



AgEcon SEARCH
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search

<http://ageconsearch.umn.edu>

aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

**THE ISSUE OF LAND OWNERSHIP AND RURAL NATIONALISM IN
THE EAST CENTRAL EUROPEAN /ECE/ COUNTRIES.
A CASE STUDY OF HUNGARY**

Anna Burger
Institute of Economics of the Hungarian Academy of Sciences
Budapest 1112 Budaorsi-ut 45
e-mail: burgera@econ.core.hu

**Paper prepared for presentation at the XIth EAAE Congress Copenhagen, Denmark 24-27
August 2005**

Abstract

Land has had a crucial role in the rural-nationalist ideology, especially with respect to its scarcity. In this ideology the land itself embodies a symbolic meaning which could be referred to as the “national mother-earth” which must be protected from aliens. This was the reason why the governments of the ECE candidate countries asked and received a period of 7-12 years exemption from EU rules with respect to the free movement of capital for the purpose of purchasing agricultural land.

My thanks go to the OKTK and OTKA Hungarian research foundations for supporting the research on which this paper was based.

Keywords

land ownership, EU accession, ECE countries, rural nationalism. JEL Q 10.

Introduction

This paper deals with the emergence, causes and historical events of rural nationalism concerning national land protection from aliens.

For the prospective new EU members agriculture was a crucial issue in the negotiations for accession. This was particularly the case for those countries which possess large agricultural areas (such as Hungary); they have tried to protect their national interests as much as possible. Among these interests the rate and sum of agricultural and rural (structural) subsidies seemed to be the most important, given that the development of agriculture depends to a great extent on these. However, many accession countries preferred to put the protection of national land against ownership by aliens at the top of their negotiating agenda. Negotiations concerning this question generally preceded the issue of subsidies and later received almost equal significance with them.

This paper tries to explain the reasons of this preference. First, it examines how the facts support the official assertion that the sale of land to foreigners would cause land scarcity for domestic farmers. Second, it deals with the historical development of land ownership in different regions of Europe. Third, it investigates how the rural nationalist ideologies emerged and developed on the bases of history and historical land scarcity in the countries of the European periphery. Fourth, it deals with the survival of some nationalist ideologies at a time when their historical bases no longer exist.

The paper is based on facts and data of economic policies and on theories of economic history and political economics.

The sale of land to foreigners

The free movement of capital was provided in the treaty of Rome. EC Article 54 (3) (e) of the EC Treaty provides that the Council and the Commission shall carry out their duty to enable a national of any Member State to acquire and use land and buildings situated in the territory of another Member State, insofar as this does not conflict with the principles of the common agricultural policy (van der Velde and Snyder, 1992). The free movement of capital within the EU was fully achieved in 1992. In its 2002 report on enlargement the Commission concluded that “the liberalization of capital movements in line with the *acquis communautaire* is now almost complete in most countries...but some countries still need to conclude the process of agricultural land reform” (Commission of the European Communities, 2002).

In the Hungarian negotiations in connection with agriculture and EU accession, exemption from EU rules about the acquisition of land by any EU national gained an issue of great importance. The 1998-2002 center-right government asked for and received a seven years transition period after the accession in which foreigners would be prevented from buying agricultural land. The succeeding socialist government negotiated for and received a possible prolongation of the transition period by 3 years (i. e. a prolongation of the transition period) if land prices remained lower than the EU average

after seven years. They claimed that they wanted to prevent speculative land purchases impeding the development of viable farms.

The reasoning of both governments was that with land prices being so low in Hungary it would make it possible for foreigners to buy large areas of land at cheap prices, thus causing the problem of land scarcity for domestic farmers. Only those self-employed foreigners who had farmed for three years on rented land and lived in Hungary would be exempt from the land-buying prevention. However, even this exemption was opposed by many politicians. Similar transitional periods have been granted in all ECE countries (except Slovenia). During this period the countries concerned can restrict the ability of non-residents to acquire agricultural land and forest (Grover, 2003). The Czech Republic, Estonia, Latvia, Lithuania and Slovakia have been granted a seven-year transitional period and Poland has been given a twelve-year period in which the mentioned restrictions will be in force. The transitional arrangements will be reviewed within three years of accession and they can be terminated or shortened by the EU. If there are serious disturbances in the agricultural land markets, or a threat of serious disturbance, the transition periods can be extended for up to a further three years for all the mentioned countries.

The question could be raised: why is it that only agricultural land has received such attention? After all, the governments of transitional countries have been keen to invite foreign firms to buy national enterprises or establish new ones in the industry and service sectors. They are glad to have as much foreign direct investment in these sectors as possible. Most of the Hungarian food industry is in foreign hands: 57.4 per cent of capital present in the food industry in 2002 was of foreign origin (Kapronczai, 2003). At the same time the share of foreign capital in agriculture was not more than 7.1 per cent (mainly in agricultural companies). Agriculture was mostly damaged in the early years of the transition in almost all the accession countries and it has hardly recovered since that time. Therefore it needs at least as much foreign direct investment as industry. Since agricultural production is confined to land, capital inflow would be confined to it as well. Land should be available for investors either in the form of rent or of ownership. In a market economy the decision concerning the choice of the form depends on the entrepreneur. If a government permits only the renting of land, -coupled with discriminative conditions - foreign investors tend to regard it as a restriction of their entrepreneur's freedom. Consequently, many potential foreign entrepreneurs are discouraged from getting involved in any form of agricultural enterprise in those new EU countries which have brought restrictions into force.

Is there a danger of land scarcity?

Arguments claiming that if foreigners were to be able to buy land inexpensively in Hungary the domestic farmers would not have sufficient land for farming can be refuted easily. The counter-argument is the present cheapness of the land itself. If land really was scarce the demand for it would be greater and land prices would be significantly higher than now. On the Western border of the country prices are much higher than elsewhere because there are already Austrian tenants (Erb, 2003) who are waiting for buying permission or who hold land with contracts that are not technically legal.

Data disprove land scarcity

According to statistical data, land is not scarce in Hungary. The number of those working full-time in agriculture has shrunk between 1990 and 2001 from 693,000 to 239,000 and their share in the total employment of the national economy has decreased from 14.2% to 6.2%. The share of agriculture in the GDP was 7.8% in 1991 and 3.8% in 2001. The number of individual part-time and full-time farms diminished between 1991 and 2000 from 1,396,000 to 959,000, i. e. by 31%. It is mainly farms of a size under 1 ha that have been abandoned. The uncultivated area increased between 1989 and 2001 from 1,064,000 ha to 1,574,000 ha, i. e. by 48% (Structural Changes in Agriculture, 2003 and Statistical Yearbook of Agriculture 2002, 2003). The data demonstrate the fact that Hungarian farmers would not be prevented from buying land if they wanted to do so. Though the land concentration of individual farms appears to have been significant in recent years - as Table 1 shows - this has taken place mainly due to renting, not ownership. The number of individual farms under 1 ha has decreased from 81% to 72% of the total number of farms and their share of the land area has fallen from 17% to

not quite 7% between 1994 and 2000. At the same time, the number of farms over 50 ha has increased from 0.1% to 0.7 % of the total number and their share in the land area has risen from 15.5% to almost 31 %. The concentration took place first of all in the larger farm categories. Table 2 shows that the larger the farm is, the more land it has which is rented.

Table 1. Development of individual farms between 1994-2000

Farm size (ha)	Number of farms (%)		Share of farms in the agriculture area (%)		Average farm size (ha)	
	1994	2000	1994	2000	1994	2000
>1.0	81.4	71.9	16.8	6.8	0.2	0.2
1.1-5.0	14.5	18.5	27.4	15.7	2.2	2.3
5.1-10.0	2.4	4.4	14.3	11.6	6.9	7.2
10.1-50.0	1.6	4.5	26.0	35.1	19.0	21.4
50.1<	0.1	0.7	15.5	30.8	102.9	113.5

Table 2. Share of rented land on individual farms

Farm size (ha)	Rented land (%)
1	19.4
1-5	23.9
6-10	39.2
11-20	48.3
21-50	64.4
51-100	77.2
100 <	73.7
All	37.8

Sources: National farm surveys carried out by the Hungarian Statistical Office in 1994 and 2000.

The land market is still weak in Hungary. It is weak partly owing to the weak demand, and partly owing to the postponed selling by those land owners who are waiting for higher prices. The demand is weak because of the uncertain future of agricultural production, the still prevailing failings in the surveying, registration and consolidation of land, and the prevailing restrictions on ownership. Individual ownership of land is limited to 300 ha. Furthermore, foreigners, co-operatives and companies are prevented from buying agricultural land. All these aspects cause uncertainties in the market.

On the supply side the postponed selling by absentee owners is causing problems. A great part of the agricultural land area was effectively privatized after 1990 in favor of the former owners or their heirs (Swinnen, 1997). However, many of the former owners and their heirs have migrated away and

out of agriculture over recent decades, and they have become urban dwellers. Many of those who had remained in agriculture are now dead or have retired since the beginning of the systemic changes. Furthermore, many of the descendants of those once involved in agriculture have turned to other spheres of economic activity. As a result of these developments absentee ownership has become a general pattern. Although it would be rational for absentee owners to sell their land to those who want to cultivate it, this rarely happens. Many owners are "sitting" on their rural property because land prices are low owing to the weak land market and the low agricultural incomes; thus these sitting owners are waiting for higher prices (Burger, 1998). However, land prices will not grow significantly until the demand for land increases and this depends on, among other things, the lifting of restrictions on the purchase of land.

If economic data and facts do not support arguments about land scarcity, why are so many public figures opposed to the acquisition of land by foreigners? In fact, the reasons are political and social rather than economic.

The role of history

The prevention of foreigners owning land became a principle of the 1990-94 center-right wing government and its followers. They claimed that the "Hungarian motherland" must not get into the hands of aliens. This sort of ideology is supported not only by rightists but also by some other people who feel that they are "real" patriots. It can be found in other ECE countries, as well. It can even be recognized in those Western European countries where there is a desire to protect the results of - sometimes relatively late - land reforms (Granberg et al. eds., 2001). In these Western countries there were - and still are - many restrictions on the selling and buying of land, there are limitations on the size of land which can be owned, and there are criteria for selecting the persons who are eligible to own land for the purpose of farming. In some countries the intention to preserve the results of land reforms is connected with sentiments against foreigners. Such sentiments are related to the aim of protecting domestic small farmers and/or because the countries in question have, at some stage(s) in their history, been occupied by foreign powers for shorter or longer periods. These countries are sensitive to those times when many of the big landowners in their territory were foreigners.

In Hungary, and in some other ECE countries nationalist ideologies stem from similar facts. There was a hunger for land until land reforms were carried out after the Second World War. However, the reforms were soon followed by collectivization, which again deprived people of the opportunity to own land. The respective histories of Hungary and some other new EU members show that occupation by foreign powers has indeed been a notable and uncomfortable feature. However, these countries are now sovereign independent states and most of them have plenty of land available due to the much-reduced agricultural population. Yet despite this fact some political forces still attempt to enliven the old nationalist sentiments. In their arguments agricultural land is the symbol of the "motherland" and those countrymen who are tilling it are "maintaining the nation" and defending the motherland from aliens.

In the core of Europe, in those "more fortunate" countries where industrialization and rapid growth occurred much earlier than in ECE, agricultural reforms were generally carried out in the 18th century (Ciepielewski, et al., 1980, Cameron, R., 1993, Burger, 1994). Feudalism and its remnants were abolished and thus tenure based on serfdom also disappeared to give way to the creation of tenant farms. Communal land was distributed. In England many large feudal farms became capitalist tenant farms. In other countries most of the tenant farms became individually-owned small farms and during the land reforms a great number of large farms were distributed among smallholders. Agriculture was quickly modernized and mechanized everywhere and so the demand for labor diminished. Labor migrated into the industrial and service sectors. Governments generally supported agricultural modernization by developing the rural infrastructure of their countries, supporting rural investments, irrigation, drainage, land reclamation and consolidation projects, and creating a network of rural schools. They also provided cheap credits for farming and, later on, subsidies to support production and prices. What is perhaps most important of all, the governments of these more developed countries established the solid legal ground for individual farming, and in this way agriculture was fully integrated into the national economy. It can be seen that over time agriculture has grown at an equal or almost equal pace with other economic sectors. Most of the former agricultural

population has become an urban one. The living standards and quality of life of the remaining agricultural population have gradually approached the living standards and quality of life of the lower urban middle classes.

What happened on the periphery of Europe was not the same as in the developed “core” countries. In the North- South- and East European countries (Wallerstein, 1984, Berend, 1996, Granberg et al. eds., 2001) industrialization and agricultural reforms took place much later than elsewhere. Emancipation of the serfs was carried out in most ECE countries only in the mid-19th century. Large capitalist estates still operated on bases that could be recognized as feudal (e.g. share-cropping, obligations to perform unpaid labor to pay off debt, rent payments, etc.) (Berend and Ránki, 1974). Semi-feudal practices remained for a long time after the emancipation. Many large estates were owned by absentee owners, the cultivation practices used on them were extensive, and their productivity was low. Few of them became intensive capitalist farms. Owners of those capitalist-type farms that did exist were often food- processing firms or foreigners. Small- and middle-size farms accounted for a much smaller part of the agricultural area than large estates. The peasantry was poor - much poorer than the small urban working class. In the countries of the periphery the state administration and government itself represented the large landowners of the ruling class and supported them. Smallholders in agriculture effectively had no representation and no support.

Over the centuries many countries of the periphery had been occupied by aliens. The Baltic States were freed from Russian rule after the First World War but were occupied again, this time by the Soviet Union, in 1940. The countries of Eastern Europe have, over the centuries, been occupied for various periods by Turkey, Prussia, Russia, and Austria. (It should be added that for ECE countries proper independence from the former Soviet Union is still young.) Furthermore, some inhabitants of the occupying countries acquired large estates in these countries and they continued to possess them even after the independence of those countries.

In the European periphery land reforms began from the end of the 19th century. In Bulgaria and Serbia land was distributed among the peasants after Turkish rule finished at the end of the 19th century. Between the two world wars radical land reforms were carried out in Bulgaria and in the new states created after the First World War: in Romania, Czechoslovakia and Yugoslavia. (In the ECE the land distribution in Bulgaria was the most equal.) The land reforms included expropriation of the land of citizens of the former occupiers or of “loser” countries. Among these expropriated landowners were many Russians, Turks, Muslims, Austrians, Germans and Hungarians living in different countries. The land of many citizens was expropriated by the governments in territories which were given to the new states as part of the peace accords after the First World War. (Two-thirds of the Hungarian territory and one-third of the Hungarian population was distributed among the neighboring countries by the Trianon peace treaty after the First World War.) Ethnic discrimination was also practiced in the land reforms carried out after the Second World War in the ECE. The least radical land reforms were those of the 1920s and 1930s in Poland and in Hungary. In Poland - which was freed from the occupation of Germany, Austria and Russia after the First World War – a mere 20% of estates larger than 100 ha were distributed. In Hungary the government was a coalition which included the Smallholders Party but even so, a little less than 6% of the agricultural land area was distributed among peasants in the 1920s. Furthermore, the Hungarian government paid large compensation to landlords who offered to give up some of their land.

In many countries the late agrarian reforms were not accompanied with significant economic growth. In the ECE the only exception was democratic Czechoslovakia where quick industrialization and development took place. Development in the other countries of the ECE stagnated between the two World Wars. After the Second World War they became part of the Soviet sphere of interest and thus developed in a particular way different from that of other European countries.

In countries where economic development stagnated the agricultural population remained large and its own development was stagnant. Agriculture was not modernized and manual labor was only partially replaced by mechanized work. The peasant way of life was preserved and did not approach the urban quality and standard of life. Migration to urban areas was small because the small urban industries could not absorb those trying to “escape” from the backward rural way of life. Many people emigrated to America in an attempt to get away from rural poverty.

The rural nationalist ideology

A particular rural-nationalist ideology developed on the basis of peasant poverty and this, coupled with poverty and unemployment in cities, accompanying the initial development of capitalism, involved the belief that these were particular symptoms of capitalism at all.

The rural nationalist ideology, struggling against and wanting to end poverty, had emerged at the end of the 19th century (e.g. the narodniks in Russia) and blossomed in the first part of the 20th century. However, some remnants of it have even survived right up until now. It sought the causes of poverty in the rule of capitalist, half-feudal landlords, in the lack of radical agricultural reforms and in capitalist urban development (Berend, 2000). Representatives of this sort of ideology were intellectuals – in Hungary mainly writers, sociologists, and politicians. They were generally of peasant origins but some of them came from gentry families. Between the two World Wars there were both leftists and rightists among them (some right-wingers were close to fascist movements), and also centrists. Their monographs and literature about the poverty of rural people received great response at that time.

Rural nationalists supported a form of anti-capitalist development which would be based on small-farm agriculture. They did not see any promising future in industry and industrial development. Hence they did not anticipate any decrease in the agricultural population. On the contrary, they held the growth of the latter as a nation-maintaining force as a desirable thing. According to them the remedies for rural social problems would involve radical agrarian reforms, land redistribution and the modernization of small farms. Land was a central point of their ideology (probably owing to its scarcity). Land was not only the embodiment of wealth but also the symbol of national being. According to their ideas land was equal with “mother earth”, and the peasantry which tilled it represented the nation. With the land and its maintenance in the hands of the peasantry it was protected from aliens. This was not only in the interests of the agricultural population but also for the benefit of the whole nation. Being tied to the “mother earth” was set against the internationalism of the urban working class and the cosmopolitanism of the urban intelligentsia.

Nationalist intelligentsia opposed not only urban capitalism but the urban intelligentsia as well. At the time of the initial development of capitalism the number of urban intellectuals was few and many of them had their origins in foreign families (i.e. they were from families which belonged to citizens of former occupiers and had remained in the country or immigrated into the country). Many industrialists, bankers, merchants and some big capitalist farmers were of the same origins. In Eastern European countries a lot of Jews and Germans had such occupations. This strengthened the anti-capitalist feeling against the urban intelligentsia. In the rural nationalist ideology anti-capitalism was accompanied by sentiments against aliens - i. e. against those who had alien origins. They were often made responsible, among others, for the negative features of capitalism and the poverty of the nation. Nationalist gentries had another reason for their antipathy towards aliens. For a long time many members of the Hungarian gentry had used the incomes from their low-productivity farms to support a luxurious lifestyle. They became indebted, impoverished and eventually ended up as meagerly-paid employees of central and local government offices. They then accused the Jews of taking away from them the opportunities to become industrialists or bankers. The Hungarian intelligentsia was divided into two parts: rural-nationalists and urbanites. Urbanites were regarded by many as Jews (although in fact there were many non-Jews among them). Thus emerged an ideology connected with the primacy of small farm development opposed to capitalist industrial development, accompanied with sentiments against aliens.

At its height the roots of the ideology could be seen in the backward economy, the big agricultural population, land scarcity, memories of long foreign occupations, and envy at the fortunes accumulated by some aliens.

Some political parties – such as those that claimed to represent peasants, smallholder and agrarian parties - and some other political movements took over the rural nationalist ideology. These, generally small parties, represented the interests of the peasantry and smallholders in the parliaments which existed between the two World Wars. There were also bigger parties among them: e.g. in Czechoslovakia the Agrarian Party. Some of them were leftists, some rightists, and some centre rightists. Their role in national politics depended either on the number of seats they had in parliament (and their alliances under a system of democratic rule), or on the political system of the country. For

example, between the two world wars the far-right Hungarian government only tolerated those parties in parliament which could not endanger its rule. This kind of party was the Smallholders Party, which virtually had complete control of the Ministry of Agriculture in the early 1920s. It carried out a land reform which, while appearing to be progressive, did not endanger any big estate and hardly increased the land area held by smallholders.

The survival of rural nationalism

Many things have changed in the economy and in politics since the Second World War. The role of agriculture has diminished even in the most backward countries of the European periphery. The number of people working in agriculture has significantly fallen and the land scarcity has decreased with it. However, ideologies generally last longer than the social bases on which they originally developed.

Rural nationalism is a branch of nationalism as a whole. It can easily be converted to, or connected with other nationalist ideologies. Although in the ECE socialist countries it was forbidden to promulgate nationalist principles, they lived on tacitly and were spread in a veiled manner. In Hungary some politicians of rural origin, acting in the ruling Socialist Party even had such attitudes.

In Hungary there was a great increase in the living standards of the agricultural population during the 1970s and 1980s, which included workers and employees of production co-operatives and state farms. This made their quality of life much higher relative to the earlier living standards of agricultural workers and individual small farmers (Burger, 2003). Consequently, the rural-nationalist ideology did not receive the public reflection it had been given earlier. Nationalism therefore shifted towards ethnic problems, to questions of the suppression of the ethnic Hungarians in the territories lost to neighboring countries after the First World War, and to the damaging consequences of the decreasing ethnic Hungarian population and the growing gipsy population. Irredentism - i. e. claiming back the territories taken away after the First World War - was an official governmental ideology before the end of the Second World War. However, it did not have a big role in the ideology of rural nationalists who in general, opposed the policy of the government. Nevertheless, after the war the rural nationalists also integrated this into their ideas. Hidden anti-Semitism could also be found.

Since the beginning of the systemic changes at the end of the 1980s all the tendencies of nationalism have reappeared. There has been a revival of agricultural smallholdings with many poor subsistent producers; the latter have provided a base for rural nationalism again. It has to be mentioned, however, that rural nationalists are in some ways more responsible for the “new” poverty than some political and economic factors.

The agrarian and also some other political parties in the former socialist countries (except Albania) argued for, and achieved a situation in which a great part of their agricultural land was not privatized for the benefit of the users (i.e. for the members, workers and employees of production co-operatives and state farms) but for the earlier owners or their heirs. The restitution of land was different from the privatization of industry and other sectors of the economy where, with local variations, reprivatization, or the return of property to former owners has rarely taken place. In the case of industry property has been sold, or distributed freely, or there have been buy-outs by managers and workers. Generally some small compensation was paid for wealth that had been confiscated, albeit less than its real value.

In agriculture something different happened. For instance, in Czechoslovakia (and also in East Germany) all the former owners had maintained their titles to their land in the land registration records. They received back their land. In Hungary only those owners received back their land who had remained as members of co-operatives and had kept their title deeds. Those who had left the co-operative farms were forced to sell their land at low prices to the co-operatives and did not keep their original title deeds to it.

The Hungarian Smallholders Party (the successor of the old party which had played an active role before the Second World War) was a part of the central-right wing coalition government in the “first free Parliament” between 1990-94, and it had 12% of the votes. This party was instrumental in pushing a law through parliament - against the intention of the government majority - to ensure that all the earlier owners who had owned land after the land reform of 1945 should receive that land back. It was claimed that the aim of this law was to reestablish the agricultural system of individual, private

smallholdings that had existed at that earlier time. The Constitutional Court rejected this law although it had been accepted by the Parliament. The reason given by the Court was that one particular group of the population should not be handled differently from those others who received only compensation bonds for their confiscated property. Evading the decision of the Court, the Smallholders Party gained acceptance for a policy which made it possible for compensation bonds to be used by former owners in order to claim vouchers that would enable them to bid for land held by co-operative farms and partly by state farms at compulsory auctions. Since the value of the compensation bonds fell far short of any property taken during the process of nationalization, in the case of land the state offered subsidies for up to 50 hectares. The result was that the average agricultural land property became 3 ha (Agricultural Policies, 1999) and four-fifths of the co-operative land area went into the ownership of outsiders. Although the land restitution techniques were different in other transition countries, the results were similar.

Absentee ownership became widespread. Large farms now had to rent land from absentee owners. The effect of this was to increase production costs and diminish incomes. It has to be mentioned that some of the farmers possessing the biggest holdings were among those who had forced through, and supported land restitution to former owners.

The production and incomes from agriculture have fallen enormously since the transition in many ECE countries. The causes have been many-sided, but the manner of privatization has had a significant role among them. The agrarian and other right-wing parties blamed the co-operatives and their managers (in Hungary they called them “green barons”) for the bad agricultural situation. They demanded the liquidation of co-operatives and the companies organized by some co-operatives and state farms. They held it necessary that a total redistribution of land take place among smallholders. They regarded the lifestyle of the old individual smallholders to be ideal and opposed any large farming and co-operation as something strange and alien to the peasant mentality.

In the more developed industrial and agricultural ECE countries support for the liquidation of co-operatives and other large farms was small (in contrast to the less developed countries such as Romania and Bulgaria). In the more developed countries - such as in the former Czechoslovakia and in Hungary - large farms were well-mechanized and yields were fairly high, thus ensuring higher living standards than before collectivization for the much smaller rural population; the opposite was the case in the less developed ECE countries. Large farms were not sufficiently mechanized there, yields were low, agricultural incomes were low, labor requirements were high, and the agricultural population was relatively big. More descendants of former owners lived in rural areas and worked there than in the more developed ECE countries. Therefore many more rural people wanted land for subsistence farming. The support for land redistribution and its restitution to former owners, and also the liquidation of collective farms, was also greater.

However, these tendencies were not so evident in the agriculture of the more developed countries. Owing to resistance to the dissolution of the large farms of many people working in agriculture, most large-scale farms have survived in the Czech Republic and Slovakia (Agricultural Policies, 1999) and about 50% of agricultural land is used by large farms in Hungary. (It has to be mentioned that later on some of the large farms were also reorganized in Romania and Bulgaria.) Even in the eastern part of Germany about 50% of agricultural land belongs to large-scale farms.

Large farms have everywhere been reorganized into companies and “new-type” co-operatives. In general they have become smaller, engaging less workers and employees and producing less than earlier. The economic situation of most of them is not very good but it is often better than that of the country’s agriculture as a whole (the latter having deteriorated significantly since the transition).

However, the Hungarian Smallholders Party was not satisfied with the sort of development mentioned above. Thus during its membership of the 1990-1994 centre-right coalition government it attempted to force through laws in co-operation with other right-wing and nationalist forces. These laws were intended to ensure that co-operative farms and their companies, and also foreigners would be prohibited from owning land. The aim of the laws was also to prevent the strengthening of large farms and to protect Hungarian smallholders against domestic and foreign competition. The party in charge of the Agricultural Ministry in both the 1990-94 and 1998-2002 center-right coalition governments – a party which had about 12% of votes in both - often took discriminative measures against the reorganized large farms in order to weaken them.

Most individual farmers are poor and have little influence on their own fate. Among the nearly one million people who are farming in some form in Hungary there are not more than 10% whose annual production value is between 4000 and 20000 euros and only 1% is above 20000 euros (Agriculture in Hungary, 2000). There are not more than 55,000 full-time farmers and only a few of them are economically strong.

More land and property concentration, more capital, more co-operation and vertical production, processing and trading-integration: these are needed for the development of agriculture. Lifting the buying restrictions could promote foreign direct investment and stimulate the land market. These would contribute to a cessation of the separation of land-use and land-ownership.

Conclusions

Rural nationalism, as part of nationalism as a whole, has survived in the transition countries. Although the role of agriculture has diminished, the number of people working in agriculture has significantly fallen, and land scarcity has decreased, land has remained a crucial point in the ideology. Protecting it from aliens means protection of “mother earth” and of national being. Protecting small farmers means suppressing large farms and hampering land concentration. It is true that only a part of the population supports rural nationalism, but politicians must pay attention to it, even when they do not agree with it. This is the reason why, in the negotiations about accession to the EU, an important question concerned exemption from EU rules with respect to the acquisition of land by foreigners.

References

- Agricultural Policies in Emerging and Transition Economies (1999). Vol I. Paris, France: OECD.
- Agriculture in Hungary (2000). Regional Data. Budapest, Hungary: Hungarian Statistical Office.
- Berend, I. T. and Ránki, Gy. (1974). Economic development in East-Central Europe in the 19th and 20th centuries. New York, USA: Columbia University Press.
- Berend I. T. (1996). Central and Eastern Europe, 1944-1993: detour from the periphery to the periphery. Cambridge Univ. Press, -VIII (Cambridge studies in modern economic history; 1): 382-400.
- Berend, I. T. (2000). The Failure of Economic Nationalism: Central and Eastern Europe before World War II. *Revue Économique*, vol. 51: 315-322.
- Burger, A. (1994). *The Agriculture of the World*. Aldershot, UK: Ashgate.
- Burger, A. (1998). Land valuation and land rents in Hungary. *Land Use Policy*, Vol. 15, No. 3: 191-201.
- Burger, A. (2003). The Land Issue in the Central European Agriculture and Horticulture. A Case Study of Hungary. *Acta Horticulturae* 621: 19-28.
- Cameron, R. (1993). *A Concise Economic History of the World from Paleolithic Times to the Present*. Second Edition. Oxford, UK: Oxford University Press Inc.
- Ciepielewski, J., Kostrowicka, I, Landau, Z., Tomaszewski, J. (1980). *History of the World Economy (Dzieje Gospodarcze Swiata Do Roku)*. Warsaw, Poland: Panstwowe Wydawnictwo Ekonomiczne.
- Commission of the European Communities (2002) *Towards the Enlarged Union: Strategy Paper and Report of the European Commission on the progress toward accession by each of the candidate countries*, COM 700 final pp: 17, 19. Brussels, Belgium: CEC.
- Erb, K.H. (2004). Actual Land Demand of Austria. *Land Use Policy*, Elsevier Ltd. Vol. 21 Issue 3: 247-259.
- Granberg,L., Kovách, I. Tovey, H. eds. (2001). *Europe’s Green Ring*. Aldershot, UK: Ashgate.
- Grover, R. (2003). *Land Tenure and European Union Accession*. FAO paper. Rome: FAO.
- Kapronczai, I. ed. (2003). *The Hungarian Agriculture from the Transition to the EU. (A Magyar Agrárgazdaság a Rendszerváltástól az Európai Unióig)*. Budapest, Hungary: Szaktudás Kiadó Ház.
- Statistical Yearbook of Agriculture 2002 (2003)*. Budapest, Hungary: Hungarian Statistical Office.
- Structural Changes of Agriculture in the Nineties (2003)*. (A mezőgazdaság strukturális változásai a kilencvenes években). Budapest, Hungary: Hungarian Statistical Office.

Swinnen, J. F. M., Buckwell, A., Mathijs, E. eds. (1997). *Agricultural Privatisation Land Reform and Farm Restructuring in Central and Eastern Europe*. Aldershot, UK: Ashgate.

Van der Velde, M. and Snyder, F. (1992). *Agrarian Land Law in the European Community*. In Grossman, M. R. and Brussaard, W. (eds), *Agrarian Land Law in the Western World*. Oxford, UK: C.A.B. International, 1-19

Wallerstein, I. (1984). *The Politics of the World Economy: The States, the Movements and the Civilizations*. Cambridge, U.K: Cambridge University Press.