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Social Costs of Transformation in the Czech Agriculture

INTRODUCTION

The transformation of society cannot be realized outside the social action. The crucial question in this process concerns the change of social norms, values and patterns of behaviour. Such change faces, however, the resistant action of people. The resistance originates either in stereotypes experienced during life and low level of adaptability or in intentions not to realize, and eventually to slow down, the change.

The knowledge of processes of transformation, showing what has to be done, includes also the knowledge of so-called social costs of these processes. They present both expected social consequences of transformation, and unexpected consequences as a result of resistant action of human beings. Social costs, at least, complicate the process of transformation or they could even put the process of transformation under threat and lead to unintended final results.

The decline of production, unemployment, inflation and social differentiation of society are indubitably the expected consequences of transformation of the Czech society. Some of mentioned phenomena exist in larger scope than was expected (e.g. the decline in production), the others, on the other hand, are recorded in lower degree compared to expectations (e.g. unemployment). The process of social restructuring takes more probably another way than was expected because middle entrepreneurial stratum (except the shopkeepers) is emerging with great difficulty and very slow, there is the danger that wide stratum of population with dependent economic activity (e.g. wage employees) will fall into poverty and, at the same time, there is the danger that a growing group of rich people without any cultural capital will use the imperfections and mistakes occurring in the process of transformation only for their own benefit.

Other unexpected consequences in the socio-cultural sphere go hand in hand with the above mentioned problems:

— Great politicization of all basic phenomena that are connected with the transformation of society. This fact has partially place also due to strong interrelation of policy and economy that has been surviving for years;

— The institutions and organizations of civic society are weak to implement the democratic control over today's economic and social transformation.

— Cultural capital is not used enough in the economic sphere at this moment.

All these unfavourable phenomena of macrosocial environment have their place also in countryside and agriculture.

Some of the social costs of transformation in agriculture can be expressed in a simply way (incl. their quantitative measurement) and are known today. Others can be considered on the base of individual observations but they are complicated, characterized by variety of mutually interrelated factors without one-way effect. This paper deals with the issue of changes in agricultural employment and with the growing income disparity in agriculture, industry, eventually in all of the national economy. The conclusions will address all these items of social costs from more general point of view of expected or unexpected social consequences of agricultural and rural society transformation.

THE PRIVATIZATION OF AGRICULTURE — THE BASE OF SOCIAL CHANGE IN THE COUNTRYSIDE

Historical heritage of disturbed socio-cultural aspects of rurality ¹, unfavourable political and economic milieu in Czechia with respect to agriculture, and contemporary social milieu typical by unstable order of social behaviour and its control — they are the basic factors influencing the transformation of social relations in agriculture that were started by privatization.

¹ Rurality points out especially the unique way of using the space and specific social life. For empirical use following moments are important:

— rural areas are typical by low density of population, buildings (which are discontinual) and by the prevalence of natural growths

— agricultural-forestial-pastural use of space is dominating

— the way of life of population is characterized by the pertinence to small communities and unique relations with the space

— there is established specific identity and representation through the peasant culture (Kayser).

Table 1

**The development of entrepreneurial structures of 'physical'
and 'juridical' persons in agriculture, 1st January, 1994**

Entrepreneurial form	1989			1991			1993		
	Number	Av. area (ha)	Percent. of land in Czechia	Number	Average area (ha)	Percent. of land in Czechia	Number	Average area (ha)	Percent. of land in Czechia
'Physical' persons	3205	4	0.4	14000	10	3.3	52003	15	18.2
Agricult. coops	1024	2561	61.4	1187	2191	61.1	1334	1587	49.4
Business companies	—	—	—	25	266	0.1	1270	616	17.1
State farms	174	6261	25.3	308	3558	25.7	303	2168	15.3
Others			12.9			9.8			
Totally	4403		100.0	15520		100.0	54910		100.0

Farms of 'physical' persons — farms owned by individuals, not by a company, according to Business Law. Farms of 'juridical' persons — cooperatives, joint stock companies and limited liability companies, according to Business Law.

Sources: Statistická ročenka o půdním fondu 1990, 1991, 1992, 1993. Český úřad geodetický a kartografický.

ČSÚ — Statistický registr organizací k 31.12.1993.

Informace o velikostní struktuře SHR, transformovaných zemědělských družstev a privatizovaných státních statků k 31.12.1993 (MZe ČR)

Základní principy zemědělské politiky vlády ČR do roku 1995 a na další období.

Through restitutions, transformation of agricultural cooperatives, and privatization of state farms the ownership rights to land and other agricultural property were reestablished. This process accomplished the property-rights transformation of agriculture considered as the first goal of short-time agricultural policy. Despite many difficulties caused especially by preferring the restitutions before other ways of reacquiring (participating in naming) the agricultural property, the structure of the Czech farming was changed in the short time.

THE CHANGES IN AGRICULTURAL EMPLOYMENT

The changes in agricultural employment belong to the most sensitive questions of today's Czech countryside. These changes accompany above

Table 2

**The size of operation of farms owned by 'physical' persons
in agriculture, 31st December, 1993**

Size of operation in ha	Number	Percentage	Number ha of farming land
up to 1	27 858	53.6	14 973
1-10	14 831	28.5	83 083
10-30	5 105	9.8	95 198
30-50	1 929	3.7	77 569
50-100	1 222	2.4	88 845
100-250	641	1.2	119 461
250-500	141	0.3	65 601
500-1000	141	0.3	97 168
more than 1000	81	0.1	138 082
Total	52 003	100.0	779 980

Source: Informace o velikostní struktuře SHR, transformovaných zemědělských družstev a privatizovaných státních statků k 31.12.1993 (MZe ČR)

documented change in the structure of farming operations in Czechia. Firstly, it is the problem related to agricultural overemployment as a result of development in the 1980s. Approximately one-third of Czech districts is influenced by this problem. They are mostly the districts in mountain and sub-mountain regions where also a huge restructuralization of industry is taking place. The problem of agricultural unemployment is therefore significantly a regional issue.

During last four years the number of population working in agriculture decreased by about more than half (from 533 thousands to 260 thousands). The part of people working in agriculture compared to the total number of active population abated from 9.8 per cent to 4.8 per cent during the years 1989-1993. There is expected also further decrease in the number of people working in agriculture — about 36 thousands. Until the end 1993 this process of reduction was reasonable and did not produced unemployment really (except some regions). Firstly the workers in retired age left agriculture, followed by workers in non-agricultural professions. The last mentioned moved mainly from the sector of agriculture into the sector of private services. Another groups were the managerial staff and administrative workers of huge, exceeding farm decision-making bodies. Also this group was mostly successful in finding the jobs in local labour market. At the beginning of 1994 the break in this development was recorded and fur-

ther decrease both in working and administrative or managerial professions could, in particular cases, exceed the reasonable limits. The qualified and skilled persons, moving from agricultural production into more attractive employment are the warning signals for the future development.

The structure of labour-force in the transformed farms that exist in the form of 'juridical' persons is characterized by good qualification of workers. The rate of unskilled workers, trained workers and workers with middle level of education or graduates was 1.2 : 2.8 : 1 in 1993 (for comparison, in 1980 the rate was 6 : 3 : 1). However, because of lasting tendency to leave the farming operations, the cultural potential of their workers could become discernible worse.

The labour offices are visited mostly by unskilled workers, women, workers from livestock production and farmers before the age of retirement. These who have just completed various types of schools are also among persons who more frequently visit the labour offices. More or less these groups (except the last one) consist of workers who are less adaptable as to the changes. This fact influences their greater difficulties in eventual requalification and search for the new jobs.

Agrarian labour market indicates minimal demands for new workers. If there are any demands for them, they are concentrated on seasonal jobs in newly established larger farms of 'physical' persons. There are many reasons why it is difficult for agrarian population to find jobs. Non-agricultural jobs are established slowly in the countryside, emerging private sector inside and outside agriculture is not able to absorb workers released from farms. The difficulties with the public transport into the settlements of urban type are more and more evident — the bus lines are reduced and the expenses for commuting both by private car or by public transport are very high compared to possible amount of money earned in towns and cities. Those, who are unemployed, more often realize that to commute to the job is less advantageous than to receive the benefits of unemployment. This decision is made with regard to the consideration of the level of benefits of unemployment. The possibility to move in place offering new jobs is limited because of the lack of flats in cities. Moreover, the winter 1994/1995 is considered as a crucial time for the future development of local industry and it should be accompanied by the increase of rural unemployment.

The analysis suggest that the agriculture faces a critical point concerning the questions of labour forces. Because of economic weakness and growing inattractiveness of agriculture, there arise the apprehension that other workers will leave the farms, especially those farms producing for market. In this case, there would be a possibility to compare present situation with the situation in the beginning of the process of collectivization. In those times a mass exodus of agrarian population into industry occurred. The difference in both situations is that today only those with better qualifica-

tion, able to requalify themselves, more adaptable for the changes in wider sense of word have chance to find a new job.

Up to now, the pressure of population working in agriculture as for the help in unemployment to reduce the poverty was minimal. Since 1994 we can observe the signals of more problematic development on the labour market in some regions. These regions are characterized by a higher share of agriculture in the structure of local economy and therefore there is also higher part of those working in agriculture out of the total number of working population in these regions. People working in agriculture are considered generally as a group with problems in local labour market as in relation to finding new jobs. Therefore the growth of hidden unemployment of agrarian population (in this case their work would be reduced on family non-commercial farms) and seasonal unemployment are assumed. The disbalance on agrarian labour market is now recorded approximately in 13 per cent of all Czech districts and it begins to be considered as a serious social problem. Especially because that there are also the regions with underdeveloped working opportunities outside agriculture.

THE INCOME LEVEL OF EMPLOYEES IN AGRICULTURE AND THEIR FAMILIES

The agriculture preferred by state in the past now faces its indifference. The deflection of state from agriculture was also reflected in slower growth

Table 3

**Average money wages of workers in agriculture, industry
and national economy in crowns (Crs) 1989–1993**

Sector	1989		1990		1991		1992		1993	
	Crs	%	Crs	%	Crs	%	Crs	%	Crs	%
Farming*	3 455	100.0	3 692	106.9	3 791	109.7	4 240	122.7	5 100	147.6
out agric. coop.	3 560	100.0	3 446	96.8	3 822	107.4	4 298	120.7	5 200	146.1
of state farms	3 299	100.0	3 759	105.6	3 578	108.5	3 948	119.7	4 650	140.9
it others							4 132	100.0	5 100	118.3
Industry	3 335	100.0	3 428	102.8	4 022	120.6	4 793	143.7	5 962	178.7
National economy	3 170	100.0	3 286	103.7	3 792	119.6	4 667	147.2	5 700	179.8

* 'Physical' persons in farming are not included (their level of remuneration for work cannot be evaluated for this moment).

Source: FSÚ 1991, 1992, ČSÚ 1993 — Odvětvova statistika zaměstnanosti a mezd.

of money wages compared to industry and all national economy. Alike in the case of employment, the regional differences have place also in the level of average wages of employees in agriculture. This fact influences growing social and economic backwardness of some districts in Czechia. Among these regions we can find not only areas with traditionally unfavourable conditions for farming but also the districts with favourable conditions for intensive and concentrated, market oriented farming. The last mentioned regions were very productive in the recent past.

The development of money wages in agriculture is connected with unfavourable economic conditions. However, it does not reflect the development of productivity of work which has been growing since 1991 (for comparison, within the industry the productivity decreases). The growing productivity of work is because of the significant decrease of workers in agriculture and reduced purchase of outputs.

Also the development of real wages, influenced by inflation, shows greater decrease in agriculture compared to industry. Though money wages in agriculture increased in 1989–1993, their growth was one of the slowest compared to other sectors of economy. Also real wages in agriculture have started to increase slightly in 1992, nevertheless in 1993 they were approximately about 30 per cent lower than in 1989 (while in the whole economy the difference between 1993 and 1989 was only 17.7 per cent. It is estimated that the result of differentiated growth of average money wage (in sector comparison) is the decrease of real wage in 1993, that concerns approx. one half of workers in agriculture, while in the whole national economy approx. one-third of workers is concerned.

All available statistical data suggest that income disparity between people working in agriculture (and their families) and other active groups in the national economy is increasing.

The agrarian population compensates decreased real monetary incomes by greater working efforts in their small self-supplementary farming (see Table 2 — more than a half of farms does not exceed 1 ha of land). Their

Table 4

The development of real wages (1989=100)

Sector	1989	1990	1991	1992	1993
Farming	100	97.5	64.4	65.0	70.8
Industry	100	93.9	71.7	76.7	85.9
National economy	100	94.7	71.1	78.2	86.4

Source: ČSÚ, *Statistika životních nákladů*

one-way physical and psychological working effort is increased to the detriment of compensatory activities connected with free time. The goods-in-kind exchange of farming surpluses is increased, and in lower extent also the sale of products among the neighbours has a place. The self-subsistent strategy of economic behaviour of farming families is broadened more and more.

CONCLUSION

The preceding paragraphs discussed two expected consequences of the Czech society transformation in its particular part — in the case of agriculture. Summarizing the process of transformation up to now, following conclusions could be drawn:

— Agrarian unemployment is relatively high and the group of unemployed agrarian population is a problematic group with respect to possibilities of their future chances on the labour market ².

— The comparison of employees in agriculture and their families with other active population shows growing income disparity. Moreover, the development of wages in agriculture does not follow the development of productivity of work (that is growing). This situation is in strong contradiction with industry, where the productivity of work is decreasing up to now. The agrarian policy does not use direct and socially structured income instruments and compensatorial measures for the solution of income disparity.

— There are some groups that are exposed to the poverty in relative large scope (Horská, Spěšna 1994, p. 27), namely:

- * private farmers with primary income from agriculture farming up to 10 ha of land regardless to climactic conditions their farms operates in;
- * private farmers with monetary income from agriculture, farming larger areas (note; upper border is not pointed out) in unfavourable conditions for farming and having the credit capital from banks;
- * seasonal hired workers without regular incomes from permanent employment (periodically unemployed);
- * women (unskilled, approx. 50 years old or mothers of small children);

² Out of total number of unemployed persons (those, who are officially listed as 'claimants for work'), there is 7%–19% (in dependence on region) of those who lost the jobs in agriculture. However, it is known, that the agrarian population does not often use the possibility to be included into the list of unemployed in the labour offices. We can assume that the level of unemployment among agrarian population is relatively high, comparing this level with 4.8% of agrarian population within all active population (Horská 1994, p. 18).

- * those who are unemployed for a long period and who were released from agriculture (they have problems to find job because of a low level of their qualification);
- * family members without qualification working in family farms;
- * partially disable persons.

These negative social phenomena exist in the unfavourable social and economical environment agriculture is exposed to. The impacts of this environment influence discernible social decline of agrarian population. The thoughts about their compensation are met among intellectuals and in associations and organizations oriented to farming and countryside. However, they are not met and they are not enforced in political practice.

The agrarian population experiences a social decline in confrontation with unintended consequences of transformation of the society. It seems that strong politicization of all acts, concerning the transformation of agriculture, poses all people, who worked in collective farms but did not contribute the property like did the others who were deprived of their property in the process of collectivization, in the frame of particular 'collective guilty'.

The other important element of experienced injustice is the fact that the majority of managerial staff found the way how to be easierly incorporated into newly established structures, while the others (characterized by lower level of involvement in the past regime) are more exposed to the threat to lose their jobs.

The system of social control, organized on the base of non-anonymous neighbouring social network is not able to resist the defects in so-called entrepreneurial culture. The other institutes of social control working on the base of formalized social network are generally weaker in the countryside than in towns and cities.

The agrarian population is traditionally characterized by lower level of cultural background. This influences their difficulties in understanding the process of transformation. Also their lower level of adaptability poses the barriers in experiencing the changes in professional and civic roles.

Thinking about the complications of transformation of agrarian and rural society, above mentioned aspects of social costs seem to be especially fragile. If we join them with objective measurable costs (the decrease in production, unemployment, disparity in incomes) we can assume that the process of transformation is in the phase when social costs highly prevail the social benefits in wider sense of the word.

The analysis of both today's agrarian policy of the Czech Republic and the works dealing with evaluation of this policy shows that agrarian policy includes the social goals in only declarative way. They are not accompanied by working set of measures for their realization. Social impacts connected

with transformation of farming and rural society argue for it. It can be assumed that even if this unfavourable situation in agrarian policy is changed, the impacts of this change will not be evident in a short period. That is why the experts think (Doucha 1993, Pražan 1993) that today's productivistic agriculture will continue with great economic disadvantage for farms.

The agrarian population feels itself as loser in the process of transformation of society. The opinion that the state abandoned the agriculture and countryside is growing. Rural population does not trust the policy that is created outside countryside, social tensions are evident. This circumstances have origin not only in the impacts influencing the situation of households but also in the comparison of our governmental agrarian policy with surrounding states (it has to be added that this comparison often lacks expert erudition). The sensibility as for the questions of agriculture and countryside is low. The rural and farming lobby is weak, local development initiatives are weak, rural electors are weak. All groups that enforce the needs of countryside and farming from non-economical point of view (regardless their motives) are weak.

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