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**The Analysis of the situation of Hungarian
agriculture in XX. century,
with special respect to farms**

**ABSTRACT
OF THE DOCTORAL (Ph. D.)
DISSERTATION**

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1. Research assignment

My research grew out from a more-year-old research, because when I graduated from the PPKE Faculty of Humanities in 1998, the topic of my thesis was essentially the present research topic.¹ In 1999 the economic historical doctoral programme started in which an agrarian historical specialization started. So here I pursued my research in the chosen topic.

In the periods of world history the dominance of farms and large estates alternated. Hungary in the XIX.th century was the place of appearance of large estates. By this time our agriculture showed the signs of overcrowding, and as the developing level of the industry did not make the absorbing of the surplus population possible, a lot of tension arose. In the period of the turn of the century social movements pointed out that change is inevitable. At the same time “our XX.th century” did not favour farms. The Nagyatádi-like land reform did not establish viable farms significant in number. *“A bit later a not less summary judgement transitionally wanted to liquidate the farming together with the commodity productive peasant farming.”* (Tóth [1980], 9. p.). Effective solution, so a scientifically valid agrarian policy which would have appointed the heading was not born after the changing of the regime. The lack of conception, the uncertainty of the owner and the exaggerated ideological judgement of the economic processes characterized the whole XX. century. Nevertheless *“the most serious trial was that within five decades basic change happened in the cultivation and ownership of the land three times.”* (Oros [2002], 51. p.).

As regarded to the topic assignment the essay has a dual motivation. At one hand my emotional motivation can not be denied, because in my childhood my “kulak” grandmother told stories about how they tried to find bottom again and again (1948, 1961) in those stormy decades in which individual initiativeness was also not tolerated in the field of agriculture. On the other hand the rational motivation was neither missing, because I wanted to understand that passion according to which agriculture – and farm within this – is not worth talking about, because it contributes to GDP “only with few per cent”. On the basis of my research I can state that it is of aggregated social interest if we handle this topic according to its real weight!

¹ The analysis of the situation and opportunities of Hungarian Agriculture in respect to European integration

In the last century contrary to the significant changes done in the agriculture we can find answers for the agrarian problems of our times if we examine the events of the 1930-ies. This is the taking up of farming within family framework, which is also preferred by the European Union. The spread of this cultivating method could bring Hungarian agriculture into a competitive situation, moreover it helped the construction of a rational professional structure. At the same time it could contribute to the improvement of economic and financial balance of the country, as in 2001 – when the proportion of the Hungarian agriculture from the export was only 7,5% – it produced “*one and half thousand million euro surplus.*” (Botos, K. – Botos, J. [2003], 9. p.)

2. Methods of the research

The methods of the research used by me is characterized by two approaches. While the descriptive part of the dissertation is based on working up the bibliography, then the chapter containing empirical research is built upon quantitative analysing technique.

The first part of the dissertation contains the working up and analysis of the researches done till now and the publications. During the mapping of this theoretical background those hypotheses were formulated which I tried to nurse for abstracts on the basis of empirical researches.

One of the most difficult parts of the dissertation was to define the object of <<*farm*>>, whose role in the history of Hungarian agriculture in XX.th century I examined. The literature is even characterised by the mixing of the concepts of farm, works and economy.

During my work I regarded that object as the topic of my research, for which the following definiton is valid (Alvincz et al. [1994], 3–4. p.) that “*...it is an entreprise building upon family relations and resources. The capital is in the ownership of the family, which both directs the farm and does the producing work. In the family farm household and farm, self-consumption and commodity production is closely interweaven. Depending on the resources the family farms are characterized by differing size, producing structure and commodity production of differing proportion in total production.*”

So in the 3rd chapter of the dissertation where the stress is on the historical analysis, I use the concept of farm, as the topic can be grasped historically mainly through ownership basis. In the 4th chapter, during the economic analysis I use the concept of works. By parts of the modern ages the concept of family farm is introduced, by which the combined appearance of the producing forces can be suspected. But on the basis of the above mentioned things the same thing can be behind the different names.

The second part of the dissertation deals with the oeconomic, oecological, social and political dimensions of the farms. These fields are built on other and other databases and methods, and are based on theoretical summaries (in case of social and oecological analyses).

The http://www.election.hu/parval2002/so02/ered_ind.htm page served as the background of political analysis.

The macroeconomic research examines mainly the exportability of the agrarian sector. From the three all-inclusive agricultural draft of Hungary (that of 1895, 1935 and that of 2000) the two later served as database. The working up of the data – after the manual dissemination – happened with SPSS-data structure management programme.

The mikroeconomic analysis is well-known from company economics, but in the field of economic history it has new aspect – although because its sample gathering, however, it is not all-inclusive –, and it is based on comparison having practical significance. I make the data of two time horizon parallel: the aggregated agricultural costs and incomes of two-two years (1935–1936 and 1999–2000) representing the 1930-ies and the 1990-ies. Question arises, is it worth comparing the present situation with that between the two world wars by analysing the situation of farms, as social and economic characteristics of the two periods differ.

Paradoxically this huge difference makes it possible to compare the two periods, because the research of the present ill-considered deformed family farming established in the beginning of the 1990-ies do not give answer for the question, whether it is possible to establish an agrarium building on economically viable family farming in the XXI. century. On the other hand because of the similarities of the economic situation between the two world wars and after the changing of the regime the analysis of the situation and

opportunities of the family farming at that time serve usable informations for the present situation.

In course of the empirical research some validity and soundness problems can arise, which are related to the comparison and reality of the concepts and statistical data. By the analysis I used certain assumptions, so the analysis can contain therefore distortions which can effect the final achievements.

The two databases show differences both in the method of the gathering (aggregated cost aspect, working up according to kind of costs in the 1930-ies, trading aspect, sorting out according to the people paying the costs on the turning of the century) – and in relation with the measure unit (cadastral acre–hectare, pengő–forint etc.) of natural and value data. I eliminated these difficulties partly with the known conversion techniques (1 cad. acre = 0,57 ha), and partly with that I did the comparison not with absolute numbers, but with the rate of the data of the given period (cost/income, profit-and-loss proportion, productivity index on territory etc.). Implicitly only those agricultural sectors were worked up, which were in both data, in way able to compare.

3. The structure of the dissertation, abstract

The dissertation as a matter of fact contains two main parts. The first is the 3rd chapter, where I summarized – a bit in the historical spirit of “farm versus large estate” – the changes taking place in Hungarian agriculture. The other one is the 4th chapter, where I examined the dimensions (oeconomical, oecological, social and political dimensions) connected to the farm.

1. In XX. century contrary to the revolutionary changes in the agriculture – which I demonstrate in my dissertation – we confront the same problems more times. For instance we can draw a parallel between the agrarian economic situation of the 1930-ies and the 1990-ies: economic crisis, unemployment, lack of assets and capital, subdivided land structure. Without a reasonable agrarian policy – eg. assisting vertical and horizontal integration - significant achievements could not be reached at that time and neither can be nowadays. At the same time a well-operating farm

- structure has a function of stabilizing. This is manifested besides economic level also on political, social and oecological levels.
2. The existence of size returns in agriculture can not be proved because of its differing capabilities. Significant number of western experts handled this topic, and drew the conclusion that the size returns in themselves are not able to give explanation for the increase of the size of the works in agriculture, as it is influenced by numerous other factors.” (Fertő [2002], 760. p.) I suppose in relation with the analysis of Hungarian agriculture, that the effectiveness of the farm is not worse than that of the large estates.
 3. The comparative advantage of Hungary is the natural facilities of the country, which urges it to provide an outstanding place for agriculture in its economic development. This agriculture, however, does not mean only commodity producing, but also the protection of the landscape “as a careful farmer”, under which the European Union means multifunctional agriculture.
 4. The doctoring of rural workforce oversupply (so-called “surplus population”) in the economically and socially underdeveloped regions can be expected from the small venture production.
 5. The thoughts of Jefferson summarize my last abstract best: “*The farmers are the most valuable civils. They are the most viable, the most independent, the most virtuous and they are connected to their mother country with the most permanent bond and insisted on its freedom and interests.*” (Fertő [1999], 21. p.)

4. Main points of the dissertation

The establishment and evaluation of Hungarian farm of modern history in of literature

As a consequence of the peace treaty land diminished to the 32,7% of the former, while the number of the population decreased to 42% of the former. The (former well-operating) territorial-economical unit of the Monarchy fell apart. The significant part of the agricultural lands of the best quality of the historical Hungary (Bácska, Bánság, Csallóköz, Partium) got into the successor states. In 1910 nearly 26% of the territory of the country was forest, in 1920 this was almost 12%; the meadow and the pasture diminished (from 9,3% to 7,2%, and from 11,7% to 10,9%). Contrary to this the proportion of ploughland and vineyard significantly increased (from 45,5% to 60,2% and from 1,1% to 2,3%).

It is not the large estate which is responsible for the deformed structure of the agrarian society. The existing inequality of the agrarian society was polarized by the territorial changes, as in Hungary after Trianon the weight of latifundium increased as compared to that before the war.

Land reform in our country was “solved” with the Nagyatádi-like landreform (1920:XXXVI. tc). They wanted to help primarily to the war cripples, war widows and adult war orphans, the agricultural workers not having land and yeomen (so the “meritorious ...and careful” farmers) to land. The act in reality “codified the economic system of small ventures producing for own household (...) contrary to the economical system of the producing for market.” (Czettler [1921], 20. p.)

According to Romsics: “(...) the significant part of the new land owners went bankrupt sooner or later, and those who did not, dealt usually with producing traditional cultures – mainly wheat and corn – and in this field they lag behind large estates.” (Romsics [1999], 160. p.) Those calculus which I did on the basis of the data² of „Jelentések [1937]” seems to oppose this statement.

The established prises collapse and the opening of the agrarian price scissors fas an effect of the world economic crisis brought agricultural producers into a serious situation. While in 1928 the price index of the agricultural products were only 6% higher (as compared to 1913) than the price index of the products belonging to the industry, in 1930-ban it was higher already with 47% and in 1933 with 70%. The contribution of the agriculture to the national income was in 1933 only the 40% of the 1928. Tax burden also increased, which was 32% of the national income in this period. As a consequence of this a tightened internal market appeared.

Unemployment sharply increased, which knocked down the wages and the assets of the wealth of poor peasants were often auctioned. “*The intervention of the administration to the economic relations happened in all countries from America (New Deal), through Germany till Hungary.*” (Szakács [1999], 158. p.) Eg. in 1935 the Gömbös-cabinet legislated for introducing peasant entail, but this did not have serious structural consequences.

² Ploughland production of the individual types of economies in 1935

We can summarize the steps of state intervention in Hungary as the following:

- Improvement of the quality of the products, improvement of the quality of the wheat, supporting the production of the seed corn, improvement of seed corn ;
- Improving the substance of breeding, support for get in sires, the improvement of registered substance;
- Deminishing and supporting the basic and subsidiary materials necessary for the agricultural production (chemical fertilizers, chemical sprays etc.);
- The decrease and limitation of the sown area (sugar beet, tobacco);
- The monopolization of foreign marketing (Futura Rt.);
- The organization and monopolization, support of the domestic marketing, price subsidies [trigger buy, boletta system (July 1930.), premium system (July 1931.), railway ans tariff policy].

In the end these fire-extinguisher type solutions lead to the strengthening of Hungarian agriculture!

During the decades of socialism we have to talk about a forced course, when Hungarian agriculture was put into orbit of collectivization. The almost unlimited tether of the SZEB (as a matter of fact the Soviet Union) is known not only in the field of politics but also economically. The period anteceding mass collectivization is characterized with the transitory land reform and compulsory delivery ordered at the same time.

The proletars got an instalment favour for 20 years, while smallholders that of 10 years. They eliminated the large estates meaning 1/3 of the territory of Hungary totally, and the 1/3 of the estates of rich peasantry, to sum up, 5,6 million hold. On these territories state farms were established, or they went into communal handling. Near 400.000 new economies were founded and the territory of near 250.000 increased. They confiscated 43.000 properties (more than half million acres), compounded 32 thousand (5 million acres). This process was sanctificated with 1945:VI. article.

This differed from the practice realized in other countries that while elsewhere those got primarily territories who already had property, in case of Hungary almost all the territory went into the hands of agrarian proletars.

During the course of this the construction of the agricultural production units changed, and the priority of the economy went to the dwarf farms not having either professional practice and necessary infrastructure. But so this provided only partial productivity for the peasants, because in course of this they could not submit the production means necessary for cultivating. So land reform was not realized in terms of economic and social rationality. Individual initiation was not compatible with communist ideology in any sector of the economy. Land remained a political question for the communists further on.

After the nationalization of the industry, and the occupation of civil services agriculture remained the one and only territory for 1949 where the communist headed state could not work his will with 100%. Both generally and from the aspect of economic policy this period was characterized by a zigzag policy.

The rapid roll back and elimination of the traditional peasant economies proved to be impetuous. This went together with the confusion of the public supply. Foodstuff rationing came to an end on 1 September 1949 except for the flour ration card. The government now re-introduced. The decree of 4/1951. (I. 2.) in case of sugar and flour supply ordered that from 1 January 1951. the of the population *“can provide at one hand on administered prices , on the other hand on commercial prices in free trade”*.

The patience of the population during the trials between 1949 and 1953 come to a nadir as a consequence of the unkept promises, the contrary critique and self-critique of the leadership. Yet even with this the demand for change could not become a possibility, a failure of the policy of 1955–1956 if international conditions are not modified. The agricultural yields lag behind the expected. The wheat production of 1956. would not been enough for 1957 even if we had not had to export it. The situation was that in 1957 in order to provide public supply they have to duplicate the wheat import. The most important thoughts of the leadership of MSZMP in relation with economic policy and economic directing was fixed by the resolution in December of the Central Committee. The main question of the economic policy in the decision was *“that the primary aspect of the distribution of national income and making the economic investment plans should be the gradual increase of the standard of living of the workers... In order to increase the standard of living of the workers we have to assist the dynamic boost of agricultural production both in individual peasant farms and in the*

socialist sectors of the agriculture.” (Szabó [1986], 365–366. p.) This decision is similar to the text of the governmental programme of the Nagy Imre government in 1953.

Between 1959 and 1961 new attack was pushed on land private property. The second wave of the collectivization was finished within 16 months. The economic indices demonstrate relevantly the superiority of the individual farming by the producing value, especially if we add that besides the moderate results of the collective farms foreign capital supply continuously increased in this period. Provision of self-supply was managed to reach only for the 1960-ies, when the average production of wheat exceeded the level of 20 q/ha.³ The record of the Central Committee session held on 8-9-10 February 1968 stated: the production area of the livestock and bread stuffs increased in the agriculture. The guaranteed worker’s wages system was under introduction, this was successful mainly where the proportion of the employees was low. The situation of the collective farms having unfavourable producing facilities, the continuous farming was provided with state price subsidies.

The modification of the central collective model was the consequence of the economic reform of 1968, classical sovkhoses and kolkhoses were not established! The dominant collective economies had considerably intense economic independence. The separateness of the agricultural activity and state directing was heavily limited, nevertheless the new possibility of a vertical integration appeared at that time. Previously they could have only one croft per a family, but following the reform the family was entitled to get a croft after every family member, who worked in the collective farms. Not rarely the collective farm itself organized the outsourcing and contractual exploitation. In addition, the collective farm member was entitled to get other collective services (eg. the usage of the machine stock).

Summarizing the conscious differing from the Soviet model can be seen:

- the total land was not nationalized;
- in 1956 compulsory delivery was eliminated;

³ The yield between 1961-65 was 18,9 q/ha as average, while the estates greater than 500 hectare produced 21,1 kips average already in 1938. After this development was breezy: in 1971 the state average became 30, in 1977 the same was 40 kips.

- the central distribution, the natural farming system was changed by relations laced with market elements;
- there was opportunity for limited works decisions (producing structure, grade of accumulation etc.);
- besides the dominance of large estates the establishment of significant private production.

On the X. congress of the party (on 23-29 November 1970.) besides the state farms and collective farms it was asserted that crofts “*will have significant role for a long time*”.

In 1972 the SCP beat a retreat! Between 11–14. February Kádár János visited Moscow. Bresnev resented that the Hungarian growth pace lags behind the average of the Council for Mutual Economic Assistance (CMEA)! He made it unambiguous that he does not support the economic directing system introduced in 1968, and that he wanted to establish closer Soviet-Hungarian economic relations! The hardening Soviet attitude was manifested on the VB-session of April 1972 of the CMEA where they decided on the powerful seclusion from the Common Market! According to Iván Berend T. the Hungarian practice of the reform and the „Socialist principles” confronted. The harm of the interests of certain influential political groups also contributed to the retirement. The political leadership got to grips with that problem that further increase of the production required the increase of the investments (at least) on the same level parallelly – this nevertheless would have had an unfavourable effect on standard of living.

In the red periods the amplitude of the money invested to the agriculture increased only when collectivization occurred. It was a new feature in the economy directing when in 1980 the Central Committee took a stand on secondary economy, because this pursues useful activity and stops a gap.

From the second part of the 1980-ies unfavourable tendencies predominated in world market and our national income increased only with a yearly 0,3%. The input costs increased by a far more extent, than the many times decreasing producer prices. At that time the stagnation of the food demand of the population can be also seen, so in total the economic conditions of the agriculture aggravated. We have to mention those processes, for example the ability of the sector to pay rates and taxes increased till the unendurable. The cash in of the agrarian sphere from 1982 continuously surpassed its support, so legal and theoretical freedom of the enterprises were not

supported economically. In 1989 for instance the income of the enterprise was 26 thousand million Fts and cash in was 46 thousand million Fts in the agriculture.

In the first half of the 1990-ies new, basically differing environmental conditions modulated the possibilities of the economic actors. The Eastern markets lost with the collapse of the CMEA were significant and safe trading area for Hungarian agrarian products, but market losing occurred also in Hungary because of the declining standard of living. In addition the deconjunctural situation, the long recession of the worldmarket protectionism strengthened in the developed industrial countries.

In Hungarian agriculture gradual reforms were realized from the starting of the collectivization, so the enterprises and efforts to create effective material interest had old traditions. From 1990 a kind of “land reform” started/occurred in the states of our region. In case of Hungary it was not the case or what was realized that can be compared to the Eastern Asian or Latin American cases according to Kamilla Lányi. (Lányi [1998. május], 26. p.) Instead of farms having 40–50 hectare economies unable for living were established. At the same time “... *the I. (collective) act of 1992. was a compromise, because it did not contain and did not want to support any version of collectiveness, which was historically long standing in the collectivity of family farm and small-scale producers [...] and could be easy to join the collective farms of the European Union.* (Lányi [1998. május], 24. p.)

Privatization itself at one hand decreased the burdens of the budget, on the other hand it is not exaggeration to state that property structure established by this was not better than that of 1935. At that time the estates greater than 100 kh could be regarded as large, which totaled up 48,2% of the total land territory. In 1995-ben those greater than 57 ha [round 100 kh] owned 45% of the crop land.

Let me quote Ferenc Glatz as afterword: “*It became undubious: it is not real to go back either to the “Hungarian model” before 1989, or to the old one. (...) The excited internal agonies of the first period of the changing of the regime for example brought basic changes in the works structure of the national agricultural production. (...) The small peasantry can be justified and even depressing seeing with the eye of a rational economist expert. But we shall not be offending, scientifically arrogant. We shall not forget that*

behind the much passion, the »nevertheless« attitude, the last emotion wave of the century-old desire for land moves.” (A magyar agrárgazdaság jelene és kilátásai [1997], 10. és 29.p.)

Farm versus large estate

Oeconomical dimension

”today those debates have no significance which went on around the production inferiority of farms at one time...” (Kerék [1934], 23. p.) Other interests lie in the background when they use the farm as a synonym of a production not effective enough. While *“large estate is interested in capital profit, and return, [till] the farm and national economy is interested in maximizing labour income and gross income.” (Dobos [2000], 128.p.)* If we derive the standard of achievement exclusively from supposing profit maximalization, then we can not measure the achievement of those economic actors objectively, whose aims contain also others, than profit. In case of farms we have to consider that besides producing profit it bears other social services, too. If regarding economic performance farm is not worse than large estate then referring to the above mentioned it is an economic form worth supporting. As a consequence of this I sorted out those sectors and result dimensions from the used database which are in both periods and in both measure of land all-inclusive and in some case I touched upon the analysis of such dimensions in which case comparison is impossible but in certain periods we can get relevant information.

According to this the examined dimensions were the following:

- Income
- Yield
- Products produced and brought to market
- Works achievement
- Operational costs

In case of these dimensions – with few exceptions – farm surpassed large estate.

Oecological background

In our ages two models – the basically not European type latifundium and the traditional European family farming - rival with one another. The „green revolution” occuring in the agriculture decreased the diversity of the cultivated and bred species. This lead to the degradation of the oecosystem.

“Al Gore called “genetic erosion” as the largest danger threatening the global foodproducing system.” The decrease of biodiversity can be by all means related to the gathering ground of latifundium. “Besides the diversity of the genes, species and oecosystems we have to interpret that of culture also in the concept of biodiversity, because they visibly cohere. (...) the decrease of biodiversity result in the dissolution of the traditional communities...” (Boda [1999], 166–167. p.) As an answer for the “oecological holocaust” we need such farming, “which admits the integrity and the sense of their being of natural existing. (...) The oikonomia is a farming serving the fulfillment of the material needs of a broader community,” whose basic idea is adequacy, so that the needs of the people can be fulfilled besides the lowest costs and smallest risks. (Zsolnai [2001], 143. p.)

Social background

The social functions of the farming among the frames of family are such dimensions, which appear primarily not in the role played on market, but at one hand in the rural lifestyle, as a cultural phenomenon, on the other hand in the situation of labour market. While the former raises basically attraction of scaling values, although in respect to its ability to maintain population it has measureable social attraction, the examination of its role played in the labour market situation raise rather economic and social questions. The increase of the activity rate – so doctoring the problem of “surplus population” –, however, can be expected mostly from family farming in the most regions. Although the number of the people working in the primary sector diminished to 294.100 for 2001, which means hardly more than 7% of the total active breadwinners, more than 40% of the families have soil, and among the nearly 2.000.000 land near 960.000 is registered. It is difficult to define how these estates are important in the lives of the individual families, however, especially in the zones of depression because of the significant unemployment and falling out from labour market for numerous families these farms under 1 ha mean the only income besides social subsidies. This later fact points out the integrational function of the small and medium sized ventures, which can serve the re-integration of the layers living in the countryside and falling behind. This re-integrational initiatives are starting from that only small part of the permanent unemployed people losing job after the changing of the regime and not having appropriate knowledge can be retrained for marketable working.

Political dimension

According to Ihrig Károly: “*land because of its limited quantity always gives political power to its owner ...*” (Ihrig [1941], 193. p.) The parties are calculating on peasantry. The picture drawn up on the forum of the agrarian department of the MSZP (Hungarian Socialist Party) on 3 October 1997. “*The election of 1998 is not yet won, for this peasant are also needed.*” Other parties also recognized this. Why? If a well-argumentable group, as peasantry can get support, other can not, then the party promising (and realizing) support can get votes relatively cheaply. On the basis of my researches it seems that the picture is more tinged than this. On the basis of table LII. made on the basis of the size and wealth of the settlements it can be stated that the smaller and richer is the settlement the more probable is the electing of the population to right.

5. Conclusion

In agriculture not only “producing surplus” is the only goal, but there are less quantifiable factors as taste, and aroma etc. Contrary to that in the last decade all around the world they tolled the knell of the small estates, and its economic effectiveness was also questioned, it gained ascendancy in many countries all over the world.⁴ The farm offers the opportunity of such farming which is effective and productive, in addition environmentally sound which fact is needed to declare in the public opinion.

Because of globalization the farmers are in a more and more threatening situation. The local farmers are not competitive in contrast to the multinational companies, as the latter shares the supports significantly. In the large estates human work is substituted with machines, so unemployment arises, people move to cities, rural communities die out and natural environment is dying. Further use of this failed sample can end only with the same result in our region. We have to support such a cultivating form, which improves the quality of rural life – eg. in fields of housing, local working opportunities, rest and culture. This is important because more people live in the countryside than in cities even now.

The problems enumerated by me follow our history. Their culmination in the period of crises is natural. Nevertheless we gave better answer for the challenges in the 1930-ies than in the 1990-ies. Of course the world

⁴ In the developing countries they have decisive role in the production of basic food.

economic environment was different. Western Europe of the 1930-ies as well as later the Soviet Union was related to Hungarian agrarian export. In our days the former is self-sufficient and the later stopped existing, and in the successor states the situation is very labile. We remained for ourselves a bit. The placing of the former dumping products is not without difficulty, we have hope only in the markets having “own trade-mark”. This in itself is enough for a change of emphasis in agrarian policy, which, however, can not be imagined without serious state support. My essay has a bit etatist tone, at the same time while co-ordination on market basis does not operate in our country then it is the state which have to introduce the co-ordinations by subsidizing the building of institutional system of the market co-ordination instead of bureaucratic co-ordination. (eg. assisting co-operation etc.)

In many cases the measuring itself is also biased. The yield of a crop is often the highest, if it is planted by itself (monoculture). However, this increases costs as well.⁵ In small farms they plant more kind of plants, where the places of the weeds are occupied by other plants. Besides this they often use crop rotation and breed animals. Besides this kind of integral producing perhaps the yield of a plant is lower, but the total yield – numerous crop and animal – is higher. So by comparing farms and large estates we should calculate with the total output. But besides traditional measuring the yield of the farms is higher. The greater productivity of the farm is assisted by the intensive farming, and that the quality of the family work is better than paid work because of personal commitment.

“That well-known statement seeming to be simple and clear that large estates are more effective, than farms raises numerous methodology problems. The first question, how we should measure the size of a venture (farm) (...) We can measure the farm extent generally with input index (the measure of the territory, the number of the workforce, the number of the animal substance), with output index (income, profit), or with the combination of the two above mentioned (with income per hectare/per workforce).” (Fertő [2002], 761.p.) The yield of the farm per unit in both examined periods surpassed that of the large estates. The cost effectiveness of the farm proved to be valid not only in the case of growing of vegetables and fruit growing but also practically in case of the whole agricultural vertical. I believe that the most important value of the dissertation is that I

⁵ Eg. it attracts weeds, which have to be eradicated – with working or chemicals.

managed to prove the international experiences of the quoted essay⁶ in case of Hungary. So on the basis of my researches I rejected that general thought that large estates are by all means more effective than farms.

It was proved that because of its multifunctional state agriculture can not be handled the same way as industry. It not only makes products, but it also has cultural attraction, it does oecological services. So agriculture can not be handled the same way as industry. According to the declaration of the Japanese government made for the WTO-meeting *“agriculture not only produces agricultural products, but plays role in food safety, diminishes the risk of unexpected events and future lack of food, assists protecting soil and environment, the maintenance of local community in harmony with natural environment... Market processes in themselves are not able to fulfil the multiple task of agriculture.”*(Rosset [1999], 456. p.)

That is why we have to demand from the government in power to take the multiple role of agriculture into consideration, and to provide the independence of the country in the field of food producing. Further on to support farms, which is able to provide the former. This means mature agrarian policy, in which land policy is only a part of. However, we must not forget that the redistribution of the land among the families without land could improve the quality of rural life effectively as *“property is such as dung...”* Argentina, South-Korea, China or Taiwan in our days are good examples for this.

Forther on, protection of the landscape is also the interest of farmers. The producing methods of the farmers usually adapt to the local relations, so hindering deterioration of soil, they do not depend on mechanization and on exaggerated chemical sprays etc. The lot of owners follow multiple systems, biological organizations, culture and tradition (see biodiversity). So they assist the formation of an esthetically attractive landscape, which is one of the certain signs of multifuncional agriculture.

Question arouse already half a century before: what the industrialized agriculture mean for rural settlements and communities? As a consequence of the operation of agricultural conglomerates most of the traditional workplaces were liquidated, so the number of the families dealing with farming was significantly diminished, which was straight road to the dying

⁶ (Ferő [2002])

out of rural communities. If industry was not able to absorb the workforce surging, as in case of Hungary there are more examples, the so-called South-American model was established. As a contrast, where family farming was the dominant element of the countryside, and the land owners depended on local shops and services, there were more working facilities and community flourished (Western-European model), so the problem of surplus population was handled. In addition, the non-centralized land property means better existential possibilities for rural population and provides the conscience of personal responsibility, so meaning the only way of bourgeois civilization. So we have to realize that the real contrast lies not between farms and large estates but between the South-American model and Western-European model. It can not be dubious which Hungary has to choose.

I refer back to the thought of Th. Jefferson according to which peasants are “the most viable, the most independent, the most virtuous and they are connected to their mother country with the most permanent bond.” They compose the ridge of nation, they are the protectors of folk tradition. They are conservatives, but that is more than we mean on this concept in political meaning. It is constancy, which they represent in an always changing world. The land is immobilia, so farming can be imagined only besides the greatest care, because their assets can not be mobilized and multiplied. Their mentality originated from this is the basis of all further abstract, which I instanced in favour of supporting the small estates. At the same time they are also political factors. 55% of „our model society” is given by – as I mentioned in the political part – right wing groups. Without a smooth analysis we can jump into conclusion that where a proportional representative system prevails there the right side can get into power more than the left wing. For this, however, they have to be able to rake in the votes of the peasants.

On the basis of the above mentioned we can draw the final conclusion, that the agriculture of our ages – as a consequence of its development – is able to play strategic role by the dominance of any land categories. At the same time farm plays besides economic function also oecological, social and political function successfully, so its total utility is greater than that of the large estate.

6. The improvement of the dissertation

The direction of the dissertation can be the extending of the database of the microeconomical subchapter to every year of the 1930-ies and the 1990-ies. It is questioned, when we have all-included survey to the whole of the 1990-ies. In this case we can filter out the fluctuation because of meteorological factors in respect of yield and we can draw more certain conclusion in respect of farm and large estate. In this case it would be possible to write a monography able to well utilize in certain fields of higher education (eg. economic history, economics).

7. Publication list

Articles:

- Ivicz Mihály: A paraszti egzisztencia megtűrése (Heller Farkas Füzetek, 2003/1. szám, pp. 29–43.
- Ivicz Mihály: Szőlőtelepítés a 24. órában (Őstermelő, 2003/4. szám, pp. 35–38.)
- Ivicz Mihály – Járdány Krisztián – Schlett András: Családi gazdaság mint a vidék megtartó erejének záloga (Őstermelő, 2002/5. szám, pp. 6–10.)

Passages in a book:

- Ivicz Mihály: gr. Károlyi Sándor, Mattyasovszky Miklós (in. Gazdaságelméleti Olvasmányok II. Bekker Zsuzsa szerkesztésében AULA 2002.)
- Ivicz Mihály: Agrárközgazdászok 1867–1918 (in. Gazdaságelméleti Olvasmányok II. Bekker Zsuzsa szerkesztésében AULA 2002.)

8. Quotations:

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- *A M. Kir. Kormány 1935. évi működéséről és az Ország közállapotairól szóló Jelentés és Statisztikai Évkönyv. 1937.* Bp., Athenaeum Kiadó.
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