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**THE RURAL  
TRANSITION IN  
POST-SOCIALIST  
CENTRAL EUROPE  
AND THE BALKANS**

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# The Rural Transition in Post-Socialist Central Europe and the Balkans<sup>1</sup>

by  
Nigel Swain

## Introduction

The purpose of this paper is to introduce briefly and report on the research projects that Liverpool's Centre for Central and Eastern European Studies was engaged in the 1990s.<sup>2</sup> It discusses both the methodology and the findings (what we did, how we did it, what we discovered), and, in a short section at the end, the limitations of the research (what we did not find out). By identifying these gaps as well as summarising our findings, it seeks to make a contribution to the elaboration of the Halle Max Planck Institute's research agenda.

## A) The Research

The Centre's major research initiative consisted of two rounds of both qualitative and quantitative research in rural communities in Central Europe (the Czech Republic, Hungary, Poland and Slovakia, carried out in 1993-94 and 1995-96), and a single round of both qualitative and quantitative research in the Balkans (Bulgaria and Romania, carried out in 1995-6). In each of the six countries, three regional types were identified, the economic 'core', the 'periphery' (understood conventionally as being geographically remote from the economic centre) and the 'industrial periphery' (rural areas where there had been industrial development under socialism which was already at risk during the transition to a market economy). In each of these sub-regions, three villages were selected for the qualitative research. It had initially been hoped to select these three villages on the basis of three postulated rural development strategies: 'laissez-faire', 'pro-agriculture' and 'pro-development', but this dimension proved impossible in the Hungarian and Slovak cases. It was later recognised that this type of categorisation was inappropriate at the local level because local authorities cannot influence agricultural policy, something which, everywhere, is set at the national level. This dimension was therefore dropped

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The word 'Balkans' is of course inherently problematic and one that many Romanians do not like to be used about their country. This paper uses an historical approach to the term. Balkan countries are those which until the latter part of the nineteenth century were part of the Ottoman Empire and whose rural structures were affected by its 'asiatic mode of production'. See C.M. Hann, *The Skeleton at the Feast*, Canterbury, Centre for Social Anthropology and Computing, 1995, pp. 11-15.

<sup>2</sup> ESRC award (L309 25 3037) *Transitions to family farming in post-socialist Central Europe*; European Commission award (CIPA-CT92-3022) under its PECO programme *Rural employment and rural regeneration in Central Europe*; ACE-PHARE award (94-0598-R) *Agricultural Restructuring and Rural Employment in Bulgaria and Romania*; and ESRC award (R 000 22 1863) *Agricultural Protection and Agricultural Interests in Hungary, Poland and Slovakia*.

from the Bulgarian and Romanian research which selected three villages in each region with no reference to developmental strategy.

Our choice of methodology was influenced by two guiding principles. By choosing nine villages in different categories of region in each of the six countries we attempted to find a middle ground between national level statistics and the single-village case study, to address, to a degree at least, the problem of the representativeness of primarily qualitative research. Our combination of qualitative and quantitative techniques at the local level, on the other hand, reflected our methodological pragmatism and desire to discover as much as possible about the communities under investigation. Certain questions are susceptible to analysis using quantitative techniques, while others are not. Where quantitative techniques can be used, they have the advantage of being (or potentially being) representative of their populations, but they can only be used for questions with relatively simple sorts of answers. More complex questions, which evince 'fuzzy' answers, can only be asked using qualitative techniques, which can reveal depth, but may not be representative.

In the qualitative phases of the research, extensive interviews were conducted in the fifty four selected Eastern European villages with the help of an *aide mémoire* (which recorded issues to which we wanted answers, rather than specific questions to be asked) and a project glossary (to help ensure a consistent use of terminology). Notes summarising and illustrating key themes of the interviews were then translated into English and recorded on the project database. The quantitative phase of the research was also based around our concept of three sub-regions, core, periphery and industrial periphery. In the Czech Republic, Poland, Bulgaria and Romania, where the rural settlements used in the qualitative research were grouped geographically, the samples were drawn from the villages and their surrounding regions. In Slovakia and Hungary, however, where the villages in each sub-regional type were geographically dispersed, it was decided to use national samples of the village population subdivided into our three types of region. Furthermore, whilst in the Central European research the samples used were representative of both households and individuals, in the Balkans research, because of financial and organisational constraints, the samples were representative of households only.

In addition to these large-scale projects, the Centre carried out a rather smaller research project based on in-depth interviews with selected private farmers in Hungary, Poland and Slovakia. The focus here was on the problems experienced by such farmers and the means by which, and vehicles through which, their interests, both political and more general, were articulated.

## **B) Findings**

Our findings can be summarised under four headings:

- 1) Agricultural restructuring;
- 2) Rural employment and rural entrepreneurs;
- 3) Local politics and local authorities as promoters of rural regeneration: constraints, influences, and priorities for development; and

#### 4) The paradox of post-socialist agricultural politics.

### 1) Agricultural Restructuring.

The main findings of our research in respect of this topic were as follows.

- *There has been little enthusiasm for private commercial family farming throughout the region, although the majority of the rural population is engaged in not insignificant supplementary agricultural activity which might be classified as 'part-time farming'.*
- *Such private farming as there is, does not appear to be converging on the form of the 'family farm' as understood in western Europe. Everywhere, the general model has, that is to say continues to have, a dual structure:*
  1. *relatively few, very large-scale farms run, in the main, by former managers in socialist agriculture (state farms in Poland, collective farms elsewhere), in the context of a variety of property forms, and*
  2. *extremely extensive subsistence or supplementary part-time farming.*
- *In Poland and Hungary, the large-scale farms are increasingly privately run (but on mainly rented land) and in Hungary, in those cases where co-operative successor farms are not already privately run, there is evidence of co-operative management buying up the shares of other members.*
- *In the Czech and Slovak Republics the co-operative form has been more resilient because of unwillingness to enforce bankruptcy in the former case and political support in conjunction with an unwillingness to enforce bankruptcy in the latter. But they are no longer the major employers that they once were and the indications are that they are following a similar trajectory towards becoming privately run as their Hungarian and Polish counterparts, but at a slower pace.*
- *In Bulgaria and Romania, the emergence of large-scale private corporate farms was less common because of policies which, for reasons which were spontaneous in Romania but more clearly politically motivated in Bulgaria, focused on the destruction of socialist agriculture. Where farming is large-scale, it is more likely to be in the form of some sort of co-operative. In Romania these 'co-operatives' are termed 'associations', but are nevertheless organised on the basis of 'one member, one vote'. Very often, there will be a clear 'successor' co-operative or association, run by the former co-operative leadership, together with one or more new, smaller, more market-oriented organisations - 'blue co-operatives' (in Bulgaria) or family associations (in Romania).*
- *In Bulgaria and Romania too there are some indications that the co-operative might also only be a transitional form. In the Romanian villages, there were cases of associations falling apart because of an inability to co-operate; in Bulgaria, the 'blue' co-operatives were generally more viable economically than the successor 'red' co-*

*operatives. As in Slovakia, however, new ventures tended to retain the co-operative (or association) form rather than establish themselves as private companies.*

- *The bulk of this large-scale farming is based on land rented from the myriad of new owners created by land restitution.*
- *In the formerly collectivised countries especially, the year of transition (1992) was a 'window of opportunity'. If rural dwellers did not embark on private farming then, they were unlikely do it at all.*
- *Private farmers of all types are poorly served in a business and financial context that is for all unpredictable.*

These interlinked themes will be discussed jointly. The reasons for the absence of enthusiasm for private farming and the marked variations between countries in terms of the propensity to abandon collective farming can only be understood in the context of the various strategies that those countries undertook towards agriculture and the rural economy in the socialist years.

#### *Similarities under Socialism*

The policies of the countries of Central and Eastern Europe and the Balkans towards the countryside were similar in three respects:

- 1) The countries were 'underurbanised' in that the level of urbanisation was lower than what would have been expected given the level of industrialisation. The concomitant of this was that the countries had large numbers of workers who remained domiciled in villages and who, because they did not abandon agriculture which was a necessary source of additional food and income, could be classified as worker-peasants.
- 2) Because of the high degree of shortage characteristic of socialist economies and the mechanism of 'centralised redistribution' that allocated scarce finance to local authorities and other economic agents, village services and the rural civic infrastructure was neglected.
- 3) Agriculture everywhere had a dual structure based on some sort of combination of industrialised large-scale socialist farming and small-scale peasant farming.

The ways in which these two farming sectors, neither of which conformed to the western notion of the commercial family farm, continued to constitute a key dimension along which the countries of Central and Eastern Europe differed. Before examining these, however, two further similarities in agricultural developments should be noted:

- 1) Everywhere there was a move in the 1970s to create larger socialist sector farms, state farms in the Polish case, producer co-operatives in the other countries. Bulgaria's huge agro-industrial complexes were the most extreme example of this.
- 2) Everywhere there was some sort of collaboration between the small-scale private and large-scale socialist sectors, even if it was as minimal and unofficial as the former stealing from the latter, as was the norm in Romania. Where there were collective farms, this collaboration was internal to the farm. In Poland it took the form of collaboration between state and private farms.

### *Differences under Socialism*

Despite these similarities, there were nevertheless four distinct experiences of socialist agriculture in Central and Eastern Europe.

In Poland and Yugoslavia collectivisation was abandoned, in 1956 in Poland, rather earlier in Yugoslavia. But, because private farming was not encouraged and market forces were suppressed, what emerged was something very different from the western norm. What emerged (and it was as true of Yugoslavia as of Poland, although Yugoslavia is not covered by this research) was a dual agriculture in which there were:

- relatively large, very inefficient state farms employing mainly elements which had not succeeded in independent farming, and
- peasant farms which were fossilised in their late 1940s structure.

Only belatedly (in the 1970s) did the government recognise the need for larger-scale, 'specialist' private farms. Peasant farms were an island of private ownership in a sea of socialist institutions. They were restricted in the acquisition of land and machinery because of doctrinal opposition to private farming. The state sought to influence their activities and encourage sale through socialist channels by offering pensions and welfare to those who responded favourably to government initiatives. This model can be called 'collectivisation abandoned'.

The second model can be termed 'Stalinist collectivisation'. This was the model that was rejected by Poland in 1956. It was also rejected by much of the rest of Eastern Europe in that the policies that were associated with the final push for full collectivisation and the early years of fully collectivised agriculture were significantly different (see below). But the Stalinist model was retained in Romania and Albania, and its essential factors were:

- agricultural purchase prices remained low,
- the peasantry was subjected to oppressive compulsory deliveries,
- incomes from the co-operative were low, mainly in kind, and based on the 'labour day unit' rather than a wage;
- machinery was held in state-owned machine and tractor stations;
- private household plots were barely tolerated, and their size reduced over the years; and
- there was minimal diversification out of agriculture.

The third model is 'neo-Stalinist' agriculture. As suggested above, most of Eastern Europe abandoned 'Stalinist collectivisation' in an attempt to make collectivisation work and adopted what we have termed a 'neo-Stalinist' model. In Czechoslovakia, the GDR and Bulgaria, most of the features characteristic of the Stalinist model were radically changed:

- agricultural purchase prices were increased;
- compulsory deliveries were reduced;
- incomes from agriculture took the form of a regular wage;
- income levels approximated those in industry;
- pension and social security benefits were introduced, and on a par with industry;
- diversification out of agriculture was encouraged; and

- an accommodation was reached with the ‘household plot’.

Within this model, Bulgaria distinguished itself by, on the one hand, merging large-scale socialist farms to an excessive degree while, on the other, positively encouraging household plot production to an extent which almost matched Hungary (see below). Czechoslovakia accommodated the household plot by an ideological sleight of hand. By farming the plots *en bloc* on behalf of the members, it could suggest that they were ‘common’ rather than ‘individual’ and somehow more socialist and acceptable. Czechoslovakia differed from Bulgaria and the GDR in that the non-agricultural activities that farms engaged in went way beyond food processing to all kinds of manufacturing. The net effect of this ‘neo-Stalinist’ model was that it permitted:

- the generation of considerable wealth in rural areas; and
- the emergence of considerable, local, non-agricultural employment.

Whilst village infrastructures and civic amenities remained poorly developed because of the ‘centralised redistribution’ of local authority funding, and in that sense suffered from underinvestment, there was considerable capital investment in farming and non-farming activities, in addition to significant private investment in housing. Villages became rather prosperous.

The final model is the ‘Hungarian model’. The Hungarian model had all the features of the ‘neo-Stalinist model and two more. First, Hungary systematically encouraged household plot, small-scale private farming, and it did so partly by following the Polish model of rewarding, with improved social benefits, those who sold via socialist channels. A substantial ‘symbiotic’ relationship thus developed between large-scale socialist and small-scale private agriculture. Second, Hungary’s New Economic Mechanism (introduced in 1968) had a more profound impact in agriculture than in any other sector because agricultural co-operatives had more autonomy than state sector companies and did not enjoy the advantages of oligopoly. As a consequence, farm managements had operated in a quasi market environment for twenty years by the end of the socialist era. In the Hungarian model:

- the degree of wealth generated in the Hungarian countryside was probably greater than elsewhere;
- certain of those active in the ‘second economy’ of household plot farming developed significant experience as more or less independent producers; and
- many co-operative managers had experience of genuinely commercial operation.

### *Restitution*

These four different starting points in 1989 had their own consequences and also influenced the nature of the restitution and co-operative transformation legislation passed in the respective countries. The principles of restitution adopted in the countries of the region were as follows.

In Hungary, restitution can be characterised as partial, indirect and uniform, and land boundaries were therefore irrelevant. Restitution vouchers were issued uniformly in partial compensation for lost assets of any kind (including land), and these vouchers could be used (among other things)

for bidding in land auctions which the co-operative and state farms were obliged to organise.<sup>3</sup> Restitution thus took the form of a state-funded opportunity to acquire land, rather than the return of land that had been lost.

In the former Czechoslovakia, by contrast, restitution was full, direct, and specific, but generally within modern boundaries. That is to say, wherever possible the actual, specific assets that had been lost were returned, although, in the case of land, land of equivalent quality rather than the actual land was usually returned.

In Bulgaria and Romania, restitution was full, direct, and specific, and within historical boundaries. That is to say, the same principles were adopted as in Czechoslovakia, but there was an insistence that the actual land lost (the land in its 'historic boundaries') be returned.

In Albania, the principles referred not to the past, but to the present, that is to say the family needs of current users. Technically, therefore, this was not restitution at all.

### *Co-operative Transformation*

The principles of co-operative transformation were more similar between countries. In essence, all individuals with a claim over co-operative assets (usually current and previous members or their heirs) were transformed into 'real owners', given real shares in their co-operatives, and given the opportunity then to take assets represented by these shares out of the co-operative in order to start private farming if they so wished. Within these overall similarities, there were differences of detail which had the following effects.<sup>4</sup>

Hungary focused on financial assets and created co-operative shares in the form of paper securities which could be traded. This resulted in a much more mobile form of post co-operative capital, which could form the basis for the creation of new, smaller, although still large-scale, farming businesses.<sup>5</sup> The concentration of this mobile capital was facilitated if anything by the fact that the shares immediately traded at a fraction of their face value. Hungary was also unique in that, partly as a result of its different approach to restitution, members who had not contributed land to the original co-operative could take out a small amount of land (roughly the equivalent of the socialist household plot) upon its transformation.

In the former Czechoslovakia, the focus was on physical capital and physical assets, and co-operatives were placed under an obligation to repay the full face value of co-operative shares of

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<sup>3</sup> For more on Hungary's land auctions, see Nigel Swain, 'Getting Land in Central Europe', in Ray Abrahams (ed.) *After Socialism: Land Reform and Rural Social Change in Eastern Europe*, Berghahn, Oxford and Providence, 1996, pp. 193-215.

<sup>4</sup> For a full discussion of the differences in restitution and co-operative transformation legislation in the Central European countries, see Nigel Swain, 'Agricultural restitution and co-operative transformation in the Czech Republic, Hungary and Slovakia', *Europe-Asia Studies*, Vol. 51, No. 7, 1999, pp. 1199-1219.

<sup>5</sup> For an example of this process in detail, see Katalin Kovács, 'Strengths, controversies and a show-case failure in Hungarian agricultural restructuring: the case of the Hollófüldje co-operative', *Replika* (Budapest), Special Issue 1998, pp. 173-189.

‘outside owners’ (those not active on the co-operative) within seven years from the date of transformation. In addition, Czechoslovakia was both more prescriptive about the proportion of the co-operative shares given in relation to:

- a) the amount of land originally contributed to the co-operative,
- b) the amount of other property originally contributed to the co-operative, and
- c) the member’s length of service on the co-operative;

and, within this process, favoured former rather than current members. The favouring of former members, currently ‘outside owners’, and the threat of a future cash call seven years after on co-operative assets perversely had the effect of keeping the co-operatives together. This seven-year period has now passed. Slovakia got around the issue by an amendment to the law in 1995 which created other ways of meeting this financial obligation. In the Czech Republic, repeated attempts to pass legislation similar to that in Slovakia failed because of a continued anti-co-operative sentiment in government circles. Co-operatives nevertheless are surviving by calling the bluff of the ‘outside owners’: they admit that they are financially too weak to meet the cash obligation to outside owners, and invite them to take assets out of the farm of an equivalent value and farm them themselves. No one does. If they had been serious about making an agricultural use of the assets, they would have done so seven years ago.

In Bulgaria and Romania, where, the focus was on destruction and liquidation, even less mobile capital emerged from co-operative transformation. In Romania (and Albania) especially, communal assets were left abandoned or wilfully destroyed as villagers overturned a system which they hated. In Bulgaria too, the focus on liquidation rather than transformation left many assets abandoned. In the Balkans, then, post-socialist agriculture emerged from the ‘ruins of socialist agriculture’ rather than using the assets of socialist agriculture as a potential springboard for future growth.

### *The Impact of the Socialist Experience on Transition*

The legacy of socialism and the priorities espoused in restitution and co-operative transformation had the following effects.

#### Collectivisation Abandoned

It goes without saying that ‘the transition’ has had least immediate impact on the countries which did not collectivise. There were no collective farms to break up or remain attached to. State Farm workers remained attached to their farms because they had provided secure incomes and pensions, and because the farms had not provided large private plots, nor encouraged their commercial exploitation, state farm workers manifested no interest in trying to farm privately from the assets of the state farm. With the closure of the farms, there was no alternative to unemployment. State Farm managers, on the other hand, had little option but to try to run all or part of the farm as a private company. State farm managers therefore began to take over all or part of former state farms, often running them as ‘worker companies’ in which they had the majority of the shares.

On the other hand, some successful private farmers (the specialists encouraged ever since the 1970s) began to expand their farms, mainly by renting (occasionally buying) state farm land. The remainder continued with small-scale peasant farming, full-time or part-time as before. Although the plots were somewhat bigger than the household plots of the former collective farm members in the other countries of the region, their function was similar: a source of supplementary income and a cushion against unemployment. There was, if anything, an increase in the numbers involved in this type of farming over the years covered by the research.

### Stalinist Agriculture

Under the Stalinist model, members had received no benefits from their membership of the farms, only suffered its costs. It is no wonder, then, that as soon as the possibility arose, most were broken up. In Romania land holding returned to the pre-collectivisation structure. In Albania, where this was less practicable, there was a land redistribution according to relatively equitable criteria. In both, given the numbers of eligible parties and the non-availability of equipment, this has meant a return to a peasant agriculture probably more primitive than in Poland. Post-socialist Romania is also similar to post-socialist Poland in that an explicit link was made between 'farming' and labour policy. Romania's new peasant farmers, like Poland's old ones, do not benefit from unemployment benefit.<sup>6</sup> This, together with the lower incidence of rural jobs generally, has resulted in a greater incidence of subsistence farming. In Romania, especially in areas suited to large-scale farming, the socialist co-operatives were succeeded by new 'associations', co-operatives under another name by the key criterion that they operate on the principle of one member one vote. They employed fewer than in the socialist years, but the Stalinist co-operative model had never provided as much real employment and income to members as the neo-Stalinist model.

### Neo-Stalinist Agriculture

The impact of transition in the neo-Stalinist countries was the reverse of that of Romania and Albania. Neo-Stalinist collectivisation had provided very significant benefits to the members of collective farms which they were reluctant to relinquish. There were few spontaneous moves to break-up farms. In the Czech and Slovak Republics, most farms went through the transition process as prescribed by law, but continued to function on a large-scale basis, although with far fewer staff. The Czech and Slovak co-operatives became increasingly indistinguishable from private farms in terms of their employment levels, and the impression gained by researchers on the project was that, long-term, the Czech and Slovak co-operatives were moving towards becoming to all extents and purposes indistinguishable from Hungarian private co-operative successor companies. This was despite the fact that the immediate pressure for a 'second transformation' to become limited liability companies receded in the mid 1990s. In the years immediately following co-operative transformation, there had been a lot of discussion of the need for such a 'second transformation' in order to protect assets from the claims of 'outside-owners' (see above). Subsequently, as co-operatives were consolidated, there was less

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<sup>6</sup> Nigel Swain and Mária Vincze 'Agricultural transformation and the rural labour market in Romania', *Replika* (Budapest), Special Issue 1998, pp. 191-205.

discussion of this essentially defensive privatisation. On the other hand, managements increasingly talked of the logic of size of share-holding taking precedence over 'one member, one vote', and in 1995 Slovak law was amended to make this possible.

As a result of these changes, many villagers have therefore ultimately lost the benefits that they used to enjoy from the socialist co-operative, but few saw advantage in breaking it up. Very little land or assets were taken out of the farms, although most people retained, and very often increased the size of, their small-scale household plot which continued to act as an important source of supplementary income.

In Bulgaria the situation was rather different because of the enormous weight of political pressure from the government to break up co-operatives. Liquidation and return of land to the original owners within their original boundaries was forced through, although, as in Romania, successor co-operatives as well as more market-oriented 'blue co-operatives' have emerged in many areas.

### Hungarian Agriculture

Like the collective farm members of the neo-Stalinist countries, Hungarian farm members had a lot to lose by leaving the collective. The majority initial response, as in Czechoslovakia and Bulgaria, was to keep the co-operative together. However, the government's campaigns against the co-operatives and its assiduous enforcement of bankruptcy legislation convinced many that co-operative form could not continue. Thus, to a greater degree than in the Czech and Slovak Republics, the co-operative transformation process became a process of co-operative break-up. Management used the assets that they could get out of the co-operatives to set up private, very large-scale successor farms, while those who had already established significant private farms on the basis of 'second economy' household plot farming, like their Polish cousins the 'specialist farmers of the 1970s', expanded them further. Where co-operatives remained, they generally adopted to 'holding co-operative' model suggested in the new co-operative legislations, but this was only a temporary solution. There were numerous reports of managers buying up members' shares, and work by Katalin Kovács has shown the co-operatives soon became empty shells, the real wealth being in the private companies which were their subsidiaries.<sup>7</sup>

As in the other countries, almost all villagers continued to maintain a small-scale agricultural plot which remained a significant source of income. The general picture to emerge from our research was of from one to ten families per village with farms which covered more than subsistence, and three to four families at most per village which embarked on large-scale commercial farming. For subsistence farmers, the plot was a supplementary source of income only and any other land owned was rented to one or other of the larger producers. In areas of higher unemployment, such as the East of Hungary, significant numbers of unemployed strove to keep alive from subsistence agriculture.

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<sup>7</sup> Kovács, 'Strengths...'

### *Towards a Land Market and a Concentration of Holdings?*

In the mid 1990s it was clear everywhere that progress towards a transparent market in land was slow. Persistence of small-scale, subsistence-oriented farming meant, on the one hand, that villagers were reluctant to sell land because they needed it for survival, and, on the other, that the emergence of a wholly landless rural proletariat was not taking place. In the Polish case, for example, increase in farm size did not come from the 'organic' process of neighbour acquiring neighbour's land, but from the former State Farms. If former specialists increased the size of their farms by a dramatic amount (i.e. by 100 hectares or so), the land was always acquired (bought or rented) from a former State Farm.

Conversely, there was minimal evidence of the extensive growth of a class of 'agricultural labourers' owning nothing but their 'labour power'. One of the few examples of a landless rural proletariat emerging was younger members of Czech and Slovak co-operatives who had not contributed land originally and, under Czech restitution and co-operative transformation legislation therefore did not qualify for land. A further example was in Poland where some employees of new, large-scale, private farmers had no land of their own and lived in 'tied' housing owned by their employers.

### *Post-Socialist Agriculture: an 'Inverted Pyramid' of Renting*

One common peculiarity of the structure of agriculture that has emerged from co-operative transformation in Central Europe and the Balkans is the system of tenure and land rental. The pattern varies in degree between countries, the consequence of whether or not co-operative farms were destroyed and what, if anything, replaced them. But everywhere the land tenure system that has emerged is of an unusual kind. Taking a very broad historical perspective, it has been the case, in the Anglo-Saxon world at least, that where land tenure has been based around rental rather than private ownership of family farm land, the norm has been for there to be few owners (the landed nobility and financial institutions) and many renters (serfs and tenant farmers). In Central Europe and the Balkans, however, the pattern of tenure and rental is the obverse of this: there are many owners and few renters. A few corporate farms rent from the myriad of people who regained title to their land under restitution. Each post socialist corporate farm, private or co-operative, rents from hundreds, often thousands, of land owners, each owning at most a few hectares. It is important to stress the scale of this 'few-to-many' relationship. In parts of western Europe where land ownership has been more equally distributed than in countries like the UK for generations, the phenomenon of a relatively few farming villagers renting land from a number of neighbours who have given up farming is not at all uncommon. There are more owners of land than renters. But this 'few-to-many' relationship is of an entirely different order of magnitude: in Eastern Europe, the 'few' are ones and twos, and the 'many' are hundreds, even thousands.

### *Social and Cultural Capital in Co-operative Transformation*

Eleven factors were identified which played a role in the post transformation balance of forces which determined whether co-operatives survived or were broken up and who got hold of the spoils. These were:

- 1) The extent to which management was tied existentially to the co-operative form either because it had no agricultural experience (cadre managers for example) or because it was unable to withdraw land and assets from the farm in its own name.
- 2) Whether or not the village retained the co-operative farm management centre after the farm mergers of the 1970s. If the co-operative centre was outside the village, interest in it and knowledge about it inevitably declined and villagers were less well placed to counter managerial strategies.
- 3) The extent to which household plot activities were an integral part of the co-operative's economic life or an activity entered into entirely independently, in isolation from co-operative affairs.
- 4) The extent to which the co-operative was economically successful prior to transformation. Successful managers had the authority and prestige to persuade members to accept their proposals for co-operative transformation.
- 5) Local labour and product market conditions. The worse the local conditions, the less likely the membership was to want to embark on private farming and the more likely it was to fall in line with management's plans.
- 6) The social and demographic nature of the membership. Older, more feminised memberships were more likely to fall in with management's plans, as were memberships with no traditions of private farming.
- 7) The strength of family ties in providing finance (monetary or in the form of restitution vouchers), machinery, buildings and advice.
- 8) The strength of networks built up through collaboration in the socialist second economy.
- 9) The extent of networks built up in the socialist first economy.
- 10) The degree of success and size of venture within the socialist second economy.
- 11) Professional expertise and commercial experience gained in the socialist first economy.

These eleven factors, all of which can be interpreted as dimensions of social and cultural capital, suggest that, for those who wanted to farm privately, what mattered was two things: first, access to machinery and, second, contacts with markets and sources of finance. Those who gained access to the wherewithal to farm land and who had contacts within the as yet not demonopolised suppliers, purchasers and bankers were those in a position to succeed. Inevitably, except for the relatively few who had been commercially successful in the second economy under socialism, it was the management of former large-scale socialist agriculture, with their degrees in agricultural science and their business contacts inherited from socialism, who were in the necessary position of strength to become commercial private farmers in post socialist villages.

In both the Bulgarian and Romanian case studies, interlocutors mentioned how important access to machinery was in determining winners and losers in co-operative transition. Nevertheless, the situation was not quite so clear as in Central Europe, for slightly different reasons. In Romania, the bulk of agricultural machinery remained in the hands of the Machine and Tractor Stations during the socialist years and had not been privatised when the research was carried out. Co-operative transformation did not therefore bring with it the same chances of getting access to machinery as elsewhere, although the farmer in one village who arranged a private annual rental contract for key farm equipment from his local Machine and Tractor Station effectively achieved just this. In Bulgaria, the collective farms did own machinery, and it was sold off at liquidation auctions at knock-down prices. Although the beneficiaries of the auctions came out as winners, there were indications that this was a Pyrrhic victory. Many reported that they charged such high rates, and holdings were so small in any case, that there was little demand for their services.

Many of the eleven factors were also inappropriate for the political context of the Balkan transition, for they concern how certain groupings achieved advantage in a highly regulated process of transferring assets from one owner to another. In the Balkans, however, the imperative, as has been noted, was to liquidate rather than transform. Whether the reasons for the destruction of socialist agriculture were a spontaneous reaction against an essentially Stalinist system from which people had gained no benefit (as in Romania), or a liquidation forced through by politically motivated individuals with little understanding of rural conditions (as in Bulgaria), the upshot was the same. The co-operatives or associations which emerged from the process faced a rebuilding task which their Central European counterparts did not: cattle sheds had to be rebuilt, livestock replaced, irrigation systems reinstated, and so on. Further, the liquidation and transformation processes were acknowledged by all to have been far from 'transparent'. Assets were stolen or wantonly destroyed, and, where there was not anarchy, corruption and politically motivated special interests dominated the proceedings. The Liquidation Committees in Bulgaria were corrupt and gave assets to their friends, but these friends were not usually members of the co-operative leadership because of the political antagonism between the co-operatives and the Liquidation Committees. It was, therefore, less easy for the co-operative leadership to obtain co-operative assets for itself, and the beneficiaries of co-operative transformation were more marginal to the co-operative and had less experience to maximise fully the assets that they gained cheaply. They were also more likely to be outsiders, and less well known to our interlocutors in the villages.

Our findings also had implications for the thesis forwarded by Iván Szelényi to the effect that it would be the scions of the richer peasants of the past who became the large farmers of the present. All our evidence suggested on the contrary that the social and cultural capital acquired from activity in the socialist economy was of more significance in determining who became large-scale private farmers, than social and cultural capital inherited from parents. Inherited capital, physical, social and cultural, was more important in influencing who joined the smaller group of medium-sized family farms (see below), especially in Poland and countries with full, direct and specific restitution; but even here it was not the major determinant.

Finally, our research also suggested that the year of transition (1992) was very much a ‘window of opportunity’ for those who wanted to embark on private farming, especially in Hungary because of the nature of the legislation in that country.<sup>8</sup> The second round of qualitative research in Central Europe revealed that there had essentially been no new farmers since the first round, and that the existing ones had consolidated their positions.

### *The Family Farming Sector*

It should be noted that, although the general trend has not been towards the creation of medium to large scale family farms, our later research in Poland, Hungary and Slovakia, supplemented by brief research visits to the Czech Republic, revealed that where they did emerge they could be successful. In all four countries we found cases of dynamic and entrepreneurial family farmers, who were knowledgeable about the West and, with some reservations, unafraid of the challenge posed by the European Union. They were wary, however, of giving foreigners unrestricted access to their farming operations, especially with regard to the ownership of land.

As noted above, the normal path to successful private farming, for both private corporate farms and large-scale private family farms was from socialist sector manager to private sector owner or manager, socialist sector managers having the necessary social and cultural capital skills to make a success of private farming. But, there were alternative paths. In Hungary (and to a much more limited extent Slovakia and the Czech Republic), some who had prospered in the socialist ‘second economy’ expanded their operations to run medium-sized family farms. In Poland some of the ‘specialist’ private farmers, encouraged from the 1970s, continued to develop towards medium-to-large family farming, increasing the scale of their farms radically. The biggest private farmer on our Polish cases, with some 400 hectares of land, came through the former specialist route. In the Czech and Slovak Republics, on the other hand, because of specific historical conditions, there was also a restitution path to large-scale private farming. Some inheritors of claims on ‘residual estates’, that is to say relatively large farms which had emerged from the interwar land reforms, ended up with 2-300 hectare farms, big enough to be viable in the conditions of the late twentieth and early twenty-first centuries.<sup>9</sup>

In Bulgaria and Romania, on the other hand, where few corporate private farms emerged, some members of the former co-operative leadership profited from the liquidation process and made use of their social and cultural capital in the form of contacts to create larger than average private farms on which to produce for the local food industry on a contract basis. There was no evidence from the Balkan countries, however, of a ‘second economy’ path to successful medium-sized family farming. In the Balkans too, the incidence of truly subsistence farming with no source of supplementary income was somewhat higher than in Central Europe, because of the fewer non-agricultural jobs available. In this respect, it is possible to see the north-south divide of western Europe being reproduced in the East: the large-scale, corporate farms of

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<sup>8</sup> Swain, ‘Agricultural restitution...’

<sup>9</sup> See Iveta Námerová, ‘Private farmers in Slovakia: genesis, composition, conflict’, *Eastern European Countryside*, No. 5, 1999, pp. 59-74.

Central Europe functioning like the efficient, market oriented farms of the western European north, with the more subsistence-oriented farms of the Balkans operating like their equivalents in the European south.

#### *The Four Actors in Post-Socialist Agriculture*

The upshot of the processes described above, and of the continued ‘dualism’ of Eastern European agriculture, is that the agricultural actors of post socialist countries can be divided into the following four groups:

- a/ very small-scale, usually ‘pluriactive’ (even if the non-agricultural income is only a pension or unemployment benefit) producers who produce for subsistence and a supplementary income. This constitutes the bulk of the rural population in all countries.
- b/ small-to-medium-scale private family farmers who endeavour to live mainly from agriculture. In some cases their farms can be quite large by western standards. In Poland especially, but also in Hungary and Slovakia, they can be in the region of 200 hectares. These tend to be the domains of either former middle-to-lower level former co-operative managers, or those who have emerged from the private sector (in the formerly collectivised countries, the from ‘second economy’).
- c/ large-scale private, corporate farms, the privately owned ‘successor farms’ to socialist production units (co-operative or state), usually run by former managers of those socialist farms.
- d/ ‘socialist’-type farms, either ‘post socialist’ restructured co-operatives or, increasingly rarely, state farms. There is every indication that, with time and at different speeds in the various countries concerned, this latter group will be transformed into privately owned ‘successor farms’.

The balance between the groups is not the same in each country, but all four are everywhere present.

#### **The Economic Context of Farming**

An initial point to note is that both socialist and private sectors suffered from the radical change from a seller’s to a buyer’s market. For all agricultural actors, the advent of an economic system that did not automatically buy up everything that producers cared to produce came as an unpleasant shock. Within this newly uncertain market context, it is not the case, as was sometimes asserted, that in the early years of transition, the only suppliers and markets for Central European and Balkan villagers engaged in agricultural production were the socialist monopolies or their successors. Many small-scale farmers made use of new companies and service-providers. But the former monopolies dominated the market, and the private companies manifested quality and reliability problems. In Bulgaria, the co-operatives and larger private farmers established contracts with the food industry, while smaller producers were reliant on either selling their products either at the side of the road or to ‘middlemen’. In Romania the picture was similarly mixed. Private farmers were less likely to use formerly socialist channels

except for milk, and, where production was not for self-consumption, small-scale private (but rather haphazard) alternatives existed.

(In parenthesis, it is of interest that the vocabulary of terms like ‘middleman’ to describe market-rational agents which was common in many post-socialist countries, although not Hungary, bears striking parallels with the vocabulary of eighteenth century England when writers decried the demise of the ‘moral economy’ of an earlier, non-market era.)

Farmers generally tried to avoid bank loans where possible (Poland being something of an exception because of a better-developed system of subsidised loans for farmers) in a financial system which increasingly favoured the larger producers, be they private or co-operative. The provision of advisory and extension services was also poor and little made use of, either in Central Europe or the Balkans. In Romania, for example, it was generally agreed that the functions of the agronomists attached to the local councils was merely to collect statistics rather than offer advice.

There were some attempts by larger co-operatives to buy into the vertical food chain, but these were mainly unsuccessful. Of all the villages, only the Nezavislice co-operative in the Czech Republic had any real success in this respect (although we know of a Hungarian former co-operative that also diversified into the food chain and beyond). The attempt of the Klanec co-operative in Slovakia to buy into a dairy fell through. The contrary (and more typical) process would appear to be beginning, namely that food industry companies (many foreign owned) are negotiating with (and dictating terms to) the conveniently small number of large agricultural producers in the formerly collectivised countries.

Conversely, no western style co-operatives of private farmers have developed to compete with food industry companies, and farmer associations to defend producer interests are weak (discussed more fully below). Indeed, the degree of co-operation between farmers was astonishingly and persistently low. In this respect, the situation was more positive in the poorer Balkan countries than in Central Europe. Although the share of those who did not collaborate at all seems high, at around 60 per cent, it was considerably less than the corresponding figures for Central Europe: in Hungary (the extreme case) 94 per cent of respondents did not collaborate at all on anything. In both Bulgaria and Romania, the most common sphere of collaboration was in the sharing of equipment. Moves, as in one of the Bulgarian villages, to recreate a co-operative as late as 1996 are also perhaps best seen as an attempt to create a wholly new co-operative solution to the problems of rural dwellers, rather than the emergence of a ‘successor co-operative. This would appear to be in line with Bulgaria’s long history of co-operatives. There were no parallel developments in Romania or Central Europe.

## **2) Rural employment and rural entrepreneurs.**

Our main findings in this area of research were:

- *The collapse of the socialist rural economy was associated with an increase in unemployment, increasing casualisation of employment and an increase in self-employment.*
- *The ‘service gap’ of the socialist village was filled rapidly, but mainly on the basis of self-employment. Few new jobs were created. Most rural ‘entrepreneurs’ were self-employed former skilled workers who treated their businesses as a source of income rather than an entrepreneurial business venture.*
- *The one systematic regional trend in the provision of new jobs, or preservation of old ones, was proximity to a European Union border. Western Hungary, the western Czech Republic, and southern Bulgaria all benefited in this respect.*
- *Nevertheless, a number of new village businesses providing significant numbers of jobs developed in all Central European countries.*
- *Most providers of significant numbers new jobs in the countryside were external to the village in the sense that they had gained the necessary skills elsewhere.*
- *Only one new business in all fifty four villages included in the qualitative study was created as a result of new-business support policies. The rest ended up in the village because of a number of chance factors, including accident of birth.*
- *The social origins of this embryonic ‘new business class’ were rather similar to those of the new commercial farmers. There were two routes to success: by exploiting knowledge, skills and contacts gained in the socialist sector during the socialist years; and by having already established one’s self in the private sector permitted by socialism during the socialist years.*

The radical increase in unemployment in the Central European and Balkan countryside of the post-socialist transition was the result of what we have termed the collapse of the ‘three pillars of the socialist countryside’. These three pillars were:

- opportunities for industrial employment outside the village as a commuting worker-peasant (the consequences of ‘underurbanisation’);
- opportunities for industrial employment within the non-agricultural branches of socialist agriculture
- agricultural jobs provided by socialist agriculture (the collective or state farm).

In the four Central European countries, the opportunities for jobs on a commuting basis declined in the early years of the transition, but improved somewhat in economically more advantaged regions after stabilisation. They held up better in the Czech Republic, because a reluctance throughout the economy during the period of the research to impose ‘hard budget constraints’

kept overall unemployment very low. They also held up relatively well in Slovakia, where traditional heavy industry continued to fuel economic growth during the Meciar years.

The second pillar of the socialist countryside (non-agricultural employment in socialist agriculture) was less of a factor in Poland where State Farms were far less numerous than the co-operative farms in the collectivised countries, and in any case restricted their non-agricultural profiles generally to food processing. Elsewhere, apparent huge drops in 'agricultural' employment were often caused by non-agricultural units of agricultural co-operatives breaking away and becoming independent. The net effect of this process was ambiguous. Where these units had been located in the village, they continued as a local employer, but usually on a smaller scale because their stable socialist markets had disappeared. Where they had been a distant off-shoot in the capital or a provincial town, they had never contributed to the local labour market at all and their subsequent success or failure was irrelevant to the village.

The numbers of jobs provided by socialist sector agriculture fell perhaps most steeply. The consequences were worst, certainly most visible (because they tended to be housed in modern blocks of flats incongruously located in the middle of a village), in Poland, despite the fact that the socialist sector of agriculture was so much smaller there. With the decline of commuting jobs, the absence of non-agricultural farm jobs, and no tradition of private farming, redundant State Farm workers were condemned to long-term unemployment. In the collectivised countries, the unemployed had at least their rather more substantial household plots to fall back on.

The quantitative research in Central Europe revealed an increase between the two rounds in the number of pensioners and those reliant on benefits supplementing their income from one source or another. The qualitative research was more revealing of casual forms of employment: collecting firewood, picking berries, smuggling, prostitution, day-labouring for neighbours. Such casual employment was particularly common in regions not close to a European Union border.

Another development common throughout the Central European countries was the emergence of a core of long-term unemployed. These were predominantly unskilled, and predominantly amongst the ethnically disadvantaged. Those with skills could usually manage to find some work, although in some villages (especially in Poland) a pattern had emerged of employment on job-creation schemes, followed by a period on unemployment benefit, followed by a new job-creation scheme.

In the Balkan countries, the 'pillars' of the socialist countryside had been more secure in Bulgaria than in Romania, where, trapped in its Stalinist model, collective farms provided guaranteed incomes for only a minority of the labour force and non-agricultural units were less seriously encouraged. In neo-Stalinist Bulgaria, diversification out of agriculture had been in the context of the Agro-Industrial Complexes, hence non-agricultural village employment was more independent of the collective farm and less affected by co-operative transformation. As in Central Europe, all three pillars came under threat during the transition and provided less

employment than before. Unemployment in the mid 1990s was at a historic high in the villages in both countries, and there was extensive use of casual employment to supplement incomes. Nevertheless, although the number of those commuting to work had fallen as compared with the socialist period, it was still relatively high. The Balkans had not yet undergone the radical industrial restructuring that had taken place in Poland and Hungary.

When considering new business developments, it is important first to establish their context. The consequence of socialist 'underurbanisation' and 'centralised redistribution' (discussed above) had been that the village infrastructure had been neglected and there was poor provision of basic services. There was a 'service gap' to be filled, and it was filled very quickly, by 'entrepreneurs', or, more properly, family businesses. Numerous shops and craftsmen established themselves in all of our villages. This was as true of the Balkans as it was of Central Europe. In nearly all villages, the number of shops and bars, but also other services, increased significantly.

But three things should be noted about these businesses. First, they were in the main family businesses. The term 'entrepreneur' in its classical sense is a misnomer, since these were the self-employed who treated their business as a source of income rather than a means for accumulation; and they created very few new jobs. Second, to a large extent, these were 'involuntary entrepreneurs', those who have been forced into business because of unemployment rather than individuals fired with the 'entrepreneurial spirit'. Questions concerning the use to which profits were put confirmed this picture. In all six countries, by far the most popular use of the profits from a business was for consumption. Expanding or extending the business, or investing in shares were considered much less important. Third, there was some evidence that perhaps too many family businesses had developed in relation to these relatively small communities. Rather than specialise and develop strength in depth through specific lines of expertise, so many people have been obliged to become 'entrepreneurs' that they competed with everyone else, all trying to sell a little of everything. This was noted in particular in the Hungarian and Romanian studies.

In terms of new job provision, proximity to a border of any sort was an advantage, including the entirely new border between the Czech Republic and Slovakia. Borders provided opportunities for illegal income through smuggling, and offered employment opportunities as border guards and customs officials. But proximity to a European Union border also meant that German, Austrian, Italian and Greek businessmen, predominantly in the textile trade, were interested in investment. European Union companies wanted to benefit from relatively well qualified and relatively cheap labour on un-unionised 'green field' sites. Bohemia especially benefited from essentially assembly work for German companies. German investment in a village next to one of our Bohemian villages had resulted in the closure of its sister factory over the border in Bavaria. A less positive development in the same region, but symptomatic of the earnings disparities either side of the border and the relative absence of employment opportunities, was the opening by a German businessman in one of our villages of an 'erotic club'.

Despite the rather pessimistic general picture of increasing unemployment, casualisation, enforced self-employment, and employment preservation only in regions close to EU borders, in at least one village in all of the Central European countries, a genuine 'entrepreneur' had emerged who had created his own business employing tens of staff, in some cases over one hundred. This was not the case in the Balkan villages, however, where all new businesses (other than privatised businesses) were on a small scale.

We were interested in finding out more about the backgrounds of these 'genuine entrepreneurs'. Most did not originate in their villages but were people who had come from outside, perhaps marrying into the village. Even in the Slovak case of Palina, which from one perspective was that of a local boy made good, the situation was more complex. The entrepreneur had studied his craft at university and in the socialist economy. He had not lived in the village where the business is located since leaving school. His decision to locate there was only partly because it was his home village, it was mainly because there was space available. On the other hand, he only knew that there was space available because of his family connections.

It should be emphasised that the significance of externality relates to the few new businesses providing significant employment. Most of the new family businesses filling the 'service gap' did come from the village. The only exception here was Szekhely in Hungary where historical factors explained the near total absence of local 'entrepreneurs'. This dependence on outsiders is one side of a recurring theme of the research, namely that positive economic developments in the communities, whether initiated by entrepreneurs or the local council, were the results of essentially chance factors. They were not the results of a coherent local economic development strategy on the part of any official or semi-official body. In only one of the fifty four villages studied did new jobs emerge because of the intervention of a body promoting new business development.

As far as social pathways to the new business class are concerned, the routes were similar to those in agriculture. Although some party apparatchiks became successful entrepreneurs (including some who were obliged to become entrepreneurs because no one would employ them), the key dimension was capitalisation of expertise gained during the socialist years on the part of middle to upper company management, that is to say, the conversion of social and cultural capital into economic capital. In most cases it was a question of management taking over existing socialist companies and thus maintaining employment levels and perhaps creating a few net new jobs. In fewer cases, entirely new companies were established. As in agriculture, there was also a 'second economy' path from successful socialist private sector business to successful post-socialist entrepreneur, and this path was much stronger in Poland and Hungary than the former Czechoslovakia.

One final point in relation to new employment opportunities concerned the 'skills gap', or lack of it. We had wondered whether there would be a difference between the skills required by new job providers and the skills on offer in local populations. Excessively high qualification requirements for new jobs were only reported in one village in Slovakia. A high tech company in

the Czech Republic which had expressed some concerns about the quality of local labour ultimately failed to re-locate in the village for other reasons. Generally speaking, the sorts of jobs created by our few, new employers were low-skilled industrial class ones for which rural populations, with their socialist experience of non-agricultural employment, were well qualified.

Although many of the unemployed continued to eke out an existence from casual employment, small-scale agriculture and, for certain categories, state benefits of one kind or another; although there was evidence of some new employment and rather more of a successful move by some to self-employment; and although in the 1990s there were no signs of mass emigration from the villages and even some in-migration to them, the long term sustainability of employment developments in our rural communities has to be questioned. Villages are no longer isolated from the larger society, neither physically nor in terms of telecommunications as they were in past. Villagers, with the exception of isolated parts of Romania and perhaps Poland, are no longer 'peasants' in the sense of being a society apart. Many have deep freezers, almost all have standard terrestrial televisions, many have satellite televisions, and some villages operated their own cable television systems which, as well as bringing in the wider world, were used to improve communications between villagers and their local authorities. Post-socialist villagers are a part of society and politicians ignore them at their peril.

### **3) Local Politics and Local Authorities as Promoters of Rural Regeneration: Constraints, Influences, and Priorities for Development.**

Our third general concern was the nature of local politics and the ability of local political organisations to influence rural regeneration. Our main findings were:

- *Local authorities are impotent because of increased responsibilities, insufficient funds and administrative inexperience.*
- *Village development is dependent on the chance factor of the character and personality of the mayor, or other key individuals, rather than institutional support.*
- *National parties play an insignificant role at the local level.*
- *There is some evidence of the slow emergence of a business interest in local politics in the more prosperous areas.*
- *There is surprisingly little corruption, beyond the almost inevitable incidences of nepotism and favouritism in the awarding of contracts.*

In the socialist period, the ties between local economic agents and the communities in which they operated had been tight and economic agents accepted extensive social commitments. Support provided by socialist economic agents however declined rapidly after socialism. It was partially replaced by new private sector companies (where there were any), but hardly at all by

traditional providers such as the church. The latter was institutionally strongest in Poland, but even in Poland its influence had declined in comparison with the Solidarity years. The Church also had a relatively influential role in Romania distributing charitable aid. But the overwhelming burden of making up for this reduced level of community provision fell in the first instance on local authorities; and it was further increased by the national state devolving to them additional responsibilities such as education.

Socialist community life thus withered quite quickly through lack of funding, and there were only uncertain signs of it being replaced by anything else: 'lower brow' culture expanded, some community initiatives continued, and some private sponsors were found for local sports clubs. But local authorities felt unable to influence village community life or the local economy with the limited resources that they have available. In most cases they did not have powers to raise their own taxes (they simply receive an agreed share of a tax raised nationally); and where they did they were reluctant to impose them for fear of discouraging local businesses. After all legal obligations had been met, local authorities had little money left for discretionary spending. Decisions tended to be of the nature of: do we mend the school roof or give a little more money to the football team? In this context of limited resources, one trend worthy of note was that new discretion in certain areas of welfare spending resulted at times in an ideologically biased distinction being drawn between the 'deserving' and 'undeserving' poor.

In a situation of impotence in the face of decreased resources and increased responsibility, the main developmental goals of all villages in all countries was essentially that of making up for the underinvestment of the socialist years, completing basic infrastructural investments, such as running water, mains drainage, gas, telephones, paved roads. In addition to this, 'ideological' infrastructure projects such as building a new church were often undertaken or at least supported. Infrastructure investments aside, mayors would talk about encouraging entrepreneurs and promoting agro-tourism, but they either did not have the funds to develop a concrete policy, or, as in the Czech Republic and Slovakia especially, policy was developed in very great detail, but nothing could be implemented because of insufficient resources.

Related to impotence was the problem of inexperience in office which resulted in a failure to establish adequate financial controls. New local administrators were novices in an unfamiliar market environment. They did not understand markets and the need for financial guarantees, and could be easily cheated by unscrupulous outsiders. This was by no means unique to the Czech Republic, but the case of Lesovice where the council was cheated out of millions of crowns stands out.

Despite the general sense of impotence in the face of insurmountable structural disadvantage, some villages could rise to the challenge. The character and personality of key village figures, such as the mayors, was vitally important. Many of the villages had (and have) energetic, dynamic and resourceful individuals as mayors who gave the village direction and vision. In other villages, the driving force was provided some other village notable, such as the Catholic priest in one Romanian case.

But the presence of a dynamic mayor, as with job-creating entrepreneurs, was essentially a matter of chance. Mayors who were not personally resourceful individuals had little institutional support to help them overcome the impotence of their position. As a result, in most villages, the sense of impotence and resignation in the face of overwhelming odds was all-pervasive.

Another research goal was to examine how villagers, or groups of villagers, influenced the political process. One obvious way in which villagers might have done this was via the party system, through membership of parties with a national role, or perhaps parties with a particularly rural constituency. Not entirely surprisingly, however, we discovered that national politics played an insignificant role at the local level. Few parties had local organisations within the villages, and nowhere was adherence to a national party a real force in determining stances taken on local issues. Even in ethnically Hungarian villages in Romania, active support for the 'Hungarian Party' waned considerably after initial euphoria. There was some difference, on the other hand, in the extent to which villagers were likely to wear the badge of a national political party. In Hungary, in particular, political parties at the village level scarcely existed at all. In the Czech and Slovak Republics, party badges were more present, but they did not affect politics. Political party membership was no more significant in the Polish rural communities when it came to village development issues, but there was a clearer difference between 'post socialist' and 'post Solidarity' viewpoints, relating more to attitudes towards the church and the state.

In the Balkans, parties appeared to play a greater role in terms of distributing economic spoils. In one Romanian village, for example, a telephone exchange, which ultimately turned out to be inappropriate for village needs, was provided in return for political support. But, generally it would appear that even in countries where party membership was a more important factor in determining whether or not an individual benefited from privatisation, this was not translated into an increased role for the party institution at the village level, nor to a greater influence of parties on local policy formation.

Despite the irrelevance of the national party structure at the local level, there was some evidence of the emergence of a business interest in local politics. This trend was by no means unambiguous. In Pakucs in Hungary, for example, there were no entrepreneurs on the council. On the other hand, in other, generally more prosperous, villages local farmers and businessmen began to constitute a majority on the council in the mid-1990s. In the Bulgarian and Romanian villages too there were examples of increasing personal links between emerging business groups and the local authorities. Very gradually, a communist elite was in the process of being supplanted by a local business elite; although, in some cases, the individuals were the same. Despite this, the quantitative research also revealed a persistence of anti-business attitudes at the local level. These were strongest in Romania, Slovakia and Poland, but very much less common in Bulgaria, the Czech Republic and Hungary.

In the context of the emergence of new interest groups, we were interested in whether they might use their influence corruptly. Corruption is a difficult thing to investigate, especially on the

basis of relatively brief research visits. Nevertheless, little evidence of systematic corruption emerged. The cases that did come to light were relatively trivial examples of councillors attempting to get contracts awarded to their friends and family. But this low level of corruption is perhaps not surprising in the light of the impotence already identified above. Local authorities had so little money, so little ability to influence the local economic environment that they are not worth being corrupt about.

A final concern in relation to developmental priorities for the villages was to investigate one of the concerns of rural sociology in the West, namely whether middle class 'new comers' were settling in villages and imposing their 'image of rurality' on strategies for rural development. It turned out that this was not (yet) a major issue. Central and Eastern European and Balkan villages had maintained stronger ties with the working class over the forty years of socialism than their western European equivalents. They had also not been invaded to the same extent by the middle classes, partly because of the 'service gap' and inadequate infrastructure already discussed. Only in the Czech Republic was there anything approaching this concern, although environment versus farming issues were a concern elsewhere. Only in Vyletnice was there a clear issue of conflict between 'new comers' and their 'image of rurality'. In Chuzovany, the decision to prevent the development of a business park was as much the result of opposition from the agricultural lobby as 'new comer' concerns about the possible spoiling of their rural idyll.

#### **4) The Paradox of Post-Socialist Agricultural Politics.**

In our smaller study of private farmers in Hungary, Poland and Slovakia we wanted to investigate further the issue of political representation and interest articulation on the part of farmers. The research confirmed the weak political representation that we discovered in the Central European and Balkan research, and it articulated a particular paradox in post-socialist agricultural politics.

##### *Weak Political Representation*

The conclusion of the project was that it was difficult to see the political parties that identify themselves as agricultural parties as being genuine representatives of agricultural interests. A fundamental reason for this is there were few real alternatives in agricultural politics. This was explained by two factors. First, none of the countries could afford extensive support of agriculture. Second, Poland and Hungary, at least, were firmly committed to joining the European Union, while Slovakia officially wanted to join, but at that time (still the Meciar era) did little to improve its chances of acceptance. Because of these constraints, political parties, even 'agricultural' parties, had little scope for distinctive policies, and by and large did not devise any. The dramatic fall in the number of votes cast for the PSL in Poland in the 1997 elections is attributable both to the Party's increasingly large-farmer bias and to the fact that, at the local level, it was seen as having 'done nothing' for the peasants; and it 'did nothing', because, in the real world, there was nothing it could do.

Similarly, this research suggested that Chambers of Agriculture and other interest groups operating in the three countries could not be seen as being the mouthpieces of a genuinely farming interest, or, more correctly, a genuinely private farming interest. (The interest groups of large-scale co-operative farms, on the other hand, had rather more influence: in Slovakia it was successful in getting the land tax reduced, and in Hungary, assisted by the banks, it mobilised to defeat an amendment that would have abolished the deadline after which withdrawal of assets from co-operatives became impossible.) The private farmers whom we interviewed, although usually members (because membership of the Chamber at least is compulsory), had little time for their interest groups. One of the recurring themes in the Polish interviews was that farming interests should be better organised, and a national system of Agricultural Chambers had yet to be built. (Poland was slower than the other countries to create new organisations because restructuring was seen as a secondary issue in a country where most agriculture was already private.) The Hungarian interviewees criticised the competence of such bodies, and often described them as staffed by pensioned-off collective farm apparatchiks. When rural unrest did break out in the early Spring of 1997, it coincided with the creation of a new interest group, the METESZ, because of the dissatisfaction of the demonstrators with the existing ones. In Slovakia doubts were expressed about the competence and genuine independence of interest groups. Even the more independent of the groups representing private farmers had its offices within the Ministry of Agriculture.

### *The Paradox*

A further, and central, feature of post-socialist politics is what we christened the ‘paradox of post-socialist agricultural politics’. This paradox represents a political perspective on a theme that threads its way throughout the Centre’s research programme, namely the dualism of post-socialist agriculture. The paradox is in many respects the logical political consequence of this dualism, this continued dualism. Its essence is that the more that scarce government resources are directed at larger-scale, more commercial farmers, that is to say, the more that they are directed at what might be identified as specifically farming interests, the more they antagonise other rural interests which also depend on agriculture for their livelihood; and the more the livelihood of this rural interest is threatened, the more likely it is to trigger an outburst of rural unrest (a politics of rural poverty), which nevertheless uses the rhetoric of the peasantry as its rallying cry. ‘Peasant’ demonstrators are defending a way of life that includes dependence on agriculture, not a farming interest; and it is the farming interest (albeit unwittingly) that threatens their way of life. The essence of the paradox of post-socialist politics, then, is that ‘farmers’ (commercial producers in agriculture) are not the only rural inhabitants who depend on agriculture for their livelihood, and rural policy formation should recognise this dualism and differentiate accordingly: commercial farmers and small-scale, part-time, self-supply agriculturalists require different types of support.

### **C) Limitations of the Research**

This final section considers briefly the limitations of our research which were, inevitably, inherent in our methodology. We attempted, as noted above, to achieve some sort of middle ground

between national level research and single-village case studies; and we achieved this goal. The research produced an unusual and effective combination of breadth and depth in understanding the processes of post-socialist rural transformation. But, inevitably, it could not duplicate the depth of understanding that is achievable from proper case study research. We got beneath the national statistics, but we only ‘scratched the surface’.

More specifically, our research only focused on the four broad research areas outlined above. We did not look at law, health, how the post-socialist transition was experienced subjectively, and so on. Furthermore, although we were well aware of the importance of informal structures in all areas of society, our relatively short research visits to our communities meant that we had only a certain degree of success in identifying them. In terms of politics, for example, we discovered hints about corruption, nepotism, the emergence of a new business elite and its links with politics, but, with one or two exceptions, these could not be followed through fully. In some villages there were dark murmurs about the local mafia, but the trails could not be pursued.

Similarly, we did not get sufficiently close to individual households to derive a really good picture of household survival strategies. For example, our findings make it clear that ‘second economy’ paths to private farming and business relied primarily on the family. But how did families mobilise resources? What resources did they use? We did not discover a satisfactory answer. In a similar fashion, we identified the general importance of social and cultural capital in ‘the transition’, and especially in determining who emerged as successful private (individual or corporate) farmers; but for the most part we discovered insufficient on how form of social and cultural capital operated, what specific channels they used. Only in the case of the Noble Grape Co-operative in Hungary, which was separately studied in greater depth, could these issues be addressed more successfully.<sup>10</sup>

In short, the CCEES research established some trend lines in the social, economic and political restructuring that accompanied the post-socialist rural transition. But there remains much more flesh to be added to the bones.

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<sup>10</sup> See Nigel Swain, ‘From kolkhoz to holding company: a Hungarian agricultural producer co-operative in transition’, *Journal of Historical Sociology*, Vol. 13, No. 2, June 2000, pp. 142-71.