

Politics of the Agricultural Transformation in Czechoslovakia: 1990-1991

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During only seventy-four years of its existence, Czechoslovakia has experienced several large-scale structural changes in agriculture: the first land reform from 1919 onward, the confiscation of expelled Germans' land after the Second World War, the Communist land reform of 1948, collectivization during the 1950s, and restitution and privatization after the collapse of the Communist regime of 1989. The agricultural structures of the two successor states of Czechoslovakia, the Czech and Slovak Republics, were created through this checkered history.

Although we can find growing differences between the Czech Republic and Slovakia since their independence of 1993, the two maintain a common agricultural structure, which is characterized by ongoing large-scale farming and the extreme detachment of ownership from the use of agricultural land. The legal basis of this structure was created through the political process of the Federal Assembly of Czechoslovakia from the elections of June 1990 to the end of 1991.

The aim of this paper is to examine the legislation processes of the two laws concerned the "Federal Law No.229/1991 of May 21, 1991 amending ownership relations to land and other agricultural property (hereafter the Land Law)" and "Federal Law No. 42/1992 of December 21, 1991 concerning the adjustment of proprietary relationships and settlement of interests in property related to cooperatives (hereafter the Transformation Law)," which determined the present basic structure of agriculture in the two republics.

1. Before the Election of June 1990

In Czechoslovakia, the new federal coalition government led by Marián Čalfa was formed by a round table agreement in December 1989. At the beginning of January 1990, about forty percent Federal Assembly deputies were replaced by newcomers nominated by the Civic Forum (CF) and the Public Against Violence (PAV), which were driving forces of the "Velvet Revolution" in the Czech Republic and Slovakia respectively. The main task of this reorganized parliament was to prepare for the June 1990 elections, the first free election of the post-Communist era, as well as to pass laws to satisfy the immediate needs of the people.

Before the June 1990 elections, parliament passed two laws relating to agriculture. The first one was “Federal Law No. 114/1990 of April 19, 1990 amending Law No. 123/1975 on using land and other agricultural property for ensuring production.” Although the collectivization of agriculture in Czechoslovakia deprived collectivized farmers of the right to use and transfer their land, the formal title deed to the land had remained with private persons. This amending law on using land prescribed that collective farms be allowed to use land and other agricultural property only on the basis of contract with the owner and that the right to use agricultural land be returned to the owner when the owner claimed it purely for agricultural use. This law aimed to strengthen the private ownership of land and to provide opportunities for private farming. However, private farming did not increase drastically as a result of this law, because many landowners, including those people working on collective farms, did not have the means and skills required for private farming¹.

In the speeches of the Federal Assembly, Oldřich Burský, the Minister of Agriculture and Josef Lux, who was a Joint Rapporteur of Committees for the Federal Assembly (coordinator of parliamentary discussion), admitted that it was necessary to make a more comprehensive law on land, but neither government nor parliament was ready to do so at the time².

The second law was “Federal Act No. 162/1990 of May 3, 1990 concerning the agricultural cooperative system.” This law provided that a cooperative was a voluntary association of citizens who carried on agricultural production and that a cooperative was a legal entity. According to the law, cooperatives could be established, dissolved and divided by the decision of its members. The aim of this law was to grant autonomy to agricultural cooperatives, which had been controlled by the party and the government during the Communist era.

The government bill of the law passed unanimously after small amendments in parliament. However, outside the parliament, there were some groups which were critical of the law. From their point of view, the law ignored the rights of the original owners of a cooperative who might have left it before the beginning of the transformation. According to the law, the members of a cooperative could decide to divide the cooperative’s property among themselves, disregarding the will of

¹ Axel Wolz et al., *Agricultural Transformation in Slovakia: The Change of Institutions and Organizations* (Saarbrücken, 1998): 48-49.

² Digitální knihovna-Český parlament, Dokumenty českého parlamentu[<http://www.psp.cz/eknih/>](hereafter DK), FS ČSSR 1986-1990, SL a SN, 27.schůze, část 29/53.

non-member landowners. One of these critical groups would appear as a leading player in the political scene under the name of “3T” after the election³.

2. The Elections of June 1990

In the June 1990 elections, the CF won in the Czech Republic and the PAV and the Christian Democratic Movement (ChDM) in Slovakia. These three parties gained a majority of the Federal Assembly and formed the federal coalition government after the elections. There was no doubt that the Czech and Slovak voters had consented to the “Velvet Revolution” of November 1989, because the winners of the election had been the main protagonists of the “revolution.” According to the election programs of all parties and movements which gained seats in the Federal Assembly, there existed a general consensus to introduce parliamentary democracy and a market economy. Concerning agricultural policy, almost all parties and movements supported the privatization of state farms, legal equality between individual, cooperative and company farms, and prohibition of foreigners’ ownership of agricultural land despite different orders of priorities⁴.

At the time, the CF and PVA were coalitions composed of various political groups from neo-liberals to social democrats or from cosmopolitans to nationalists. Their election programs were the result of compromise among various opinions. Consequently the contents of the programs were ambiguous.

It is worth mentioning that the Agricultural Party led by František Trnka, who had been a vice-chairman of the famous agrocomplex of Slušovice. Not only Trnka but also other leading members of the party had experienced working in agrocomplexes or agriculture cooperatives. This fact clearly suggests that the Agricultural Party represented the interests of the existing agricultural sector, especially of agricultural cooperatives. This party participated in the June 1990 elections, on a coalition list with other small parties named the “Alliance of Agrarians and Countries.”

According to its election program, the results of encroachments enforced in the past could not be removed by same method of enforcement. The land belonged to the person who was deprived of it, but the gigantic investment which had been made in it

³ Vlastimil Tlustý, Miloslav Tyl, František Tomášek (hereafter 3T), *Půda: Příručka pro vlastníky zemědělského majetku a soukromé rolníky* (Slaný, 1991), 30.

⁴ The election programs of Czech parties are printed in *Jak a koho volit?* (Praha, 1990); *Program pre občana Sprievodca programom hnutia VPN* (1990), 6-7. *Hlavné zásady volebného programu KDĽ* (1990).

could not be disregarded. The Alliance supported the land owners' right to decide whether to participate in new cooperatives with their share, to lease their land, or to farm by themselves, and it advocated coexistence and mutual aid between individual and collective farming, and between large and small-scale farming in the country⁵.

This coalition list did not gain enough support from the voters to overcome the "five-percent clause" in the 1990 elections. Although the Agricultural Party remained out of the parliament after the election, it actively lobbied for legislation in favor of agricultural cooperatives. The party gained some seats in parliament in the 1992 elections by forming a "Liberal Social Union" with other parties, but the Union collapsed after the election. Since the 1996 elections of the Czech Republic, the party has been out of the parliament. The Slovak counterpart of the Agricultural Party was the Peasant Party of Slovakia, which emerged from the Agricultural Party after the 1990 elections. The head of the party gained his seat in parliament in the 1992 elections as a candidate of the Social Democratic Party of Slovakia. This party made a coalition list with the Movement for Democratic Slovakia (MDS) in the 1994 election, but it was absorbed into the MDS later. In Poland and Hungary, influential parties representing agrarian interests have existed in parliament. By contrast, agricultural or peasant parties have not been able to take root in parliament in the Czech Republic or in Slovakia.

The new government won the confidence of the parliament with its program at the beginning of July. At the time, parliament requested the new government to submit to its comprehensive economic reform plan as a condition for the confidence vote. On August 30, the government presented its "Scenario of Economic Reform," which outlined its privatization policy composed of small privatization, large privatization, and restitution⁶. In accordance with the Scenario, the government presented a series of bills on economic transformation, some of which brought about political struggle in the parliament.

3. The Land Law

3-1. Government's policy toward the Land Law

Here "restitution" means to restore things which people were deprived of unjustly during the Communist era to its original state by return or compensation. At first, the

⁵ *Jak a koho volit?* 60.

⁶ DK, FS ČSFR 1990-1992, tisk 554, část č. 1.

government assumed a negative attitude toward restitution because it was complicated and time-consuming and could have hampered the preparations for the entire privatization process. However, the government had to prepare laws on restitution due to the strong pressure of public opinion⁷. The Federal Assembly passed the law on the restitution of specific church property (Federal Law No. 298/1990 of June 19, 1990 amending some property relations of monastic orders and congregations and the archbishopric of Olomouc), and the law on restitution of property taken over by nationalization in the years 1955-1961 (Federal Law No. 403/1990 of October 2, 1990 reducing the consequences of some property injustices).

Besides these laws, the government presented a bill for a further restitution law, which aimed at financial compensation for the damage brought about by political persecutions during the Communist era. The parliament, however, rejected the government bill, and finally passed a law which prescribed in-kind restitution of property and financial compensation (Federal Law No. 87/1991 of February 21, 1991 concerning extrajudicial rehabilitation).

The above-mentioned laws on restitution were not applied to the restitution of agricultural land, and a special law on this was prepared by the government. After the June 1990 elections, some federal ministries were unified into the federal Ministry of the Economy, and Vladimír Dlouhý, who had been the Chairman of the State Planning Commission since December 1989, was placed at the head of it. At the same time the federal Ministry of Agriculture was abolished and matters related to agriculture fell into the exclusive competence of the Ministries of Agriculture of the two republics. However, the federal Ministry of the Economy still had the authority to deal with the privatization and transformation of agriculture.

Dlouhý appointed František Trnka, the head of the Agricultural Party, as Deputy Minister of the Economy in charge of agriculture, even though his party had lost the election as stated above. Dlouhý was well known as a leading liberal economist of the CF, although he had been a Communist during the former regime. It seems that he wanted to avoid conflict with existing agricultural interest groups. For instance, he expressed anxiety, in a speech in the parliament, that the rapid structural change and introduction of a competitive environment might harm the continuity of agricultural production and supply of food, and deprive many people of labor opportunities.

⁷ Jan Mládek, "Initialization of Privatization Through Restitution and Small Privatization," Michal Mejstřík (ed), *The Privatization Process in East-Central Europe: Evolutionary Process of Czech Privatizations* (Dordrecht, 1996), 46-48.

Furthermore, he said, “We should not expose the society to the danger that insistence on one’s rights will go with injustice to the other.” We may say that Dlouý shared the views of Trnka at least on the transformation of agriculture⁸.

Trnka was forced to resign at the end of July by pressure from the CF members who were hostile to him, and he was succeeded by Miroslav Adamec, the former Deputy Minister of Agriculture of the Czech Republic. The author does not have his detailed career data, but it is said that he had worked in some agricultural enterprise in the Communist era. Under his direction a draft of the land bill was composed in September 1990, and the draft was brought to the governments of the two republics to get their consent. Many agricultural interest groups were also given the chance to express their opinion on the draft. Through this coordination process, the government approved the final draft of the land bill formally on December 13, and presented it to the Federal Assembly on December 28.

3-2. 3T Group

When the federal government showed its draft to the Czech government in September 1990, Bohumil Kubát, then the Minister of Agriculture of the Czech Republic, was strongly opposed to it. He advocated much more radical reform in agriculture. Despite his objections, the Czech government approved the draft. Kubát asked František Tomášek, then an adviser of the minister, to produce a counterproposal on the Land Law. Consequently, Miroslav Tyl, then a deputy of the Federal Assembly, and Vlastimil Tlustý, then a researcher at the Agricultural Machinery Research Institute and from December 1990 an assistant lecturer at the Agricultural University of Prague, and Tomášek set about making a counterproposal, seeking radical reform in agriculture. They were referred by their initials as “3T.”⁹

All of the 3T had been active members of the agricultural committee of the CF before the 1990 elections. At the same time Tyl was a leading member of the Christian Democratic Party (ChDP), which had gained seats in the Federal Assembly making a coalition list, named the Christian and Democratic Union (ChDU), with the Czechoslovak Party of the People (CPP) in the 1990 elections. The ChDU was not the government party on the federal level, but it had Cabinet ministers in the Czech government. Accordingly the 3T belonged to government circles in the broad sense¹⁰.

⁸ DK, FS ČSFR 1990-1992, SL a SN, 14. schůze, část 60/105.

⁹ *Respekt*, 17(1991):9.

¹⁰ 3T, *Půda*, 23. Later, Tyl and Tlustý became members of the Civic Democratic Party (CDP) led by Václav Klaus, and Tlustý is the chairman of the budget committee of the Czech Parliament and

Tyl was an active member of Charter 77. He said that Ján Čarnogurský, who was a famous Slovak dissident and the head of the Christian Democratic Movement (CDM), was his longtime friend through the dissident movement of the Communist era and a partner of the 3T on the Slovak side¹¹. The 3T land bill was presented to the parliament on September 23 under the joint signatures of twelve deputies including Tyl. At least five of them were members of Charter 77. We can find a source of the 3T initiative in the former dissident circles, especially those which had a strong anti-socialistic tendency.

The agricultural committee of the CF and the agricultural forum of the PAV were important supporters of the 3T initiative. Although, so far, the activities of these groups on the local level are not clear, these groups had close relations with the newly emerging organizations of private farmers, such as the Association of Private Farmers (of the Czech Republic) and the Association of Peasants and Agro-enterprises of Slovakia. Since the summer of 1990, these groups had carried out vigorous campaigns in various places. For instance, Slaný and Hradec Králové were centers of the campaign in the Czech Republic. A consultant company, FARMCONSULT, which was established to promote private farming through consultation and publication, was a notable actor in this campaign. This company was in the hands of the 3T because the president of the company was Tlustý¹². Although many points of uncertainty remain, it is sure, at least, that a certain mass movement supporting the activities of the 3T existed, particularly in the Czech Republic.

3-3. The Two Land Bills

According to the government land bill¹³, agricultural land and other immovable property related to agriculture, which were transferred to state ownership during the period from the February 25, 1948 to January 1, 1990, were to be restituted to the natural persons who were the former owners or their heirs¹⁴. The entitled persons were to be only Czechoslovak citizens with permanent residence in Czechoslovakia.

These rules were almost the same as those in the Law of Extrajudicial Rehabilitation.

the Financial Minister of the CDP shadow Cabinet.

¹¹ Interview with Miroslav Tyl, on August 3, 2000 in Prague.

¹² 3T, *Půda*, 23, 164-166

¹³ DK, FS ČSFR 1990-1992, tisk 393, část č.1-2.

¹⁴ This law includes provisions on land for forestry and fisheries, which this paper will not deal with.

There is no doubt that the setting of a limited period of time was intended to exclude Sudeten Germans, who were expelled from Czechoslovakia during 1945-1947, from the entitled persons¹⁵.

Property which was to be restituted was shown concretely by enumeration according to the reasons by which the property had been transferred to state ownership:

- a) criminal proceedings whose sentences were annulled,
- b) expropriation of land without compensation according to the land reform laws enacted after the Communist takeover,
- c) “declaration of renunciation” in the case of expatriation,
- d) relinquishment of immovable property by a citizen who was abroad and could not come home,
- e) deed of gift under pressure,
- f) decisions of court to annul the contract, by which a citizen transferred his immovable to the other, when the citizen went abroad.

Only the state, including municipalities, had the obligation to return the property to the entitled person. When the land could not be returned because the ownership of the land, or the right to use it, was not in the hands of the state, the state had the obligation to offer substitute land or compensation. The Land Office had authority to decide on restitution. The right to use the property was to be based on a contract between the owner and user. The owner could request return of the right to use only for use in agriculture. For private farming, an entitled person could request restitution of live and dead stock, which he was deprived of during the above-mentioned period, in kind or compensation. In this case, not only the state, but also cooperatives and other enterprises had the obligation to do so.

The State Land Fund was to take care of the land which remained in the hands of the state after the implementation of restitution, and the Fund could dispose of or lease the land.

To sum up, the government land bill intended to make in-kind restitution only from state property and to offer financial compensation when in-kind restitution was impossible. It sought to promote private farming with restitution of agricultural stock, as well as considering that the restitution would not cause the collapse of agricultural production, a large part of which was borne by agricultural production cooperatives.

¹⁵ Jan Mládek, “Initialization of Privatization Through Restitution and Small Privatization,” 48.

In the 3T land bill¹⁶, the points which differed from the government bill were the following:

A legal entity, such as a cooperative or company, can be an entitled person. When a legal entity does not exist already, a natural person who has a share of the property of the legal entity can be an entitled person. A foreigner also can be an entitled person, when it is not against agreements with foreign countries.

The property that shall be restituted is prescribed as follows:

- a) things (without distinction between movable and immovable) that were confiscated of by administrative acts (including confiscation by land reform without distinction between onerous and gratuitous) after February 24, 1948.
- b) things which were transferred to “socialistic common ownership” (i.e. ownership of cooperative) during the period from February 24, 1948 to December 31, 1989.
- c) things which confiscated by criminal proceedings, whose sentences are now annulled.

The method of restitution shall be decided by agreement between the entitled and obligated persons and here no state organ lies between them. After restitution of ownership, the owner can withdraw the property from its user with a given extension of time. Here, there is no limitation of the purpose of land use to self-farming. When in-kind return is impossible, the State Land Fund will offer substitute land or financial compensation.

The State Land Fund shall control the land which remains in the hands of the state after the implementation of restitution, but, unlike the government bill, the land shall be privatized by the Small Privatization Law, namely by public auction.

While the government land bill did not touch on the transformation of agricultural production cooperatives, the 3T bill prescribed the method of the transformation. The owner of the land which the cooperative uses shall have a share of the cooperative net property according to the price of the land. The owner can use the share as a member’s contribution to the cooperative.

¹⁶ There were several versions of the 3T Land Bill. This paper follows the version that was presented to the parliament on September 23, 1990. DK, FS ČSFR 1990-1992, tisk 225, část č.1-2.

To sum up, compared with the government bill, the method of prescribing the extent of restitution in the 3T bill was very comprehensive. Not only the state but also cooperatives had the obligation to return movable and immovable property which had been transferred to them during the Communist era. The 3T intended to restitute property, confiscated during the Communist era, to the fullest extent possible. In the words of the 3T themselves, they aimed “to return all stolen things to all,” while the government only wanted “to return some stolen things to some.”¹⁷ Furthermore, it was clear that the bill intended to dismantle not only state farm but also agricultural production cooperatives.

3-4. Discussion of the Land Bills in Parliament

Discussion of the land bills began at the beginning of 1991 in the Federal Assembly. Five different committees discussed this issue. Besides the two bills, the Communist Party of Czechoslovakia (CPC) also offered its land bill to the parliament. All five committees rejected the Communist bill, and thereafter the Communists supported the government bill as a lesser evil, for they wanted to keep the restitution to a minimum. The Committee of Life Environment accepted the 3T bill, but the other four committees rejected it. The Committee of the Economy and the Committee of Budget and Planning accepted the government bill, while the other two committees could not accept it. In this complex situation, discussion on the land bill was interrupted and Adamec tried to find an exit through informal negotiation. Subsequently, Josef Lux (CDU/PPP) and Oszkár Világi (PAV), the Joint Rapporteurs of Committees of the Chamber of Nations and the Chamber of Peoples, produced a compromise bill and presented it to the plenary session of the Federal Assembly in their names.

The Joint Rapporteurs bill was based on the text of the government bill, but it included some new articles, which the government had accepted in advance. Some articles, which the government did not accept, were attached to the bill as alternatives to the articles supported by the government. Besides these alternatives in the bill, ninety-eight motions for amendment to the various articles were presented by deputies¹⁸.

The revised parts in the Joint Rapporteur bill, to which the government agreed, were the following:

¹⁷ 3T, *Půda*, 15, 20.

¹⁸ DK, FS ČSFR 1990-1992, tisk 547, část 1-3.

- a) Not only the state but also other legal entities (cooperatives or other enterprises) have the obligation to reconstitute property to the former owners.
- b) The extent of property to be reconstituted is increased, mainly according to the corresponding articles of the Law of Extrajudicial Rehabilitation. Furthermore, land which was confiscated without compensation by the law of 1947 amending the first land reform law of 1919, and the decree of 1948 of the Slovak National Council on the confiscation of the agricultural property of the Hungarian minority, shall be returned.
- c) Land which remains in the hands of the State Land Fund shall be privatized by the Large Privatization Law. (Although the original government bill was not clear on this matter, it had an article which we may understand as being almost the same as privatization by the Large Privatization Law. At this point, when the Joint Rapporteurs bill was made, the Large Privatization Law had already been passed by the parliament. This was only an amendment responding to the existence of the law. It was, however, important that state land would not be privatized by Small Privatization as the 3T bill required.)
- d) Property which the Church owned originally shall not be transferred to a third person before the law on church property is adopted.
- e) The upper limit of reconstituted land is defined at 150 ha of agricultural land and 250 ha of land in general. (At present, it is not clear how this article was brought into the bill. According to a report by a lawyer who worked in the federal Ministry of the Economy, the government had considered inserting an article on the upper limit of reconstituted land as an alternative¹⁹. It is said that the Social Democrats and Communists supported this upper limit²⁰. In addition, in the discussion on the Joint Rapporteurs bill, a deputy of the MDS proposed an amendment motion to set the upper limit at 100 ha of agricultural land and 150 ha of land in general. Almost all owners who had land over the limit in 1948 were former Hungarian gentry in Slovakia. It may be said that the initiative to introduce this upper limit came from left wing and Slovak nationalist groups.)
- f) Owners of land which the cooperative is using and of other property which had been brought into the cooperative have the right to be members of the cooperative without labor contribution and they have the right to claim a share in the net property of the cooperative.

Discussion on the new bill in the plenary session of the Federal Assembly started on March 28, 1991. In parallel with the discussion, reorganization of party politics began

¹⁹ *Zemědělské noviny*, September 15, 1990.

²⁰ Interview with Miroslav Tyl.

in the two republics. In the Czech Republic, the CF, the largest government party, broke up into several parties, such as the CDP, the Civic Movement (CM), the Civic Democratic Alliance (CDA), Social Democrats and so on. In Slovakia, a nationalist group split off from the PAV and established the MDS. Although these parties remained in the government coalition, it became much more difficult to reach agreement in the parliament.

Social Democrats and Communists supported the original government bill before the amendment by the Joint Rapporteurs, while a considerable number of deputies of center-right parties still adhered to the 3T bill. The MDS said it would support the amended bill on condition that the article on restitution of property of the Hungarian minority was deleted from the bill²¹. However the other parties and parliamentary clubs did not express an opinion toward the bill.

On April 5, the bill was brought to the vote in the plenary session. The Chamber of Nations rejected the bill, while the Chamber of People accepted it. In accordance with the Federal Constitution, the bill was voted down. No satisfactory explanation for the voting result has yet been found. It seemed that party politics failed to function as a result of the split of the main government parties in the parliament. According to newspaper reports, a considerable number of absentees on the day affected the result²².

In response to this voting result, the plenary session asked the Committee of the Economy to produce a new amendment bill. The bill drafted by the Committee was almost the same as the bill rejected on April 5, but the Committee added to the bill an article which prohibited a cooperative from transferring its property to other natural or legal persons before the law on the transformation of cooperatives was passed (the blocking article)²³. It was clear that the article aimed to gain the support of the deputies who still clung to the 3T bill.

On May 21 this new bill came up for a vote. This time parliamentary proceedings were grounded on the decisions of each party, in comparison with April's proceedings. As the founding conventions of the new parties, namely the CDP, CM and MDS, had finished at the end of April, politicians could concentrate on the discussion in parliament and party leaders could control their members' vote more effectively than before. The representatives of the government parties each spoke in support of the bill,

²¹ DK, FS ČSFR 1990-1992, SL a SN, 14. schůze, část 65,66,69/105.

²² *Lidové noviny*, April 6, 1991; *Rudé právo*, April 6, 1991..

²³ DK, FS ČSFR 1990-1992, tisk 643, část 1-2.

while the Communist Party came out against the bill because of the blocking article as well as did the Slovak National Party (SNP), a radical nationalist party, because of the article on the restitution of property to the Hungarian minority.

The Federal Assembly passed the bill by an overwhelming majority. Judging from the voting result, almost all deputies seemed to vote according to the party decisions²⁴.

The government was compelled to make considerable compromises with the parliament, especially on the extent of restitution. However, the government was successful in keeping its original proposal on the privatization of state land and was able to put off making the Transformation Law until after further debate although it accepted the blocking article.

4. The Transformation Law

4-1. The Government Bill

Although the government admitted the need to make a partial amendment to the Law on Agricultural Cooperatives of May 1990, it seems that it did not plan to make a new law on the transformation of agricultural cooperatives at the early stages of discussion on the land bill²⁵. However, the parliament added a blocking article to the Land Law, and consequently the government was compelled to make the Transformation Law. According to Alex Bernášek, an advisor of the federal Minister of the Economy, the government started to prepare its draft in May 1991, when the Land Law was passed in the parliament. In the process of making the draft, the government invited the opinions of organizations of agricultural cooperatives, private farmers and deputies of the Federal Assembly²⁶. Dlouhý also said, in a parliamentary speech, that the government bill had been made on the basis of hearings from the federal and republic administrative organs, the Union of Cooperatives, the Confederation of Labor Unions, and various initiatives of private owners, the judiciary and the Academy of sciences, and that their opinions were taken into account in the bill²⁷. The government bill itself was the result of compromise among various opinions.

It is worth noting to the view of Václav Klaus, the head of the CDP and then the federal Minister of Finance. He shared 3T's political philosophy at least in part,

²⁴ DK, FS ČSFR 1990-1992, SL a SN, 15. schůze, část 57/155.

²⁵ *Zemědělské noviny*, November 17, 1990, January 21, 1991.

²⁶ *Zemědělské noviny*, July 23, 1991.

²⁷ DK, FS ČSFR 1990-1992, SL a SN, 19. schůze, část 87-88/129.

because two of them, Tyl and Tlustý, later joined the CDP. Concerning agriculture, however, there was considerable difference between Klaus and the 3T at the time. For instance, Klaus said, in June 1991, that the dissolution of agricultural cooperatives was nonsense and the basic function of cooperatives should not be put in danger by the transformation process²⁸. He was always obstinate about the liberalization of the price of agricultural products or the abolition of subsidies for agriculture, even while he was rather flexible and pragmatic on the issue of agricultural transformation. It seems that Klaus regarded the 3T's radical policy as undesirable because it would give rise to a delay in the entire process of privatization.

In November 1991, the federal Cabinet meeting approved the government bill on the transformation of cooperatives and presented it to the Federal Assembly²⁹. However, many objections to the bill were raised in the Committee of the Economy, which decided to make its own bill.

In September, when the content of the government draft was announced, the 3T group expressed its intention to make a counterproposal, which included the idea of the internal auction of cooperative property³⁰. The 3T group did not present its own bill to the parliament, but tried rather to assert its influence over the bill devised by the Committee of the Economy. According to the speech of J. Štern, a Joint Rapporteur, a working group composed of the representatives of all the parties brought together many opinions in a draft of the bill, and a deputy group of almost all center-right parties in both republics, i.e. the CDP, the CDA, the Civic Democratic Union (CDU), the ChDM, Coexistence, the ChDP and the ChDU, presented it as counterproposal against the government bill³¹.

Consequently, two bills on the transformation of cooperatives were presented to the parliament. On December 18, the discussion on the bills began in plenary session. Although the bills covered the transformation of agricultural cooperatives as well as consumer, production and housing cooperatives, this paper will only deal with agricultural cooperatives in what follows.

The main purposes of the Transformation Law were the following:

²⁸ *Rudé právo*, June 9, 1991.

²⁹ *Rudé právo*, November 16, 1991.

³⁰ *Rudé právo*, September 9, 1991..

³¹ DK, FS ČSFR 1990-1992, SL a SN, 19. schůze, část 88/129.

- 1) to divide the net property which remains in the hands of a cooperative after restitution and the settlement of the shares of the entitled persons, i.e. a) cooperative members who had a labor contribution, and/or b) owners of land and/or other tangible property which the cooperative was using, and/or c) persons who have a share in net the property of the cooperative;
- 2) to transform the cooperative into a legal entity which would be established according the Commercial Code, i.e. (new) cooperatives, joint-stock companies and so forth.

Here the main issues were the following:

- a) Whether a former member of a cooperative should be an entitled person or not.
- b) How should the net property be divided among the entitled persons?
- c) Whether they should decide the proposed transformation project by the principle of “one man, one vote” or by a vote weighted in favor of the property amount.
- d) Who should decide whether to maintain the existing cooperative, to divide it into two or more cooperatives, or to transform it into one or more business enterprises?
- e) Whether the entitled persons should be able to withdraw their property share from the cooperative, when they wish to participate neither in a transformed cooperative nor in a newly established business company.

According to the government bill, a) not only active members, but also former members who had worked in the cooperative for longer than ten years are entitled persons. b) The net property of the cooperative shall be divided into three parts within a limit of from fifteen to fifty percent by the decision of the general transformation meeting (hereafter, general meeting) of entitled persons. If the general meeting cannot decide, the net property shall be divided into three equal parts. The first part will be distributed to landowners by ratio of area, the second part to the members by ratio of the length of their labor contribution, and the third to owners of other tangible property by ratio of its price. c) The transformation project shall be resolved in the general meeting by the principle of “one man, one vote,” regardless of the amount of property owned by each entitled person. d) Only members of the cooperative can decide whether to maintain the existing cooperative, to divide it, or to transform it into one or more business enterprises. e) The government bill does not mention the right to withdraw property share³².

The bill of the Committee of the Economy prescribes the following. a) A former

³² DK, FS ČSFR 1990-1992, tisk 1047, část 1-2.

member is not an entitled person. b) Twenty-five percent of the net property should be reserved to sell to entitled persons. The unsold part will be given back to the net property. The remaining property shall be divided into three parts. The first part comprises fifty percent, the second part twenty percent and the third part thirty percent and each part is distributed respectively in the same way as in the government bill. c) In the general meeting, every entitled person has a vote, but a further vote should be added for each 50,000 Kčs of the property share owned by the entitled person. d) The general meeting of entitled persons will decide whether to maintain the existing cooperative, to divide it, or to transform it into one or more business enterprises. e) The property share shall be surrendered to entitled persons within ninety days after their claim, if they will not participate in the transformed legal entity and they will carry on agricultural production. Even if they will not carry on the agricultural production, the property share should be surrendered to them after seven years from the resolution of the transformation project³³.

Discussion on the bills started on December 18. At the beginning of the discussion, Dlouhý, the federal Minister of the Economy, explained the aim of the government bill and the speeches of the Joint Rapporteurs, Štern and Tyl, followed. After these speeches, Dlouhý asked permission to speak again. He said that the government needed time to examine the content of the bill of the Committee of the Economy and proposed adjournment of the plenary session³⁴.

The plenary session was reopened the next morning. Here Dlouhý stated that the government accepted the main part of the bill proposed by the Committee as the new government bill, adding, however, that the government did not agree with some parts of the Committee bill, which was to be replaced by the corresponding articles of the original government bill. For example, voting in the general meeting of entitled persons was to be on the principle of “one man, one vote,” and only members of the cooperative should decide the future form of existing cooperatives³⁵.

We cannot trace what happened in the government from the evening of December 18 to the next morning. It was obvious, however, that the prospects for parliamentary approval of the original government bill were nil. It was supported only by the Social Democrats, the Communists and the Slovak nationalists, while center-right parties still clung to the Committee bill and some centrist parties, such as the CM, also leaned to it

³³ DK, FS ČSFR 1990-1992, tisk 1144, část 1-2.

³⁴ DK, FS ČSFR 1990-1992, SL a SN, 19. schůze, část 87-88/129.

³⁵ DK, FS ČSFR 1990-1992, SL a SN, 19. schůze, část 89/129.

conditionally. Loud calls to replace the federal Minister of the Economy began to appear in the parliament. We may say that Dlouhý had no other option but to accept the Committee bill although he tried to maintain some parts of the original government bill, expecting centrists' support for it.

On December 21, the vote was taken on the bill. The amendment motions to restore the articles of the Commission bill which the government had rejected could not pass because of centrists' opposition. Finally, the plenary session of the Federal Assembly carried the new government bill by an overwhelming majority³⁶. The left wing parties and the Slovak nationalists cast negative votes, while most deputies of the center-right and centrist parties voted for the bill. The center-right deputies were not satisfied with the new government bill, but it was, for them, the second best option.

Conclusion

Just before the June 1992 elections, the last election held in Czechoslovakia, a book composed of interviews with many politicians was published³⁷. In his interview, Dlouhý said, "I was the proposer of the two most difficult and controversial laws that the Federal Assembly took up: the law on land and the law on the transformation of cooperatives," and "it was, maybe, a success that these laws were accepted eventually, although I know how many problems remain." Tyl said, in his interview, that his success had been the fact that the Land Law was modified in line with the parliamentary proposal of the "3T" and that the fundamental rules of the Transformation Law had been accepted in line with the proposal of the ChDP. Lux, who would be the Minister of Agriculture of the Czech Republic after the 1992 elections and stayed in the post until 1997, also regarded the enactment of the two laws as successful and some amendments in the Transformation Law as a personal victory, although he regretted that complete restitution was not realized. He hoped to realize the restitution of Church property, which was of great concern to his party, the ChDU-CPP. Ivan Fišera, a leading deputy of Social Democrats, said that his success had been the fact that they were able to maintain at least the most important principle of "one man, one vote" and the right of cooperative members to determine the legal form of cooperative by themselves. The remarks of these politicians show that the two laws were made as a result of compromise. Everyone was satisfied with some part of them as well as dissatisfied with other parts.

³⁶ DK, FS ČSFR 1990-1992, SL a SN, 19. schůze, část 129/129.

³⁷ Stanislav Benda, Jan Kulhavý (ed), *Dva roky pro budoucnosti 99 parlamentních rozhovorů* (Praha, 1992), 29, 35, 89, 181.

In the process of making these two laws, an influential group of deputies introduced its bills against the government bills and it took a long time to reach a compromise in the Federal Assembly. This political struggle occurred not between the government and opposition parties, but inside the government parties.

The government saw the necessity of some extent of restitution in agriculture and accepted that non-member owners could participate in the transformation process of agricultural cooperatives. However, the government was afraid that radical change of land ownership and rapid dissolution of cooperatives would bring about a catastrophe in agricultural production and food supply. This pragmatic attitude of the government met with resistance from deputies of the parliament, including many members of the CF and the PAV, two main pillars sustaining the coalition government at this time. Leaders of this initiative against the government bills regarded the Czechoslovak agriculture of the inter-war period, which was based on family firms, as ideal and intended to pursue to their utmost the recovery of land ownership before the Communist takeover of 1948. They were openly hostile toward the leaders of agricultural production cooperatives, who had preserved continuity from the Communist era.

The Land Law and the Transformation Law, which passed in May and December 1991, were the results of complicated compromises between parliamentary members' initiatives and the government. On one hand, the former contributed to bringing about extreme diffusion of land ownership and of property share of cooperatives, on the other hand the latter succeeded in leaving scope for the survival of large-scale cooperatives for the time being. The result was extreme detachment of ownership from use in agricultural land in the Czech and Slovak Republics.