

MARTOR



Title: "The Fall and Rise of the State in Rural Romania and Hungary"

Author: Andrew Cartwright

How to cite this article: Cartwright, Andrew. 2014. "The Fall and Rise of the State in Rural Romania and Hungary". *Martor* 19: 63-74.

Published by: Editura MARTOR (MARTOR Publishing House), Muzeul Țăranului Român (The Museum of the Romanian Peasant)

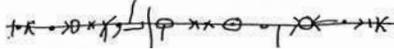
URL: <http://martor.muzeultaranuluiroman.ro/archive/martor-19-2014/>

Martor (The Museum of the Romanian Peasant Anthropology Review) is a peer-reviewed academic journal established in 1996, with a focus on cultural and visual anthropology, ethnology, museum studies and the dialogue among these disciplines. *Martor* review is published by the Museum of the Romanian Peasant. Its aim is to provide, as widely as possible, a rich content at the highest academic and editorial standards for scientific, educational and (in)formational goals. Any use aside from these purposes and without mentioning the source of the article(s) is prohibited and will be considered an infringement of copyright.

Martor (Revue d'Anthropologie du Musée du Paysan Roumain) est un journal académique en système *peer-review* fondé en 1996, qui se concentre sur l'anthropologie visuelle et culturelle, l'ethnologie, la muséologie et sur le dialogue entre ces disciplines. La revue *Martor* est publiée par le Musée du Paysan Roumain. Son aspiration est de généraliser l'accès vers un riche contenu au plus haut niveau du point de vue académique et éditorial pour des objectifs scientifiques, éducatifs et informationnels. Toute utilisation au-delà de ces buts et sans mentionner la source des articles est interdite et sera considérée une violation des droits de l'auteur.

Martor is indexed by EBSCO and CEEOL.

The Fall and Rise of the State in Rural Romania and Hungary



Andrew Cartwright

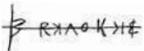
Research Fellow at the Centre for Policy Studies at the Central European University in Hungary

ABSTRACT

This article argues that whilst demographic fluctuations and land privatisation raised concerns that the state had little influence over rural affairs in Central and Eastern Europe, recently, there have been signs of a more assertive and interventionist state. Focusing on policies that address the realities of an aging farming and rural population, this paper argues that the return of the state recognizes that land no longer offers the same degree of security and that the transformation into a mixed and prosperous rural sector would require more direct action than suggested by the EU policy.

KEYWORDS

Post-socialist states; agrarian policy; rural populations; demographic changes; state intervention



Introduction

Understanding the relationship between the post-socialist state and the rural sector in Central and Eastern Europe has attracted the attention of a fair number of scholars. Political scientists have questioned the trajectory of new ruling coalitions that were partly based on revivals of historic peasant parties; economists speculated as to the productive potential of the newly privatized farm sector and anthropologists and sociologists focused on the changing demographic profile of the countryside and whether this meant the return or the continuing demise of the peasantry. In other words, there has been a renewed concern with the political, economic and social dimensions of the contemporary agrarian question.

As the introduction to this volume shows, some of the questions about state policy, the make-up of the rural population and the dominant forms of agricultural production are by no means new or original. That being said, certain features of the current agrarian question are distinct, at least

in terms of form. Whereas political economy stressed the continuities and change in the new constellations of power, sociologists and anthropologists highlighted how the central state was profoundly weakened by the transition (Hann 2006). For some, the principal metaphor of the rural transition especially was state withdrawal, whether in terms of its willingness to regulate prices and production, controlling freedom of movement or providing public services. At the same time, intense competition from West-European producers and detailed trade and production regulation from the European Union created a new and, sometimes, baffling environment for discussion of old agrarian and rural questions.

Arguably, the rural areas have been especially amenable for revealing the ambivalent nature and consequences of state withdrawal; whilst neo-liberal governments allowed or encouraged the private sector, they showed scant support for traditional rural employers and an almost cynical tolerance to the collapse of rural public services and the huge increase in rural poverty. Some commentators wondered how long rural areas could play a so-called buffer

role that relieved pressure on urban areas, at the same time as urban-rural migration was hastening the rise of the rural ghetto and the dramatic, albeit unevenly spread, exodus of young people from the countryside. As we shall see, one of the particular battle lines in this contest was the provision of farm subsidies and social security in the rural areas. Throughout CEE, the strict boundaries between the two became even more blurred and contested than in other parts of the continent. If agricultural land was to be returned to mass ownership, then surely this could re-establish rural livelihoods on the basis of private land ownership, self-provisioning, and, in time, semi-subsistence production. In one scenario, this could lead to the creation of that frequent totem of agrarian politics, the family-based commercial farm, with the attendant question of how far this transition would require active state support and, if so, what form exactly. On the other hand, the distribution of land to almost one in four of the Romanian population could be a major buttress that could place social welfare policy on an explicitly peasant footing; the restoration of private land becoming the principal means whereby rural land owners (and their urban-based kin) could take care of themselves.

Not everyone agreed that neo-liberal agrarian policies were the byproduct of a weaker, nearly absent rural state. In both Hungary and Romania, which will be the main two countries in focus in this paper, the early 1990s witnessed a substantial decentralizing of powers to local “self-governing” institutions. Villages assumed responsibilities that had long been held by more distant authorities, including revenue raising powers, albeit on a limited scale. Later in the decade, co-operation between small settlements was encouraged so that scarce resources would go further and there were plenty of examples of initiatives to jointly manage rural schools, clinics and other public services. The image of wholesale state marginalization was perhaps an exaggera-

tion. Not only did both states retain significant agricultural and forest holdings, they continued to shape the market for agricultural products, particularly when it came to the price of staples like bread and the supply of inputs.

Nevertheless, the relationship between the state and the emerging private sector, notwithstanding its position in the wider post-socialist reforms, remained one of the more inscrutable of post-socialist puzzles. Was mass land ownership a long-term cushioning strategy that could allow for a much more gradual and presumably less disruptive approach to development and modernization? On the other hand, was it an anachronism that threatened accession to the European Union on the grounds that no member state would agree to quadruple the Common Agricultural Policy budget to accommodate all these new “farmers”? What exactly was the new rural population? Was it shrinking or growing? Were the urban poor relocating to the countryside on a temporary or permanent basis? Were they settling down or just catching their breath? And what of the later waves of out-migration and their returns of remittances? What would such income mean in the countryside – land accumulation, property renovation or smooth income fluctuations in the absence of meaningful rural pensions?

The contemporary agrarian question can be examined from many different perspectives. Here I combine traditional concerns such as land tenure, with more questions reflecting the shifting demography of the rural areas, such as the function of social welfare policy and the importance of public services. Whilst not discounting the thesis of state withdrawal, there is also an argument that state intervention in both Hungary and Romania is on the rise. Whether as a bigger land owner, in the land market or assuming greater responsibilities from local authorities, there is a more assertive state compared to earlier post-socialist years. If this is so, then what explains this return? Is it a realization that the EU has

only a limited interest and capacity to engage in large scale and complicated agrarian questions? Or does it reflect changes in the international economy and increased preferences for land and commodity-based investments?

The first section examines demographic changes in both countries and the implications for agricultural and rural development. The second section looks at the advantages and disadvantages of owning farm land, including a case study of land policy in respect of the rural elderly. The third section examines relations between the state and the rural population, through the changing provision of rural services, while the final section relates these actions to the original idea of the withdrawal and subsequent return of the state.



The demographic context

In many parts of Europe, overall population levels are bound to shrink, coupled with a significant aging of the population. By 2025, the median age in Slovenia will be 47 and 20 per cent of Bulgarians will be over 65 years old (Chawla, Betcherman, and Banerji 2007). Debates on population aging encompass their economic implications, consequences for political participation (Goerres 2009), for inter-generational relations (Czekanowski 2011), and the organisation of education systems, to name but a few (Chawla, Betcherman, and Banerji 2007).

In many parts of Europe, rural settlements face a very uncertain future, particularly where the further reduction of public services may accelerate out-migration and weaken the attraction of the countryside. Whether or not the quality of public services can halt or even reverse negative demographic trends is questionable — a recent report on policy alternatives for regions facing demographic pressures, for example, was at a loss to what to recommend to do in Sachsen Anhalt, Germany: “In a nutshell, it appears that a weak reproductive poten-

tial, ageing and depopulation are the biggest challenges for the case study regions. The relatively high birth rates in the Scandinavian regions and the comparatively “young” age structure of the Hungarian regions’ population attenuate these problems somewhat. For Sachsen-Anhalt, on the other hand, it seems that the gathering demographic clouds have no silver lining” (ESPON 2013, 59).

Strong rural–urban connections have long been a distinct feature of the CEE region and have perhaps been an underutilised resource when contemplating future settlement needs. As Table 1 below shows, the rural populations remain a significant portion of the overall population.

Table 1: Urban populations for Hungary, Romania, Serbia and selected countries: 1970–2020

Country	1970	1980	1990	2000	2010	2020*
Denmark	79.1	83.7	84.8	85.1	86.8	88.1
France	71.1	73.3	74.1	76.9	85.2	89.6
Hungary	60.1	64.2	65.8	64.6	69.0	73.4
Ireland	51.7	55.3	56.9	59.1	61.9	65.1
Romania	40.3	46.1	53.2	53.0	52.8	53.5
Serbia	39.7	46.1	50.4	53.0	56.0	59.6

* Predicted figures based on UN DESA (2012).

However, unlike in Western Europe, rural migration has been associated with the urban poor, seeking to reduce their living costs, rather than the affluent, seeking a peaceful retirement. Many in the new countryside have entered into farming unwillingly and more as a part-time stop gap rather than a new career. Remittances from younger migrants can compensate for the loss of labour and care, although there are very little signs that these funds have been used to improve and expand agricultural production. The majority of the 6 billion euros sent home to Central and Eastern Europe in 2007, for example, was used to supplement household expenses – around about half – and also spent on financing education. Only 3 per cent was used on actual investment (Fihel et al. 2007).

Dealing with and understanding the dynamics of rural population change have been a key epistemological test case. The current 'resident population' figures only partially capture the true dynamics of rural residency. It was the Hungarian anthropologist András Czegledy who coined the phrase 'urban peasant' to describe those who spend their weekends and summers in the countryside, staying in family homes often with an elderly relative living there relatively full-time. According to Czegledy urban peasants were engaged in food production not so much out of economic necessity; their time spent in the countryside reflected their attachment to "self-provisioning", which gave the chance to spend time with family, sharing the fruits of their labour with friends, family, and neighbours. Urban peasants were important because not only did they ensure the upkeep of rural properties, they also could help take care of elderly relatives and even neighbours. However, they were not tomorrow's farmers and, in that sense, there was no need to consider them as potential beneficiaries of subsidies, training and other efforts to promote family-based farming.

Whilst such demographic features may seem relatively marginal to the agrarian question, they can be placed in a wider context of rural developments, which understands the countryside in terms of non-farm based benefits to urban areas. One example that has become emblematic is in respect of care for migrant children. It has long been common for children to spend their long summer break in the countryside. Now, this has been extended to all year round. Urban children living with their rural relatives have become a significant feature of Romanian migration, where often both mother and father migrate to work in Spain, Italy or elsewhere. According to a UNICEF study in cooperation with the "Alternative Sociale":

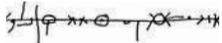
350,000 Romanian children had at least one parent abroad in 2008. This represented 7% of the population under 18 years of age. The study noted that 126,000 children under

10 years of age have both parents abroad. Another 400,000 children have suffered the absence of one parent for long periods. The rural Romanian regions suffer the most from this phenomenon. In particular, the Romanian Moldavia has 100,000 "white" orphans. Other regions that particularly suffer include Transylvania, Oltenia and Muntenia (Bezzi 2010).

Arguably, both sets of urban groups transcend the notion of temporary guests and, in terms of rural development, they can be seen as a significant feature. Areas close to cities and larger towns are more susceptible to these kinds of population fluctuations and are at an advantage compared to villages with fewer amenities and badly served by transport connections. Sociologist Dumitru Sandu found that villages further away from large settlements were more likely to experience permanent out-migration. Whereas villages with populations of around two thousand people, close to European highways and with a history of commuting, higher numbers of young people and relatively high unemployment were more likely to experience circular rather than permanent migration. In fact, almost 60 per cent of all circular or return migration in the Romanian countryside originated in only 4.4 per cent of villages (Sandu 2000, 18).

Incorporating demographic complexities into policy and planning is not straightforward. Migratory flows are fickle and the lengths of time spent abroad or the level of remittances are very hard to predict. Higher numbers of children staying with grandparents might be good for rural school numbers, but, with unpredictable economies in host countries such as Spain and Italy, these children staying in the countryside may well be disrupted when their parents return. In a similar vein, the presence of 'urban peasants' can signal healthy urban-rural connections, but it can also be affected by the waning of interest amongst young people and the availability of green markets in the towns and cities.





The advantage and disadvantage of owning land

As is well known, the land reforms of the 1990s favored restitution to pre-collective owners, although they did so in different ways. Hungary restored land to former legal owners¹, but also distributed compensation vouchers that could be used to purchase apartments or invest in newly privatized enterprises. Vouchers could be spent anywhere in the country, creating strong competition for land where soil was fertile or the landscape attractive. They also led to the “voucher market” where recipients converted their vouchers into cash (Swain 1993).

Land reforms had a significant impact on the nature of ties between urban and rural areas. In some areas, they produced a new class of landowners with little farming experience, but with expectations that their land could provide profit and security. However, without farm management skills, capital and equipment and, in some cases, without the support of their younger family members, many quickly abandoned farming to become “either village-based pensioners or external to either the [former] co-operative or the village, or both” (Swain 1999, 1206). In Romania, over six million people applied for land under Law 18/1991, representing close to one quarter of the entire population (Cartwright 2001, 118). Unlike Hungary, land was usually returned in the same location as it was in the pre-collective days. It was then divided between former owners and, should they no longer be living, their lawful heirs. According to the World Bank, almost 60 per cent of these claimants lived in urban areas.

Given this land distribution, it was unsurprising that the early post-socialist agrarian question would turn on issues of conditions of tenure and building the infrastructure for new land markets. Both countries reverted to old techniques for reducing the fragmentation of land; all sales of land had to first recognize the pre-emption rights of fam-

ily members, neighbors and locals offering them first refusal on any sale of land. Secondly, and invoking the specter of good and bad landowners, new rules were introduced to limit land-based speculation; in Hungary, for example, entities with a legal personality were not allowed to own land, only to lease it and, in both Hungary and Romania, there were ceilings on the maximum amount of land an individual could own. And throughout CEE countries, restrictions on foreigners buying agricultural land were loudly introduced (although there were plenty of ways around these rules in practice).

In Hungary, the opening up of agriculture transformed the rural economy. Whereas agriculture, hunting, fisheries and forestry contributed almost 13 per cent to GDP in 1990 and employed nearly 700,000 people, by 2008, the number working in the same sectors was down to 174,000 and the share of GDP was just over 4 per cent (Hungarian Central Statistical Office). The pressures led many to abandon farming in the commercial sector, the semi-subsistence farms and even the subsistence weekend or hobby farms. There was a significant reduction in the domestic livestock industry, as well as there was a steady decline in the once profitable fruit and vegetable sectors. This was accompanied by a steady rise in land rented out on long-term leases. There has also been a transformation from rents being paid in kind to rents being paid in cash (Biro 2008, 61-88).

The distribution of land in Romania had different consequences for the countryside. Under Law 18/1991, those who had worked for years on the collective farms, but did not own land before, could receive land only after the former owners and their heirs had settled their claims. The antagonism and social divisions created by the land reforms undermined the cultivation of local land — those who were relatively land-rich tended to be labour-poor and those with labour were unwilling to work for those who, they felt, had cheated them from their fair returns (Verdery 2004).

1) The land and non-land assets of the co-operatives that were still formally privately owned by members of the co-operative (but were in collective use) were fully restituted to their legal proprietors.



The fact that land ownership could be a source of both profit and security was not lost on central and local decision makers. In Romania and, to a lesser extent, Hungary, social welfare transfers gradually shifted towards means-testing when it came to assessing entitlements and it is here that we can witness some of the more subtle dimensions of the agrarian question (Barr 2005). In Romania, the minimum income program regulated the valuation process for household assets, including land which was assessed according to size, local rents and soil quality. Income from land could then be imputed to the household, regardless of whether the land actually provided such an income. According to the UK's Department for International Development (DFID), the land valuation process frequently worked to the detriment of many rural households (Sinclair et al. 2002, 11). Given the limited revenue raising powers of many local authorities, it was vital that they could maximise central transfers and minimise the contributions that had to come out of local budgets. If land values were set at an artificially high level, then the imputed incomes from land would carry households above the poverty threshold and thereby the applicant would not be entitled to minimum income support. As local authorities had to contribute 20 per cent to minimum income support, inflating land values was a useful technique to reduce local social security bills. The DFID researchers found that, in some parts of Romania, rural land values exceeded those in the most exclusive capital suburbs in the country (Sinclair et al. 2002, 11).

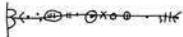
Land ownership was a disadvantage in other ways. De-collectivisation created hundreds of thousands of new land owners. However, not every kin claimant was registered in the land cadastre. Households disguised the actual division of intra-family land incomes by registering ownership in the name of a single elderly relative. This reduced taxation, it maintained access to certain welfare benefits, as well as reduced the costs of notaries and other land registration fees. In Hungary, much land was owned by

younger, often urban-based, family members in the form of undivided shares. These shares were usually found in larger fields making it easier for larger producers to rent and use the land. Again though, all the 'real owners' might not feature on the property title. Traditional practices of family inheritance might govern the division of benefits, and yet, over time, the implications of these arrangements became steadily more disadvantageous to those with the misfortune to be owners. It was estimated that over one million cases of intergenerational land disputes filled up the Romanian courts in the 1990s (Cartwright 2001, 118).

Fragmentation of land was a further complication on the restructuring of the agrarian sector. Where owners were too old to work the land or their offspring no longer interested, the consequence was an increase in the amount of land that was abandoned. Although there are few official statistics, there is a growing number of studies and institutions that cover the topic. In 2013, Kummerele et al found that almost 10 per cent of Romanian farmland was abandoned, whereas in Hungary, the proportion was estimated to be closer to 5 per cent. An earlier study in Romania gave a higher estimate of 17 per cent (Rusu et al. 2002), whereas Alcantara et al found that between 1990 and 2005, 28 per cent of all cropland was abandoned in Romania (2013). While land abandonment rates are lower in Hungary, there are still significant portions of land that are unworked. In 2011, the European Court of Auditors found almost 900,000 hectares of land deemed ineligible for support under the Common Agricultural Policy on the grounds that it was not in Good Agricultural and Environmental Condition.

The problem was that the reconstruction of the land market did not prove able to facilitate the circulation whether through sale or lease. Whilst there might be strong demand for land outside of Bucharest or around Lake Balaton, there was much less activity in more remote, hilly and hard to

reach areas. Alcantara, for example, found that the rates of abandoned land were especially high in central Romania.



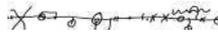
Rural Population Decline and the Elderly

The elderly are in many ways one of the central players in the contemporary rural question. Not only are the majority of active farmers in their mid-fifties and over, the rural population in many rural areas is made up of pensioners. Older owners are also the dominant group of land owners, whether they are based in the urban areas leasing out their land or living in the countryside and still working at least part of their land. In other words, if it had one, the colour of the agrarian question would be silver.

In respect of their elderly populations, local authorities in the rural areas have had limited scope for providing services in the past twenty years. Outside the major urban areas, there were (and still are) virtually no residential facilities for the elderly. Local authorities in Romania, for instance, have understandable reasons for treating land as actual income even when it actually provides none. In some cases, public services have become a shared task between the lowest self-governing settlements and intermediate regional or county authorities. Home-care visits for the elderly in Hungary are organised by micro-regional authorities and delivered in conjunction with social services department from larger conurbations. In other words, the smallest settlements may no longer have principal responsibility for the elderly, but they can still play an important role in representing local needs.

Policy debates concerning the rural elderly are often beset by ideological arguments that invoke on the one hand, the dangers of foreign takeovers and, on the other, state exploitation of rural poverty as a means of acquiring land. In respect of public services for the rural elderly, there have been significant discrepancies between ru-

ral and urban residents (Milbourne, 2012). Those who worked for the state or in collective farms received far smaller pensions than their urban counterparts. Although many state enterprises went bankrupt, the loss for rural pensioners was aggravated by the attendant collapse of basic public services. As we have seen, rural underemployment and low pensions could be offset by the fact of land ownership, and yet, the slackening of ties between rural and urban areas changed the context in which land was seen as an unquestionable rural asset leading to a significant change in state policy towards private property.



Loosening the attraction of land: Land for Pensions

The Act on Agricultural Land (1994) and the Act on the National Land Fund (2001) saw the introduction of the Land for Pension (LFP) scheme in 2002 in Hungary (Cartwright, Medve-Balint, Svensson 2010). Open to all land owners who were over 60, holding between 1-20 hectares and able to prove sole ownership, it soon proved to be a very popular policy, each round of applications receiving twice the number it was able to pay for. Under the program, the state bought land from elderly landowners in exchange for an extra monthly payment on top of their pension. Land values were calculated by taking into consideration the local golden crown value of land (the standard means of assigning notional value based on soil quality and geographical location), as well the estimated value assigned by the owner. The annuity is then divided across the estimated number of years that the owner is expected to live. In many cases, the additional income equals, but sometimes surpasses the value of their current pension. Furthermore, payments over a number of years often meant that the state bought the land for a price that went well beyond its market value.

The program is also designed to support





land consolidation by acquiring and amalgamating small parcels to create larger surfaces that can then be rented out or sold to family farms. Over the years, the emphasis has changed as to the principal beneficiaries; most recently, stress is on this land being used to support the development of the small to medium sized sector. Secondly, the LFP reflects an acknowledgement of the extent of rural poverty and the fact that farm land should not be automatically deemed to offer secure incomes; in the words of Government Directive, 255/2002, “the program is meant to give a ‘realistic alternative’ to those who cannot farm due to age and who want to “make life a little bit easier in their remaining years by the extension of the pension”. The LFP program signals a counter example to those who would see the state as having withdrawn from rural affairs.

From a local perspective, interviews with successful applicants and responsible administrators in two villages in Eastern Hungary in late 2009 showed that individual and intra-family relationships in respect of land were more pragmatic than sentimental. All the applicants had very low pensions and their sons and daughters were uninterested in farming and, in most cases, no longer lived in the village. None of the applicants actually owned land themselves before the change of regime. They received restitution coupons because their parents had owned land or because they had been employees of the co-operative. One 65-year-old widow described how her children encouraged her to sell the land in order to top up her pension which was at that time, around 150 euro per month. She refused at the beginning since she said she did not want to strip her children of their heritage. Eventually, however, the children convinced her that they were absolutely not interested in inheriting the land and would much prefer if she used the money to increase her own pension. A second interviewee, a 74-old widow, said she had “several sleepless nights before making the decision. One wants to leave something for the children,

but also has to live without being a burden on them.” In almost all the cases we interviewed, the decision to sell the land was described as being a joint family one. All the interviewees wanted to show that their children had agreed or encouraged their decision, and that there was no regret on the children’s part that they would no longer be able to inherit land. One widower conceded that his sons were not entirely happy with his decision to sell his land to the state. In contrast to the other would-be inheritors, these two sons actually owned land of their own, but as they had made it clear that they did not want to help cultivate their father’s land, he decided to apply to the scheme without asking their opinion.

As one of the applicants explained, even his father, whose large land property was confiscated in the 1950s and who was alive at the time of the restitution, considered the land that he got back as “money found on the street”. As he continued, “forty years had passed by in the meantime, so my father never expected that his confiscated land property would become his own again.” It was also common that the land sold to the state under this scheme was generally unmarketable and was not able to provide a proper standard of living. When they first received land two decades before, many informants had high expectations of the rewards they could expect. Some worked the parcels themselves, some leased them out and many kept livestock. Unpredictable prices for pork, high input costs and reports of broken contracts led many to give up livestock switching their rent from in kind payments to cash.

In almost all cases, none of the younger family members demonstrated any interest in owning, renting or cultivating the land. As one interviewee added:

“I still have 5.5 hectares of land, but my son is a PhD candidate in mathematics and is not interested even in renting out the land <...> it is unsecure, there are many examples of how difficult it is to find or manage the relationship with a tenant, even the Association

will hardly pay you anything. It is also difficult to sell."

Even though the area has one of the highest land values in the country, annual incomes from leasing seldom exceeded 120-150 euro per year and, with most interviewees having very low pensions, they needed the extra income. As one interviewee put it: "the land has essentially become a burden". Under these circumstances, the LFP scheme with its generous monthly payments compared very favorably to the rents owners could expect. In many cases, a single monthly payment is higher than the total annual rent. This way, it took very little time to 'earn back' the value of the land sold to the state through the monthly payments. As one said, it took him 3.5 years to receive the sum he thought he would have received if he had sold the land. Since he sold it at 60 and can expect the extra annuity till he dies, he hopes to get much more from his land.



Conclusion: Private exits, state returns and foreigners

It seems clear that, although operating at different speeds and according to considerations, exiting from farming and relinquishing land ownership has been a key feature of the contemporary agrarian question in Hungary and Romania. In some cases, this was in response to the difficulties of starting private farming in the context of external competition, lack of capital and labor and an increasingly heavy regulatory burden coming out of the European Union. Although, there have been moments in which the state offered widespread support to semi-subsistence producers, longer term policies have encouraged exits from both land ownership and private farming. The decline in the smallest part of the farming sector has been quite spectacular. In Hungary in 1995, there were over 1m small holdings under production, whilst, by 2007, the year of the last Farm Structure Survey that number was down to 390,000. The average

age of a private farmer is now 56 and the proportion of farmers under 40 is only 12 per cent. In Romania, the agricultural work force and the number of holdings is still second only to Poland in the European Union; however, there are also strong signs of withdrawal from farming without any replacement by younger generations. The family labor force, for example, which cultivated the vast majority (84 per cent) of private farms, dropped by a quarter between 2005-2007 and there were even higher proportions of elderly owners who were producers – 71 per cent of holders of agricultural land were over 55 and over half the private agricultural work supplemented their pension through subsistence production. All three countries have introduced various inducements to speed up this transformation in the structure of farm ownership. As was the case throughout the EU, farmers could apply for early retirement at 55. This program proved especially popular in Poland, with over 70,000 applications approved and a further 30,000 expected by 2013. However, as the evaluators pointed out, although the early retirement measure was wholly justified in their view, at the other end of the spectrum, there was significantly more supply of land and farms than taken up under the young farmers program².

One of the interesting aspects of contemporary agrarian question is the extent to which it draws on EU policies and programs. As mentioned above, there has long been a profound wariness towards the collapse of the agrarian question into the rural question in CEE. With good grounds, many wondered whether it made sense to include all the new farmers of Eastern Europe in the Common Agricultural Policy. Was it good public policy to use limited EU funds to subsidize a three hectare farm outside Bucharest? Was there not a danger that the CEE states would try and deal with a whole range of rural under-development problems within the context of the already bloated CAP, hence the real concern over what would be the dividing lines between

2) See Ex-ante evaluation of the Rural Development Program 2007-2013, page 24, Annex Five, Rural Development Program for 2007-13, Ministry of Agriculture and Rural Development, 2009.

subsistence, semi-subsistence and commercial farms? In many respects, Brussels was loath to give explicit direction to these questions and whether it is demise of the early retirement scheme or the fact that the land for pensions programs had to be funded entirely from domestic sources, the EU is a much more marginal player than what might otherwise be portrayed.

A second example of the assertive state is in respect of the continuing exit from family land ownership. As land prices rise and the interest of foreign buyer increases, the state assumes an increased role as part broker, part land manager. By 2011, the National Land Fund in Hungary, had acquired ownership of 1.82 million hectares of land, which amounted to 180 907 parcels or 23 per cent of the total agricultural and forest land in the country. Its remit, according to its Director, is to “provide land for family farms, animal husbandry, to improve the land ownership and land leasing system, influence land prices and land leasing fees, activating the land market (both sale and leasing), to act against land speculation.” In the context of increasing land concentration in certain parts of the country, as well as the benefits to be gained by accessing large amount of EU subsidies, the role of the state in respect of domestic farm land has become increasingly complicated. As one recent study on land-grabbing in Europe put it:

On the one hand, the state – or progressive factions receptive to the interests of small farmers and civil society concerns – is leading the charge in investigating suspicious land deals and taking measures to curb them, such as with the uptake of ‘pocket contracts’ in the new Criminal Code. On the other hand, the state also facilitates many large-scale land deals. A state-capital alliance characterized by elite enrichment, corruption and cronyism threatens to stymie any attempts to tackle land-grabbing in Hungary. The transfer of thousands of hectares of formerly state-owned lands into the hands of small group of people between 2002 and 2010 is indicative of

this alliance. It is, in a sense, a kind of ‘pocket contract’ enforced by the state involving the large-scale selling off or long-term lease of formerly state-owned land to big business at the expense of local small-scale farmers (Fidric 2013).

According to the same author, foreign landownership in Hungary amounted to between 1-1.5 million hectares of farmland. In Romania, where state land ownership is around 20 per cent of all agricultural land, the land market was opened to foreign buyers from January 1st 2014. Previous estimates put the total amount of land in foreign hands at between 600-700,000 hectares. In this context, state land ownership becomes even more of an issue, whether or not this is in terms of facilitating access to land for foreign buyers, or, as some pronouncements from the Ministry of Agriculture have put, it defending the national interests by facilitating access to smaller, family farmers.

The idea of the state withdrawing from rural areas may remain relevant in respect of those places where the population is shrinking fast. In these cases, public services may be increasingly based on the supply of mobile services, such as home visits and temporary health clinics. Maintaining rural schools to retain and increase local populations is bound to remain controversial. However, in respect of the elderly who still own the majority of private farm land, there does appear to be a willingness to accept that farmland is not always able to provide the income, security and sense of obligation that it once did. Turning land-based security into cash-based security seems to be in line with larger trends in social welfare policies. It also reflects the ongoing disengagement of both the rural and urban populations from direct self-provisioning of food, which had been one of the more contradictory elements of the post-socialist agrarian question. Encouraging people to grow their own food could indeed cushion many during a time of profound upheaval. How far it could be the basis for a new private agrarian sector in the context of the European Union



was a wholly different matter. It is tempting to agree that, at least in the early 1990s, the state was relatively powerless to deal with both the social and economic dimensions of the agrarian question. However, as both the market and the EU seemed to be unable

to deal with the transformation of the rural areas, the central state secured an increased role for itself and, in some dimensions, particularly those relating to the elderly, returned to a central position in rural life.

BIBLIOGRAPHY

- Alcantara, Camilo, Kuemmerle, Tobias., Baumann, Matthias, Bragina, Eugenia V., Griffiths, Patrick, Hostert, Patrick, Knorn, Jan, Muller, Daniel, Prishchepov, Alexander V., Shierhorn, Florian, Sieber, Anika, and Radeloff, Volker C. 2013. "Mapping the Extent of Abandoned Farmland in Central and Eastern Europe Using MODIS Time Series Satellite Data." *Environmental Research Letters* 8 (2013): 1-9.
- Bezzi, Cristina. 2010. "White Orphans, the Enlargement's Children." *Osservatorio Balcani e Caucaso*, July 7. <http://www.balcanicaucaso.org/eng/Regions-and-countries/Romania/White-Orphans-the-enlargement-s-children-77630>
- Barr, Nicholas. ed. 2005. *Labor Markets and Social Policy in Central and Eastern Europe: The Accession and Beyond*. Washington, DC: The World Bank.
- Biro, Szabolcs. 2008. "The Hungarian Land Market after EU Accession." *Studies in Agricultural Economics* 107(March 2008): 61-88
- Cartwright, Andrew L. 2001. *The Return of the Peasant: Land Reform in Post-Communist Romania*. Reading: Ashgate Publishing.
- Cartwright, Andrew L, Medve-Balint, Gergo, and Svensson, Sara. 2010. "Inheritance Matters: Changing Land Use Trends amongst the Elderly in Rural Hungary." *Center for Policy Studies, Working Paper*. <http://cps.ceu.hu/publications/working-papers>
- Chawla, Mukesh, Betcherman, Gordon, and Banerji, Arup. 2007. *From Red to Gray: The 'Third Transition' of Aging Populations in Eastern Europe and the Former Soviet Union*. Washington, DC: World Bank.
- Czegledy, Andre. 2002. "Urban Peasants in a Post-socialist World: Small-scale Agriculturists in Hungary." In *Post-socialist Peasant—Rural and Urban Constructions of Identity in East Europe, East Asia and the Former Soviet Union*, edited by Pamela Leonard and Deema Kanef, 200-20. Basingstoke: Palgrave.
- Czekanowski, Piotr. 2011. "Implications of Population Ageing for Family Relations and Family Care." In *Population Ageing in Central and Eastern Europe: Societal and Policy Implications*, edited by Andreas Hoff, 209-26. Farnham: Ashgate.
- European Observation Network for Territorial Development and Cohesion, 2013. *Selective Migration and Unbalanced Sex Ratio in Rural Regions (SEMIGRA)* (ESPON 2013 European Union Programme). <http://www.semigra.eu> (accessed 1 February 2013).
- Fidric Robert. 2013. "The Return of the White Horse: Land Grabbing in Hungary." In *Land Concentration, Land Grabbing and People's Struggles in Europe*, edited by Jennifer Franco and Saturnino M. Borrás Jr. Transnational Institute.
- Fihel Agnieszka., Kaczmarczyk, Pawel, Mackiewicz-Lyziak, Joanna. and Okólski, Marek. 2007. "Labor Mobility within the EU in the Context of Enlargement and the Functioning of the Transitional Arrangements." Center for Migration Research, University of Warsaw.
- Fox, Katy. 2009. "Confusion, Secrecy and Power: Direct Payments and European Integration in Romania." *Annuaire Roumain d'Anthropologie* 46: 63-75.
- Goerres, Achim. 2009. *The Political Participation of Older People in Europe: The Greying of Our Democracies*. Basingstoke: Palgrave Macmillan.
- Hann, Chris. 2006. "Not the Horse We Wanted!": *Postsocialism, Neoliberalism and Eurasia*. Halle Studies in the Anthropology of Eurasia. Munster: Lit Verlag.
- Hungarian Central Statistical Office. <http://portal/ksh.hu>.
- Milbourne, Paul, ed. 2012. *Journal of Rural Studies: Special Edition: Growing Old in Rural Places* 28/4: 315-658.
- National Commission of Statistics. 2000. *From Rural Poverty to Rural Development*. Bucharest: NCS.
- Rusu, Marioara., Florian, Violeta, Popa, Mihail, Popescu, Marin, and Pamfil, Virgil. 2002. "Land Fragmentation and Land Consolidation in the Agricultural Sector: A Case Study from Romania." Paper presented at the international symposium on land fragmentation and land consolidation in Central and Eastern European Countries: A gate towards sustainable rural development in the new millennium (February, 2002).
- Sandu, Dumitru. 2000. "Emerging Transnational Migration from Romanian Villages." http://www.migrationonline.cz/studies_f.shtml?x=195089 (accessed 27 February 2013).
- Sinclair, B. and Associates Ltd. 2002. "Evaluation of the Implementation of the Minimum Income Guarantee (Law 416/2001): Final Report." (funded by DFID (Department for International Development and the World Bank). Durham: Mountjoy Research Centre.
- Swain, Nigel. 1993. "Golden Crowns, Lollipops and Stamina: Reprivatising Land by Auction in Hungary." *Centre for Central and Eastern European Studies, Working Paper No. 9 Rural Transition Series* ISSN 1464-7745.
- Thelen, Tatjana, Cartwright, Andrew, and Sikor, Thomas. 2008. "Local State and Social Security in Rural Communities: A New Research Agenda and the Example of Post-socialist Europe." *Max Planck Institute for Social Anthropology Working Paper 105* at <http://www.eth.mpg.de/deutsch/pubs/wps/mpi-eth-working-paper-0105.html> (accessed 26

February 2013).

Ulrich, Louis, Bojincă, Marian, Stanciugelu, Stefan, and Mihaila, Viorel. 2011. *The Fourth Wave: The Brain Drain along the Route between Romania–The West*. Bucharest: Soros Foundation.

United Nations Department of Economic and Social Affairs. 2012. *World Urbanisation Prospects (2011 revision)*. New York: Population Division, UN DESA.

Verdery, Katherine. 2004. *The Vanishing Hectare, Property and Value in Postsocialist Transylvania*. Ithaca and London: Cornell University Press.

von Benda-Beckmann, Keebet., Thelen, Tatjana., and Kovács, Katalin. 2012. *Local State and Social Security in Rural Hungary, Romania, and Serbia*. Halle: Max Planck Institute for Social Anthropology, at http://www.eth.mpg.de/cms/en/research/d3/pglp/project_lsss.html (accessed 26 February 2013).

