Communist Party) dated September 28, 1973 [15], for wide and full use of the possibilities of the personal farm of the cooperators, the workers and employees of the TKZS and DZS and of the Central Cooperative Union to increase the agricultural production, T. Zhivkov points out that this is an important condition for meeting the needs of the population. With Decree No. 61 of the Council of Ministers (MC) of 1973, a comprehensive program for stimulating the personal economy was immediately drawn up [16]. Good conditions are created for the supply of fodder, livestock, seeds and planting material, increase in purchase prices, favorable loans, etc. [17]. As early as 1975, supply was greatly improved. 2.5 times more meat, 2 times more milk, large quantities of pulses, fruits, vegetables were purchased. A favorable condition for this activity was the reduction of the working week in 1974 from 48 hours to 42.5 hours. Besides giving scope to personal initiative and self-interest, this farm supplies the cities and helps to raise the incomes of the village [18]. In 1990, the two sectors - private and public - were equalized in terms of production. This once again proves that economic development is wrongly separated from its natural basis and traditions.

Cooperative values in labor cooperatives were also put to the test during socialism. In 1971, the National Union of Labor-Productive Cooperatives in Bulgaria (NS of TPK) was unlawfully liquidated. Its new history dates back to 1988, when, on the initiative of 137 TPK, it was restored as an independent legal entity, uniting voluntarily at the national level as legal entities labor-producing cooperatives /TPK/, labor-producing cooperatives for the disabled /TPKI/, cooperative unions and other cooperative organizations and works in accordance with cooperative principles and cooperative democracy.

At the July Plenum of the Central Committee of the Bulgarian Communist Party (Central Committee of the Bulgarian Communist Party) in 1987, self-government was privatized only for socialist democracy, in order not to recognize that self-government develops only with the decentralization of government in a democratic society. And if self-governance is allowed

to come into conflict with democratic centralism, then the problem is incorrectly solved, because it is assumed that self-governance creates conditions for the development of democratic centralism. Agriculture, with its peculiarities, is expected to most fully implement self-government [19].

In November 1987, the Politburo of the Central Committee of the Bulgarian Communist Party (PB of the Central Committee of the Bulgarian Communist Party) adopted a decision for a new stage in the development of agriculture. Decree No. 58 of 4.XII.1987 creates the conditions for securing this stage [20]. These two documents define the directions of work in agriculture in terms of organizational forms, profitability in production and village development. The brigade is the main self-governing unit, which has the status of an enterprise and is transformed into a collective agricultural holding. APCs are built as unions of brigades for the implementation of a unified planning, technological, investment, market and social policy. The overall structure of agro-industrial production includes brigades and APC, business associations and companies, scientific organizations and implementation centres. Through the declared democracy and self-governance and the operation of the New Economic Mechanism (NEM) [21] on economic account, self-support and self-financing, many forms of cooperation, integration and diversity in the forms of ownership are expected to be revealed. In addition to common ownership, there will also be cooperative (collective), family and individual ownership. The brigade, group and family chord will be developed [22]. Leasing on a contractual basis, owning light tractors and trucks and other fixed assets will be expanded [23].

After the December plenum of the Central Committee of the BKP in 1988, a legal-normative basis was created for implementing the decisions of the plenum [24]. New content is brought into the connections and relationships between the state and the economy. Questions about company organization in the national economy are being developed. According to Decree No. 56 for economic activity [25], the main form for carrying out the activity is the company. The company organization affects the activities of the main agricultural organizations and enterprises. Organizational structures, the development of production relations, etc. are being improved. Decree No. 922 was adopted for the use of land and the implementation of economic activity based on the principles of company organization [26]. The decree attempts to democratize land relations by ceding state and administrative control over them and stimulating individual and voluntary cooperative production. According to Art. 1 of the Decree, agricultural activity and land use are carried out on the basis of all types of ownership. Agricultural activity is allowed to be carried out by collective farms, by other companies and by individual farms.

4 Conclusion

All these steps are for a sensitive reformation of socialist economic principles in the direction of economic liberalization and the introduction of market principles. The rules for economic activity are the basis for the implementation of the economic approach and its mechanism. An even more serious turn towards overcoming the crisis in the economy, towards the creation of a democratic state was made by the Plenum of the Central Committee of the BKP on November 10, 1989 and the Plenum of the Central Committee of the BKP on December 13, 1989. The December Plenum clearly stated the need for a radical economic reform [27]. The goal is to build a socialist market economy while preserving social justice. But the success of such a reform is possible by changing the entire socio-economic and political model.

The views on the role of cooperatives in the development of the country, formed during their creation, were preserved in general until the Second World War [28]. Cooperatives are voluntary organizations serving the interests of the population, built on a democratic

principle. They are also often seen as a corrective in public relations. But the tendencies of taking away the autonomy of the cooperatives, which began in 1938, continued steadily in the policy of the new government during the period of socialism. The totalitarian principle of government takes away private initiative in society, voluntariness and self-interest. People in cooperatives do not feel protected and supported, much less united. Despite partial attempts to return to cooperative values, this cannot be achieved in the existing socio-economic system.

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2. 1890 - "Oralo" Mirkov loan, savings and agricultural company. The objectives of the newly formed co-operative society are to pool people's funds for the purpose of purchasing agricultural implements for use at a minimum rent, supplying agricultural seeds and "enlightening" the population by organizing evening, Sunday or temporary schools. It is clear from the statute that the member-cooperators are the owners of their share contributions, for them they receive dividends as part of the profit, another part of the profit is allocated and accumulated as cooperative capital, through the formation of cooperative funds. There are principles and values in the Oralo company statute that are still relevant today.
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