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Transitional Survival Strategies of Peripheral Resource Communities in Hungary and North-Western Russia

Introduction

Hungary and Russia represented distinctly different ways of implementing socialism. Consequently the results of transition have emerged divergently at local level. In this paper preliminary conclusions are made of the research project in which several rural settlements in North-western Russia and Hungary have been studied using the case study method (cf. Varis, 1998a). The project has been compiled under the name of *Rural survival strategies in transitional countries: a comparative study of localities in North-western Russia and Hungary* (Tykkyläinen et al., 1998). The project is funded by the Academy of Finland (project number 38812).

Transitional changes in the Eastern European countryside have been radical and epoch-making. Socialism-originated rural structures have faced disintegration and they are being replaced by new kinds of structures, i.e. a vast transition process is ongoing (Varis, 1998b). Changes in rural production structures have influenced rural communities in general and more precisely to rural people's everyday life. The transitional changes of communities have gradual consequences for the community and settlement structure of transitional societies. This article discusses transitional processes in resource communities. The focus is on transitional changes in a production unit of a resource community and people's reactions to those changes (Figure 1).

Resource community. Resource community is a befitting concept (cf. Neil and Tykkyläinen, 1998: 4–6; Varis, 1998c: 36) for analyses of post-socialist rural settlements. The concept rests on the assumption that the utilization of natural resources is a distinguishing feature of places in rural areas. In socialist rural settlements the utilization and employment were organized by a certain production unit (Figure 1). It was common that

a socialist rural village had only one (at most a few) production unit such as a kolkhoz, a cooperative, a state farm or an industrial company which determined village life. The everyday life of village people (i.e. rural households examined in the case studies) was bound comprehensively to the existence and operation of the production unit in many respects: work and livelihood, services, partly housing and cultural life. Thus transitional changes in a production unit had inevitably decisive consequences in people's everyday life. Rural households have had to create their own strategies in order to adapt to changes, i.e. to contrive survival strategies. In that sense the study focuses on survival strategies of rural households in relation to a transition of a resource community.

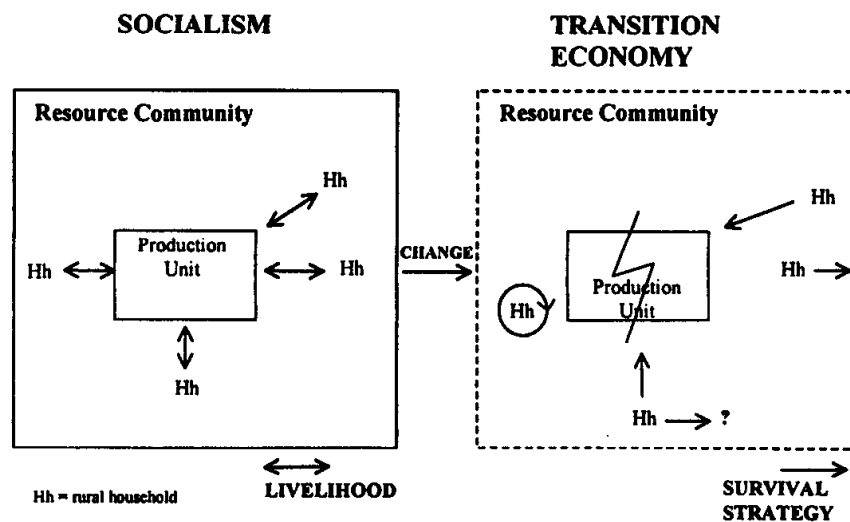


Figure 1. Research setting

Survival strategy. In short the concept of survival strategy can be defined as measures to improve the socio-economic situation of an actor. In the research design of the project (Tykkyläinen et al., 1998: 6–10; Tykkyläinen, 1999: 134–136) the concept has been defined to consist of the following attributes:

Survival strategy is

- a recognizable and legal set of actions,
- a socio-economically meaningful action,
- a bottom-up activity,
- an observable behaviour,
- possible to be learned by others.

The concept can further be fragmented into different levels. With regard to the level of household, the survival strategy indicates the method by which the household, denoting the economic, employment and residential aspects of family life, secures its existence within the economy and society

when the external conditions change. At the level of resource community, the survival strategy consists of reactions which individuals (households), companies and authorities adopt in the face of a local economic crisis in various geographical settings. The study poses a question: Should the overall strategy of a community be further segmented into strategies of households? If we consider the countryside at an even higher spatial level, we should speak about development strategies rather than survival strategies of the countryside. The development strategy of the countryside deals with economic issues and business strategies are actively sought for, thus one can speak about 'the economization of the countryside' (cf. Tykkyläinen, 1999).

Resource Communities in Transition

The privatization process and its consequences had the most powerful effects on the changes in socialist production units. Legislation and the ownership rights changed. In Hungary the socialist rural production structure was dominated by the cooperative and state farm system. After the system shift these systems were destroyed at the beginning of the 1990s. The socialist cooperative organization was replaced by a new heterogeneous system. Some of the co-operatives got the legal status of a co-operative. The new cooperative system is based on voluntary joining, unlike in the former system. A new legal form of agricultural enterprises, LTDs (cf. Varis, 1998d), emerged and formed the majority of agricultural enterprises (cf. Kovács, 1998: 176). New peasant farms arose. Besides the aims to develop a model farm system out of the former state farms, the question of their reorganization remained unsolved and they continued their state-owned operation as in former times (Harcza et al., 1998: 221–222). Nevertheless the main institutional change was private land ownership which was reintroduced after almost five decades. This made it possible to assemble new kinds of production units.

The Karelian Republic, where the main rural livelihood had not been agriculture but forestry, also faced decisive transitional changes (Varis, 1998e). The forestry complex, which had organized the majority of rural production, was privatized. This meant that its structure was reorganized by partitioning it and distributing the shares to new owners instead of the former owner, the state. The new owners were newly-founded companies (in which the state still plays a significant role) and the proportion of individual owners (shareholders) remained negligible. Private land ownership was not established, unlike in Hungary. Some private peasant farms (*fermery*) were born, but their role in agricultural production has so far been insignificant.

Case Studies of Resource Communities

Several resource communities in the Karelian Republic and five in Hungary have been studied in the research project (Table 1). According to their natural resources two of the Karelian Republic villages are based on forestry and another two on fishing. All the Hungarian study villages are based on different types of agricultural production. In addition one of them, Szob, has quarrying as a second industry of the village. All case villages are peripheral in their regional context.

All the case resource communities have faced changes in their production units because of the transition process. In both of the Karelian forestry villages the production units of the forestry company lost their administrative status and 'dropped' to a lower category in the new forestry organization (Piipponen, 2000). Forestry as an industry is experiencing many difficulties in the two forestry villages. In both fishing villages new kolkhozes (co-operatives) were founded (Varis and Polevshchikova, 2000). One of them, Virma, had already lost its production unit several decades ago, but in the transitional situation it got a new one. Gridino's former kolkhoz was split up and a new one was founded. The competition between the two kolkhozes aggravates the diversification of the community.

The founding of new production units does not necessarily mean that the new units would be well-functioning and profit-making. The actual situation is quite the opposite. The new production units are facing difficulties in institutionalization, the legislation is not clear, and the state has serious economic difficulties. In addition the market-economy type of free businesses are not yet well-known.

In the Hungarian village Hunya the socialist cooperative was partitioned (Varis, 1998d; the same, 2000). It was replaced by a new cooperative and some private agricultural enterprises, LTDs. Some new family farms emerged and a few private enterprises providing agricultural supporting services. Other Hungarian villages, i.e. Ruzsa (Pál et al., 2000), Telekgerendás (Mátray, 2000) and Hollófoldje (Kovács, 1998) which have the same kind of production bases as Hunya, faced similar transformations. Telekgerendás still has a state farm which continues its operation in a kind of unclear situation. The case study village Szob (Kiss, 2000) is based on agricultural and mining industries, so its production structure has been more versatile than in the other cases. Thus it has experienced more compound restructuring than those resource communities which have been one-sided in their production.

The Hungarian cases also show that new production units are not necessarily easy solutions for organizing livelihood in rural villages. They have faced similar types of transitional problems as Russian villages. As Kiss (2000) puts it 'in fact, at local level almost the same processes have taken place as at macro level, but on a smaller scale.'

Table 1

Resource communities under study,
their industries and changes in the production units

Resource community	Industry	Socialist production unit	Transitional production / working units
Koivuselkä, <i>Russia</i>	forestry	– logging unit of lesopunkt (logging unit)	– subunit of lesopunkt
Matrosy, <i>Russia</i>	forestry	– lespromkhoz (forestry processing enterprise)	– logging unit of lesopunkt (not in operation)
Gridino, <i>Russia</i>	fishing	– fishing kolkhoz	– old kolkhoz <i>Pobeda</i> – new kolkhoz <i>Gridino</i>
Virma, <i>Russia</i>	fishing	– none	– new kolkhoz <i>Virma</i>
Hunya, <i>Hungary</i>	agriculture	– agricultural co-operative – sewing co-operative	– new agricultural co-operative – sewing co-operative – private agricultural enterprises – family farms
Szob, <i>Hungary</i>	agriculture agricultural and mining industries	– fruit processing factory – stone quarry – engineering co-operative – bakery – agricultural auxiliary farm – agricultural co-operative	– fruit processing factory – stone quarry – private agricultural enterprises – small bakery – farming co-operative
Ruzsa, <i>Hungary</i>	agriculture agricultural industry tourism	– agricultural co-operative	– new agricultural co-operative (disintegrating) – family farms – other private enterprises – foreign farmers
Telekgerendás, <i>Hungary</i>	agriculture	– agricultural co-operative – state farm	– new agricultural co-operative – state farm – private agricultural enterprises – other private enterprises
Hollófüldje, <i>Hungary</i>	agriculture	– agricultural co-operative – sewing co-operative	– new agricultural co-operative – some family farms – private agricultural enterprises – sewing company

Survival Strategies of Households in the Case Villages

Survival strategies of households are based on combining several types of income sources. Those which are formed through a transition of the production units are presented in Table 2. Three main types of survival strategies can be identified:

Table 2

Survival strategies formed through transition
of the production units in the case villages

Resource community	Transitional production / / working units	Transitional survival strategies of households
Koivuselkä, <i>Russia</i>	– sub-unit of lesopunkt	– defensive reactivity – passive adaptation
Matrosy, <i>Russia</i>	– logging unit of lesopunkt (not in operation)	– defensive reactivity
Gridino, <i>Russia</i>	– old kolkhoz <i>Pobeda</i> – new <i>Gridino</i> kolkhoz	– passive adaptation – innovative pro-activity – defensive reactivity
Virma, <i>Russia</i>	– new kolkhoz <i>Virma</i>	– innovative pro-activity – defensive reactivity
Hunya, <i>Hungary</i>	– new agricultural co-operative – sewing co-operative – private agricultural enterprises – family farms	– passive adaptation – innovative pro-activity
Szob, <i>Hungary</i>	– fruit processing factory – stone quarry – private agricultural enterprises – small bakery – farming co-operative	– passive adaptation – innovative pro-activity
Ruzsa, <i>Hungary</i>	– new agricultural co-operative (disintegrating) – family farms – other private enterprises – foreign farmers	– passive adaptation – innovative pro-activity
Telekgerendás <i>Hungary</i>	– new agricultural co-operative – state farm – private agricultural enterprises – other private enterprises	– passive adaptation – innovative pro-activity
Hollófldje, <i>Hungary</i>	– new agricultural co-operative – some family farms – private agricultural enterprises – sewing company	– passive adaptation – innovative pro-activity

Defensive reactivity — This is based on the self-sufficiency of a household (or on commuting in some Hungarian cases). It is an autarchic way of life where the maintenance of day-to-day living is based on small farming on household plots and on gathering the gifts of nature. On the other hand, it is also based on strong economically-based social networks (or on finding a job outside a resource community). These measures are adopted because the production unit of the resource community can no longer secure the reproduction of the local labour force.

Passive adaptation — In this way of operation, people try to secure the maintenance of their everyday lives by continuing to work in a production unit despite its radical restructuring. The production unit has changed its operating principles to those of the market economy and people have likewise adapted to this new arrangement.

Innovative pro-activity — Based on exploiting new opportunities, this strategy reflects the innovative behaviour of local people, in which they enterprisingly utilize the new possibilities of economic activity. These activities are locally innovative, because they were not possible under socialism.

Comparison of Resource Communities

Similarities and differences can be distinguished when comparing rural survival in Hungary and the Karelian Republic. The common feature for all resource communities in both countries is that production units have restructured. This has meant that rural inhabitants have faced the problem of finding new survival strategies. When the socialist production unit was restructured the dual economy of households became essential, even though the strategy of defensive reactivity is more prominent in Russia than in Hungary. Hungary's historical starting point (the existence of a socialist market economy) for the establishment of more variable survival strategies was more beneficial than that of Russia, while the shock therapy of Hungarian land privatization created more possibilities of developing new ways of earning a living.

Similarities:

- production units have restructured
- all three defined types of survival strategies exist
- dual economy of households is evident

Differences:

- strategy of self-sufficiency is more prominent in Russia than in Hungary
- Hungary's historical starting points were more beneficial for private entrepreneurship than Russia's (socialist market economy)
- shock therapy in Hungarian land ownership created more possibilities for new types of earning a living

This is the main comparison at national level. But differences exist between different resource communities inside the country. Some of them are doing better than others. Geographers tend to explain these phenomena with local specific features, which consist of local resources and human agency (Varis, 1998f). When talking about resource communities, where the resource-base is relatively stable, the role of human agency becomes significant. One factor of the human agency is *social capital* and one could ask whether social capital can explain the differences. Social capital implies collective resources connected with social networks of individuals and groups enabling them to enlarge their own power (Kortelainen, 1998: 221). Social capital (Putnam, 1993: 167) includes three main factors which are rules of society, the networks that mediate those rules, and the trust of the members of society in the credibility of the rules. In all cases the role of the leader of a production unit arose in the central position in the reforms and operation of the production unit. This same phenomenon has also been perceived in a similar kind of study environment in Estonia (Alanen, 1998). Previously, the development of Hungarian villages had also been seen as a result of the ability of leadership to implement their aims (Csatári and Enyedi, 1986). Social capital is closely related to human capital, but human capital is more stable when referring for example to the education and skills of people. Social capital, instead, emphasizes the dynamics of relations and connections (nexus) between actors.

The case studies show several examples of the meaning of social capital in local development. For example in Gridino the trust towards the new outsider chairman of the fishing kolkhoz was weak and led to a split of the kolkhoz members and to the establishment of a concurrent kolkhoz (Varis and Polevshchikova, 2000). In Hollófldje mistrust towards the chairman led to the failure of the reorganization, because 'he fought tooth and nail to save the integrity of this carefully designed and rational organization from the threat of destruction' (Kovács, 1998: 183). In Hunya, on the other hand, the socialist chairman of the cooperative continued his successful operation in a market-type cooperative and had confidence in his work (Varis, 2000). Thus the new cooperative became a strong production unit even though it worked alongside new kinds of private enterprises. Therefore, a conclusion can be reached: if the social capital of a community is high enough more possibilities will emerge to create survival strategies.

How do Survival Strategies of Households Affect Resource Communities — Conclusions

As noticed in the case studies, different survival strategies coexist in resource communities. Thus the survival of resource communities is dependent on a diversity of different strategies. The purpose of the research project

was to look at the influences of survival strategies on resource communities more theoretically. Then it is possible to categorize the survival strategies (cf. Varis, 1998c: 58–61) and their effects on the state of a resource community (Table 3).

Table 3

The categorization of survival strategies

Survival strategy of households	State of a resource community
Defensive reactivity	retroactive
Passive adaptation	static
Innovative pro-activity	dynamic

If a *defensive strategy* is the only means for households to survive, a production unit has weakened significantly or totally dispersed. In that case a resource community is in a retroactive state. This means that a resource community as a unit of regional division of labour gradually disappears. It might re-form its shape into another kind of community, but its resource function ceases to exist. In the future new kinds of reforms might appear and transformations and a resource community may get its resource function back. In fact this phenomenon has occurred in the case of Virma which lost its earlier function as a resource community during socialism but got it back during the transitional period.

If a *passive adaptation* is strong among households, it means that a resource community remains *static* although transformations in the community might be fundamental. A production unit is still the operative basis from which people get their livelihood. It is somehow ruled top-down, having the feature of stability and confidence. Either a production unit functions so well that there is no need for local people to change their work or it offers the only possibility for them because of the limits of human capital. A resource community will gradually stabilize its place in the new regional division of labour.

Innovative pro-activity is a strategy which has become possible because of the system shift. In socialism possibilities for different types of private entrepreneurship were limited. When a society transforms to a market economy these kinds of new strategies are, instead, favoured by the state, i.e. supra-local factors are accommodated to it. However, the strategy of innovative pro-activity is based on people's own initiative, in that sense the social capital in each community plays a decisive role. If this strategy is strong enough, a resource community is in a dynamic state. If this strategy is very common, a transformation process significantly reorganizes the community and settlement structures.

Transition has destroyed the socialist system of resource communities in which they were based on the operation of one single distinctive production unit. If households have many possibilities of survival strategies, a resource community also copes better. The existence of possible survival strategies is dependent on supra-local factors, i.e. such as state regulation and rural policy. If they hamper local initiatives too much, survival strategies are one-sided and archaic, and people just have to adjust to limited conditions. If supra-local factors offer multifaceted circumstances for local initiative, resource communities are more likely to survive.

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