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## What Happened in Hungarian Agriculture after 1990?

### I. General tendencies

#### 1. EMPLOYMENT

In 1990, the year of the political change, employment was not different from the previous years. Out of Hungary's 10,374,823 inhabitants, 5,956,800 were at an active earning age<sup>1</sup> (52% men, 48% women). 89% of the potential earners were employed, that is, pursued some earning activity.<sup>2</sup> The political changeover launched a profound economic transformation, one of whose first consequences was the abolition of jobs. Unemployment increased:

- in 1992 only 79% of the active population was employed,
- by 1993 the number of employed was reduced by over a million, to 4,352,000,
- the 23,400 jobless registered in January 1990 soared to 663,000 by December 1992, meaning a growth of the unemployment rate from 0.6 to 12.3.

In 1990, 17% of the employed worked in the primary sector (agriculture and forestry), 36% in the secondary sector (industry and construction), 47% in the tertiary sector. The bulk of the 955,000 employed in agriculture (at least 90%)<sup>3</sup> worked in productive cooperatives and state farms. Due to a socialist and Hungarian specificity, however, this did not mean that just as many people carried out agricultural work. The socialist specificity was that owing to full employment the large agricultural enterprises maintained an oversized bureaucratic apparatus. 53% of those in agricultural employment were salary earners. Out of the 448,200 manual workers, a mere 180,000

<sup>1</sup> Males aged 15—60, females aged 15—55 years.

<sup>2</sup> Since the number of the working-age population studying at day-courses approximately equals those employees who are over the old-age pension limit, the 89% rate is acceptable.

<sup>3</sup> No data are available for 1989 and 1990 concerning employment on private farms. Up to 1988 a relatively constant figure between 40 and 50 thousand could be set, in 1991 it was 114,000, in 1992 120,000.

(40% of the labourers) pursued actual agricultural work, while the 60% majority made a living in industry, building and other areas. This Hungarian specialty were the so-called subsidiaries run by cooperatives ranging from catering through manufacturing to anything.

The point here is that adding to the 180,000 manual workers in agriculture the necessary administrative and intellectual employees, one is astounded to find that Hungary's agricultural produce was turned out by some 200,000 people employed in coops and state farms in 1990, which means instead of 17%, a mere 3.6% of the active population. Estimates add another c.2.7% to that since around 40% of the agricultural output was produced by small farmers instead of large coops or state farms. The resulting 6.3% is closer to the West European figures.

The concern of Hungary could then be formulated in the following way: while the country's agricultural produce was turned out by 6.3% of the active population, agriculture had to sustain 17% of the employed. This aspect needs emphasizing for all the subsequent developments can only be interpreted and understood on its basis.

## 2. THE ORGANIZATIONAL TRANSFORMATION OF AGRICULTURAL PRODUCTION

At the turn of the '80s and '90s, there were 133 state farms in Hungary with an employment of 126,000. The parliament of 1990 decided that apart from a few of these farms which were important for professional reasons (improvement of strains, protection of valuable stock, model farms, etc.) they should all be abolished. The whole process is still under way, the available information only reveals how it is going on in certain details. Certain separate units (distilleries, dairy plants) were privatized or run as joint-stock or limited liability companies owned by the state. A part of the land was assigned for restitution. Many jobs were closed in the process. Parliament also passed a resolution on the agricultural cooperatives. As the new parties did not regard the cooperatives as "genuine" coops, they stipulated that:

1. the property of the members should be nominalized (that is, the property of the coop — land, buildings, tools — be conveyed to the names of the members in proportion to their original contribution and length of service).

2. they should transform into new-type cooperatives (meaning a renewed — now truly voluntary — foundation and election of the management).

After the transformation, 93% of the workers continued their work in new-type coops, with a mere 5% choosing private farming or setting up some business. Thus the expectations of certain political forces to see masses of peasants leave the coops and scores of coops closing down were not verified.

The developments of the next two years, however, slightly modify this picture. On the one hand, many coops went bankrupt. In 1992 the coops involved in bankruptcy and liquidation proceedings numbered 1388,

affecting the jobs of 13,113 employees. (Changes in the number of coops do not reveal the actual processes, since many new ones were created by merging old ones, while some also closed down in this period). On the other hand, in the second and third phases of the restitution process, more people wanted to get land than in the first round. True, many landowners who acquired their land through restitution hired it out to coops, but some began to do farming themselves. So the numbers of active coop members and independent farmers changed as follows:

	active coop members	independent farmers
1991	279,200	114,400
1992	255,500	120,000

These organizational changes, of course, had their repercussions in production as well. The average 4.6 hectare sown area was reduced by about 300,000 hectares in 1992. The bankrupt coops and the less wealthy beginners in private farming used radically less artificial fertilizer: the 1.2 million tons of artificial fertilizers used in 1990 plummeted to 189,000 in 1992. As a result, the overall produce also dropped between 1990 and 1992:

- the average yield of wheat by 20%,
- the average yield of rye by 23%,
- the average yield of autumn barley by 22%,
- the average yield of maize by 9%,
- the average yield of sugar beet by 25%.

A serious set-back in agricultural production was caused by the collapse of the eastern market of formerly almost insatiable absorbing capacity. As a result, the cattle stock was cut back by 26%, the swine stock by 33%.

## II. Social development realizing the general tendencies

Our investigation was two-phased: a qualitative survey covering 10 villages in detail, and a quantitative phase based on a representative sample. In the following, the findings of the qualitative study are presented in an effort to reveal what social mechanisms, micro-level events realize the above-described general tendencies.

### 1. THE SAMPLE OF THE QUALITATIVE PHASE

Within the averages shown above there are substantial differences between regions. In the qualitative phase case studies were conducted in 10 villages in 5 counties. The five counties can be ranged in three main types:

a. the majority of the country's outdated metallurgy and mining is concentrated in Borsod—Abauj—Zemplin (B—A—Z) county, so the number of agricultural employees was below the national average even in villages. After 1990 these economic branches were most radically cut down, so

unemployment is highest here. Case studies were made in three villages in this region.

b. Győr—Sopron—Moson (Gy—S—M) and Pest counties are among the most highly industrialized counties. A wide range of industrial activity can be found here, so these counties were not so heavily de-industrialized as B—A—Z having a one-sided industrial concentration. The number of agricultural employees was below the national average, unemployment was low. Another three villages were chosen for case studies in this region.

c. Bekes and Szabolcs—Szatmar—Bereg (Sz—Sz—B) counties are traditionally agricultural areas. Agricultural employment is above the average. Both counties are on the eastern borders of the country, far from the capital and the industrial zones. Three villages were also picked from these two counties for case studies. There is an essential difference between the two counties: though Sz—Sz—B has an agricultural profile, its agriculture was far less developed than that of Bekes, so it sustained fewer people. From the former, masses of unskilled labourers worked all over the country. When jobs began to be liquidated, they were the first to become jobless.

(The fifth county, Zala, is divided into two different regions. Those employed in agriculture and those in industry are well above the national average. The reason is that one area of the county is the centre of Hungarian crude oil production, with employees from surrounding villages. The rest of the county is traditionally agrarian. The tenth village was chosen from the industrial section of the country.)

## 2. POWER AND ECONOMIC FIELD IN THE COOPERATIVES

An important goal of the investigation was to explore who became or would become the new landowners determining agricultural production. The exact answer will only be given in 2 or 3 years' time since land acquired as restitution cannot be sold for three years, so sales were informal, via so-called "pocket contracts". This informal information could be collected through the case studies, but statistically valid conclusions cannot yet be drawn.

In the period of the political change, one of the most heatedly debated questions was who would be the owners after the abolition of the state and cooperative property in the East European countries. Two relevant theories can be mentioned:

— Ivan Szelenyi maintains that the entrepreneurial involvement of parents and grandparents between the two world wars has a salient significance, since entrepreneurial values, dispositions are bequeathed from generation to generation, and thus survive under the circumstances of the socialist economy. Social capital thus preserved puts those in possession of it to advantage at the time of the emergence of the private sphere. Szelenyi's view has a distinguished importance in agriculture, since agricultural small-scale production was, to his mind, the area in the socialist economy that

allowed for the inheritance of entrepreneurial knowledge and values to the greatest extent.

— According to the other theory, the new stratum of owners derives from the former political and economic nomenclature. In terms of agriculture, that means that the upper management of the coops, cashing in on their power and monopoly of information, acquire the choicest parts of the coop property. This group of new owners is tagged new squires, green barons in journalese.

The experiences gained during the survey wholly disprove Szelenyi's theory and only partly bear out the second view. To begin with, not all coop leaders act alike. The strategies of the coop top brass were not unified during transformation, they had most diverse views on how to continue. Two basic strategies can, however, be discerned:

a. In order partly to preserve their position and partly to fulfil their social political responsibility as job providers, they try to hold the coop together despite the adverse economic and political tendencies.

b. Exploiting their monopoly of power and information, the managers bag the best part of the collective property with the intention of launching a private farm.

The above strategies indicate the intentions of the leaders. In reality, innumerable factors are combined to determine the actual manoeuvring ground of the high command. An analysis of the processes of the recent few years cannot do without a review of all the factors that shaped the economic and power fields of cooperatives, since that provides the key to the present situation.

Only that helps explain why in some coops the top leaders managed to persuade the members not to take the coop to pieces, while in others they did not. It also depended on the nature of this field of forces whether only the senior executives could lay a hand on the most valuable buildings, machines, etc. from the common property, or they had to share them with some other groups. The concept of the field of forces is a prop to explain the situation of coops in the past few years. After the political turnover, it became possible for the workers of a coop to acquire a proportion of the capital assets of the coop and launch private farming. The chances of access to machines and buildings are determined by the coop workers' resources. Resources may be positional — possessed chiefly by the leaders — or economic, and economically utilizable "goods", eg. connections. The outcome of the race for capital assets is determined by the distribution of resources among the coop members, that is, by the field of forces.

Our case studies have shed light on the factors that increase the chances of the nomenclature becoming the new landowning stratum, and conversely, the chances of common coop members not derived from old farming families. These factors are as follows:

2.1. In the early '70s, upon the initiative of the upper political leadership the fusion of cooperatives began in Hungary. That time leaders named the rationalization of agriculture as the purpose. As a result, many villages lost their independent economic units, being pushed into dependence on a larger settlement in this way, too. Coop mergers clearly increased the power of the leaders, since the fusions made the running of coops similar to that of large state enterprises. Owing to the mergers, the collective controlling role of the village gradually faded, especially when the centre was relocated. The members' right to be involved in management became fully formal. The process of fusing the coops entailed a concentration of power that changed the accessibility of coop property fundamentally to the advantage of the upper leadership.

How the mergers affect the present-day situation is best exemplified by the coops that "vanished into thin air" over time. Let us quote the example of the Dombhaz coop to illustrate it. The independence of the coop ended in the early '70s, when it was merged with another coop, then with a second, a third, a fourth, a fifth, etc. coops, and so on, until forty, formerly independent coops had been drawn under the control of a single centre. In the course of the fusions, the leaders of the old Dombhaz coop were gradually squeezed out of management. As time passed, the most valuable machines, equipment and animals were slowly removed from the village. Thus, the Dombhaz members could no longer work on the spot, they had to commute by coach or cycle to the new location of the machinery and the animal stock. As a result, the members of Dombhaz gradually dropped out of the coop. The younger people refused to travel to plants several villages away from their homes. If they had to commute, they rather chose the metallurgical factory in the nearby big town where they could earn more. Only a few old people, who are old-age pensioners now, remained in the coop.

After the change of the political system, the people of Dombhaz were faced with the following situation. So much time had passed since the mergers that they no longer knew how many and what kinds of assets belonged to their coop. As a result of the repeated mergers over the past decades, the original coop of Dombhaz vanished into thin air. Anyone wanting to get his share formerly contributed no longer knew what to lay claim to, who to turn to, who to rally with, to assert their interests more effectively. The upper leaders of the coop were pitted against a spatially and temporally dispersed membership deprived of information, unable to unite. In this situation the leaders could get hold of the best assets of the coop without control or dispute, even escaping the moral disapproval of the village.

2.2. It might also contribute to the strengthening of leadership power if agricultural small-scale production took up lines not connected to the cooperative profile. When in a village good extra income could be had from household plot farming in the past decades, the villagers tried to get jobs

where the least possible was demanded of them and they had ample time and energy left for their own farms. In Tabar, for example, a village in one of Hungary's most valuable historical viticultural regions, wine-growing has a past of several centuries. The majority of the villagers have vineyards of varying size, which were a sure source of extra income (often yielding more than the salary from one's permanent job) for decades. In the coop no wine was grown, so household farming was completely separated. The main point in finding a job was to have enough time and energy for tending the vineyards.

In places like that, even those people who worked in the coop adopted this strategy of job taking. Their interests were outside the interests of the coop and as a result, they got poorly integrated, their position remaining peripheral, their informedness defective, their ability to assert their interests feeble. Thus power could become more and more focused in the hands of higher management, which provided them with a wider scope of action at the time of the transformation. In Tabar the top brass could use this manoeuvring field to seize the coop property. The bulk of the machinery and the buildings went over to three companies, two of which were set up by the chief executives.

2.3. The power of the leadership may also be enhanced by the success of a coop right before the change of the political regime (e.g. it made investments that won the membership's appreciation). Success in the past often compels the members to tie their fate to their leaders; in such cases it is not the individual strategy that counts but the insistence of the majority of the members on remaining in the coop, preferring some sort of collective farming. A development like that largely increases the playground of the management, especially when the leaders themselves consider abstaining from disbanding the coop to be the best way to preserve their position and power.

For example, at Szalfa the coop leaders of the '80s managed to create a public atmosphere in the village that the four members who left the coop were treated by the villagers as enemies who annihilated jobs by withdrawing their land from the coop. Due to the hostile attitude to the drop-outs the coop leaders could even afford to take a row of illegal steps to make things harder for the private farmers. While the coop kept losing the suits, the leaders were still not condemned by the village.

2.4. In the Hungarian villages, connections are far less impersonalized than in the city. The upper strata of managers must also reckon with the fact that their decisions and acts are hotly debated and evaluated by the village public, while collective memory preserves them for a long time. From this angle, those top leaders who are not local residents, have greater freedom of action and as such, can to a certain extent escape collective control. An apt example is a coop in a small village, Szikhely in eastern Hungary. Its leaders all lived in the nearby town, so the members could not even make a

rough estimate of their income (they can't see the houses they live in, what they consume, etc.).

2.5. The leaders' scope of authority may also be extended by the unfavourable labour market situation in the region of the coop. Where unemployment is above the average, there are no job opportunities in the vicinity, the membership is more at the mercy of management, e.g. they tend to believe the leaders' promise of preserving their jobs if the coop remains united. Szikhely mentioned above is in the country's most depressed region: unemployment is highest here, so the membership believe the promises of the leaders despite obvious indications to the contrary. The coop managers encouraged the members not to leave as that would mean the abolition of their jobs. Nobody dared to leave as they had no hopes of finding new jobs. In the meantime, the president, the chief accountant and the branch managers seized all the best machinery and equipment of the coop.

2.6. The distance of the market that absorbs the agricultural produce of a coop also influences the power of management. If there is no market nearby and they don't clearly see how the coop sells its goods and where, the members are less willing to leave. This again reinforces the leaders' field of action, since they can more easily persuade the members to stay. When, in another case the leaders' aim is the shut-down of the coop and want to remove their property share, they can reckon with smaller disputes during sharing out. Competition will also be weaker, since their market information and connections give them an unsurmountable advantage compared to common members.

Tabar is a good example of that. The inhabitants have been growing wine for decades, so they had no contact with other segments of the market. All the other agricultural products were sold by the coop at relatively faraway markets. Besides, the rather narrow local market was also monopolized by the coop, since it paid more to the population to grow wine than for example potatoes for the local kindergarten and school. As the eastern markets collapsed, wine was no longer to be sold in the former quantities, but the population could not change over to new products since their markets were only known by the coop leaders and even the local customers (kindergarten, school, restaurant) had been buying from the coop for decades. When the leaders parted with the coop, they had the massive capital asset of alone having good market connections.

2.7. The manoeuvring ground of the coop leaders may also be influenced by the social background of the membership (financial standing, education, etc.). Our experiences reveal that the less educated, older, poorer the membership is and the fewer the men, the greater the scope of action of the leaders. This is a characterization of Hungary's least developed regions, but the feminization and aging of the membership are sometimes also typical of certain industrial zones.



2.8. The power of management is also enhanced when unfavourable historical conditions weaken the membership's ability to protect their interests. Such an unfavourable condition may be a past of servitude or the critically high rate of weekly/monthly commuters. Other investigations have shown that a past in servitude has influenced the level of education and the career possibilities in general of the descendants up to this day. In villages where servants lived in the interwar period, the ability of the membership to safeguard their interests is low and so is their schooling. The latter gravely mars their chances in the labour market, which in turn gives extra advantage over them to management.

As for commuters, living at the faraway workplace snatches people out of village life, they lack information, their relationships wilt, so if they happen to choose farming on their wives' plot or restitution land, they cannot assert their interests.

2.9. It mainly occurs in more industrialized areas that one or two generations do not participate in agricultural production. The coop membership is aged as the young ones turn to industry for jobs. The members are not motivated to take part in the race for land and machinery, since their descendants will not (or cannot, for lack of competence) continue farming. In Dombhaz the elderly complained that the younger ones are all dead hands at farming and animal husbandry. This situation improves the management's position in dividing the joint property. In the overwhelming majority of cases the above factors enhancing the management's power are not effective one by one but in combination with one another. It is an empirical fact, however, that in some coops the resources are divided more evenly between the leaders and the members. The reason may be that the opposite of the above factors holds true (e.g. poor coop performance, good job opportunities, nearness of markets, entrepreneurial mentality among the members, higher level of education), which lessens the power of the leaders.

### 3. RESOURCES OF FARMING

There are factors that might equally increase the action potential of both management and membership. When the members also have adequate resources, the field of forces within the coop is significantly modified; on the one hand, the manoeuvring ground of the leaders may shrink, and on the other, the members may stand a good chance of setting up on their own, so they can take part either with individual or coordinated collective strategies in the struggle for acquiring the coop property.

3.1. Family, relations. A strong family with great solidarity behind a person may largely increase his chances of becoming an independent farmer. The significance of family and kin has increased in establishing businesses, its role ranging from occasional help to cooperation.

3.1.1. The simplest form of family role is to give a background of security to the potential farmer. The family is to keep the starter on his own for some time, or put up with the possible poor income. The cyclical character of agricultural income (i.e. income can only be had in hand at the end of the crop year) presupposes the family reserves. There is no financing policy in Hungary that would enable the farmer to get money for his subsistence during the year. Especially starters are hard put as they are without income for a year. As our experiences have proved, only those can launch farming who have a stable family background and are able to solve the above problems.

3.1.2. In Hungary, the capital and/or tools, buildings needed for launching and running a small and medium-size venture (vacant shed, storeroom, plot, stable, etc.) are in most cases provided or lent by family members or relatives. It has been found that monetary help is of lesser importance, since in villages other forms of assistance are possible.

3.1.3. Multiplying the resources by using the licences of family and kin. Members leaving a coop have persuaded their families, old relatives to follow suit, so as to be able to use their property shares as well. Not infrequently coop leavers obtained such capital together with the property shares of the relatives that they could procure the necessary farming machinery and buildings. In Károlyháza in East Hungary relatives all but vied for their kin in old-age retirement to get their property shares. Using the restitution vouchers of family members and relatives also helps increase one's capital.

3.1.4. Due to unfavourable credit and capital conditions, farms not based on the nuclear family but on broader kinship relations are spreading. It is typical for parents and children to launch a business together, but it is not unusual for brothers or in-laws to set up a joint farming venture.

Family and kinship solidarity increases one's resources: the person stands a better chance of acquiring coop capital goods and using them rationally. When brothers/sisters, parents and children all work in the same coop, they are jointly able to acquire expensive machines and buildings, and set up a farming business on a scale that meets the rational utilization of the tools.

There may be diverse forms of cooperation among relatives. In the simplest case, the forms of mutual assistance developed over the decades in household farming are transplanted into the new situation, e.g. lending each other machines, helping with major jobs. The most advanced form of cooperation is running a farm jointly and separating the income and expenses of household and farming to this end.

3.2. Resources can be considerably increased when a person belongs to some sort of network, as it promotes the chances of occasional coalitions in order to get the coop assets, helps develop an effective strategy to get the restitution vouchers or keep their exchange rate low (e.g. one may borrow machines), to acquire more information, etc.

In Hungary, besides the traditional family-kinship networks a new type of network developed from the second half or end of the seventies. This process coincided with the disintegration of the traditional peasant stratum and the consolidation of the layer of rural skilled workers. The original goal and main achievement of this network was house building, fundamentally based on the barter of unqualified work. The majority of people involved in the network have some workshop, special machine or tool that they lend to others when needed. This network multiplies the resources of a person deciding to enter private business, since he can use a multitude of repair shops, machines, services, which he is in need of because the machines obtained from the coop in compensation for his property share are usually in bad technical condition, and usually there is no servicing station in the villages. In Karolyhaza, for instance, the former head of the machinery department fitted out a good enough repair shop. During the interview some 5 or 6 people popped in to ask him some small favour or advice. This workshop was open and accessible at any time.

Networks may serve as a suitable frame for collective withdrawal from the coop and for joint farming, laying the basis for various kinds of economic associations.

3.2.1. The simplest form is when everyone leaves the coop individually in order to do farming privately. The network is used to create and continuously ensure the conditions for independent farming: they lend machines to one another, repair tools in one other's workshops, but they remain individual farmers. This form is similar to kinship cooperation but is a bit broader. In Karolyhaza relatively many (about 15) independent farming ventures were launched whose members frequently exchange machines and labour, since only three have adequate machinery, the rest depend on one another.

3.2.2. Two or three persons leave the coop at a time with the intention of launching a business together. They coordinate which machines, what equipment each ought to get out of the coop. This form is similar in many points to a family business. Its basis is a small, easily controllable group with close ties (friendship, for example) between the members. In Tabar two former tractor-drivers of the coop jointly cultivate a piece of hired land of 70 hectares. The two could remove enough tools from the coop to satisfy the requirements of a largish farm where their labour is sufficient and the machines are repaired by themselves.

3.2.3. Frequently a larger group of former coop colleagues set up a bigger farming venture. For example, the head of the machinery department at the Karolyhaza coop talked some of his closest colleagues — many of his friends or relatives — into leaving the coop together. With a concerted strategy they could exchange their property vouchers for the best part of the coop machinery and the major equipment of the repair shop. Everyone

works on their own separate lands but they share the machines and having a considerable machinery stock, they also do work for hire.

3.2.4. Sometimes, the economic units based on networks of friends and colleagues cooperate to ensure the necessary machinery and repair capacities. In Tabar, three larger farming ventures were founded in place of the coop, two of them in intense cooperation. One was founded by the former coop president, the other consists of agricultural engineers and administrators, that is, both depend on former relations. They cooperate when some major job comes up, lending each other machines.

3.3. Person-related resources accumulated in the past.

3.3.1. Ivan Szelenyi regards the entrepreneurial (business) disposition developed in the past and inherited by generations as the main asset. Our experiences seem to confute this theory. For example, at Korcona in West Hungary there were ten rich peasants before 1945. Only the descendant of one of these families acquired a sizeable plot of land and now plans to tend it. In the rest of the families, the descendants became town-dwellers or the family died out. On the other hand, out of the five larger farmers launching business nowadays, four used to work in the coop in various managerial posts.

At Pakucs in South-West Hungary there were six well-off peasant families, one of whom has obtained a piece of land over 100 hectares and begun farming. To make this case more intricate, the youngest member of this family used to be a manager in the coop, similarly to four other new large farmers at Pakucs. The conflict could be continued. One can conclude that the descendants of pre-1945 rich peasants rarely resume where their fathers and grandfathers had left off, and in villages where the coop disbanded the coop leaders have become the main farmers.

3.3.2. By the end of the '70s, in household and small-scale farming units other than the ones relying on traditional peasant knowledge and experience: e.g. mechanized poultry farms, polythene greenhouses, modernized pigfarms, had emerged. In small-scale farming, fortunes of varying size have been accumulated, which can be put to good use in launching private businesses. This is aptly illustrated by a private farmer in Szikhely, who began breeding poultry on a large scale in the early '80s. The money he had raised thereby was invested into a farm of 50 hectares; he bought a tractor, combine, sowing machines. The former animal breeder of the Szalfa coop did likewise; he had been growing chickens and turkeys in ever growing quantities at home over the past twenty years.

3.3.3. Besides power, expertise is usually listed as a potential resource. One type of expertise of the former leaders indeed seems to serve as a resource. The competence of agricultural engineers appears to survive the deep crisis and organizational transformation of agriculture. The reason is that it is typical for private farms to be extensive, the rotation of sunflower, maize and wheat is frequent, since they require the least live labour, thus

being the cheapest to produce. With farming of this type, expertise at agricultural engineering is a great asset. It is also demonstrable that extant knowledge is often complemented by further post-graduate training. One of the agricultural specialists said he was just going to get a certificate of plant protection, so he would not have to worry about getting all sorts of permission when buying pesticides. His wife, a horticulturist, was getting a diploma in finance and accounting.

Not only special expertise in the strict sense, but also managerial knowledge can be utilized in the new situation. This includes experience of large-scale plants (practice in calculating the required amount of seed-grain, artificial fertilizers, etc.), disposing over large amounts of money, handling credit proceedings. Technical knowledge is equal in rank with agrarian expertise. Besides coop managers, those who had something to do with machines are most frequently agricultural entrepreneurs: drove, repaired them. The majority of new entrepreneurs are former tractor, combine or truck drivers. Technical, servicing knowledge is of salient importance because the machinery of coops is outdated, in bad technical condition, in constant need of repairs. Most of the machines were purchased from the former Soviet Union, so there are no spare parts or services. Hence, only those who are good at these machines and have a well-equipped workshop to replace worn parts can operate them.

#### 3.4. Non person-related resources

Below some resources are discussed that are not so much related to the individual as to the given village, region, or ethnicity, and considerably encourage the setting up of private farming enterprises.

3.4.1. The effect of modernization. Modernization has affected Hungarian villages in different ways. In some, it disrupted family, kinship, neighbourhood relations, in others traditional integration has survived. Commuting, for example, broke the previous ties; a part of the villages in East Hungary cannot regain their footing because, for one thing, the heads of families had been working in distant towns for decades, losing live contact with their villages and now, having lost their jobs, they are hard put to find themselves back at home.

3.4.2. Behavioural patterns. Over the past decades, different strategies of social advancement, enrichment have developed, each typical of its village. Today, they either promote or hinder the villagers' ambitions to set up on their own. In Tabar, for instance, viticultural traditions are a set-back: the cellars are still full of unsold wine from last year and they are preparing for the new vintage. A positive example is Migistvand, where the villagers made a living by growing vegetables in polythene greenhouses. By extending these, they hope to get through the crisis.

3.4.3. Values: hard work, growth, economizing. In his book entitled "Sand-drift" Ferenc Erdei compared two neighbouring villages with similar

structures of land possession and soil quality, where the populations' attitudes to farming were radically different. One was populated by families of German origin where the norm was to increase the farm, by buying new land, for example. The peasants in the other village aspired after city life, they sent their children to town, that is, they saw no prospects in farming. Such individual differences (caused by the past, ethnicity) still prevail today between villages, which may influence how the given village population solve the new situation produced by the disintegration or transformation of the cooperatives.

#### 4. TYPES OF PRIVATE ENTREPRENEURS

4.1. There are relatively few farming ventures in which agricultural production is on a large scale. They function with similar profile to the ex coops, growing corn and sunflower, using much artificial fertilizer and being massively mechanized. Farms exceed 100 hectares, which is the most sensible size as to machinery utilization.

These farms may function as private farms or associations as juridical persons (joint ventures, eg. limited liability companies). The former coop leaders tend to found share-holding companies in which they obtain the majority of the property. Those who did not belong to the uppermost layer of leaders but had enough resources (capital from second economy, competence in machine repairs, etc.) are mostly private farmers, the land they cultivate being partly their own property or hired. (Former managers are also often found among private farmers, but the company form is most typical.)

4.2. Those tending lands of 30-70 hectares number far more, one can find at least one or two such farms in every village. These farms resemble the former type being specialized in grain and sunflower production. The significant difference is the far lower extent of mechanization, often defective enough to satisfy the needs of the farm, so the loose (non-contractual) cooperational forms are frequent. Those who can't get the right machines at the right time through collaboration but have to buy them on the market, are not competitive and sooner or later have to give up farming.

The owners of this type comprise former top coop leaders and more affluent members. The company form is rare, informal cooperation is typical. The size of the farm requires the owner to care for it full-time.

4.3. There are relatively frequent cases of old-age pensioners who do "nostalgia" farming to eke out their pension. One finds them in almost every settlement. The size is typically 15-30 hectares (mostly from restitution) in which they do traditional peasant farming. There are many animals, few machines, the work is done manually or with the use of animals. The major chores (ploughing, sowing, harvesting) are often done by work for hire, which makes these farms almost losing ventures.

4.4. Those who do farming as a second job (typically middle-aged people) are a separate type of new Hungarian farmer. They cultivate lands of 15-30

hectares on average, they usually have the basic machines (tractor, tilling machines) but not the larger ones, so some sort of cooperation is characteristic. This sort of farming is the continuation of small-scale agricultural production for the market under changed circumstances, that is, the majority include rural skilled workers employed in towns. In some cases, when person loses his job, this extra income becomes the main source of living for a family.

4.5. The most populous group of farmers in Hungarian villages are those who produce for their own use. They till 1-5 hectares, in addition to their full-time jobs or old-age pension. The aim is to save their income, so they do nearly all the chores alone, only some major tilling work is done for hire. A time-scale investigation has revealed that the massive growth of the rate of unemployment did not enhance the activity among subsistence farmers. The reason is that these possibilities have always been used to the full in Hungarian households, so they can obviously not be further intensified.

## 5. PUBLIC ADMINISTRATION AND LOCAL POLITICS

In 1990 the parties had fewer local organizations set up in villages than in towns. Out of 10 villages, no parties formed subsidiaries in 3 villages, 1 in two, 2 in one, 3 in two, and 4 in two. It made no difference which part of the country the village was in. After the local elections of 1990 parties stopped functioning even where they were set up. One reason may be that these parties failed in the elections. In all of the ten villages non-party candidates won the mayoralty, nobody scoring success in party colours. In four out of those ten villages, the former council president became the mayor, in two the former coop leader, in one the former communist party secretary were chosen for the post. In only 3 villages were newcomers to the existing power setup elected. As for the deputies, very many were council members in the previous regime, too. In 3 of the 10 villages at least half of the new magistrate contained old council members, in 5 villages the new body has old members, and in only 2 villages do completely new people constitute the body of representatives.

In the composition of the old village councils, the socialist political principle — the peasantry is an unreliable stratum — was obvious. The council members were therefore enterprise or coop leaders, industrial workers employed in the coop or various state officials.

The composition of the local governments elected in 1990 was hardly modified, not reflecting the shift in politics so obvious at the national level. Agricultural entrepreneurs are only included in four villages, and in only two are the entrepreneurs (all sorts in a majority). In 6 villages the former and present managers and state officials outnumber the rest, and in one village where the coop defends itself aggressively coop members and leaders jointly form the local governing body.

The new bodies of representatives consisting of the mayor and the deputies can do nothing to prevent the cessation of jobs because they have no independent economic policies. In theory, they can do the following:

- they can carry on entrepreneurial activity,
- they can promote entrepreneurship with local tax allowances,
- they can lure investment into their village,
- they can pass local orders in support of local entrepreneurs.

The first option is out, because local governments have no capital to use for enterprise. An analysis of the budgets of selected villages reveals that 90% of the funds at their disposal is given by the central budget and it all goes to run the settlement. The remaining 10% is from local revenues, but it is also spent on running costs. For example, only 70% of the maintenance of a school is covered by the state, 30% must be added by the local government.

The second option is also out, because no local tax has been imposed, so there is nothing to make an allowance from. The third option depends on which region of the country the village is in.

An Italian and a German entrepreneur appeared in two of the four villages in the west of the country. One built a factory, the other hired the coop's dressmaking shop. The eastern counties where infrastructure is poor and labour is less trained are not sought out by rich investors. However, problems also appear where investors are willing to come because self-governments have no landed property to sell at favourable prices. They cannot encourage investments in this way, either.

The fourth option is also limited, only one such claim was found during the case studies. Merchants complained that their business chances are largely weakened by the illegal itinerant dealers who tour from village to village with their cheap goods and sell on newspapers laid down on the ground. The prices of legal trade can't compete with theirs because they have to maintain the shop precincts, observe public health regulations, and last but not least, pay tax. The local government may pass an ordinance that prohibits street trade but refrain from doing so, being afraid of the anger of the population. They can purchase a lot of commodities from pedlars at half price, though of poorer quality, than from legal traders.

These are the major results of our investigation in the qualitative phase. Naturally, the collected material is far richer in detail, real life processes being exposed more profoundly, but the scope of a paper like this does not allow one to go into greater depths.