

# **LIVING FROM THEIR LAND: AGRICULTURAL ACTORS, RURAL DEVELOPMENT TRAJECTORIES AND RURAL POLICIES IN HUNGARY (NK: 100675)**

## **Final Report by Katalin Kovács**

### **1. The research team**

The research was carried out in a consortium composed by the lead partner, Centre for Economic and Regional Studies, HAS (hereinafter Centre) and the co – partner, Sociological Institute, Centre for Social Sciences, HAS. Leadership was shared accordingly between Katalin Kovács and Imre Kovách. Most of the team members worked as registered researchers in the project. A number of those scholars who had left for another job during the lifetime of the project, completed their papers in the framework of institutional co-operations (Rácz, Schwarcz, Kiss) and thus contributed to the final research outputs. Two other authors of the published volume, one as a young scholar of the Institute for Regional Studies (Németh), other as a member of the advisory board (Juhász) joined core team in order to broaden the scope of research.

### **2. Case study areas**

When selecting the 10 field sites of the research, ensuring representativeness was not a primary goal; however, the representation of each NUTS-2 statistical region of Hungary was borne in mind in order to reflect varieties of farm structures, overall economic and social relations. Site selection was also influenced by knowledge accumulated during earlier research in the concerned micro-regions. Prior research history was expected to contribute to a deeper understanding of farmers' life courses and regional portraits. Most of the selected sites were either LAU1 regions (administrative districts) or smaller territories, so called micro-regions with 10 to 15 localities.

### **3. Methodology**

Primarily, but not exclusively, qualitative methods were applied, mostly semi – structured interviews, and analyses of site – related data. In the cases of the two anthropological studies, participant observations were applied as well (Kovai 2016, Németh 2016). Among quantitative methods, one survey conducted by the co – partner on a sample of 1000 drawn from case study areas and comprehensive data analyses, concerning land tenure and socio-economic characteristics in rural places need to be mentioned (Kovách, 2016.a and Csurgó, Kovách és Megyesi 2016).

### **4. Unexpected difficulties**

Most important difficulties researchers had to face were associated with the availability of producers for an interview. During the season, practically from March to December, most entrepreneurs were reluctant to accept an appointment for a discussion. This was the reason why we had to ask OTKA authorities for extension of the project duration. Data, information provided on issues related business activities were usually also limited and less reliable. Foreign owners / managers and highly ranked chief directors of mammoth farms as well as members of the new “aristocracy” have remained inaccessible not only themselves! Lower rank farm managers were not allowed to give an interview either. Therefore the views of such top players are under-represented in our research outputs.

## **5. Unplanned topic picked up during the course of research**

Studying land based workfare programs were not intended in the research plan. Since in more than half of the case study areas it has increasingly become an issue, we decided to cover this specific and internationally unprecedented kind of social farming more extensively.

## **6. MAIN FINDINGS OF THE RESEARCH**

### **6.1. The state of restructuring: land ownership and use**

The first period of the transition in terms of acquisition to land has ended. According to the survey completed within the project land came into own property through market transactions or inheritance, while land compensation only came as the third frequent source, (Csurgó, Kovách and Megyesi 2016). Both land tenure and ownership have been reshaped in the last one and a half decades fundamentally: control over agricultural land and assets has been taken and being maintained by the emerging capitalist class comprising old as well as new managers / owners of large 'industrial farms' and middle-scale agricultural enterprises. In the meantime, pre-transition regional differences have become even more significant in relation to landed property as well as considering the role of agriculture in livelihood of the population.

The success of farmers in Great Plains regions stands out in terms of ensuring their own land provisions: in the category of farms with land between 10 to 300 hectares, private farmers' dominance is obvious. In 2010 in the Great Plains regions, 85-86 percent of farms with 10 to 30 hectares of land were possessed as own property by private farmers. In the next farm-size category (farms with 100 to 300 hectares of land), this rate was 54 percent in North Great Plain and 58 percent in South Great Plain regions in the case of more than 10 percentage point higher than in the rest of the NUTS-2 regions.

Growing appetite of players (farm managers, entrepreneurs, investors) for land purchase appeared in almost in each study area. Their unscrupulous practices threaten the livelihoods of smaller farmers in the context of significant scarcity of access to agricultural land. Each case study revealed that there was no supply of land either for purchasing or leasing in any of the studied regions excepting vine-growing areas to some extent (Csurgó 2016, Király 2016). Land scarcity might be even sorer in regions where small-scale family farmers are the dominant land users who are keeping the land cultivated and trying to live on it (Szatmár micro-region, see Rácz 2016). Land shortages as a consequence of appropriation of agricultural land by large - scale farms affect the survival of smaller farms. An example of indirect impact is the case of sheep farming in Böhönye micro-region where instead of grazing, farmers have to give fodder to their animals that significantly reduces their competitiveness (Schwarcz 2016).

### **6.2. Access to agricultural employment and seasonal work; regional disparities**

Regional disparities of farm structures and crops are manifested in differences of the volume of demand for labour in regions. On farms in the Great Plains regions, family labour is present to a much larger extent than population ratio would assume. This applies to seasonal employment, too: the 2010 General Agricultural Census reported distinct differences in spatial distribution of registered seasonal work as Great Plains regions and North Hungary had twice as large demand for seasonal workers as in

Transdanubia explained by more labour-intensive crops (renewed vine and fruit plantations, vegetable growing). (Koós 2016.a.) Qualitative assessments showed what available data hid: most of the seasonal workers on field-sites were Hungarians or Roma from Romania in 2013-2015 meaning that many of the rural poor have become excluded not only from regular employment but also from the market of seasonal work. (Hamar 2016.a)

Since EU accession, local availability of seasonal workers has become increasingly exceptional (Szatmár, Tiszahát, partly Kiskőrös regions. Rácz 2016, Csurgó 2016). Changes in the composition of seasonal workers are associated with various factors: in Szatmár region, Ukrainian seasonal workers has ceased to come to work in the recent years because labour - intensive cucumber production has been growing in the Lower Carpathian regions too, while migrant workers from Transylvania have found much better - paying jobs in Spain, Italy or in the UK (Rácz 2016, Hamar 2016.a.).

Results suggest that agriculture absorbing unqualified labour, even if it is on a trajectory of growth is an illusion and it needs to be dispelled. Farms, either family-run or corporate, managed with entrepreneurial mindsets aim to improve efficiency rather than increasing employment. Case studies on Transdanubian regions revealed that large - scale enterprises have marginal impacts on local employment; however, agriculture is still an important element in the development of these regions (Pest – Komárom – Esztergom – Fejér triangle, Zalaszentgrót and Böhönye. Hamar 2016.b, Schwarcz 2016).

### **6.3. Land ownership and power relations, winners and losers**

The most influential members of the group of top owners/managers come from (have become) members of the wealthy upper classes of emerging capitalism and hold not only economic positions but are embedded into political structures as well, sometimes locally as community leaders and members of the local elite, in other cases “centrally”, as members of the Parliament, chief bankers, etc. Political embeddedness of the new capitalist class had facilitated accumulation of owned and leased land under their control to a large extent. (Kovách 2016.a., Kovách 2016.b.) However, big fish – members of the new “land aristocracy” – are often city dwellers and thus negligent in relation to viability of rural areas where their lands are located. Many smaller fish, outside investors as well as managers of transformed co-operative or state farms, simply do not care local power and are not “big” enough to have something to do with above layers. Examples of interlocking political and economic influence at local level came up in our research primarily in market towns of the Great Hungarian Plain explained with larger political playground and a historically rooted interest of the local elite towards agriculture and landed property. (Kovách 2016.b., Hamar, Kovács and Váradi, 2016)

Middle and lower ranks of rural bourgeoisie running farms of about 100-800 hectares have also gained a foothold in agriculture in the last decades (Koós 2016.a., Swain 2016). They profited from ceasing smaller and plot farms and changing attitudes, i.e. the sharply decreasing own food production. This group of entrepreneurs are usually successors of those few, mostly from the middle management of state and collective farms who benefitted from the process of common property division and land restitution. Successors came into power after the old generation had retired.

The above classes are obviously winners of transformation whilst losers are the lower ranks of the rural society, those who during the socialist era had been stick to state or collective farms through employment and/or opportunities to auxiliary plot farming upon which their decent livelihood was built and then, when the fall of state socialism arrived, lost their jobs. Most of those who lost employment, especially the unskilled, had no chance to establish a small farm enterprise for structural reasons (lack of skills, lack of peasant attitudes and pre-socialist peasant farm to destitute) and for the characteristics of the legislation that framed land restitution during early 1990s. (Kovách 2016.a.)

Former unskilled or low-skilled commuters to urban centres who were sacked and could never get back to the labour market experienced dramatic and eternal social fall, too. These rural social groups might finally ended up in significant, even deep poverty.

Social downturn of the population has a lot to do with the fact that ordinary (paid) employment in agriculture has been stabilised at a very low rate between 4-5%. The minor increase of employment figures recently has mainly to do with agricultural public employment schemes (so called Start Model Program): almost 30% of agricultural paid workforce were public workers: 37,000 people in number in 2014. (Koós 2016.b.)

In the context of low employment capacities of agriculture, wellbeing of rural population depends mostly on the availability of off-farm jobs offered mainly by urban areas. Proximity as well as the capacity of urban areas to attract rural commuters are key issues and major determinants of status and kinds of rural areas. Demand for qualified farm products also come from the cities, therefore rural-urban interactions are key issues. Research results confirmed that Marsden's classification of rural areas (preserved, contested, paternalistic, clientilist) fits the Hungarian context as well, however, with some differences. To mention 'clientilist' countryside as an example, dependency from the central state have become extremely strong in Hungary due – amongst others – the area-targeted public employment schemes.

In sum: restructuring has ended up so far in a sharp 'agricultural exodus' that was not associated with 'rural exodus', a massive outflow to urban areas, due to low and selective absorption capacities of urban labour markets. This explains the accumulation of vulnerable social layers in the multiple disadvantaged regions of inner and geographical peripheries who have become increasingly crowded out of the highly segmented rural labour market even from seasonal work. In affected disadvantaged areas targeted land-based workfare programs have been launched that provide some short-term remedies for the long-term unemployed and non-employed (better than nothing) but increase segmentation and dependency of rural areas further. (Keller et al. 2016, Keller, Rácz and Váradi 2016, Váradi 2016) (See also Figure 1)

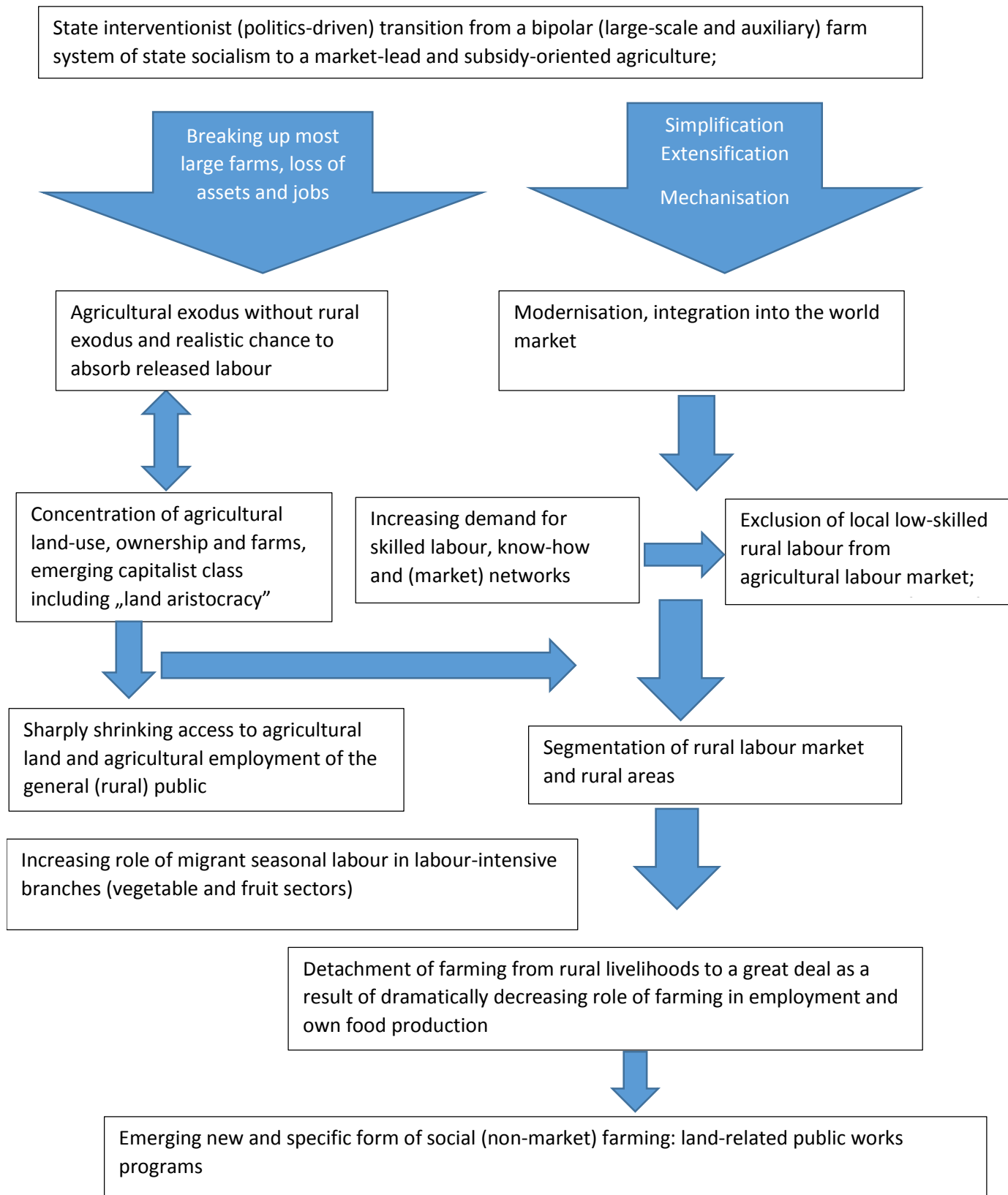
#### **6.4. Impact of EU support**

Access to land ownership and class formation in rural areas mentioned above obviously were strongly influenced by EU subsidies primarily by first pillar (direct) supports of CAP. In post-socialist Hungary, the distorting impact of CAP redoubled due to unbalanced farm structure with very large (industrial) farms, on the one hand, and very small farms, on the other (Swain 2016). Large farms benefitted not only from direct payments much more than smaller farms but they profited disproportionately from the second pillar, that is rural development measures, too: case studies show that viable farms all gained major development supports for renewing vine plantations, modernisation and mechanisation of their farms or to make sure their compliance with EU environmental regulations.

LEADER as a complex rural development program could not provide a break-through as far as diversification of enterprises, strengthening small-scale non-farm ventures and improving governance are concerned. It has been inefficient partly because low level of funding, partly for the bureaucratic character of implementation (the lack of trust). Many of LAGs have been captured by lower ranks of the local elite therefore remained invisible for entrepreneurs. Social sensibility as well was missing from most local strategies with rare exceptions. Such exceptions, however, show that agriculture-based public works programs and LEADER projects aiming to enhance small-scale local food production can gainfully linked to one another. (Kiss 2016, Megyesi 2016)

Figure 1

**Rural transformation and access to the sources of livelihoods**



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