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HUNGARIAN AGRICULTURE IN THE LIGHT OF EU ACCESSION

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SUMMARY

The objective of the present paper, intended to introduce a discussion, is to highlight the milestones and provide the examination of scientific requirements enabling the agricultural sector of Hungary to take advantage of the opportunities deriving from the entry of the country into the European Union, based on the objective situation, and taking the short period of time available until the accession into consideration.

The lack of different institutions related to integration and cooperation makes the situation of Hungarian farmers harder. This is why it is reasonable to support every cooperation or organisation capable of rapidly and effectively integrating and coordinating the organisations of small, medium-sized and large-scale farms. This would decrease the disadvantages caused by the smaller size of farms, increase efficiency for which the demand may even grow on the single market of the EU, and ease the process of financing and marketing. Obviously only farms capable of living up to these expectations, monitoring the product channel and the market, and having professional knowledge and skills will be supported.

The agriculture of Hungary has difficulties not only in terms of its organisational system. Due to the lack of technological development for over a decade and a half, along with decreasing capital investment and profitability, Hungary will be at a disadvantage after her EU accession. The improvement of the existing technologies and the introduction of new ones are imperative in order to improve the country's chances in competition and ensure safe, variable and cheap domestic food production. The financial support of the society is necessary for the above purpose also in respect of the advance payment of financial resources. The form of integration could be considered a way of solution, because the supply and the operation of farmers' groups is more efficient.

Experience acquired in recent years has shown that financial and marketing difficulties have equally affected the small, medium-sized, and large-scale farms. This is why it is necessary to improve the conditions of self-financing and marketing positions in a fast pace. The different integration forms mentioned above may significantly improve the financing, marketing position and bargaining power of producers.

Based on the domestic experience acquired so far, it can be stated that the competitiveness of agriculture can be expressed in a simplified way by the addition "integration + knowledge + efficiency". The dissemination of knowledge among farmers, their rapid preparation for EU-accession, the setting up of integration, the spreading of technologies, and the solution of financial and market-

ing problems can only be provided in the form of extension service during the short period of time until Hungary's EU accession. This is why it is so important to introduce, after all, centres and networks of extension service on the basis of experimental stations.

Every society requires a realistic view of their social situation and security, and a clear forecast of the future. The arguments listed above do not only reflect the objective situation but provide also the solution leading to secure living. With respect to the agro-ecological conditions of Hungary there are agricultural sectors having a good chance of being competitive in the EU even if they have to meet higher standards. The paper highlights these sectors.

Information published in the present paper, as well as the discussion provoked by the arguments listed in it, may contribute to designing the proper strategy of Hungarian agriculture in the light of the country's EU-accession.

When looking for an answer to the question of how to outline the future of Hungarian agriculture, it is reasonable firstly to analyse the historical background, the important lesson drawn from it, and the current situation. Based on objective reality we can come to an agreement in evaluation of the chances and opportunities that are still ahead of this country.

THE MOST IMPORTANT LESSONS OF THE PAST

Stressful events related to land property, farm structure, and the supporting ability of agriculture had always taken place during the history of the Hungarian peasantry. Following the re-allotment of land after World War II there was a short period of prosperity, but soon afterwards the rate of economic growth, depression, and lack of food were characteristic among the circumstances of small-scale farming up to the sixties of the previous century. Later on, following the establishment of agricultural cooperatives, the fact that production did not rapidly decrease in spite of this change in conditions could be considered a good result. The more, from the mid-sixties some increase in agricultural production took place, even though it was not significant. Several factors promoted the increase in production, such as:

1. The development of the larger farms resulted in the increase of their investments in technology and tillage, and the technological deve-

lopment of other agricultural activities continued rapidly as well.

2. The output of the newly established larger collective farms and their members' family farms (the so-called household plots) added up in the form of an aggregated capacity.
3. By the end of the sixties significant government subsidies enabled universities and colleges carrying on education and extension to be established in the most important regions. In this way, a growing number of well-trained experts started to husband the increasing resources.

Further factors accelerating the increase and efficiency of agricultural production in the period after 1968 were the following:

- The application of technological innovations, various technologies, and results of genetic engineering elaborated/achieved in the world's most advanced countries became possible.
- New integrations were introduced and production systems became widespread.

- Food processing and trade began to develop rapidly.
- Education and training started to play an especially important role, and agricultural research was expanded.
- Agricultural income increased.
- Investment and innovation benefited from an especially high support.

The solutions that had already been part of the policies of developed countries in that period were to be adjusted to the Hungarian conditions, and the lack of genuine ownership was counter-balanced by interestedness. Agricultural policy tried to make up for the lack of a real market by the provision of simulated market conditions. The lack of

self-financing and resources for development were compensated by subsidies. During the seventies, based on the principle of "the bigger the better" a controversial concentration started in which political decision was decisive, wherefore the expected advantages turned out to be disadvantages in many cases. Anyway this was the period when large-scale agricultural farms were established exhibiting many negative attitudes but also some advantages deriving from their size. The concentration process of this period attracted also the attention of foreign agricultural experts (Table 1).

Table 1.

The formation of the number of farms between 1971 1990

Item	1971	1975	1980	1989
State farms	179	147	132	136
Cooperatives	2373	1598	1338	1246
Household plots (1000)	873	800	600	589
Cooperative associations	317	266	42	35
Specific agricultural associations	235	144	61	54
Fishing cooperatives	21	19	16	16

Source: Central Statistical Office, *Agricultural yearbooks 1971-2001*.

In the second half of the seventies the advantages and disadvantages of concentration were present simultaneously. Yields and efficiency increased in agriculture due to the higher use of fertilisers, pesticides and new varieties. At the same time a large proportion of mainly uneducated labour force in agriculture became superfluous. There were two solutions for the local treatment of this phenomenon:

- to increase the importance of the co-operation between large-scale farms and household plots, and
- to introduce additional non-agricultural activities in large-scale farms, which benefited from the limited wages in industry and the shortage of several goods.

According to the author's interpretation *the message of this period, which is still valid at present, is that the Hun-*

garian farmers managed to find a way to survive, progress, and increase their standard of living.

It has to be emphasised that, already before the period of integrative endeavours, the members of co-operatives and the employees of state farms (and, in general, every rural household) had owned enough land and livestock needed for small-scale farming. However, this kind of production could only be considered subsistence farming because it was simply impossible to match the interests of the petty farmers and the large agricultural farms. The fear of unemployment compelled the then leaders of both party and government to encourage co-operative farms, rural trading co-operatives and state farms to organise household agricultural production (petty farming) in addition to their actual activities. This way the integration of small-scale and large-scale farming started to evolve. Rural population mobilised its resources according to their chances, and sold the surplus of its products on the market.

The integrator of the above process was in charge of every link of the production, extension service, marketing, and the supply of materials needed for farming. It is true that, at the same time, the „market” was guaranteed by interstate commercial contracts, wherefore the marketing of the growing quantities of produce did not cause any problem, uncertainty or risk. The job of the farmers was relatively easy. It consisted of producing as many products as possible, in some cases even high-quality products, by utilising the resources available, a fraction of their working time, and their personal diligence. In consequence of these factors, by the late seventies there was full employment in the rural areas of Hungary, along with an increase in the standard of living.

As a result of the development outlined above in 1988, just before the systemic change, small-scale farming had a share of 37 per cent in gross agricultural production, 32 per cent in crop farming (within the latter: 78 per cent in potato production, 82 per cent in vegetable production, 64 per cent in fruit production, 51 per cent in grape production), and 42 per cent in livestock farming (within the latter: 54 per cent in pig breeding, 19 per cent in cattle breeding, i. e. beef and milk production, 30 per cent in sheep breeding, 45 per cent in poultry breeding, and 57 per cent in other sectors of livestock farming).

Agricultural specialists directed the production on household plots, and members of *the rural trading co-operatives* played a major role in this kind of production as well. For example in 1982, 186 780 petty farmers were integrated into 2505 specialised producers' groups. Taking all this into consideration the question arises whether similar organisations could fulfil the functions of coordination, cooperation and integration under the new conditions. Looking for the answer to this question, it's worth while mentioning that in the old days about 800 000 families participated in production as members of different integrated organisations. According to the author's analysis production was motivated by the mutual interest of the participants of agricultural production (i. e. farmers) regardless of the volume of their production. It can be concluded from the above analysis that small-scale agricultural production (petty farming) was significant in the period examined. Therefore it is important to add a few arguments and point out the conditions that played a role in the development of small-scale agricultural production.

- The marketing position of petty farmers was at disadvantage in many aspects.
- Small farms did not have satisfactory professional and technological conditions.
- Fragmented production was not economical, especially so when the necessary infrastructure had to be created.
- The guarantee of long-term competitiveness was not given for small-scale farming except for a few cases.
- The personal interest of petty farmers and people farming on household plots, their flexibility in meeting the various demands of consumers enabled this form of production to exist over a long period of time, in spite of the fact that at the beginning of this kind of production the hazard of a political danger or conflict could not be excluded.

By the early eighties certain changes had to take place in the process of integration of large-scale and small-scale farming. These changes were the following:

- The improvement of production and assets, and the separated bookkeeping of production units.
- The greater extension of production on household plots and the intensification of cooperation between large-scale and small-scale farms.

The members of cooperative farms and the employees of state farms, institutions, enterprises, mines, and their family members etc. used the land collectively, forming effective producers' groups and providing employment for people. These producers' groups were now interested in making greater profit of their production for their own benefit.

The large-scale farms produced effectively such commodities as cereals, oilseeds, milk, etc., which were sold on

the world market, and the resulting return from sales made possible the technological development of state and cooperative farms. Production in the labour-intensive sectors was done on household plots. This is how the Hungarian agriculture became dualistic and at the same time competitive on the international markets. The only reason why small-scale farming was able to be effective consisted in the integration of production, the technology necessary for the production, and knowledge. *Integration, cooperation, and coordination could make Hungarian agriculture competitive also at present.*

Summing up the analysis of the Hungarian agriculture prior to the nineties, it can be stated that, due to its results, its image was more positive than of the country itself. The present situation in the context of small-scale farming (1-2 ha, 2-3 animals) is in many ways similar to that of the above outlined era. It is important to stress the lack of capital and knowledge in small-scale farming. The level of capital assets is a decisive factor even in the case of organic production, which may be a perspective for petty farmers. The following factors could be outlined on the basis of an analysis of the present problems of petty farmers from the aspect of integration:

- There is a lack of opportunities in respect of long-term integration, which is especially true for the attitude of the mostly foreign owners in food-industry, distribution and wholesale.
- Hungary should endeavour to prepare for a competitive position in agriculture before EU accession.

THE OUTPUT OF AGRICULTURE

As a result of development production doubled and in some sectors even

trebled. In 1989, Hungary was on the second place in Europe in respect of egg and crop production per capita (1412 and 24.1 kg, respectively), on the fourth place in meat production (162 kg), on the sixth in vegetable production (212 kg), and on the eighth place in fruit production (157 kg).

In large-scale farming technology could be used more effectively in Hungary than in small or medium-size farming in developed countries. The integration of the Hungarian agricultural production and processing (vine & wine, vegetable oils, sugar, milk, dairy, meat) aided by subsidies was well known all over the world.

The development of the Hungarian agriculture can be underlined by the fact that between 1970 and 1989 exports increased fivefold, and the trade balance expressed in convertible hard currencies increased eightfold, along with the increase in domestic food production.

The number of people employed in agriculture in 1960 was 1 784 000, which number dropped to 1 200 000 in 1970. It continued to decrease in the following 10 years, and by 1980 only 989 000 people worked in agriculture. By 1989 the number of people employed in agriculture amounted already only to 840 000. (However, obviously non-agricultural labour force participated in the small-scale farming as well.) The change in the labour force of the agricultural sector was mainly caused by the high number of retirements and technological development along with the extension of non-agricultural activities following the year of 1970.

When determining the basis for the working time input and the number of people occupied in this sector one must not overlook the labour and manpower input in small-scale farming because this was the greatest reserve of input and pro-

duction capacity. According to the data of the 1982 annual report of the Central Statistical Office (KSH) people engaged in household and small-scale farming spent 2.7 billion working hours on livestock and crop production. This is more than the working hours of over 1.2 million people for the period of the whole year. However there were significant differences in the productivity of labour utilised in small-scale farming.

In spite of the 9 per cent decrease in land utilised for agriculture, the output of crop production increased by 81 per cent, of livestock production by 127 per cent, and of total agricultural production by 100 per cent, and the volume of products marketed trebled between 1960 and 1989. Cereal production went up to more than double in 1989 as compared to 1960. In the same period the production of oilseeds increased from 100 000 to 970 000 tons.

As a result of investment subsidies for the establishment of the plantations of perennial crops fruit production doubled, vegetable production increased to 150 per cent and grape production to 118 per cent between 1960 and 1989. The main source of increase was the quick growth of yields.

Livestock farming was characterized by a small increase in the stock of animals, the improvement of feed use, modern technologies, the introduction of new breeds, and a more rapid increase in output. Even though the cattle stock in 1989 decreased to 81 per cent compared to that of 1960, milk production of 1989 exceeded the 1960 volume by 81 per cent. In the same period, along with a 21 per cent increase in the stock of pigs, pork meat production grew to 127 per cent.

As a result of modernisation, along with the high rate of self-sufficiency exports increased significantly. In 1980

Hungarian agriculture produced food for over 15 million people annually.

Non-agricultural production increased dynamically between the late seventies and the mid-eighties. Vertical integration was established including both agricultural and non-agricultural activities (food processing, construction, marketing, distribution, etc.).

In the state farms livestock farming and food processing was dominant, while cooperative farms were mainly interested in labour-intensive production, including non-agricultural activities (creative jobs).

SMALL-SCALE FARMING

Small-scale producers were mainly engaged in crop production, horticulture and livestock farming, i. e. primarily agricultural activities. In their production structure the proportion of crop production shrank from 43.4 per cent in 1970 to 39.9 per cent in 1982, while the rate of livestock production based on cheap feedstuff increased from 56.6 per cent to 61.0 per cent.

By the end of the seventies large-scale farms with a high level of technology and a high labour productivity became determinant, while small-scale farming focused on labour-intensive sectors.

The simultaneous presence of large-scale cheap production and small-scale quality production was effective. Thanks to the integrations large-scale farms did supply and marketing for the small ones.

A significant production capacity had come into being for small farms that relied on the cooperation with large-scale farms in the field of labour use and investment. This was especially true for small livestock farmers who badly needed feed (cereals) from large-scale

farms. This had a great influence on the marketing of commodities produced by the latter.

The capacity of utilised outbuildings of family houses and of the labour force available was very important for the national economy. Contrary of the decreasing trend of crop production greater income was generated by it, while livestock farming, grape, fruit and vegetable production did not reach that level of income. (It was obvious that the critical points of large-scale farming were livestock production and labour-intensive sectors.)

The analysis of agricultural production by sectors in the eighties showed that the development in small-scale farming was more significant in large-scale farming. This was due to the high degree of specialisation and integration in large-scale farming (feedstuffs, breeding animals).

The author's investigations absolutely proved that there was an effective labour division between small-scale and large-scale production along with its economic advantages. The increase in production in large farms was especially outstanding in the field of crop and poultry farming. Two industrial crops played a major role in the dynamic increase of production, sunflower in large-scale farms and tobacco in petty farming.

The structural change of vegetable production by the end of the seventies was accelerated by the concentration process of large-scale farms and the modernisation of technologies. Large-scale farms played a determinant role in livestock production. They managed to increase their efficiency by using high-quality breeding animals and the advantage of the greater size of production. The conditions for crop, oilseed and milk production were better in large-scale farms while pig, poultry and egg produc-

tion could be done by small-scale petty farms at similar costs and incomes – by using the same feed and technology – as in the large ones.

It can be assumed that the labour-intensive fruit and vegetable production, as well as livestock farming, will continue to be more favourable in small farms because of the cheap labour.

International monopolies play an increasing role on the market. Such factors as food production, food processing and distribution, a great volume of products, standards and quality become important in marketing. Quality, animal hygiene and technology will become more and more important for both family and large-scale farms (farming companies and cooperative farms).

AGRICULTURE AND THE CHANGE OF REGIME

Since the early nineties agriculture constituted rather a field of political debates than of production. Political decisions were not based on economic rationality but focused on the electoral votes of the people concerned. This way the partial compensation caused damage to agriculture, and the anti-cooperation acts resulted in disintegration. As a result, 70-80 per cent of people employed in agriculture suffered from impoverishment, 10-15 per cent managed to remain on an intermediate level working extremely hard, and barely 5 per cent became wealthy. The following items could be mentioned in the form of a summary of changes in policies associated to the governmental changes:

- *1990-1994, the first four years of democracy*, In 1990-1994 the main objectives were the reallocation of private property, the consolidation of market-economy, deregulation, and

liberalisation. Efficiency as a requirement was not present. This was the period when the integrated product channels ceased existing, and a situation endangering the relationship between food production and processing started. In this situation the increase in domestic consumption and the loss of the export markets along with the radical drop of agricultural production surpluses began to come into being in all sectors of agriculture. As result production capacities were run at low percentage or ceased existing. A fall-back could be observed also in terms of investments. In addition the separation of feed cropping areas from livestock production in consequence of the compensation process issue had a negative affect too.

- *1994-1998, the start of stabilisation..* There were still farms with a competitive size but the negative effects became stronger and stronger, leading to resources leaving agriculture. By 1997 the output of agriculture improved as a result of granting capital-substituting credits and interest rate subsidies on investments. On the other hand, the integration of production between large- and small-scale farming was forgotten. The increase of agricultural production began, whereas the domestic consumption was still rather low. In 1998 the value of investments calculated at current prices rose, but in terms of real prices it did not even reach half the 1989 investment level. The decrease of livestock (cattle and poultry) continued during this period.
- According to the propaganda following *the change of government in 1998*, the growing number of petty farms was expected to absorb unemployed people and to farm in a more effective way. However, in the rural areas an opposite phenomenon could be ob-

served. The rate of unemployment inflated. The scattered and fragmented petty farms could only maintain their production capacity by relying on continued government subsidies. Thus agriculture badly needed continuous support, because the farmers could not make a living from agricultural production. The increasing level of subsidies and the decreasing head of stock resulted in surpluses of grain. The share of agricultural investments amounted to ca. 3 per cent of the total investment in Hungary and was lower than the share of agriculture in GDP. The gap between relative prices of agricultural and industrial products became even greater. Between 1998 and 2002 the bankruptcy rate of farms increased even more. Food consumption slightly increased but still remained under the level of the period prior to the nineties.

Contrary to the worsening situation of the Hungarian agriculture, positive

changes continued to take place in other parts of the world, such as the concentration process, which is an important factor of efficient production.

In the agriculture of developed economies long-term, 6-10 year programmes served as a basis for the development of agriculture and food market. However in Hungary, the regulations were constantly changing, and there were no long-term agricultural programs predictable in terms of efficiency. By 2002, barely 6 per cent of the active population were employed in agriculture, and the share of the latter in GDP dropped to as low as 4 per cent. Hungarian agriculture reached the bottom from where there can only be a move upwards.

All this can be illustrated also by statistical data. Between 1980 and 2001 exports of cereals increased, but exports of wine and slaughter animals decreased (Table 2).

Table 2.

Exports of major agricultural products

Item	1980	1985	1990	1994	1998	2001
	years					
Wheat	813,6	1973,5	1120,3	763,7	1894,1	1515
Maize	11,8	227,8	156,6	180	2109	1568,6
Grape wine, 1000 hl	2092,2	2704,5	1287	860,7	1299,4	884,6
Slaughter cattle	64,6	96,9	47,5	19,2	20,2	35,7
Slaughter pig	56,1	59,2	27,4	1,1	7,7	34,5
Slaughter sheep	26,9	30,1	27,4	20,2	15	17
Raw meat**	160,9	192,4	243,3	31,9	99,4	123
Poultry	135,2	156,1	188,6	76,6	115	117

** Beef + pork

Source: Central Statistical Office, *Agricultural yearbooks 1971-2001*.

Agriculture and food production have constantly had a positive balance of trade. Agricultural production has always played an important role in the

agro-business. Therefore the position of Hungarian agriculture affects the entire national economy of the country.

Exports of crop products have increased during the past few years (Figure 1), even if with a strong fluctuation (due to the lower level of fertilisation, lack of irrigation, and extremely unfavourable weather conditions). However, the change of the unfavourable trend in exports of animal products did not succeed (Figure 2). The proper technological conditions of livestock production could only be ensured by greater capital investments and professional skills. The elimination of inefficiency will also last longer in the livestock sector than in plant production.

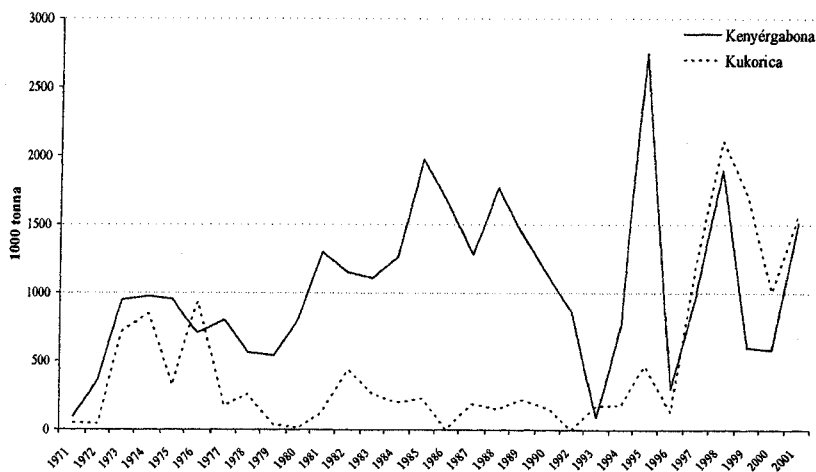
As for the future, it would be desirable to make 2002 the date when agriculture begins to rise from the critical point.

Hungarian agriculture has used up its earlier reserves, and its present performance reminds of the production level in the sixties. Thus, official data show a decrease of agricultural output amounting to 65 per cent from 1989 to 1993. After this period output has somewhat increased, but with great fluctuations, and it has remained on a rather low level.

Animal production has decreased by one third in the past 12 years. The stock of cattle has decreased by over 50 per cent, and the stock of pigs by 40 % (Figures 3 and 4). In the same period the stock of sheep went down to as low as 55 per cent. The stock of poultry is ca. 20 per cent lower than it was in 1989.

Figure 1.

Exports of wheat and maize between 1970 and 2002

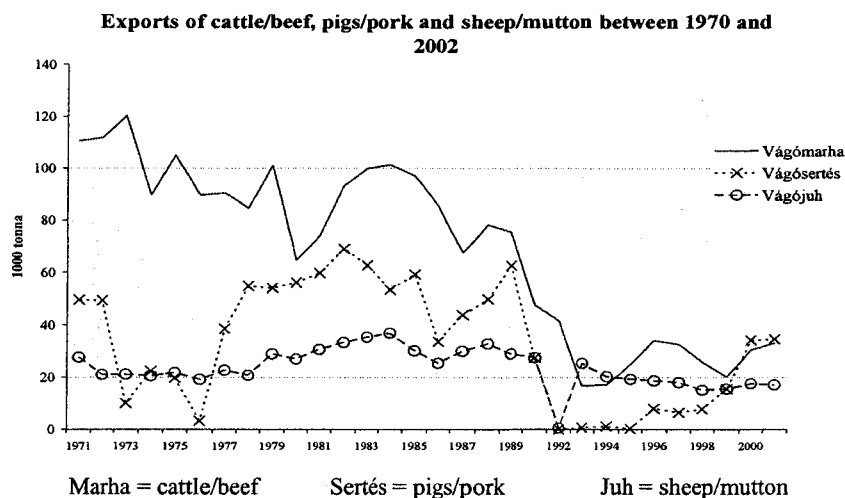


Tonna = metric tons

Kenyér gabona = wheat

Kukorica = maize

Figure 2.



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The output of crop production in 2001 was only 79 per cent of that in 1989. Crop production is characterized by the dominance of cereals. In 1989, 61 per cent of the arable land were used for cereal pro-

duction; at present cereals are produced on 74 per cent of the arable land.

Based on the above figures, in 2002 the judgement of the country was better than that of agriculture. The greatest problem is the lack of knowledge and integration. The liquidation of this lack means the way to the future. Integration will help in overcoming the difficulties deriving from the low efficiency due to small farm size; and if the required knowledge is available, production will become more effective and eligible for support.

Figure 3.

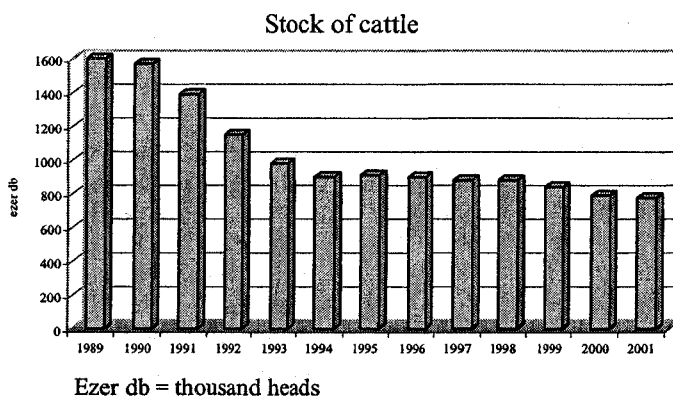
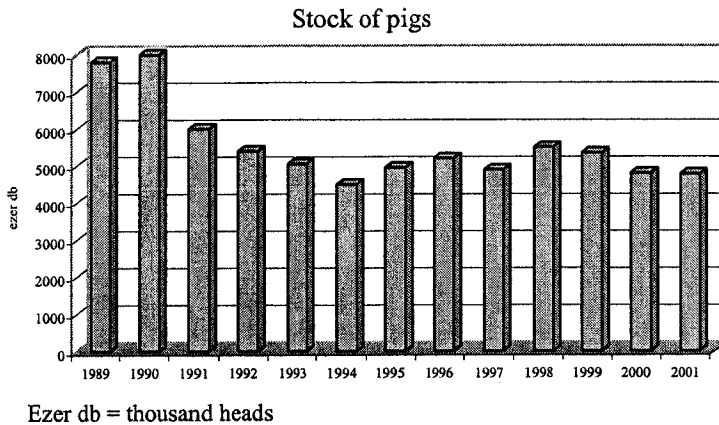


Figure 4.



HUNGARIAN AGRICULTURE ON THE THRESHOLD OF EU

When looking for the answer to the question how the future of the Hungarian agriculture should be described before the EU accession, it has to be taken into consideration that in 2004, after 10 countries having joined the European Union, the number of member states will rise to 25. This form of integration will not be characterised by the new member states simply adjusting themselves to the present ones but, in the author's opinion, efficiency will play a key role in EU-25. The importance of emphasising this point of view is based on the assumption that the European Union wants to remain competitive in the world market, so it has no other choice than to focus on efficiency.

In order to find a solution, it has to be considered what farm structure and agricultural production must look like in Hungary. An economic and legal environment has to be created in which farmers can find the form most suitable for production in a competitive atmosphere. The following can be said in order to encourage a hot debate.

In the sector of crop production the size of farms is determined by the level of technology and mechanisation. Calculating with modern technology, hundreds of hectares of arable land are needed to make farming profitable. However, this is only feasible however only in the form of integration and cooperation. Therefore it can be asserted in general that endeavours to create farms of that size ought to be especially supported. The concentration of land and other forms of support could serve this purpose even if they have to be realised under conditions constantly changing every year.

The structure of agricultural land utilised at present (after the set-aside of areas which are only of limited use) will not change drastically in the future, wherefore wheat and maize production will continue to play a dominant role. The utilisation of the wheat and maize crop for feeding and export purposes must be solved in a way more effective than in the past and at present.

After the end of the accession negotiations concerning livestock farming, where quotas set a limit to the production, no major change as compared to the present situation should be expected. In the sector of milk production only farm-

ers will be effective who have hundreds of cows and are equipped with modern technology. Such farms are considered to be unique in the EU; therefore it is possible that some farmers of the EU-15 will bring their quotas to Hungary or another new member state having similar agricultural conditions, because they know that the most important factor of production is efficiency. As a result, employment and land use could increase in Hungary.

These statements are also true for the production of other animal products. Therefore the problems of poultry meat and pork production, which are exist already at present, will not ease after Hungary's EU accession either. Unfortunately, it has to be stated that Hungary is not competitive in these sectors with her present level of production.

However, the development of pork and poultry meat production is based on grain production. Therefore a change of technology should be supported that would make Hungary competitive in the world-market in this field. However, this depends on farm size of and production quality. The fact that knowledge is an essential prerequisite of success is true also in this field.

The long-term interest of Hungary is to increase the head of stock in order to utilise the grain crop. *It is in the interest of Hungary to increase her livestock*, because this is the way in which value added can be produced, thus creating more possibility of work in the processing industry and animal farming. It is worth adjusting the head of stock to environmental standards. With reference to EU accession the utilisation of arable land and grassland will be possible with the following head of stock.

In the case of dairy cows (at a milk quota of 1,9 billion litres), calculating with a yield of 6000 litres/cow/year, a

stock of about 320 000 seems to be reasonable.

As for beef cattle it is worth raising the stock from 20 000 to 60 000, a level Hungary was able to reach also in the past. Potentially Hungary would be capable of rising that stock to 150 000 on the basis of fodder production, but market and profit opportunities make the stock of 60 000 more realistic, at least in the short term.

In the case of *sheep breeding* a stock of 2 million is justified considering the size of grassland area. This level can be easily reached, and the produce can be sold on the world market with the aid of improved marketing.

In the *pig sector* a stock of about 7.5 million pigs is essential because the present stock of 4.7 million requires much less fodder than the amount available for this purpose. The increase in stock would enable further 1 million tons of grain to be consumed additionally.

Poultry production can be increased depending on competitiveness and better marketing.

In the case of *laying hens* the present stock of 16 million is considered to be pretty stable. The increase in production is only reasonable if consumption and exports will rise too. This change will presumably mean no significant increase in grain consumption.

The great opportunity for Hungary is expected in *horticulture*. In this sector no quotas limit production. The comparative advantages based on the ecological conditions in the Carpathian basin may be exploited by the skills of people living here. After the elimination of border protection, due to the presence of cheap yet well-trained labour and the existence of favourable climatic conditions, some vegetables (watermelon, tomatoes, oil pumpkin, etc.) will enjoy a better position on the market.

Family farms and small-scale petty farms will be able to play a significant role in horticulture and *eco-production* making use of their skills. Parallel to this the trend of integration will become inevitable and the establishment of producers' groups will strengthen their market positions due to their increasing bargaining power. This will provide the conditions for the production of a great choice of high-quality products.

It is also expedient to deal with future of large-scale farms established earlier that managed to remain on the market and may later serve the interests of national economy. To the author's as an agricultural expert's opinion these huge farms should be merged with competitive and up-to-date companies having a strong financial background and mainly owned by Hungarians. These farms will have a positive influence on economy in certain regions. Throughout the concentration process, along with the establishment of competitive farms, it would also be expedient to endeavour the creation of employment opportunities by means of improving the conditions of living in rural areas. Along with family farms that are able to survive, flexible forms of integration should be made possible for further 200 000 producers who wish to make a living in agriculture. (A good example for this is France, where agricultural producers and investors may choose from 20 forms of cooperation and use over 12 million hectares of land for farming.)

Along with tourism in rural areas other activities related to agriculture might provide the possibility of part-time job (crafts, garden furniture, decorative articles). Some other opportunities are livestock farming, collection of forest by-products, folk art, etc. The integration of all of these activities may result in a

complementary income for people concerned.

Returning to the basic issues of agriculture reviewed in the present paper, it is integration should be supported to become competitive, and be backed by the knowledge, capital and efficiency required. In terms of realising the above, the interests of the nation, and not of individual persons and small lobby groups, have to be considered important. *Therefore prior to EU accession we should not deal with the question whether family or large-scale farms ought to be supported. Instead, the problem has to be solved how to increase the competitiveness of both of them. The main point is how to increase the income of people living on agriculture along with the opportunities provided by EU.* This could be an argument for people who make their living on agriculture. In the light of the above from 2003 it's worth while to rely on the lessons of the past decades, and it seems to be justified to look for the opportunities integration and the resources required for implementing it, along with the entrepreneurship of people. This way, people willing to participate in the integration of farmers on the long term have to be supported, regardless of the legal form of farms (i. e. whether they are family farms, farming companies, or cooperative farms).

To sum up the author's thoughts regarding the future, it has to be emphasised that the developed countries of the world have always achieved constant economic growth and development on the basis of appropriate knowledge, disseminated with the help of extension service and advice based on higher education. A basic criterion of competitive agriculture is the *reform of the higher agricultural education*, which is based at present on traditional curriculum and poor educational background.

If this will not be done, students in the future will go to other EU member states to acquire the necessary knowledge. Studying the education and extension service of developed countries it can be definitely stated that *only such knowledge is worth anything in the production as is required and accepted by practice*. Therefore the Ministry of Education and the Ministry of Agriculture and Regional Developmental will have to participate in the modernisation of education and extension by providing long-term support. The opportunity for the establishment of a two-stage education system and extension service at regional level has to be created.

It is hoped that all the suggestions outlined above will contribute to the success of Hungary's EU accession. It is also expected that Hungarian agriculture will stabilise already in the course of the present decade, and that during the subsequent decades a stable agriculture, appreciated by Europe and the world again, will come into being in this country.

The realisation of all of this requires a programme of agricultural policy based on scientific foundations, which could help Hungary to adapt quickly to the European Union in order to exploit her comparative national advantages as far as possible.

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ÖSSZEFOGLALÁSOK

A MAGYAR MEZŐGAZDASÁG AZ EURÓPAI UNIÓS CSATLAKOZÁS KÜSZÖBÉN

Dr. MAGDA SÁNDOR

A vitaindító írás arra vállalkozik, hogy tudományos igényű elemzések, vizsgálatok alapján felvázolja azokat az ugrópontokat, amelyek a rendelkezésre álló rövid idő alatt, az objektív helyzetből kiindulva lehetővé teszik, hogy a hazai agrárszféra szereplői felkészülhessenek az EU-csatlakozással megnyíló lehetőségek kiaknázására.

A magyarországi mezőgazdasági termelés helyzetét nehezíti a különféle integrációs és koordinációs szervezetek, szövetkezetek hiánya. Ezért indokolt minden olyan vállalkozás, szervezet hathatós és gyors támogatása, amely képes létrehozni és működtetni kis-, közepes, valamint nagyvállalkozások integrációs, kooperációs, koordinációs szervezetét, szövetkezetét. Ez ugyanis csökkentheti az üzemi méretekből adódó hátrányokat, növeli a hatékonyságot, amelynek igénye a jövő EU mezőgazdaságában csak fokozódhat, könnyíti a finanszírozási és értékesítési gondokat. Természetesen támogatásra csak azok a vállalkozások, szervezetek érdemesek, amelyek rendelkeznek ehhez a feltételekkel, képesek áttekinteni a termékpályát, a piacokat, s szakértelemmel, tudással is rendelkeznek.

A magyarországi mezőgazdaság nemcsak szervezeti rendszerében küzd nehézségekkel, hanem a több mint másfél évtizeden keresztül elmaradó technikai, technológiai fejlesztés, a tőke- és jövedelem-kivonás miatt is szárnyaszegetten állhat a versenyrajthoz. Ezért a versenyhelyek javítása, a belföldi olcsó, választékos és biztonságos élelmiszer-termelés és -forgalmazás érdekében elodázhatatlan a technika, technológia megújítása. Ehhez is szükséges a társadalom anyagi támogatása, részben a pénzügyi források megelőlegezése. A megoldásban is segíthetnek az integrációs formák, mert együttesen könnyebb a beszerzés, üzemeltetés, ami előmozdítja a hatékonyságot, az üzemelési költségek csökkentését.

A közelmúlt tapasztalatai világosan mutatták, hogy a kis-, közepes és nagyüzemeket egyaránt sújtották a pénzügyi nehézségek és az értékesítési anomáliák. Ezért szükséges az önfinanszírozás feltételeinek gyors ütemű javítása, illetve megteremtése, valamint az értékesítési pozíciók javítása. Mind a finanszírozáson, mind a piaci alku-pozíciókon sokat lendíthet az előzőekben jelzett különféle integrációk létrehozása.

Az eddigi hazai tapasztalatok alapján állítható, hogy a versenyképes mezőgazdaság képlete – leegyszerűsítve – egyenlő az integráció + tudás + hatékonysággal. A tudásnak a termelőkhöz való eljuttatását, a termelők gyors felkészítését, az integrációk kibontakoztatását, a korszerű technikák és technológiák széles körű elterjesztését, a finanszírozási és értékesítési gondok megoldását – a rendelkezésre álló rövid idő alatt – tanácsadással lehet csak megvalósítani. Ezért olyan fontos végre-valahára a tanácsadó központok és hálózatok létrehozása a tanintézetek bázisán.

Minden társadalom a helyzet reális megítélését, létbiztonságot és világos jövőképet igényel. Az előzőekben közöltek nemcsak az objektív helyzetet tükrözik, hanem a létbiztonsághoz vezető utat, a megoldásokat is megadják. A világos jövőképhez az is hozzátartozik, hogy a magyarországi agroökológiai adottságok alapján valószínűsíthetők azok az ágazatok, amelyek jó eséllyel vehetnek részt az EU mezőgazdasági munkamegosztásában, a szigorodó EU feltételek közepette. Ezeket a tanulmány tartalmazza.

A tanulmányban közöltek, majd ennek folytatásaként a különféle viták, vitáirások együttesen előmozdíthatják az EU-szabályozás keretei között érvényesíthető magyarországi agrárstratégia kibontakozását.