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Rural Development in the Time of Deconstructing the One-party Political System and Centrally Planned Economies

The collectivization and nationalization of agriculture in the centrally planned economies of the socialist countries of East-central Europe which existed from the end of the 2nd World War through 1989, when the communist regimes were abolished practically overnight, impoverished the countryside of those countries and excluded their agriculture from a market economy for over four decades.

To describe and evaluate the present situation in the post-socialist European countries is a complicated endeavour: firstly, there is not much empirical evidence available, and secondly, the changes are taking place so fast that they have been almost impossible to follow.

1. Rural Communities

The continued backwardness of rural communities in comparison with urban settlements, which even in the most developed capitalist countries lasted till the 1960's, can be ascribed to the priority given to industrial development and the development of cities as the natural setting for such development. The favouring of industrial and urban development in socialist countries was even greater, not so much for economic reasons as for ideological ones due to the uncritical acceptance of Marxist social development theory, according to which, agriculture would sooner or later become just another industrial branch. In reality, in the framework of capitalist production systems, agricultural development has almost naturally taken two forms: capitalist farms and family farms, both being more or less complementary to one another. In the socialist countries, building a strong state social sector of agriculture (huge state farms and forced cooperatives) was an ideological project aimed at abolishing family farms. For

the present discussion it is not relevant that some of the socialist countries (Poland, Yugoslavia) did not succeed in replacing family farming with state farms/cooperatives. What is relevant is the fact that in centrally planned economies agricultural operations lost their capacities for creative adjustments. Even family plot agricultural production relied heavily on state/cooperative operations which supplied them with the production inputs as well as buying off their products when direct selling to potential consumers was not possible (remote rural areas).

At the same time, family farms in capitalist societies, which were exposed to market laws, have developed different survival strategies — survival not meaning just avoiding bankruptcy but making a profit — by utilizing new technologies (agricultural machinery, fertilizers, pesticides) and by the involvement of some family members in non-farming economic activities. At the state level, either competitive or protectionist strategies were utilized in accordance with either a shortage or overproduction of food [Peterson, 1987: 41–49].

The centralized policy of former socialist systems disregarded the countryside and, by suppressing local autonomy, kept the residents of rural communities in a state of passive subordination [Polgarne Tall, 1991: 1]. In spite of continued migration from the countryside, a considerable proportion of the population which still remains is deprived of, or very remote from, the type of services available in cities [Markova, 1991: 3, Kovach, 1991: 79].

The transition from centralized decision-making to local autonomy will affect rural communities the most. This autonomy should enable local communities (LC) to manage their own property and to utilize their own financial means according to their own decisions.

While in the Czecho-Slovak Federation rural residents can hardly wait for the new local autonomy system elaborated in 1990 to be put into practice [Mayerova, 1991a: 4], in Hungary the local structures have been falling apart. Attempts to integrate the residents of individual settlements on the basis of the unfinished model of local autonomy have been limited by the lack of finances and jobs. In 1991, local communities received only one third of the money they received in 1990. According to Polgarne Tall [1991: 2] it is not likely that the villages can absorb the residents losing their jobs in big firms unless high additional taxes are introduced which the citizens would certainly resist paying.

While the politicians and regional planners of developed Western and Northern European countries started to treat the countryside in accordance with their own development potentials (natural resources, cultural heritage, residents) already in the mid-fifties, in the former socialist countries, rural areas had predominantly been considered as a place for urban/industrial waste. It is therefore obvious that the post-socialist countries are not able to compensate their losses in a short period of time.

Strategies aimed at improving infrastructure in the countryside and establishing local self-government are certainly relevant, but possible to realize only gradually because of the problems related to securing finances as well as because of the demanding and time-consuming processes of making local self-government work in a sense of shared responsibility of local residents for the development of their local communities. The experiences of Western and Northern European countries are certainly relevant, but not literally transmissible. For example, the Czecho-Slovak Federation and the Republic of Slovenia, trying to copy the Austrian and Bavarian approaches, might soon be faced with new problems related to the high aspirations of their rural residents which could not easily be fulfilled.

2. Agriculture and other gainful activities of the rural population

Will agriculture continue to be the most reliable economic activity for the rural population in post-socialist countries? Will it be able to guarantee the majority of rural residents at least a minimum income, including those who have lost their jobs either in agricultural or non-agricultural firms? The answers to these questions depend on the effectiveness of the transition from centrally planned to market-oriented, agricultural production. The belief that re-privatization (through which agricultural land and forests will be given to family farms, and thus replace former large-scale agricultural production units) would automatically boost agricultural production seems to be more an illusion than an effective strategy for the transformation of socialist agriculture. The problems related to this transformation strategy have already been acknowledged and suggested by some empirical evidence. Some of these problems are of an objective and some of a subjective nature; some are similar and some completely different in the individual post-socialist states of Europe.

The centralized agricultural policy of the communist political systems aimed at fulfilling the state production plans created several, in some cases contradictory value and behaviour patterns within the agricultural sector, such as the management of a family farm being based on the logic of survival rather than the logic of development, and an attitude of resistance to, but also dependence on, the state [Pilichowski, 1991: 4].

The necessity of the transition to a market economy which demands the optimization of farming economic system based on competition, urges post-socialist countries to deal with two groups of problems:

Firstly, with the problems related to privatization of state/social agricultural operations;

Secondly, with the problems of surplus agricultural labour force from state and from family farms which could hardly get a non-farm job.

Privatization requires not only relevant legislation, but it also has to be concerned with the economic efficiency of new owners.

In the Czecho-Slovak Federation, the enthusiasm for private property restitution is not great. Only 56% of former owners intend to claim their property back and only 28% of them intend to keep the restituted property for their own use. The reasons for such a situation are, on the one hand, related to the lack of experience on how to run a private business/farm efficiently, and to the present economic difficulties of state agricultural farms on the other hand. The most reasonable solution during the transition period in the Czecho-Slovak Federation seems to be the suggestion of the country's agricultural economists and agrarian politicians who, according to Schimmerling [1991: 9, 10], favour the preservation of the existing large-scale production as offering good prospects for being incorporated into the market economy through necessary organizational and production adjustments. At the same time small production units which have survived should be encouraged and legally protected in order to complement the large scale production with high quality products.

Can the family plots as practiced in Hungary help the transition from state to family farms? According to Kovach [1991: 89, 90] in the contemporary transition towards the market economy the former blossoming of small-scale agricultural procedures has not only stopped but even shows signs of limitations. By cutting their links with big production units, small farmers have not only lost their markets — they used to sell their products to state/cooperate firms on the contract basis — but they are also deprived of their supply of livestock, machinery, credit, seed, etc. [Kovach, 1991: 89, 90].

There is a lot of ambiguity in relation to the privatization of agriculture in Hungary. Parliament hesitates to pass a law on re-privatization of agricultural land, especially to former landlords, as well as a law on financial compensation for the nationalized property. Some cooperatives have turned to joint stock companies or companies with limited liability, but this does not solve the property ownership problem. Besides, the market for agricultural products has shrunk (the loss of the former Soviet market), many agricultural workers have lost their jobs (reorganization of production) and small-scale production alone cannot guarantee the survival of those engaged in it [Polgarne Tall, 1991: 2, 3]. Thus, the dilemma of preserving large-scale production on state farms and agricultural cooperatives or moving to family farming is in Hungary still unsolved.

Even in Poland, where the majority of agricultural land has been cultivated by family farms, the transition to market economy does not seem to be visible. The surplus labour force can not get a non-farm job, and farmers-workers are losing their jobs while the price of farm land continues to rise. It is most likely that this situation will lead to the further division of already small farms. According to Polish farmers, some 50% of family

farmers in the neighbourhood will be forced to sell their farms. Only big farms will survive together with those which will succeed in buying additional agricultural land and switch to an intensive form of agricultural production.

Among the possible solutions to these problems, Pilichowski [1991: 8, 10, 11] suggests employing the surplus agricultural labour in different programme for rural development such as self-employment, hiring workers on family farms, setting up small and medium-size firms and promoting the creation of a new strata of farmers interested in creating modern farming on the basis of privately owned land. However, the participation of the state and its effective linkage with rural communities will be crucial in this process.

The situation in the Commonwealth of Independent States cannot be left out of the present discussion. It can be hypothesized that the political as well as economic transitions of those states will be more difficult than in Central European countries for at least two reasons: firstly, the communist system lasted there over 70 years as compared with 45 years in Central European countries, and secondly, the leading role of the former Soviet Union in the so-called Eastern European Block, as well as its position as one of the two superpowers, gave its leaders and its citizens a feeling of self-confidence, the current destruction of which may lower citizens' self-esteem and thus make it difficult for leaders to design new development strategies and secure the active involvement of citizens in carrying them out. It has been recognized by social scientists of the Russian Federation (International Symposium, 1991) that the transition to a market economy is not an easy task, not only because there is neither a relevant theory for such a transition nor legislation which will make the market economy work, but also because of the unfavourable social situation of the countryside. Among the social obstacles for an effective transition poorly developed infrastructure and intensive emigration by young men followed by young women/girls were mentioned. Nevertheless, the number of private farms is slowly growing on the basis of leasing agricultural land, and some kolkhozes and sovkhozes with courageous, risk-taking and creative management, have already been turned into agribusinesses. In order to make the agricultural sector market effective (private as well as state), acquaintance with western experiences as well as developing new theories and the provision of the relevant institutional arrangements (legislation, state support of production, social adjustments in food pricing) need to be realized soon.

References

- Polgarne Tall, Eva, *Some Actual Features of the Local Societies in Underdeveloped Regions of Hungary* (paper, 5 p.)