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BUDAPEST



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The prospective research programme of the Research Institute for Agricultural Economics serves the fundamental transformation which takes place in the economy and social relations of the country and continues in a renewed form the activities through which it tried to contribute to the preparation of the change of the regime. The outlining of the new agricultural policy came to light in this sense and various reform papers were published followed by the elaboration of the problems of landed property and land reform and other surveys. The new research programme of the Institute is linked with the research priorities of the Ministry of Agriculture and reflect those basic economic and agricultural problems with which the country will be confronted. From the aforesaid it is obvious that research should serve practice in a broad sense but so that opportunity should be offered at the same time for scientific generalization.

It is no exaggeration to state that the realistic demonstration of the facts was perhaps never needed as in the days of regime change and in the forthcoming years. Hungarian economy will be confronted with new challenges: export capacity and performance should be improved so that they must comply with the strict requirements of a closer attachment to the Common Market and simultaneously maintain its presence also on the markets of the East European economy.

The programme of the Research Institute for Agricultural Economics does not only aim at the thorough demonstration and critical evaluation of the given situation, but also endeavours to lay the future out of historical antecedents, international experience and the domestic situation by prognostizations. Proposals, prognoses are elaborated destined for promoting the economic practice and the further scientific research.

Surveys, analyses and evaluations prepared at RIAE may contribute to lay the foundation of the Ministry's activity, but beside this may usefully serve the better elaboration of the agropolitical programmes of organizations for the safeguarding the interest and of political parties, and naturally the professional people of the newly developing entrepreneurial world too.

The programme - corresponding to the previous years - supposes a tight cooperation with the interdepartmental programmes of the Hungarian Academy of Sciences and with the various research plans of other highest authorities and research institutes.

The research results are utilized directly through the professors of the University working in the Institute and processed in the educational material indirectly in professional training and postgradual training. The colleagues working in the Institute undertake active role in performing the tasks of the reform of subject matter of instructions, in the renewal of the education of professionals in agriculture - based on international experiences.

All of the planned, main research trends not only prove the available international experiences, but also promote to line up the Hungarian agriculture to the international vanguard by joint research and other cooperational solutions. The researchers undertake an active role in the preparation of connections with various international and other foreign institutions, scientific and other professional cooperation, and in the establishment of international economic connections.

The research programme of the Institute covers - according to the profile of the research organization - a wide range. Taking into account the available research forces and material sources the broad pannel has been put into an order of importance and we want to divide them into five main subject:

- the transformation of problems concerning the property and enterprise relations,
- the development of the market and its operational mechanisms,
- problems concerning the growth and structure of agrarian production,
- the modernization of the financial system in food economy,
- employment, social and settlement development relations in agriculture.

Beside focusing the research in this trend, we have to take into account for the fact that more actual problems must be answered raised by the current economic situation. These must be considered as our natural task, however, with the remark that their fulfilment greatly depends from the possibility to create a self-standing information base. This base will naturally lay the foundation for the research in the Institute but will also serve directly the governmental and interest safeguarding work with its ecopolitical information.

Under the new economic and social conditions success can be achieved only if we can overcome the tasks of quick and exact discovery of facts. For the fulfilment of this task we have the suitable preconditions and even the majority of the needed equipment is also available. Thus, the settlement of the financial problems means the base to start the work in this direction.

The collective in the Institute prepares systematically reports about the research results achieved and these are published in institute papers, xeroxed manuscripts and periodicals serving the professional and scientific public life. Relying on the information base to be established, and the data collected in the frame of the research work we also undertake to prepare individual studies highlighting the actual problems of our changing world, partly on basis of our own decision, partly of external order.

On the basis of all these we are of the opinion that we will be able to fulfill partly or in whole, the demands of a very wide sphere of users. In order to suit these aims at the best, we plan and handle the programme elastically, refraining from falling into the trap of answering only the actual problems or the scientificity having an end in itself. Therefore, we welcome all proposals, professional recommendations or remarks concerning the character of our work and its subjects. This programme contains in a concrete form the things to be done in the next 3 years and indicates the trend change of research tasks for a longer term.

1. The research of problems concerning the property and enterprise relations

The aim of research in the sphere of problems is to follow up the current changes in the property, plant, company and entrepreneurial relations within food processing, the scientific generalization of various phenomena, experiences, the exploration of contradictions, obstacles and beside illustrating the given situation true to life, to prognosticate the expected changes.

The researches do not consider the sphere of problems in the property, enterprise and entrepreneurial structure as a process having an end in itself but are looking for answers to how do they actually promote the improvement of efficiency, the bettering of competitiveness in agriculture and food processing and the formation of the socialist market economy.

On the basis of continuous observance, analysis and evaluation the timely signalization of advantageous and disadvantageous phenomena and easy to survey and reliable picture can be formed about the transitional state of property and holding structure.

The expected results in this subject can be utilized in a wide range: in the directing and market organizing activity of the state, in the various self-governing and interest safeguarding organizations and in the entrepreneurial, enterprise sphere.

In the socialist market economy based on mixed property the starting situation of agriculture is more advantageous as compared to other fields of the national economy on account of the relatively larger proportion of integrated and independent small-scale and private producers. However, it is a great problem how is it possible to proceed out of this situation, how to stop the disadvantageous economic processes continuing since the beginning of this decade (increase of withdrawal of subsidies, lack of financial means etc.) and to put the food processing industry to a more effective path?

The observation, analysis and the generalization of the experiences in the private farms leading a main and auxiliary pro-

duction wishes to explore the operation, difficulties and results in the traditional family farms and private producers of entrepreneurial character. The investigations expressively stress to clarify how can the private farms promote the improvement of the agricultural efficiency and elastic adaptability.

The scheduled work in this field seeks an answer to the problems of equal chances of private farmers to the difficulties of their supplement with capital, to the formation of the efficiency of capital, to the land property and utilization relations in farming, to the material-technical state, conditions of production, marketing circumstances, market anomalies, to the various attempts for self-organization and integration.

The investigations are also aimed at the expenditure-land-yield inferences being fully in obscurity in the sphere of private property, at the development of leasing relations, at the challenges of the era: to explore friendly to environment farming, economizing water and energy. The research also covers the desirable development trends of the family farms prevailing in Europe and in Hungary as well: to the development of auxiliary activity, to the changes in sizes etc. The experiences of our surveys prepared about the private farmers leading a main farming and second economy in 1989 and 1990 shall all be utilized for this.

We also look for answers how do the family private farms and the farms of entrepreneurial character play a role in the proprietorial resp. land structure.

The role, economic weight of the state owned agricultural and other enterprises will also change in the coming years. The analyses will reveal the discrepancies between the desirable and actual changes, the stress points, dangerous focuses and the advantageous results. The investigations will show how can the state property of universal aim and formation serve the more successful activity of agrarian branches, the realization of social aims.

The work to be carried out would like to promote the successful handling, transacting of privatization, the highlighting of the transitional years regarding the problems, the role

of managerial formations, the development of the property of workers and of mixed property, the problems of getting into a company form etc.

Beside the state-owned and private property the property of self-governments (settlement, foundation etc.) will also appear in agriculture. Beside the international experiences the domestic knowledge is extremely imperfect, which is easy to understand. Therefore, the subject will investigate the experiences of operation in the evolving self-governmental property forms, the realization of their hopes and naturally, the difficulties too in order to form a clear picture about them, supporting to the research results.

The enterprises being in self-governmental property and operating in various forms (independent, self-government, company, leasing) might also occupy themselves with agricultural production, food processing, forestry and wood processing, services. The research also covers these problems.

Among the associations the cooperatives deserve special attention. The cooperatives of the agrarian sphere appeared in this country in a completely new aspect. The research of the cooperatives is put into the limelight by the present situation, the question marks of the future, the expectable diversity of the cooperative formations and by the international experiences. The research can be continued on two lines: on a more general subject touching upon the system of inferences in the agrarian and cooperative policy and on a more practical, concerning the appeared and expectable - first of all economic resp. farming - problems.

The research of agrarian and cooperative policy looks for answers to the question what can be the future role of cooperatives in Hungary. The investigations will cover the characteristics, advantages and limits of cooperation, to the problem how can they be established resp. how can they be advantageously influenced in this country. The recent forms of self-help, the transformation of human values, the change of autonomy of the self-government, the modification of social features, the various cooperative association institutions uniting persons and

property will also be investigated. The investigations would like to clarify the problems of dividability of cooperative property, its utilization and the sharing of the results, finally promoting the more accurate outlining of the place of cooperation in economy; further its conditions and the research will highlight the measures of shorter/longer range, originating out of this.

The more practical investigations want to explore among others the problems of property naming up to now, the coming by property of the cooperative employees, the judgement of the role of dividend, the reinvestment of the property cards resp. the property of private owners having joined the cooperative. The highlighting of the differences between the quitting from and the withdrawal, the connected with this cases and advantages, disadvantages have a no less importance. Land is the organic part of property and according to this, the research of landed property and land use in the cooperative has an outstanding importance. We wish to find answers too such questions how can the cooperative property resp. the property of private owners get into another form of association. It is also important how does the "employment" constraint stopping in the transforming cooperatives touch the cooperative members and employees, how does it shape the relations within the cooperative. It is striking that the cooperatives do not discontinue their activity voluntarily to their own initiative even in our present days. What is the explanation of this and what can the forms of modernization resp. transformation be? The topic covers the critical assessment of the structure of activity in the cooperative, of the organizational and interest system, venture forms and managerial practice and the emphasizing of the progressive solutions. Investigations will be also carried out concerning the trends and chances of applications of the cooperative experiences in a wider sphere.

The propagation of other forms of association, company limited, joint stock companies etc. in agriculture, same as the investigation of still lacking forms of organization wants to ex-



plore the harmony or its lack of agricultural features and the mentioned formations, on the other wishes to outline the character, place and role of the still missing organizations, ventures. The exploration of the positive forms and operational anomalies of the various forms of association will be carried out in order to promote the whole agricultural enterprise structure and its success.

The integration of the ventures, companies, plants, farms arises under the new property and market conditions in a new way both from the point of necessity and from the chances of solution. It is questionable that instead of integration goals published in the past many times and not solved, what kind of goals and solution trends can be outlined in our present days and for the future? What can be the future role of integration and what are the preconditions for their establishment under the conditions of the strengthening market economy and what should be done by the participants of the market to this effect?

The property and company relations of the food processing organizations are wholly different in their starting situation and development path from that in agriculture. The research, therefore, will also deal with the development processes of property and organizational relations in the centralized state-owned food industry. The chances of decentralization and the development of new integrational processes cannot be independent from the property changes and from the characteristic features of the given branch. The research is further carried out about the conditions of new structures and their expected operation, about the outlined new relations of interestedness and in their frame the exploration of the large-scale company dimensions and of the future of privatization are earmarked for. The research also will cover the problems of the property transformation of food processors graded into the non-food processing industry and their future operation.

Beside following the trend of domestic transformation processes, it is also required to study the international trends of food production and compare them with the pursuits in Hungary.

They promise useful experiences for getting better acquainted with the introduction of the companies assuming a new association form as a result of privatization into the stock exchange, with the proprietorial functions of the state, with the participation of workers and the chances of participation.

To the effect of the new proprietorial relations the internal organizational structure and the system of interestedness and of management will inevitably change. To this belong the follow up the internal changes with attention, the effect of efficiency and its effect to the formation of marketability. The observation of the literature regarding the modern company management methods and observation of the international practice characteristic for the market economy and their comparison with the Hungarian reality form a part of the problem's research too.

In the market economy based on mixed property the extension of the private owned individual small-scale and middle-size food processing plants can be expected. Therefore, this research subject deals with the situation, economic circumstances and development possibilities of individual food processing plants connected to agricultural production, tourism etc.

A special chapter can form within the subject the research concerning the establishment, operational conditions of consulting, technical, financial and institutional background required for launching the ventures.

## 2. Research of problems connected with the market and trade

The aim of the research concerning this subject, this topic is the follow up of the market mechanism, the situation of the markets and the changes taking place in the ventures operating on the market; the analysis of their causes and consequences and the scientific generalization of the experiences. With the individual topics - though the investigation methods can be different depending from the character of the subject - the analysis of the developed situation, the exploration of defects and advantages will be carried out and as a background to this the Hungarian prewar experiences and the present practice of developed market economies will be equally studied. Our earlier research unanimously justify that without a well organized trade the extension of the agrarian market cannot be imagined.

During the survey of the actual situation, during its observation and analysis - adapting flexibly to the changes in the Hungarian economy - we would like to give an image about the market processes in order to provide concrete and quick help for the averting of problems eventually arising in the meantime.

The expectable in this topic results can be utilized first of all on the field of state control, the self-governments and of the representation of interests but the results of research on the field of certain problems can also be utilized by the enterprises and entrepreneurs.

The problems of market structure, the market operation mechanism, further that of the competition and monopoly appear in agricultural economy than in other branches. Therefore, it deserves special attention the functioning of price mechanism, the connection between the market equilibrium and the vertical integration resp. its peculiarities in the branch. The suitable transformation of the system of market regulation is an actual and important problem and within this the quick response to the open problems of agrarian rules, of the duty system and competition policy. In the recent part the process of market liberalization

has been started in Hungary. Its experiences and expected effects on the food production, consumption and foreign trade should be explored as quickly as possible and proposal made for the required correctional steps.

It can be hardly disputed that the role of agricultural economy will remain for a long period in the improvement of the Hungarian balance of payments. However, it must be also taken into consideration that the market structure of the Hungarian agricultural export requires significant transformation resp. it will be forced to be transformed. It is justified in accordance with this to transform the domestic market structure, the relation of market concentration and competition in food production, in processing and trade too.

The market environment of the Hungarian agricultural economy passed a marked transformation during the last one-two years and this transformation will be continued. Under the Hungarian food market processes significant dimensions will be ensued by the reduction of demand, the change of market and income factors influencing the composition and size of food consumption. The transformation of the foreign markets is even more spectacular: the political and economic changes of the Middle- and East-European region and the West-European market unification equally mean an enormous challenge and changed competition conditions for the Hungarian agricultural economy. It is obvious that for the creation of a new equilibrium collective and oneway constraints are required in production and sale, further the profound transformation of the structure and the offering prices, the renewal of the whole agrarian verticum from the market side.

For this task the venture forms must be inevitably be transformed and one has to reckon with a new situation in respect of the property and the forms of operation. In this connection the role of the purchasing and sales cooperatives should be investigated on the agricultural markets of the developed countries resp. on the prewar Hungary. It is also required to investigate the operation and venture mechanism of the privately owned food trade, both based on the historical and international experiences.

The renewal of the marketing of agricultural and food industrial products based on the experiences of the countries with a developed market economy is an indispensable condition for the market development and for our closing up to the Western-European markets.

### 3. The modernization of the financial system in food economy

The aim of research is to develop and continuously modernize the means and institutions of the financial policy being in harmony with the aims and priorities of agricultural policy and the policy of food economy taking into account the changing economic environment. At the same time, we regard our task to investigate all those topics of safeguarding the agrarian interest which can contribute to create a balanced income situation for those existing out of food production and those purchasing food-stuffs, to the protection of the domestic market by customs, to the creation of financial bases for balanced production and distribution relations.

The exploration and analysis of the interaction of real processes and financial processes in food economy in Hungary will be supplemented by the recognition of international experiences and this will be proposed for the domestic practice taking into attention the domestic characteristics.

The research will be carried out at two levels - according to the traditional approach in the sphere of macro- and microeconomy. We shall deal with the food economy as a peculiar branch in national economy and within this with agriculture, food industry and trade on the one hand, on the other in the sphere of these branches we regard the enterprise, the economic sphere as research area.

To the research on branch level belong - as the problem of primary importance from the point of income development - the determination and degree of actual and desirable central intervention into the prices, the influencing of the markets offer by guaranteed prices. In this connection we regard the elaboration of the principles and mechanisms of guaranteed pricing and the formation of the required institutional system as our main task.

Placing the budgetary connections, i.e. the taxes and withdrawals resp. the subsidies and other budgetary allotments to new bases requires the supervision of the former system and its

profound renewal according to the new market requirements. We have to find answers to how can the requirement of cutting down the subsidies, the development of a suitable production level and structure be asserted. We have to clarify what kind of subsidies are required on a short and long run and how can this be brought into harmony with the endurance of the budget. An urging and continuous task means to clarify the subsidy conditions for the upkeep of required export and to illustrate to which sphere should the investment support be extended or if the application of tax allowance would be practical instead of it.

Which role should be undertaken by the system of subsidies in the moderation of the problems in regions with disadvantageous conditions, resp. what kind of financial means can be applied beyond these measures. This problem deserves special attention from the point of the present GATT negotiations and from the point of international agreements for general withdrawal of subsidies. At the same time, it is in a tight connection with the solution of the ever increasing social problems which are partly handed down from the state to the self-governments.

On the other side of the budgetary connections in the sphere of withdrawals, the operation of the old elements of the tax system and its effects from the point of our aims must be supervised. The decisions met during the last 1-2 years must be critically scrutinized, first of all the effect of personal income tax and the VAT on the situation of the branch. On account of the tight connection between agriculture and the village the connection between the local taxes, the self-governments and taxation require the clarification of new problems not investigated up to now.

The supply of agriculture and food industry with capital, the creation of the conditions for new production require a modern crediting system and crediting solutions. In this connection the credit conditions, deposits, the credit refunds, the profitability and the credit interests, the conditions for the introduction of the new credit types (like mortgage) and the result system of crediting should be investigated. The financing

of the starting new enterprises supposes a well functioning agrarian banking system. We have to deal with the state intervention into the agricultural credit markets, with the advantageous and disadvantageous features of crediting with preferential interest.

The custom system is an important tool in the regulation of the market, trade of agricultural products and foodstuffs. With the liberalization of foreign trade its importance might enormously increase. At the same time the custom defence of agricultural products or products of agricultural origin constitutes one of the most effective factor for the realization of national agricultural policy.

The custom tariff of agricultural products in Hungary has been developed under the conditions of a centrally planned economy. No market forming, economy organizing role has been attributed to it as it has been in dependence from import decision the domestic prices - at least in the agrarian sphere - were not in direct connection with the world market prices. It can be determined even without deeper analysis that this custom tariff does not suit the requirements of the period standing before us. The custom items of agricultural products are low the system is in a rough-ready way. The import liberalization of agricultural products - without a profoundly renewed custom system offering due protection for the domestic production - might increase the problems by which the agriculture and the food industry has to tackle in the period of structural transformation.

The transformation of the agrarian structure directs the attention to the reduction of production and risk of sales and also to the necessity to profoundly renew the operation of the insurance system.

The tools of financial policy outlined above constitute an organic unity, system. Their wanted effect can succeed only if the system is consistent. Therefore, its analysis is of special importance.

The final aim of the financial policy is the balanced operation of the food economy. And this is decided upon in the



enterprise - farmer sphere. Therefore, in the development of the financial policy its effects on the enterprises-farming units have to be taken into consideration. It will be investigated how do they react to individual financial policy demands and measures resp. how can the enterprises and their various groups react, what sort of strategies do they develop and whether these harmonize with the aims, priorities of the agrarian policy and the food economy. Namely, at the extreme the success or failure of the financial policy can be qualified with this.

#### 4. The problems of increase and structural transformation in food production

The development of producing activity in the agriculture and food industry, their alignment to the production market is the evergreen and always returning topic of agricultural economy. The earlier agricultural policy conception - aimed one-sided to the quantitative development - could not be transformed in practice - neither in the operation of the government nor in the work of the enterprises - so that the increase of the effectiveness of activity, the economy with the resources and the improvement of the quality of produced products, the increase of value production should be in the centre of efforts.

The market which nowadays undergoes a radical transformation creates new requirements against food economy. This new requirement compels all three big product verticum of the Hungarian food economy - crop production and the food industry processing crop products, horticulture, the preserving and wine industry, finally the animal husbandry branches and the food industry processing their products - to supervise their production economically and to find new ways. Our research is aimed partially to the outlining of the present situation, to the exploration of the starting basis, partly to look for ways out, for solution alternatives.

It is obvious that the primary requirement in all production process is the rational management with the available resources i.e. the most suitable combination and allocation of the arable land, labour force and capital. All these proceed by various - radically transforming - property relations during which one has to face unavoidably the demand for the renewal of the enterprise-farm system by branches and very differentially.

The traditional product structure based on raw material and primarily processed mass products has been significantly marked down. This and the obligation undertaken for the reduction of subsidies account for the elaboration of an export strategy in which the "gap filling" products - i.e. those which can be exported under more advantageous for us competitive conditions -

the main criteria of which requires the significant modification of the production structure; beside this, for the harmonization of the two conditions the modification of the regulatory system has also be modified. This is why we have to deal with the problem of quality, the degree of processing and of the export economicality, with the investigation of the system of connections in production, processing and the market, with the elaboration of export structure variants requiring more efficiency and less subsidy as present and their system of conditions.

The crop production and the based on it food industrial processing belonged within the food economy for a long time among the more advantageous economic branches. The strong opening of the agrarian scissors (i.e. the gap between the industrial and agricultural prices) concerned among all branches of the food economy the products of the plant production verticum to the greatest extent and the profitability deteriorated mostly here in spite of the fact that in the production efficiency (in land use and productivity) Hungary has an outstanding place in the international ranking. The downward domestic demand and the foreign trade struggling with selling problems justify the detailed investigation of the size of production and its structure. In the processing of crop products the property change and the renewal of the system of interestedness, production and marketing, the transformation of the vertical connection systems as a consequence of these can be rendered probable.

In horticulture the aim of the research is to explore the farming conditions and the expected results in the various farm types with the investigation of the new forms of horizontal and vertical connections. During the analysis of the new organizational forms we would like to gain answer to the problems of property contribution, to the interest in property. In horticultural production the successors of the private farms and the present large-scale farms of diverse size and economic importance will be living together for a long period, adapting themselves to the changed conditions. The cooperation and labour division of the diverse farming forms mean a significant resource of effici-

ency according to the evidence of practice and their utilization in the future lies in our elemental interest. We deem it necessary to analyze the resource demand for the commencement of various ventures, the problems of branch association, the conditions of simple and enlarged reproduction, the necessity of co-operation and integration, the problems of regulatory measures.

The changes in the international economic connections did not perhaps affect any branch so directly, as the Hungarian conserve and wine industries. On their main markets the solvent demand became questionable and the most part of the present products cannot be realized elsewhere. The technical renewal of this branch, the transformation of their organizational and enterprise order, the extension of connections with the multinational companies are all such chores where our research might mean a useful contribution.

The specialists working in the management of agriculture and its production sphere are equally concerned about the problem what kind of trend will be evolved in the size of animal husbandry, product structure and its material-technical background with the change of the property relations. What kind of and how big economic units will be developed and how will their operational conditions be changed? What are those new farm types which are mainly able to adapt themselves to the market demand? All these changes happening in animal husbandry basically determine the demand against industry, trade and the service sphere. The constraints for the renewal of the material-technical background put pressure on machine production and trade. On the other hand, the solvent demand, the development of capital and the financing conditions have an effect on production and industry. In the future one of the basic preconditions for the operation of the animal husbandry branches will be to establish the balance of these factors.

The financial background for the renewal of the technical bases of production and for the transformation of farming system is brought up very peculiarly and in an ever increasing way in the animal husbandry verticums struggling for ages with lack of income and resources. Within the agricultural economy there is

no free capital available and one cannot expect a significant influence of foreign capital because animal husbandry has a lower profitability as the average. Our effort is to clarify the conditions for a more effective and profitable production and the things to be done in connection with their creation, the better professional foundation of the work interested in this. The investigations carried out among animal husbandry are tightly and directly connected with the scientific work going on the field of the processing industry, first of all of the milk and meat processing industries.

5. The employment, social and settlement development connections in agriculture

The capability of the existence of settlements will be determined in the future more by their economic basis. Partly by that that they offer employment opportunities, livelihood for the population living there, partly by the fact that the developing self-governments' exercise one of their essential income source through the local taxes.

The economic basis of the villages - depending from the size of the settlements and from the presence of other national economy branches too - is tightly connected with the agricultural production and this will not be basically changed by the rearrangement of the property relations, though it is indisputable that the mode of connection will change. Therefore, the basic interest of the villages to have the agrarian production based upon safe foundation especially in regions where the settlements - now and in the future - will be based almost exclusively on agricultural production, resp. on the producers. At the same time it must be clarified whether the settlements can offer and in what way help to develop for the farmers, otherwise expressed for the employers, taxpayers such an environment which would induce them - for instance by the development of infrastructure - to make local investments. At the same time it cannot be indifferent for the producers how will be evolved the fate of the site of their activity and residence, of the settlement, merely out of economic considerations.

The mutual attachment brings up the question whether the proportion of those living out of agricultural production can be increased compared to the present one - albeit transitionally too -, or one has to count with the consequences of intrusions resp. effects stimulating the more effective agricultural production, in certain cases compelling to it and having a completely different, opposite consequence. We deem it especially important to investigate such area impacts which might appear also in the conscious limitation of production, because in this

case the functions of certain regions can be modified and together with this the structure, intensity of production might change which necessarily reacts also to the employment opportunities.

A part of the speed up crisis phenomena of the food economy and within this mainly of the agriculture shows a marked areal, regional concentration and their causes originate out of the special characteristics of the regions with disadvantageous features.

During the research aimed at their remedy it is partly justified to investigate that sphere of enterprises where the organizational, interestedness, venture solutions carried out until now gave demonstrable results, with special regard to that by what conditions can be these forms successfully applied in other organizations. On the other hand in large-scale enterprises incapable of living, standing before liquidation one has to find answers to the question in what sphere and degree offers the privatization of the arable land and other means of production solution for the subsistence of the population there. It is also justified to explore what kind of local resources can be mobilized for the development, successful operation of new organizational, farming forms resp. what kind of centrally financed stimulation (state subsidy, advantageous taxation conditions) are required for the various property forms.

The result of investigations exploring the concrete forms and their problems of the organizational and interestedness change - according to our intensions - can be utilized in the farming practice, in the branch management and equally in the interest safeguarding organizations of the branch.

The undisputably required means of getting out of the economic crisis is the establishment and earliest propagation of a real market economy based on the property reform. However, in this process one has to take into account with the increase of social polarization exceeding the desirable, with the appearance of employment problems and with the differentiation of incomes. These constraints can be handled, moderated only by a

social political and social insurance system harmonized with the economic processes.

The employment opportunities of the agrarian population show already in our days a significant difference in the various regions. The aim of the research is to investigate what effect do the changing circumstances produce in the various regions to the maintaining ability of agriculture, resp. what kind of quantitative and qualitative change do they bring about in the employment of labour force. We seek answers to questions: how does the probable propagation of entrepreneurial strata transform the structure of personal income and how does this effect the system of social provision and social insurance. How should the social policy but also the insurance system adopt itself to the new situation. It can be also numerically justified that the agricultural workers and those pensioned off, but generally the rural population - regarding their income relations, social supply - are in a worse, more disadvantageous situation compared to other strata of the population. The continuous investigation of the mentioned problems are regarded as important because the efforts to prevent the further increase of the differences in better case to their moderation require factual foundation.

During our investigation we would like to touch upon the problem what kind of role have the local self-governments to take in the solution of employment, social policy difficulties and what kind of preconditions are required for this.

The domestic but also the international experiences until now illustrate that the agricultural production in itself is not sufficient for the upkeep of the population living in the regions under unfavourable conditions for the liquidation of the backwardness in these regions and for the undoing of contradictions. Even tradition teaches us that agriculture has never been the sole source of subsistence for the population of these regions. The clarification of this topic will be aimed at - in tight collaboration with other research institutes - in order to find out what kind of complex development possibilities based



on agriculture can be imagined, proposed and realized for the economic-social development of regions with disadvantageous characteristics, based on their significant industrial and infrastructure employment development. During this process attention should be paid to the new conditions arising during the social-economic renewal and new processes, especially to the economic activity of the self-governments. Investigating the complex development possibilities of the regions we have to aim at the creation of the harmony, organic unity of agriculture and the connected other service activities (bio-farming, tourism, services, infrastructure, trade, connections through the frontier etc.).

In future agriculture the problem of pollution control is raised as a thoroughly new, very strict requirement. This problem, unfortunately neglected until now might become one of the turning point in the future of our international cooperation and will manifest itself in everyday practice as a condition of getting to the market.

The conscious adaptation to the characteristics of the environment influences the state of environment in agricultural production but does not damage, in the contrary, it improves it. The basic interest of the nation is that the changes occurring in the land property and its utilization relations should be realized so that the ecological conditions, the state of environment in agricultural production should not deteriorate even transitionally, but be improved on a long run according to the present state. The real owner led by his long term interest should become principally "in charge of his environment, land". At the same time there is the danger - especially beside the low profitability of agricultural production - that the short-term interest (living conditions, income getting constraints) pushes the longterm interest into the background. Therefore, one has to investigate what kind of new pollution control measures are raised by the period of transformation and later the mixed agrarian production to get prepared for their averting.

6. Information background of the programme of the  
Research Institute for Agricultural Economics

The success of the solution of the previously described, planned research topics greatly depend on the quality, reliability, sphere and depth of available resp. obtainable domestic and foreign informations.

There can be two various solutions for the creation of information background of research topics which are, naturally, influenced by the amount of available financial sources, the offer of those giving information and the possibilities of the Institute to build out its own data base:

- research is based on the external organizations operating at present and giving data and information, completed by greater-lesser situation survey, data and information collection which depend on the character of the task and the available own capacity;

- the Institute has at its disposal own representation and information basis well fitting to the demands of research and this is complemented by general data originating from information services.

Expanding the first variant requires the significant enlargement of the sphere of own data collection of additional character and increase of its role, since the present data and information system will be modified in its content only moderately in the coming years at least compared to how our planned research require it. But beside all these it is expected that those offering information will continuously increase their prices. In reality, it can be expected only after a few years that the general information system will be transformed in consequence of the proprietary and market changes (partly preceding it).

The most important organizations collecting data, information for the research programme in a different degree and in

various approach are the following:

- Central Statistical Office and its county Offices
- Research Institute of Economy of the Central Statistical Office
- STAGEK (Center for Statistical and Economical Analysis) of the Ministry of Agriculture
- MÜSZI (Institute for Agricultural Management Organization)
- AGROINFORM (Information Center of the Ministry of Agriculture)
- Income Management of the Ministry of Finance
- Finance Research Co.
- National Center for Labour
- Pricing Bureau
- various regional data banks
- Ministry of Foreign Trade
- Ministry of Environmental Protection
- Ministry of Communication, Transport and Water Management
- Kopint-Datorg Co.
- National Union of Food Processors.

In the second variant the Institute's own organizational unit collects, systematizes and partly processes the information and organizes the operation of the representational data base. Its advantage is that the reliability of research results will be increased, they go into the depth of the investigations and coherences which extraordinarily widens and increases the value of the whole activity in the Institute and their utilization among the users.

The representational data base would reflect the differentiated reality having changed in space, dimensions, activity in the property and market relations (for an ab. 5 % sphere). The main topics:

- the activity of the private farmers, practicing it as their main or sideline; in this connection the situation of the households and the rural social circumstances,

- the state owned and farms and enterprises under organization and belonging to the self-governments,
- the private, cooperative and state owned enterprises and plants dealing with food processing,
- the sphere of new type agricultural cooperatives,
- the companies, co. ltd.-s and other associations having an activity in the agrarian sphere.

These two variants of information gathering means a principal difference in the mode of financing. The present (first) variant means an indirect mode and is based at each individual research on individual decision. The second variant creates a clear situation: it requires at its commencement the separation of costs and partly their advancement but at the same time it is more reliable and offers partly utilizable information. The two solutions can be also differentiated by that, that the first variant serves the research in its full extent, while in the second case the information unit of the Institute directly issues information, fact exploring and prognosticating material for the government and various institutions, social associations.

Budapest, November 1990.

Dr. Béla CSENDES  
Director General



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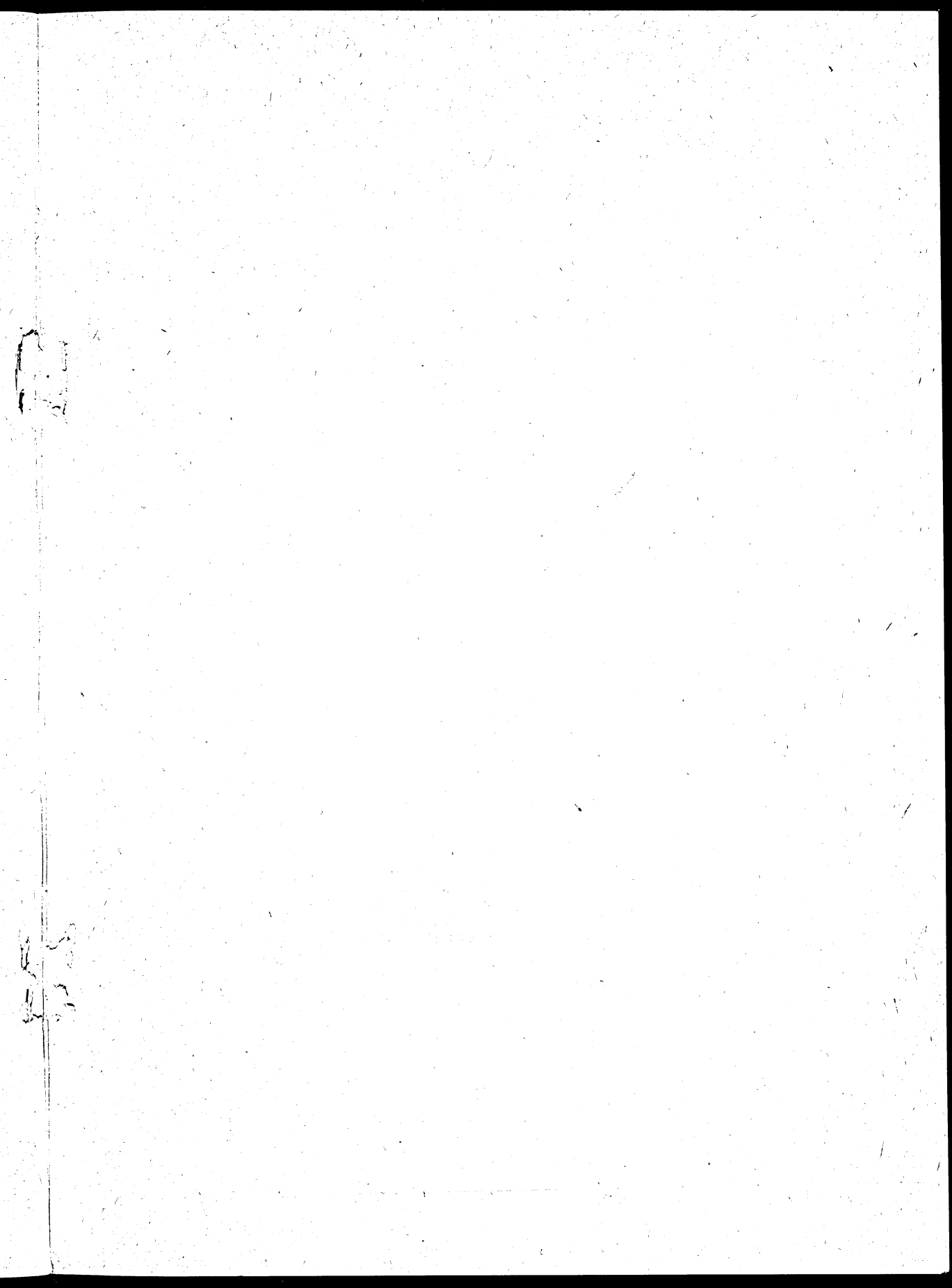
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