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PREFACE

Our Institute - as early as in 1974 - launched the first "Abstracts" issue (No.35) of the Bulletin-series in foreign languages with a view to inform its foreign scientific and library partners on the annual literature activities of its research workers, also in their capacity as authors. This publication of ours partly continues this kind of tradition by publishing the summary of publications edited in 1991, and partly outlines the research tasks of the reorganized Institute.

Our Institute - still acting under the supervision of the Ministry of Agriculture - has been conducting its activity under the name Research and Informational Institute for Agricultural Economics.

Our Institute is headed by Dr. Lajos HARZA, General Director.

The presentation of the research programme identified for 1992, in certain fields for 1993, and that of the new organization chart of the Institute is likely to imply useful information and it might be of interest to our international partners.

Budapest, July 1992.

The Editor

BALOGH, Ádám - Mrs. MEMHÖLCZER Kapitány, Gabriella - SZAJKÓ, Pál: A kis- és magántermelés társadalmi-gazdasági problémái az állattenyésztésben. (Socio-economic problems of small-scale and private production in animal husbandry.) Research Institute for Agricultural Economics (RIAE), 1991, 49 p.

The evolvement, development of the integration of small-scale farms and large-scale ones has been the result of our specific political regime (that lasted 40 years and rearranged the ownership relations). This regime has collapsed in the recent 2 to 2 and a half years which has changed the social relations and, through this, the economic relationships based upon interest, too. Thus, the original research work engaged in the integration of small-scale and large-scale farms has lost its target. We seek to focus on these changes in relations in our conclusive study. At the same time, we know that this research work is not a final result but an interim one; it has to be closed only due to the deadline (for application) determined in 1988.

The policy transforming the agricultural production into large-scale farming only tolerated the "small" production that can, from several point of view, be identified, at least in part, as private based. The one reason for this is that the small-scale production was not regarded as dangerous to the consolidated social (ownership) relations. The other reason is that the product quantity deriving from small-scale production, amounting to 30 to 40 per cent of the total production, was inevitably necessary for supplying the country with food and for the increase in export revenues.

Same political power caused the large-scale farms to expand their production, while it curtailed their real potential in terms of finances. Thus, a particular interest relation-ship evolved between the small-scale and private production by using the least possible investment. The savings achieved on the one side (less investment, less taxation and credit burdens etc.) resulted in a separate "interest return", through the higher unit prices that could be achieved by the large-scale farms only.

Not only the expansion of product volume, and, through this, that of the export revenues, are due to the development of this relationship. The same, if not greater, is the role this relationship played in other fields. The villages left alone in the former decades could sustain their population, maintain and develop their infrastructure mostly out of these revenues. By way of these interest relationships, the large-scale farms undertook to fully safeguard the rural interests with a view to the joint target, i.e. the existence, and they conducted or, at least, financed the rural social policy.

The political changes that commenced a few years ago have changed this relationship of interest and its interest components. The basis of the change is that - of our current socio-economic objectives - it is the transformation of ownership relations that has highest priority.

The production means - mainly the land - are being passed into private ownership to a growing extent and this is likely to counterpose, to different extent, the large-scale farms and the private and small-scale producers which have so far been integrated by the large-scale farms.

Obviously, the changes will be slow since even the legal conditions of the process are not exactly clarified as yet and a longer time will be required for the disintegration and transformation of the present structure.

For this very reason, it is also sure that the old forms of the integration of small-scale and large-scale farms will continue to exist, even if to a reducing extent.

There are to major fields of the continuance and termination of the relations, respectively, being the formal and informal relationship system. Both are, basically, determined by the change in the ownership and by the resulting change in interest relations.

The traits of the trend of formal relations will be reflected by the decrease in sublet breeding animal, transport at a reduced rate to be paid, supply of fodder and, as a whole, the (provision of the) conclusion of sales contracts. This will, of course, take place in a very different manner in respect of the individual farms and products, and showing extremities. In other words: though the traditional relationship between the small-scale and large-scale farms will definitely change but it will continue to exist for a longer period, while the conditions of the relationship will become "clearer and clearer".

The change in the informal relations will be quicker and more radical but not monitorable in the least. The simple reason for this is that the informal relations have not appeared publicly as yet either. At the same time, it was the very relationship that was really "market-like" even in the old political system. When the change in the ownership relations will interpose the "ex-owners" (i.e. those having property rights) to those re-claiming the property, it is mainly these relations that will become critical. The one who reclaims his own erstwhile property from his present employer may not expect any "benefit" that has been granted to him before. It is to be feared that he may not expect a normal service at market value and price either.

The primary danger of the process is that the so far perplexing product relations will be reduced, whereas there are no actual market relations yet, consequently, the product volume will considerably decline. This decrease in the volume - in addition to the fact that it is hardly desired - will then result in wasting primarily the cheapest small-scale farms' reserves (resources). Its secondary consequence is that the contryside's "self-financing" ability that has existed so far will cease and one should anticipate the growth of existence problems.

It is more unclear than the changes in ownership how the other conditions of the growing private farming circle (financing, sales, processing, safeguard of interests etc.) will develop. Therefore, it is not accidental that, while there is a noisy dispute on the Land Act, the countryside is "silently" (it seems as if without any intention to act) waiting for the outcome. However, after the Privatization and Redemption Act will have been framed, we may well expect the growth of private farms. The reason for this is partly the rural "desire of becoming independent", partly the compulsion whereas there will be no other choice. Nevertheless, it is to be feared that these spontaneous processes may put the rural living conditions unfavourable, and through this, the agrarian sector, too, even without the change in the other conditions of production.

A major source of these hazards may be the development of producer's sizes less than required. The owners of the "dwarf holdings" will be, at most, able to make preparations for autarchy; the amount of their products for sale will be minimum. This way, they may not become participants in the market, either in their capacity as seller or consumer. Here, no reserve for development will be generated and they will only be able to "conserve poverty".

Here, we have to briefly discuss the terms "dwarf holding" and "optimum holding size". Our calculations treat the terms dwarf holding, large estate and optimum holding size only from one point of view. Namely, the "holding" (farm, returned land, machine etc.) should sustain an average (2 parents, 2 children) family. The optimum size is varying if we take the specific income or the "physical" efficiency (product quantity, use of manpower, chemicals, power etc.) as a basis. If we once have chosen the "real one" from among them, so the size will continue to depend on what is produced in these "dwarf" or "giant" estates.

It is reasonable to be feared that in case of "more expanded" privatization or land reclaiming (mostly) a holding size will develop which will not be able to comply with the basic family aspects either.

Families that have reserves and have conducted farming to any extent previously as well, may already achieve smaller or larger commodity-producing sizes. In our model calculations we focused mainly on this strata. However, these calculations also draw our attention to the fact that commodity--producing sizes may come into being under the conditions of proper specialization. Yet, such specialization implies problems similar to those related to large-scale farms, i.e. tight technology, considerable need of capital, correct contractual scheme also requiring and honouring high quality. In return, it only provides a very poor, capital-proportionate and cost-proportionate income, respectively.

We need to raise some concrete problems that should belong to the tasks of the coming research period. We should do this in a situation whereas the Privatization and Redemption Act basically identifying the possibilities and limits of the sector's activity - not to speak of its execution - is not ready yet, in fact, it is regarded as a most difficult issue. Should whatever solution be adopted, a number of issues of quite different nature will need to be raised and, of course, to be researched as well. Of these issues, we try to summarized the most important ones, as follows:

- An agrarian policy allowing for the changing ownership relations is necessary, the practical issues of which are the following:
  - land trade, rent, prices and rent relations
  - product trade, intervention (possibly quota)
  - "regulation" on processing and trade (legal possibilities).
- The objectives identified by the agrarian policy also requires a financing scheme:
  - subsidizing and crediting scheme (preferential interest rates, positively discriminated credit terms and conditions etc.)
  - taxation and tax allowance (agricultural "investment policy", initiating job creation etc.).

- The creation of the agricultural social policy is inevitable:
  - single insurance forms (product and produce insurance, social insurance)
  - pension insurance.
- The operation of safeguarding agricultural interests and its fields of application are not clarified. This scheme, also requiring a sacrifice from the budget, would be the real coordinator of the previously mentioned major issues.

A great part of the food economy's worth production derives from small-scale and private production in which the private production will play an increasing role. If not treating this sector properly, we could renounce a considerable part of our foreign exchange revenues but we would also jeopardize the "background" and processing industries. Same hazard is implied by the reduction of rural job opportunities, by the intensification of social and existence problems.

DORGAI, László - TÓTH, Erzsébet: Az eltartóképesség, a foglalkoztatási és kereseti viszonyok az Európai Közösség és Magyarország mezőgazdaságában. (Sustainability, employment and earning conditions in the agriculture of the European Community and in that of Hungary.) Gazdálkodás, No. 7-8, 1991.

The article deals with three topics. The first one is the sustaining ability of agriculture, partly in terms of the approach as to what proportion of the employees the agriculture is able to render job opportunity, existence. On the other hand, to what extent the agricultural production is able to supply the population of the country or Community, respectively, with basic foodstuffs, i.e. how the level of autarchy develops. The employment is tightly connected with the structure of estates as well, thus we also discuss the structure of estates and its change as well.

The other topic is the trend of earnings relations compared among the countries, and inside the individual countries, comparing the different branches of national economy. Within this, we seek for an answer primarily to the question at what level the agricultural production is able to sustain the agrarian population, compared to the other branches.

The third topic is the examination of the social policy being a factor significantly influencing the living standard.

In our work, we made a comparison; the comparison among the member-countries represented no serious difficulty; some problem was, at most, caused by the fact that we did not find data for all countries all the time, mainly for Spain and Portugal which were admitted to the EC later; in some cases, the data deriving from various sources were not identical. However, a comparison with the Hungarian data was, already, not always possible, due to the different systems of data communication.

Some major statements made in the article in respect of Hungary are cited as follows:

- In the EC-countries, the role of agricultural production played in the GDP is varying under a different structure of estates but it is in all countries less than in Hungary. It is especially less in the developed countries.

- The change in the number of those employed in the agricultural production is similar in the EC and in Hungary but, in Hungary, on an average, twice as many people live on agriculture (and 3- to 5-times as many than in the developed member-countries) than in the EC.

- In Hungary, the change in the ownership and farm structure would not increase the employment in the agriculture even if we would be admitted to the EC; in fact, a significant decrease might be expected.

- The EC, in terms of food products, has a high level of autarchy and this worsens our chance of being admitted to the EC.

- The income level of those living on agriculture is determined mainly by the production capacity of the given country, thus it cannot be expected that our might-be admission would considerably increase the peasants' incomes.

- The allocations of the Hungarian social policy and those of the subsidy scheme are under the EC-level and less elaborated.

KARTALI, János - Mrs. ORBÁN Nagy, Mária: A piacváltás kezdetei a magyar mezőgazdasági és élelmiszeripari exportban. (Outsets of market change in the Hungarian exports of agricultural and food industrial products.) Külgazdaság, No. 12, 1991.

In the recent few years, a strong change have begun and taken place in the foreign trade orientation of the agriculture and food industry playing a publicly known, significant part in the Hungarian foreign trade turnover and balance. Similar to the change in the export market structure of the whole national economy, the share of the erstwhile COMECON-countries, which played a dominant role, before has decreased. At the same time, the share of countries having developed market economy in our agricultural exports has considerably increased. This process intensified in 1990 and the preliminary data show that same tendency enforced in 1991, too.

From the figures, the main tendencies, i.e. the decrease of the socialist markets in the Hungarian agricultural exports and the first results of the steps taken toward the markets of developed capitalist countries can definitely be seen. In the low - and diminishing - market share of the developing countries, the low level of the effective demand and the high specific transport costs of agricultural products play a part.

Table 1 Division of agricultural and food industrial exports among the socialist, developed and developing countries (percentually)

	1985				1990			
	Socialist	Developed	Developing	Total	Socialist	Developed	Developing	Total
Agriculture	58.1	31.9	10.0	100.0	31.7	61.5	6.8	100.0
Food industry	44.4	48.3	7.3	100.0	23.0	70.0	7.0	100.0
Total	49.6	42.1	8.3	100.0	25.5	67.6	6.9	100.0

Source: Ministry of Agriculture - STAGEK

The change in the roles of both European economic integration systems, the COMECON and the EC, began in the Hungarian agrarian exports just in the period under survey and, by the end of that period, this tendency even intensified. While the COMECON/EC ratio was 268 per cent in 1985 (i.e. we exported more than twice and half as much to the COMECON than to the countries of the EC), this share changed to 72 per cent by 1990 (i.e. we sold by 40 per cent more product in the EC-markets than in the COMECON-countries).

Examining the commodity composition by product groups, it is striking that the volume of fresh meat, meat products and poultry drastically increased in terms of both the COMECON and the EC, on account of the corn and beverages. The vegetables and fruit (examining either the fresh or the processed commodities) achieved a slight growth inside the total exports but in a way that the share of rouble-earning exports decreased, whereas that of the convertible currency earning exports increased. The changes in the product group composition are demonstrated by the Table 2.

Table 2 Change in the product group composition in the agricultural and food exports (per cent)

	1985			1990		
	Rouble	Not-Rouble	Total	Rouble	Not-Rouble	Total
Fresh meat, meat product	7.7	19.9	16.4	13.3	25.3	23.2
Poultry	4.3	11.5	9.4	10.2	13.5	12.9
Processed vegetables, fruit	22.6	6.5	11.2	19.7	10.2	11.8
Vegetable oil	1.2	7.0	5.3	0.1	5.1	4.3
Beverage production*	32.3	2.2	11.0	19.2	0.2	5.1
Corn	5.6	17.6	14.1	8.4	4.7	5.3
Oily seed	0.3	2.5	1.9	0.0	1.3	1.1
Fresh vegetables, fruit	11.2	1.8	4.6	10.8	3.7	5.0
Livestock for slaughter	0.8	11.4	8.3	2.7	6.9	6.1

*Wine, champagne, re-distilled spirit, spirits, beer.

Note: the data do not make out 100 per cent as the table hereabove does not comprise the category "Miscellaneous".

From the survey on major export markets it can be seen that the market structure of the Hungarian agricultural exports is very concentrated. About half of the total exports is realized in the markets of only three countries, the GFR, the Soviet Union and Italy. By adding further two countries - Austria, Switzerland -, the concentration exceeds as much as 60 per cent.

By the end of the decade, characteristical changes took place in respect of the shares and ranking of major importing countries. The share of the Soviet market diminished to half, whereas the share of the GFR and Austria nearly doubled. This, at the same time, means that the loss of the Soviet market was then compensated by excess purchases mostly by our traditional large importers, the GFR, Austria and Italy. It is a remarkable result that we preserved the Swiss market, of low number of population but demanding high quality, all along, and we increased our share in the markets of France and of the USA.

KARTALI, János - Mrs. ORBÁN Nagy, Mária- STAUDER, Márta - Mrs. SZÜCS, Mária: A zöldség- és gyümölcs marketing, árak, költségek és veszteségek (Vegetables and fruits marketing; prices, costs and losses.) RIAE-Study for the World Bank, 1991.

The vegetables and fruits belong to the agricultural products of highest risk in terms of both production and sales. The problems of the trade of vegetables and fruits can basically be imputed to the high risk, furthermore to the lack of interest, the insatisfactorily regulated market relations, to our economic relations of transitory nature, to our weak points in the background industries and infrastructure, to the lack of up-to-date market organizations, to the insufficiency of available information and to the problems of financing. The separation of interests can be noticed in the whole chain of vegetables and fruit trade, while the lack of interest can be experienced in some stages of the commodity's route (e.g. transport). The separation of interests, in fact, conflict of interests, which can as many times be noticed in the process of vegetables and fruit sales as many separate organization complete the part-functions (production, packing, transportation, storage, wholesale trade, retail trade, foreign trade etc.). Each one wants to exercise its monopolistic right or dominancy in the market on account of whom it buys. Any time the chain is interrupted, a reasonable or unreasonable price increase occurs (or may occur) but, similarly, a good basic material may perish and defects may occur which are due to the nature of the commodity. Consequently, this is the greatest source of loss in respect of the commodity route of vegetables and fruit.

With the growing of one-year plants, a "free market" developed, functioning badly for a prolonged period, which has resulted in a cyclic production and supply; no one wants to produce a product this year which was hard to sell last year. In this, the most significant part is played by the lack of information and of contractual discipline which often result in breaking the contracts by both the producers and the traders.

Consequently, the risk attached to the production and trade of vegetables and fruit is not reduced now by the situation of the agrarian market yet but it still makes it more difficult in some cases. Yet, we have to state that the enforcement of the producer's interest can be implemented, in a much greater number of the cases, with more difficulty than that of the wholesaler since, in general, it is the producer that undertakes the greater part of the risk mentioned previously, he is in a greater distance from the market information too, and - usually - it is more difficult to find a buyer than for the more agile and informed wholesaler or trader to find commodity. Also, it can often be experienced that the producers do not acknowledge the trading costs as reasonable costs and they regard the difference between the price they receive and the consumer's price as the net profit of the trader. This mentality may most significantly be changed if the producers themselves would open shops or take part in selling their products in a direct way; if they would obtain experience in respect of the costs attached to the trading activity.

Contradictions may be noticed in terms of the product ownership and responsibility. Namely, this is what the producer, the processor and the traders acting at different levels have to live on. Especially with these products of peculiar nature, this fact had been recognized long ago, therefore, they were compelled to associate in our country long ago (before the World War II) in Hungary, too. The market "disorders" affect mainly the producers, often even in terms of their existence. This problem has not been resolved by us until now. From the producer's point of view, the cultivation means, in certain cases, a lasting engagement, i.e. a long-term risk, as regards product sorts to which an intensive risk is attached (especially in respect of standing plants, i.e. of fruits), due to the way of farming and to the invested money and live labour.

The transformation process of the trade organization scheme has suddenly changed as late as in the recent few months and a considerable change in the organization of the foreign trade has taken place mainly from 1990 on. In the transformation process of the trade organization of vegetables and fruit, the change in the purchasing organization can be regarded as most important, such as the establishing of the Coopholding Corporation involving especially the reorganization of Zöldért (Vegetables and Fruit Selling Co.) which will be discussed later on herein. The transformation of the ÁFÉSZ's (Purchasing and Consumer's Cooperative Organizations) is expected mainly after the planned Cooperative Act which is likely to result in the change in the ownership of these organizations and partly in their profile. This - first of all by spreading the owner's mentality and by improving the integration activity - will facilitate the conflicts of interest between the producer and the purchaser, and the consolidation of the organizations will also make the evolvement of a market anarchy avoidable.

The changes in the organizational ownership forms which have taken place show that - although there are noticeable signs for the normalization of the market relations still being anarchical - this still assumes a multi-directional work to be performed for several years. The former planned economy system (which, as a matter of fact, was not able to appropriately regulate the cultivation and trade of vegetables and fruit as much as the other branches) has already disintegrated and its organizational frames are in the stage of disintegration as well, however, the market economy's instruments and organizations regulating the trade of vegetables and fruit have not been established yet. This process has, however, commenced already. The conditions to the development of market consolidation are the rearrangement of ownership relations in the production and trade and, associated to this, the development of owner's mentality and interest, the establishment of sectoral and regional chambers also rendering information, that of product councils and business federations, that of trading organizations well provided with capital and able to implement an integration, the appropriate market regulation, an intervention scheme, a general and special regulation scheme and, following all these, a correct contractual relationship scheme; in addition to this, the significant improvement of the infrastructure, the technical facilities and the information system is essential.

KARTALI, János - STAUDER, Márta: Élelmiszer-kereskedelem az Európai Közösség országaiban. (Foodstuff trade in the EC-countries.) Gazdálkodás, No.10, 1991.

The integrated European internal market will mean a total of 340 million consumers. It is considered that it is the trade that will be the preparator of a "Common Europe"; a political amalgamation will take place following this, at a later date. The potential market comprises 12 countries situated in an area of 3.6 million sq. kilometres where the population speaks nine different languages. Of these countries, with the oldest seven member-countries, the levels of infrastructure are more and more approximating to one another, whereas the others, compared to the seven, can be regarded as comparatively backward. Despite the integration, a number of local pecularities dominate in respect of demands, therefore the adjustment to the current local market conditions is necessary, from the concrete realization of the individual transactions, i.e. from the product through its advertising. At the same time, a joint effort will be required in the field of marketing so that this huge market can be recognizable and analysable.

During the disputes on the integrated internal market, the following issue keeps arising: It is the consumer that wins! Namely, the supply and competition will increase and this is for the benefit of the consumer. On the other hand, the regulation under standardization is human-centred as a declared target and in respect of its methods alike, consequently, it is intended to put the consumer into a situation being even more advantageous in terms of both supply and consumer-protecting rules.

This, of course, will not be noticeable in every field and at once since the different national regulations also imply additional costs. Same applies to the inadequate production structure, higher production costs and storage costs when the disadvantage due to the higher price is for the consumer. A very great difficulty is constituted by the standardization of taxes; disputes are carried out on the size of the Value Added Tax, too, which is between 12 and 35 per cent in the EC, in terms of foodstuffs. (Normal item.)

In spite of the existing differences, it is to be accepted that identities also exist irrespective of frontiers. To establish specific market strategies, one needs to know the basic types of European consumers.

Nevertheless, the internationalization can be noticed in both the buyer's market and seller's market; this requires strategic reorientation from the retail trade as well.

In the food trade of developed countries, one of the most striking phenomena is the concentration that has been intensifying in the recent years. The main reason for this process is the achievement of a greater profit through a larger, more concentrated business network. Technical conditions allowing the concentration are the automobilism, the refrigeration chain etc., furthermore, their informational and infrastructural conditions and facilities; on the other hand, the growing cosmopolitism of the buyers and their decreasing loyality to the local business and shops (which, of course, does not apply to all age-groups and occupation-groups). Finally, a new-style marketing activity attached to large, concentrated businesses, along with those mentioned previously herein, makes this process of concentration possible and necessary.

In the long run, the higher rate of concentration seems to be a way to be followed for Hungary, too, however, in the short term, tendencies opposite to this can be expected. Namely, with the privatization, it is probable that - at least in the initial stage of privatization - the number and share of small-staff (even one-staff) shops will grow which is a process opposite to the concentration. However, by way of the growth and concentration of private capital later on, furthermore through the appearance of foreign capital in the mentioned areas, the concentration process may start in Hungary as well. Of course, the infrastructural and technical conditions are also to be established, as experienced in Western Europe.

Mrs. ORBÁN Nagy, Mária: A közös piaci csatlakozás hatása a görög agrárgazdaságra. (Impact of admission to the Common Market on the Greek agriculture.) Európa Fórum, No.4, 1991.

Greece was the first, in 1962, to be an associated member of the European Community which was replaced by an ordinary member status in 1981. The period of transition was determined to be five years (1981-1985).

The integration in the developed European agriculture had to be faced by a Greek economy which, in terms of its indices, caused Greece to be the most backward member-state of the EC.

The events of the recent decade that has elapsed since Greece's admission to the EC show that the hopes whereas the agriculture may be modernized in a short period in the possession of investment funds so that it becomes competitive with the other member-states of the EC, have not come true. This, first of all, would have meant the elimination of small-scale and not profitable farms, the reduction of the proportion of agricultural population, the acceleration of the development of animal husbandry; the increased agrarian export would at least have covered the excess imports and the income of the farmers would have improved. Except for the latter, the results fell behind even the moderate estimates, especially in terms of foreign trade.

For the Greek agrarian foreign trade, the associated membership granted more advantage than the full membership status as Greece could export her traditional export products at reduced duties even to the conditions of associated membership, and, at the same time, she could buy its imported items from third countries at much lower prices than the internal price level of EC-countries. The agricultural exports, compared to the rate of 120 per cent before the admission, covered the agricultural imports from the Community to an extent of as little as 72 per cent, mainly due to the fact that, by adopting the Central Agrarian Policy (CAP) her import prices shifted towards the EC increased by 80 to 100 per cent, whereas the prices of exports to the EC increased by 20 to 30 per cent only.

In the capital flowing into the food industry, mostly the multi-national companies have a decisive share. This is favourable in certain respect, however, these companies are seeking to utilize the comparative advantages and to capture the Greek domestic market.

The farm structure being uneconomically disintegrated and the one-sided product mix improved next to nothing, the investment projects have significantly declined, despite the increasing subsidies, the competitiveness is worsening gradually.

Nevertheless, at the same time, a considerable budget surplus derived, coming up to the expectations, from the Community's Budget Fund, the FEOGA, which played a very significant role partly in the survival of the agriculture, partly in the improvement of the country's balance of payments.

To Greece, between 1981 and 1989, an amount by 7 million ECU more than the amount paid in by her was returned and she receives a considerable share from the Integrated Mediterranean Programme, too.

In respect of Hungary's expected admission to the EC, some lesson may as well be outlined with regard to the Greek experience:

- In the case of a heavily indebted country, a very strong inclination is present to cover the deficit of the balance of payments from the supports and loans received for the improvement of the structure and to utilize these amounts for raising the living standard being low, instead of using same in investment and development projects returning only in the long run but assuring the alignment.

- While, during the period of associated membership, the weaker party may have one-sided benefits in the foreign trade owing to the asymetric assumption of liabilities (e.g. customs duties, quotas), this protection already is terminated upon the full membership status. If the transition period is short for the alignment, so the country having weaker performing ability will fall behind the others in the competition inside the EC.

- Therefore, it is extremely important to identify the length or much more the individual steps of the transition period in a coordinated manner and to establish an infrastructural and institutional system suitable for receiving the new scheme.

- The trend of the foreign trade balance of the Greek agrarian economy throws light on the fact that one cannot automatically expect the expansion of the exports and the improvement of the trade balance even if a country becoming a member of the EC has export articles in terms of which the EC is not self-sufficient. In addition to the competition inside the Community, the price and subsidy scheme affecting the individual products in a different way and the preferential pacts concluded with non-EC-members may dash the expectations based mechanically upon experience of the past.

Mrs. ORBÁN Nagy, Mária: Fokozódik a koncentráció a finn élelmiszeriparban. (Concentration is intensifying in the Finnish food industry.) Gazdálkodás, No.4, 1991.

In Finland's food industry, the process of concentration continues to strengthen by way of the acquisition of companies and mergers, despite the fact that the corporate structure developed by the 1970's was very concentrated, too. The concentration is regarded as a positive process in such that it increases the number of Finnish companies well-provided with capital and this is not indifferent in respect of the international flow of capital and company acquisition which are expected to take place after 1992. The contradiction between the optimum size of series production and the small domestic market also intensifies the efforts for concentration. At the same time, the decrease in the number of participants in the market weakens the competition against which the country's market might be protected by way of more liberal importation. At present, several restrictions are imposed on the agricultural and food imports which, however, they are compelled to considerably reduce due to the GATT agreements and to the expected EC-membership. The implementation of an import regulation complying with the GATT and other international pacts is planned for a period of about five years. In Finland, in addition to the agriculture, the food industry was granted a rather strong protection till the end of the 1980s.

The strong concentration of Finland's food processing is well featured by the fact that about 70 per cent of the Finnish food industry's annual production worth 46 million FIM is produced by 17 large food industrial companies. There is a food industrial branch where 90 per cent of the production value is provided by only one company. Such branch is the milk processing dominated by the Valio Company operated in cooperative ownership form. As regards the number of participants in the market, there are also other industries showing oligopolistical signs: meat industry, vegetable oil industry, sugar industry, milling industry, brewing industry. Of the 4 to 5 manufacturers acting in the given fields, the largest one has a market share of 40 to 60 per cent.

Despite the centralization processes in the industry and trade, Finland's Competition Office takes the position whereas it is not advisable to set a limit to the market share in the Competition Act since this is uncontrollable and, consequently, inefficient.

To their view, the deregulation, the import (including the import of working capital) and the public opinion may be an effective weapon against the mutilation of the competition; on the other hand, the stagnating or decreasing consumption will become a very strong factor in the competition. In Finland, the Competition Office does not intend to act as a court hindering mergers or initiating disintegrations. Its main task is to take measures against unfair market attitude against coordinated deeds restricting the competition and for the acceleration of the deregulation process; mainly by releasing the import restrictions.

The Hungarian Parliament passed the Act LXXXVI on the Restriction on Unfair Market Attitude on 20 November 1990 which follows the Western European practice in terms of the regulation concerning organizational mergers:

In accordance with § 23 of the Act "a prior permit shall be applied for from the organization exercising the function of Competition Supervision to the organizational merger of entrepreneurs if

a/ the total share of participants ... exceeds thirty per cent in the market concerned or

b/ the total revenue achieved in the preceding year by the participants exceeds ten billion forints."

Consequently, the Finnish practice and the Hungarian practice just evolving significantly differ from one another in terms of regulating the mergers. Nevertheless, the contradiction applies to both countries, which is difficult to resolve, whereas the competition-restricting power of the monopolistic organizations should be broken so that the competitive position in the foreign trade should not be infringed either.

SZABÓ, Márton: A magyar tejipar vállalati és üzemi struktúrája a nemzetközi összehasonlítás tükrében. (Corporate and plant structure of the Hungarian milk industry in the light of international comparison.) Gazdálkodás, No.3, 1991.

The plant structure of the milk industry was polarized before the World War II, as well; in addition to some high-capacity plants, a great number of dwarf plants operated, in the same way as in the domestic industry, in general, too, the branches remained to be of small-scale nature, due to the lack of integrated development. After the war, companies adjusting themselves to the county borders were established in several steps and this system has continued to exist until now.

With the slogan "rationalization", the centralization of the dairy plant network was launched. Most of the milk processing plants were wound up just in the milk producing regions, while the overwhelming majority of the plants remained existing in the county seats and in the towns. Simultaneously with this, the milk cooperative network was wound, whereas the operation of milk collecting halls could have been possible by means of a plant network adjusted to the available production facilities and to the pecularities of the milk.

The rate of centralization soon exceeded not only the level of developed countries but also that of Czechoslovakia and of the GDR.

A small sudden change was only brought by economic reform in 1968. From the beginning of 1970s, processing plants for the agricultural farms were constructed in a great number, one after another to which the government attached a role in the development of market competition as well.

From 1974 onward, a uniquely intensive investment activity was launched by the cattle programme, in the history of this industrial branch. The overwhelming majority of development projects fell on the high-capacity plants supplying milk to towns. The concentration of the average plant size and that of the processing increased. This process, however, not like in the developed countries, took place far from being spontaneous, controlled by economic interests, with a decisive role of central concepts and central sources. The primary requirements were the processing of the growing milk volume and the rapid increase of consumption. The requirement for profitability fell into the background; in many cases, it was rather the technical and prestige aspects that dominated.

Comparing the corporate structure of the EC-countries with the domestic corporate structure, we may make the following statements:

- opposite to the Western European corporate size structure being proportionate and pyramid-like, the corporate structure of the Hungarian milk industry is gap-toothed and polarized; some size categories are almost fully vacant, thus there are certain sizes of markets and market segments to which no appropriate corporate size can be matched;

- the corporate size scale is narrow, on the one hand, the number of small-scale companies is very small, while on the other hand, we have no large-scale company that can be compared to the international scale either; due to the extremely low number of small-scale companies, the average corporate size is 2- to 4-times as big as that of the Western European one, however, it still does not mean a greater concentration;

- opposite to the corporate size, the milk quantity processed in the individual size categories shows a pyramid turned upside down in the EC-countries i.e. most milk quantity is processed by a few large-scale companies, i.e. the production is concentrated;

- while, in the developed countries, one of the most important instruments of the adjustment to the market processes is the rapid change in the corporate structure, in Hungary, there is little possibility of the organic change in the structure - the structure is rigid, especially in the state-owned milk industry; changes are caused only by the shifting of shares among the companies already acting in the market; the impact of entering and leaving the market is insignificant;

- examining the individual product groups, the production of freshly consumed products (market milk, flavoured and soured products, sour cream) tended, opposite to the international trends, towards deconcentration, whereas this trend was slighter than with natural cheese sorts and butter and only the production of most capital-intensive products has concentrated (processed cheese, powdered products).

The tendency for deconcentration is under the domestic conditions fully reasonable and it can be regarded as positive since it is in connection with the regional compensation of consumption, in the formerly larger independence of state-owned companies in respect of decisions on product mix, with the slow improvement of the ability of adjustment to the market and with the abandoning of the principle of concentrating the production which was previously forced by the trust.

SZABÓ, Márton: A piaci struktúra és a versenyviszonyok összefüggése a tejtermékek hazai piacain. (Correlation of market structure and competition in the domestic markets of dairy products.) Ipargazdasági Szemle, No.2, 1991.

In respect of developing the market, it is an essential issue what initial conditions the corporate structure of the Hungarian milk industry provides to the competition. During the examination of the issue, we had to identify the so-called relevant markets, i.e. those products and, in geographical sense those areas which can be regarded as separate markets. In the course of this, we have allowed for the extreme disintegratedness of the domestic dairy product markets which has been present till the most recent period which is the result of the technological and infrastructural facilities and of the great size of transport costs (preservability, transportability, cost-bearing ability). These factors limits the markets of the so-called freshly consumed products which, however, can be preserved for a few days at most, to a very small geographical area in comparison with the developed countries. Considering all these, we have identified local markets and examined their structure one by one. The numbers of relevant markets obtained this way were with the individual product groups as follows: table milk 31, flavoured milk-drinks, soured products 5, sour cream 7, curd 3, cheese 1, butter 1.

By evaluating the results, it can be stated that - from the aspect of the plant structure - the conditions of developing the competition are weak in respect of the flavoured milk-drinks and soured products, they are medium as regards the table milk, and they are good as regards the sour cream, whereas they are very good as for curd, cheese and butter.

Examining from the aspect of corporate structure, the situation depicted hereabove is somewhat worsening, mostly with the table milk since there is no competition among the plants of a state-owned company.

A main reason for distortions of the market structure is the fact that the state-owned dairy companies, in addition to their producer's function, are wholesalers and exclusive owners of their supply area, irrespective of the non-state competitors; they let only that much commodity of foreign origin into their regions which they deem appropriate and they also control its sales. The direct ship-in into the shops of "foreign regions" was objected by the trust before and the companies have not changed this practice of theirs even after the winding up of the trust for an extended period, partly due to habit, partly due to the fact that they have been afraid of the counter-action of the partner-companies.

In the developed countries, due to the better technology and to the better infrastructural conditions, the geographical extension of markets is the multiple of that of the domestic market. The larger area with larger population and along with the higher area intensity of production and consumption provide possibility for utilizing the benefits of plant and corporate size-economicalness. However, the corporate concentration stronger than the domestic one involves in Western Europe, a substantially less concentration which is - in addition to the aforementioned - explained by the more or less free import competition inside the Common Market or, at least, by its potential possibility. The competition is going on at continental level, among efficient large-scale companies, though in the local and regional markets, a great number of small- and medium-scale companies survives for an extended period. The slow growth of the participants in the Hungarian market, i.e. the entry of the small-scale cooperative processors has favourably changed the conditions of the competition. The appearance of small-scale processors in the individual local markets and in respect of certain products has increased the competition. The benefits of this could be enjoyed by the consumers in respect of product quality but the extremely inflexible and non-interested retail trade companies have not passed the margin allowances to the consumers.

The new processors have acquired a market share especially where the small size of the market was not really attractive to the state-owned companies.

Nevertheless, the development of competition has been hindered by several other factors; the product range of the small-scale processors is narrow and they do not cover the whole territory of the country in geographical sense either, whereas in many cases, a state-owned plant and a cooperative one rather concluded a competition-restricting agreement even if the conditions of competition existed. Undoubtedly, even the existence of a potential competitor may change the attitude of the companies dominating the market. As a whole, it can be stated that, though the growth of the participants in the market has not brought any break-through but, without this, the situation would be worse.

The most significant obstacle of the development of an actual competition is the lack of owner's interestedness with the dairy companies. The solution may be expected from the rapid privatization that should be preceded by an organizational decentralization but only after an individual expert's survey.

SZABÓ, Márton: Koncepcióvázlat az élelmiszer-feldolgozás és az élelmiszer-kereskedelem privatizációjához. (Draft concept for the privatization of food processing and food trade.) Élelmezési Ipar, No. 3, 1991.

During the privatization, we consider the fulfilment of the following conditions as important:

- the state property should be passed into the hands of owners that are really interested in its profitable operation,
- the privatization should be rapid since a break-through is to be achieved in the ownership structure as soon as possible,
- during passing the state property into private hands, there should be no privileged situations,
- the privatization should foster the development of an efficient market structure, the strengthening of the competition.

These objectives partly contradict to one another, thus compromises are inevitable.

Under the present domestic conditions, we can regard only the private persons and the foreign investors as owners unconditionally interested in operating the capital efficiently, including the cooperatives established by private persons in the circle of the former ones.

By way of the privatization, we want to achieve the increase in efficiency, i.e. an economic aim but, in addition to this, the creation of an owner's strata as a socio-political objective is none the less important. In this regard, the small-scale property is of great significance.

During the privatization, the domestic private persons should enjoy benefits (right of pre-emption, credit with favourable conditions etc.).

The large-scale horizontal concentration inside the state-owned companies offers opportunity for the decentralization which may assist in the quickening of market competition.

The selling of major companies could be managed in two stages. In the first stage, the state property would pass into the hands of property-selling joint venture companies to which the foreign partners would provide their expertise and connections and, thereby, also markets. In the second stage, the property-selling joint venture companies, after the necessary restructuring will have been completed, would then pass the companies with a profit. The Hungarian party receives nearly up to 50 per cent from the profit of re-selling, similar to the foreign partner, and the Hungarian experts can obtain special expertise during the restructuring.

We group the plants and the attached units to be sold (after the mentioned organizational review has been completed) as per the size of their property and, based upon this, a two-stage privatization is advisable to be implemented.

In the first period of about five years, unit should be sold

a/ for which - due to their comparatively low worth - a domestic private person might possibly appear as buyer (the worth limit could be an as-per-book value of 70 million forints, 15 per cent of the state-, municipal- and food industrial property worth of the year 1988),

b/ by virtue of their high worth, presumedly no domestic private persons would appear, within a foreseeable period, as buyers; it is advisable to transform these plants into companies of foreign majority or of entirely foreign involvement as soon as possible (over an as-per-book value of about 300 million forints - 55 per cent of the food industrial property worth).

We should not be in a hurry with the privatization of the medium-scale companies (70 to 300 million forints of property value) situated between both groups that can quickly be privatized as there is chance, in the second stage of the privatization process (6 to 10 years), for the strengthening domestic private capital to take over them and, this way, a strong medium-scale company strata could come into existence. Till their being sold, these companies would be in the trusteeship of state-owned holdings competing with each other.

The "small privatization" (under a property worth of 70 million forints) would affect the state-owned and municipal food industries' 850 plants, mainly bakeries, mills, feed mills, juice bottling plants and the plants of all industries except for the sugar and vegetable oil industries. Thereby, a sphere of small-scale companies may develop which is so missing from the domestic structure.

The sale of units of over 300 million forints and the "large privatization" would affect altogether 90 plants; 17 meat industrial plants, 11 canning plants, 11 sugar plants, 8 poultry plants, 7 cold storage plants and 7 sweets industrial plants among them.

It is advisable to make an exception from the privatization principles enforceable in general in such that in the interest of protecting the few domestic trademarks (Herz, Pick salami, Tokaj wine, Szeged and Kalocsa red pepper) and in order to provide sales safety for the agricultural production, the share of companies operated under foreign majority control should be limited to some extent in certain industries (sugar and vegetable oil industries) and about a half or two-third of the companies should be left under domestic majority control.

In the outlined manner, the majority of private ownership and the sound market structure can be established in the food industry in 5 years.

TÓTH, Erzsébet: Foglalkoztatási és szociális viszonyok. (Employment and social relations.) In: "Employment, social problems and the questions of the development of infrastructure" study, sub-chapter 2. (Ed. DORGAI, L.) RIAE, 1991.

The anomalies of agrarian employment - mainly the agrarian overpopulation, the inappropriate professional and skill mix of manpower, the earning possibilities lower than the average - were, though to different extent, present in the Hungarian agriculture formerly, as well. These tensions were amplified, in the second half of the 1980s, by the decrease in the profitability of agricultural production, the reduced development sources, the drastical curtailment of state subsidies and they were supplemented by these circumstances, respectively. The unemployment appeared in the circle of the agrarian population, too, which now can still be imputed mainly to the economic recession and not to the restructuring adjusted to the market.

In Hungary, like in the developed European countries, the proportion decrease of those employed in the agriculture (by 20 per cent between 1980 and 1989) but despite this fact, in Hungary, twice as many active earners (12 per cent) live on agricultural production as in the developed countries.

The agrarian sector plays a significant role in the employment of the population of rural settlements, villages but the expressedly decreasing agricultural production provides living for a diminishing share of the agrarian population. The decline in the sustainability of agricultural production was attempted to be offset in the first half of the 1980s by the large-scale farms by diversifying the activities, especially by increasing the share of activities other than the basic activity. However, in the second half of the 1980s, due to the further strengthening of economic restriction and to the decline in demand, the industrial and servicing plants of the agricultural large-scale farms ceased in great numbers which, of course, resulted in the acceleration of the pace of staff decrease. The nearly 20 per cent staff decrease in the agriculture took place almost entirely in the second half of the decade. The staff decrease affected the employment relations especially in those counties and micro-regions unfavourably where the supplementary activity creating job was nearly the only possibility of the slight expansion of employment due to the unfavourable habitat's conditions of the agriculture.

The large-scale farms also attempted to expand the employment by modifying the production mix toward the live labour intensive branches. A special significance is attached to the initiatives whereas it offered employment and income supplement not only to those working in large-scale farms but, in general, for those living in villages, thus, also to the non-agrarian employees and to the inactive population able to work, too. The success depends mainly on the market and sales possibilities which, to the recent years' experience, are not really unclouded.

Those employed in the agriculture are not in a favourable position in respect of quality pecularities either since the high proportion (82.6 per cent) of blue-collar workers is typical, as well as the fact that 60 per cent of them is substantially unskilled; they are semi-skilled and unskilled workers. In the counties of critical situation, the high proportion of elder age-groups is typical as well but these age-groups can less be mobilized for training, retraining or not at all. Thus, the low degree of skilledness and the comparatively high proportion of older age-groups altogether heavily worsen the chance, of those living in such regions, of adjusting themselves to the changing conditions.

In the interest of economic boom, the full employment appraised as an achievement so far has been replaced by the imperative need of efficient employment which, by way of the gradual elimination of uneconomical activities, resulted in the direct appearance of unemployment and its growth at a very quick pace.

The moving off of manpower demand and supply in terms of volume is indicated by the fact that, while in 1989 the number of the registered unemployed exceeded the number of vacant posts only in two countries, in 1990 further seven counties joined to them, showing substantially greater differences, and in 1991 the unemployment extended to the whole territory of the country, due to the drastical decrease in vacant jobs.

The number of the registered unemployment grew nearly eightfold between June 1989 and 1991. Between June 1989 and 1990, a growth of 184.0 per cent took place. Furthermore, an acceleration is indicated by the fact that in September 1991 as many as 292 756 persons was registered as unemployed which, compared to the situation of June, means an increase by 57.8 per cent in one quarter-year. The differentiatedness of the manpower market among the counties and regions is striking in terms of the unemployment rate, too. The proportion of the unemployed, in June 1990 was as little as 0.5 per cent on national scale. The development of the critical situation was indicated by the unemployment rate of about 2 per cent as early as that time, in the northern, north-eastern part of the country. In June 1991, the proportion of the unemployed increased, on national scale, to 3.9 per cent and the threatenedness of the regions in question continued to grow.

The chances, better to say, the hopelessness of employment is indicated by the fact that, while in 1989, 282 posts fell on hundred unemployed persons on national scale, in 1990 only 87, in the next year as few as 8.

The increase in the number of the unemployed after June this year has accelerated even in regions having been in a favourable manpower situation so far which proves the growing regional extension of the unemployment and the deepening of employment tensions.

The unemployment, in 1989, threatened basically those unskilled, whereas in the next years, the danger of losing the jobs has extended to more skilled employment groups, too.

The major regional impacts of the employment's tensions having existed before and having been supplemented by new factors may be summarized as follows:

- The strengthening anomalies of employment cause almost critical and more and more deepening problems partly in regions of which the dominance of industrial employment is typical due to the one-sided development, partly where there have not been sufficient job opportunity anyway thus the employees were compelled to shuttle, i.e. in regions being backward in terms of economy. It is regrettable that the limits to expanding the employment opportunities appear just in these latter regions most intensively.

- The employment has gradually extended to the countries regions that have not been so much affected so far and, substantially concerns all branches of the economy and the demand for manpower has declined in the servicing sphere as well. We also have to expect that the restructuring - at least transitorily - will involve the termination of more jobs than the creation of new jobs and this will make the situation of the economically backward regions still more critical.

- The transformation of ownership relations by way of privatization - at least in the short term - will involve the decrease in the number of the employees. The privately owned economic management organizations - thus, also the family farms acting in the agriculture - employ less labour due to economic considerations. We have to take leave of the illusion whereas the privatization of the agriculture, the cooperative organized to the real model of association, the evolving family farms are able to increase the absorption of agricultural manpower.

- The unemployment appearing in the countryside is not at all only of agriculture trait, though the agrarian over-population can be noticed at several locations. Nevertheless, there is no doubt that the conditions of job creation in other directions is the worst in the small settlements.

- In the economically backward agrarian regions of unfavourable conditions one also has to reckon with the fact that due to the sales of the products of live labour intensive branches becoming more and more difficult in the domestic and foreign markets alike, to the decline in the demand for activities other than the basic activity, to the increase in the number of those looking for subsistence might bring about the further decrease in the living standard and it might result in the conservation of the low living standard and in the strengthening of social problems.

Upon the impact of the aforementioned factors, the present (September 1991) agrarian unemployment estimated to be about 20 thousand people is likely to double by the end of this year will expectedly affect 35 to 40 thousand persons. With the acceleration of the privatization, with the winding up of companies showing a deficit, the agrarian unemployment will continue to grow and, even without a substantial restructuring, may reach, in 1992, 80 to 100 thousand persons which equals to 10 to 12 per cent of the agricultural active earners. In case the demand for the products of live labour intensive branches would not expand, or maybe decrease, so we may expect an unemployment affecting about 140 to 150 thousand persons, i.e. about 18 to 20 per cent of the agricultural active earners may become jobless.

Nevertheless, the agrarian unemployment will appear in a spatially differentiated way, thus in regions where the labour intensive branches (vegetables, fruit, grape cultivation) were the main source of income for those living on the agriculture, a still more critical situation has developed. We also should like to draw the attention to the fact that in these regions, the opportunity for earning money will drastically decrease not only for those living on the agriculture and for full-time agricultural workers but for all dealing with agricultural cultivation, i.e. for the small-scale producers as well.

In the mitigation of the employment's problems becoming more and more, the following solutions already being developed at certain locations:

- For the manpower released in the period of restructuring, living in the countryside, the development and growing demand of the tertiary sector may mean a solution. Undoubtedly, the opportunities offered by the servicing branches are more favourable in the large settlements but, by the gradual elimination of the infrastructural backwardness, the supply for small settlements may be improved as well.

- In order to reduce the manpower supply, the part-time employment can be a successful solution. This, however, may only be a success if the loss of income involved by the reduction of working time is - under certain conditions - compensated by the state through social allocations, upon family-, social- and employment policy considerations.

- In case of favourable sales opportunities, the solution is the increasing of the proportion of highly live labour intensive plants (medicinal herb, sowing-seed, berries etc.) and the development of vertical schemes based upon them and reaching different rates of processing.

- The family farms may, in future, assume as income supplement a greater role in the exploration of the opportunities offered by village tourism, organized holidays and handicraft.

Mrs. VISSY Takács, Mara: Az élelmiszeripari kisvállalkozások szerepe a régiók fejlesztésében. (The role of food industrial enterprises in the development of regions.) RIAE, 1991.

In Hungary, the small enterprises - small-scale industry - in the food industry have traditions to which the terms "quality", "assortment" and "fresh products" are associated.

We differentiate the small- and medium-scale enterprises from the large-scale one, in general, on the basis of the number of those employed in the enterprise - similar to the foreign terminologies - irrespective of the ownership form or of the product range.

At the same time, we are also aware of the fact that, for the time being, in Hungary, the enterprises' categories as per the number of employees are rather uncertain. Maybe, the most acceptable is the category that identifies the upper limit of small enterprises at 60 persons and of the medium-scale enterprises at 150 persons.

Accordingly, a part of the regional plants and the private small-scale industry which can be graded into the group of food industrial small-scale and medium-scale enterprises. In their coming into existence, the market demands played a dominant role and they will continue to do so in future more than before. The basis of their operation is to meet the special consumer's demands, to expand the assortment which, at the outset, developed in consideration of quantity aspects and, later on, of quality aspects.

Nowadays, various types of food industrial small- and medium-scale enterprises are available. The most typical ones are as follows:

- small-scale enterprises established within large-scale companies,
- enterprises of the private sector,

- enterprises that have come into existence under the conditions provided by the Company Act,
- other company and enterprise forms.

Of the many kinds of business opportunities, it is not easy to choose the one promising profit but the decision-making is facilitated if the entrepreneur takes his objectives and resources into account, in advance:

- asset, resources, capacities
- objectives, expectations, risks,
- operation structure
- raw material sources, market opportunities.

For the operation of an enterprise, the selection of an appropriate technology is essential. The appropriateness of technology means that it can adjust itself to the local conditions, that it can use the local raw materials, it fits the micro-environment and the final product can be sold in the domestic market and it is possibly exportable as well.

The small-scale and medium-scale enterprises willy-nilly influence the development, image of their region and scope of activity by their

- contributing to local employment,
- improving the supply level of the settlement and region,
- influencing the development of infrastructure,
- assisting in the establishment of transport-, distribution- and business federation networks,
- affecting the relation of the environment to the other spheres of the society.

As the small-scale enterprises conduct their trading activity more flexible in respect of region, they guide their markets more easily to areas not provided with supply and,by virtue of their production flexibility, they adjust themselves with their products to the peculiar local taste, too. Through their higher mobility, it is easier for them to find the market gaps, to adjust themselves to the geographic, demographic and consumer's habits.

The small- and medium-scale food industrial enterprises have a great significance in the supply of small settlements.

Table 1 Characteristic data of the Hungarian settlement network

	Number of		
	towns	villages	settlements in 100 sq.km
Trans-Danubia	53	1614	4.5
Great Hungarian Plain	52	754	1.2
Northern Hungary	19	565	4.2
Budapest	1	-	-
Total:	125	2933	3.2

Source: Settlement Statistical Year-Book, Central Statistical Office (KSH), 1990.

In Hungary, there are 1670 settlement each having a population of 1000 persons (Table 2) the 70 per cent of which is concentrated on Trans-Danubia and there are nearly 2800 settlements the population of each does not reach the figure of 5000 persons.

The structure of the settlements is varying from country region to country region. Of the Great Hungarian Plain, the settlements, being in greater distances from each other, having a greater number of population, are typical, whereas Trans-Danubia and Northern Hungary have settlements of smaller size and situated more densely.

The one basic condition of most food industrial enterprises is the basic material and raw material supply, the other one is the possibility of establishing the market.

Table 2 Number of settlements as per the size of population

	Population								
	less than 499	500-999	1000-1999	2000-4999	5000-9999	10,000-49,999	50,000-99,999	over 100,000	Total number of settlement
Trans-Danubia	740	417	287	149	31	35	8	3	1670
Hungarian Great Plain	58	139	199	248	85	70	3	4	806
Northern Hungary	162	154	146	89	12	16	1	1	581
Total:	960	710	632	486	128	121	12	9*	3058

*Incl. Budapest.

Source: Settlement Statistical Year-Book, Central Statistical Office (KSH), 1990.

Possibilities of a successful small-scale enterprise are present where the appropriate raw material base is coupled with favourable sales conditions.

From enterpreneurial aspect, it is advisable, where from regional aspect it is favourable if organizational units of the agricultural cultivation (private enterprise) and food industrial processing, as well as distribution (introduction to the market) and if they operate in the region on the basis of a uniform entrepreneurial strategy. The producer's-processor's-trader's organizations established on the basis of the identity of interests may favourably influence the economic development of the region) settlement, its relation to the other spheres of the society.

The small- and medium-scale enterprises of the near future are likely to prefer technological processes of higher live labour demand, of less capital intensity and being simpler from technical point of view which, with their higher labour absorption capability - especially with plants employing more employees - may significantly contribute to the mitigation of the region's employment problems.

The food industrial activities (processing, catering) are subject to strict hygienic and environment protection conditions (large water quantity, sewage disposal and treatment etc.) and they cannot be without the other infrastructural elements either (telephone, road network, power source etc.).

The entrepreneurs, the companies, in the interest of their operation, inevitably join the infrastructural development of the settlement and that of the region's image.

However, these enterprises can contribute to the development, improvement of their close environment not only by way of their activity or by their tax to be paid or by a part thereof.

A further condition of the entrepreneurial sphere's coming into existence is the capital. There is a lack of capital, especially the entrepreneurial capital is missing. At the same time, the food industry is a capital-intensive scope and the domestic banking system and the credit policy are far from being development-supporters and enterprise-assisting, respectively.

The lack of capital cannot be replaced by the production factors - of which the human resource is the most essential - that might provide securities for the enterprises. As regards technology, excellent professional expertise has accumulated in most food industrial fields, though a significant part of them is not market-oriented yet. At the same time, it is an important trait of the entrepreneurial strata that it is seeking to achieve a higher living standard and, in most cases, an inclination to initiatives is coupled with this.

Today, an entrepreneur still has a lot to learn. The establishment of confidence, that of a buyer- or partner-oriented attitude and the ability of surveying the market are of primary importance. Subsequently, the expertise of testing the market, that of appraising the buyer's, distributor's demands and that of segmenting the market should gradually be learned which have been nearly completely omitted from the education materials and practice of the recent decades.

Research and informational tasks of the
Institute for the year
1992
and its organizational chart

I. RESEARCH PROJECTS

1. Features, trends and types of ownership relations developing during the redemption-, privatization- and cooperative transformation processes

   Project Manager: BALOGH, Ádâm

2. Standard international solutions for the institutional management of the agrarian branches' financial, market and property relations (banking system, crediting, produce exchange, trusteeship, insurance etc.)

   Project Manager: BALOGH, Ádâm

3. Disharmonic signs in the present regulation scheme of agrarian branches; lasting and transitory elements in the terms of references in future economics

   Project Manager: UDOVECZ, Gâbor

4. Principal bases of the institutional scheme of real estate mortgage and the practical steps of implementation and its long-term impacts

   Project Manager: SZÜCS, István

5. Proposed forms of the economic and administrative regulation of the food export and import in the period of our associated EC-membership

   Project Managers: MESZAROS, Sândor, KARTALI, Jânos

6. Differentiation of income, the sectoral and regional correlations of the social tensions and unemployment

   Project Manager: DORGAI, Lâszlô

7. Agro-trade situation of the countries of the erstwhile COMECON-region and the possibilities of future cooperation

   a) Joint features (summary) and the Czech and Slovakian Republic
      Project Manager: KARTALI, János

   b) Poland
      Project Manager: KARTALI, János

   c) Russia
      Project Manager: KARTALI, János

   d) The Ukraine
      Project Manager: KARTALI, János

8. Concept of the informational system of the Hungarian agrarian economy

   a) The agrarian informational system of the EC
      Project Manager: DORGAI, László

   b) The proposed Hungarian informational system
      Project Manager: MÉNESI, László

9. The impacts of the association contract between Hungary and the EC on the agrarian market and the tasks attached to the preparation of Hungary's admission to the EC, expected consequences

   Project Managers: KARTALI, János; HARZA, Lajos

10. Critical analysis on the operation of the Hungarian agro-trade organizations - with special regard to the institutions of the agrarian market regulation and the possibilities of further development

    Project Manager: KARTALI, János

11. Impact of the ownership and plant restructuring on the activity structure of the agriculture

    Project Manager: BALOGH, Ádám

12. Ownership- and production restructuring in the processing industry

    Project Manager: BALOGH, Ádám

13. Restructuring of employment and production in regions of unfavourable conditions; successes and failures of implementing alternative activities

    Project Manager: DORGAI, László

14. Comparative analyses on the competitiveness of Hungarian and German agricultural production, on the order of market regulation, with special regard to the relations with the EC

    Project Manager: VARGA, Gyula

15. Land trade, land rent, land price and farm rent in the period after the reform of ownership and organization

    Project Manager: SZÜCS, István

16. Economic appraisal of the food industry's financial results achieved in the year 1991

    Project Managers: UDOVECZ, Gábor; TOMKA, József; KAPRONCZAI, István

17. Analysis on the "cost-price-income" relations of major agricultural and food industrial products in relation to the change in the market situation (Summary study)

    Project Managers: TOMKA, József; KAPRONCZAI, István

18. Forecast of the expected performance of the agrarian branches in 1992 and the appraisal of the existing tendencies

    Project Managers: LESZÁK, Ferenc,
    Mrs. FEKETE Fazekas, Mária

II. STATISTICAL AND ANALYSING PROJECTS

1. Preliminary survey on the financial results of agricultural, food industrial and forestry organizations in 1991 and on their liquidity status

   Project Managers: LESZÁK, Ferenc; LOVÁSZI, Gábor; Mrs. BARCS, Judit

2. Preparation of an information material on the financial position of the agricultural and food industrial companies in 1991, based upon the preliminary data of the balance-sheets

   Project Managers: LESZÁK, Ferenc; Mrs. BARCS, Judit

3. Regional information and survey on the economic management in 1991 in regions of unfavourable natural and economic conditions

   Project Managers: LESZÁK, Ferenc; LOVÁSZI, Gábor; Mrs. BARCS, Judit

4. Economic information on the results in 1991 of companies supervised by the Ministry of Agriculture

   Project Managers: LESZÁK, Ferenc: Mrs. BARCS, Judit

5. Preparation of the issue bearing the titel "Result sequence of agricultural, food industrial and forestry companies in 1991"

   Project Managers: LESZÂK, Ferenc; LOVÂSZI, Gâbor

6. Preparation of a data base serving for the survey on economic development and company differentiation

   Project Managers: LESZÂK, Ferenc; LOVÂSZI, Gâbor

7. Survey on the producer's attitude toward the implementation of the agrarian programme based upon the forecasts of large-scale farms for 1992

   Project Managers: LESZÂK, Ferenc;
   Mrs. FEKETE Fazekas, Mária

8. Economic appraisal of energy utilization.

   Project Managers: LESZÂK, Ferenc;
   Mrs. FEKETE Fazekas, Mária

9. Concept and implementation study for modernizing the agrarian market information system

   Project Managers: GRESA, Lajos; MÉNESI, Lâszló

10. Provision of continuous (daily, weekly) operative information on the vegetables-, fruit-, flower-, meat- and corn branches. Collection of Meat and Corn Exchange and preparation of information materials for the competent main departments of the Ministry of Agriculture

    Project Manager: GRESA, Lajos

11. Cost-income situation of the major branches of large-scale farms

    Project Managers: KAPRONCZAI, István; KERTÉSZ, Róbert

12. Review on the cost-yield-income relations of major products produced in integrated commodity-producing small-scale farms

    Project Managers: KAPRONCZAI, István;
    Mrs. PÁTKAI, Katalin

13. Cost-income situation of most essential food industrial products

    Project Managers: KAPRONCZAI István; NAGY, Zsolt

14. Appraisal of the export economicalness of agricultural and food industrial products playing a dominant role in the exports and in food processing, furthermore, identification of the gross and net foreign exchange yield of the product on area unit

    Project Managers: KAPRONCZAI, István; NAGY, Zsolt;
    KERTÉSZ, Róbert

15. Trend of fodder consumption in large-scale farms

    Project Managers: KAPRONCZAI, István; KERTÉSZ, Róbert

16. Establishment of a data collecting and reporting system adjusted to the changed requirements and possibilities in terms of agriculture, food industry, forestry and primary wood processing. Review and modernization of administrative-statistical data supply obligations of economic management organizations under the supervision of the Ministry of Agriculture, as ordered by the Ministry of Agriculture

    Project Managers: BOGNÁR, Imre; Mrs. LAKATOS, Vera
    PÁRDÁNYI, Miklós

17. Organizing and checking the execution of the Decree No. 20/1991 (XII.19) FM (Ministry of Agriculture) on the order of collection and supply of data. Further development of the methods of data collection and data flow.

    Completion of tasks related to representation in connection with the statistical and information organization of the Ministry of Agriculture

    Project Managers: BOGNÁR, Imre; PÁRDÁNYI, Miklós

18. Collection, systematization of information materials concerning the branches of the Ministry of Agriculture, and arising with the KSH (Central Statistical Office) and with other main authorities. Collection numeric and professional review, summarizing of statistical data belonging to the administrative statistical data (food industrial and forestry data), scheme ordered by the Ministry of Agriculture, preparation of time-row appraising tables, forwarding of information analysing the development, pace of the production and the position of our branches in the national economy to the competent leaders of the Ministry and to other main authorities
    Project Manager: BOGNÁR, Imre

19. Preparation of operative informative reports, brief, rapid time-row compilations, publications to the appraisal of the economic management conducted in the recent period, to the judgement of the harmony of economic objectives, resources and economic regulation factors, to the detection of reasons hindering or promoting the results, to laying the foundation of decisions

    Project Manager: BOGNÁR, Imre

20. Collection, numeric and professional review, summarizing of data belonging to the statistical reports of administrative nature (ordered by the Ministry of Agriculture) and central nature (ordered by the Central Statistical Office), related to agricultural production means trading companies, and their forwarding to the Central Statistical Office and to other main authorities. Preparation of rapid reports, informative publications - from time to time - by using the data

    Project Managers: BOGNÁR, Imre; KOVÁCS, Péter

Dr. HARZA, Lajos
General Director

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of the
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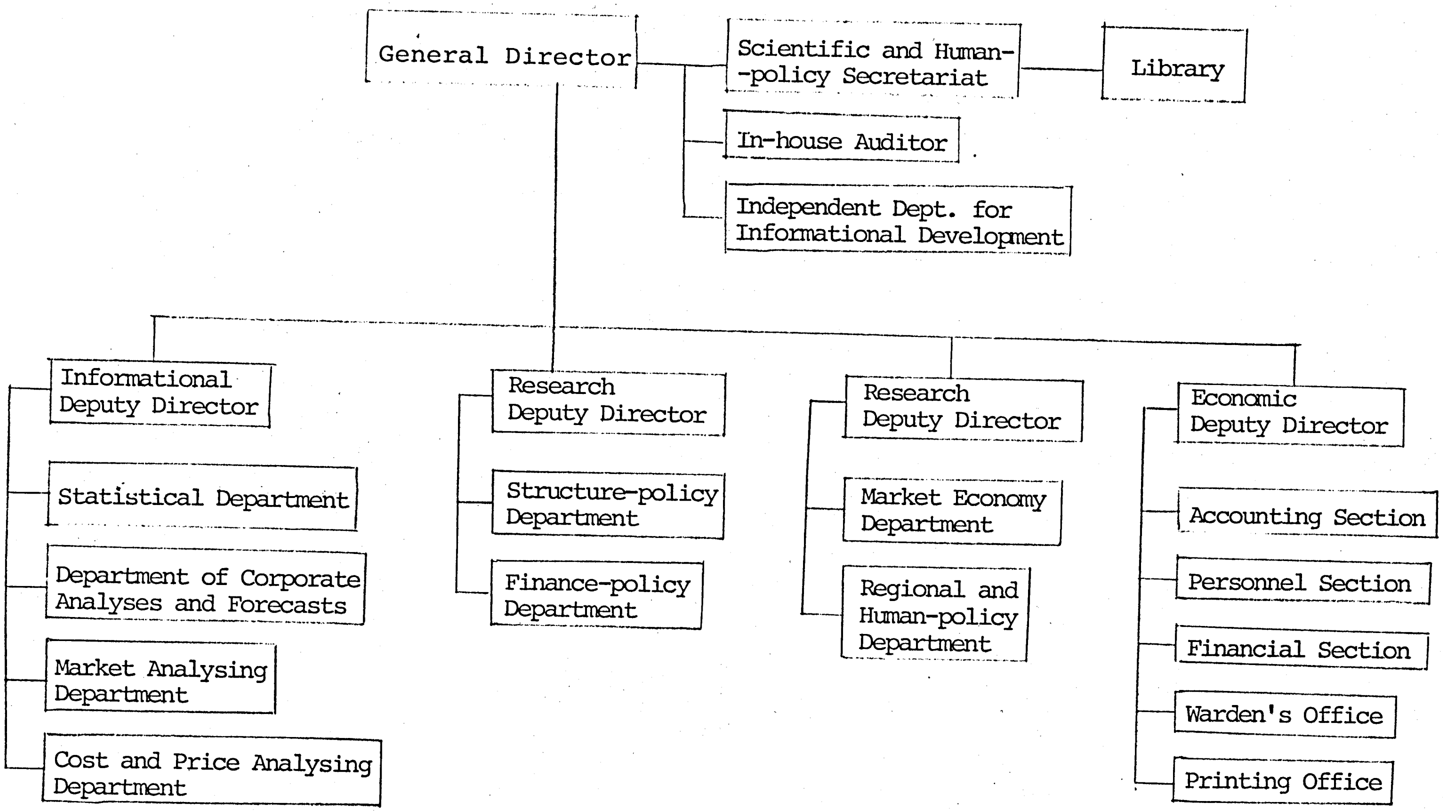

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