

**Orsolya Tóth**

*Research Institute of Agricultural Economics (AKI) in Budapest, Hungary*

## **CONNECTION BETWEEN THE AGRICULTURAL EMPLOYMENT AND THE SOCIAL LAND PROGRAMMES IN HUNGARY**

### *POWIĄZANIA POMIĘDZY ZATRUDNIENIEM W ROLNICTWIE A PROGRAMAMI GRUNTÓW SOCJALNYCH NA WĘGRZECH*

**Key words: agricultural employment, labour market, rural subsistence, social land programme**

*Słowa kluczowe: zatrudnienie w rolnictwie, rynek pracy, samowystarczalność na wsi, program gruntów socjalnych*

**Abstract.** After the political, economical and social transformation in Hungary, rapid and radical changes have been realized in the labour market: from the beginning of the nineties 1.7 million jobs disappeared suddenly, which was a drop of 30%. The unemployment rate touched its bottom by 12.6% in 1993, now, the current rate (11.6%) is approaching to it. In the rural areas, where agriculture was the main employer, the unemployment rate was higher than the average. To the countrymen – the only way of subsistence and escape from deep poverty – were the agricultural sector the most important opportunity. In our days – and earlier too – more and more attention is paid to the solutions that were adapted to local conditions and bound to agricultural production requiring active and personal cooperation of the local, and, in many cases, unqualified population. The unique, Hungarian social land programmes have disposed of the most adaptable experiences. The programmes not only contribute to providing the daily subsistence but also maintain and develop the willingness and ability to work, form the communities in the village, and provide moral and mental support. There are other similar concepts and programmes which primary aims are in the follows: to support the employment in rural areas, provide solutions for the local employment of rural population, mainly in the labour intensive agricultural sectors, and furthermore, to organise training, which are adjusted to the local training needs and are not based on central regulations.

## **Introduction**

The subsistence and the population retention ability of rural areas was fundamentally shocked accompanied by the decreasing employment, and the political, economical and social transformation in 1989-1990. The consequences of the process affect to present days and its regional effects – increasing unemployment, social and moral problems, deep poverty – need real and permanent solutions. To establish new workplaces and to increase the employment are outstanding objectives of the Hungarian government and of the economic policy. The solutions bound to agriculture and connecting production and training serve this purpose and from these the social land programmes work the most successful. The aim of this paper to present the main characteristics of the Hungarian labour market after the transformation and in nowadays, to show the tendencies and finally, I would like to present the social land programmes.

## **Characteristics of the Hungarian labour market and the situation of the agricultural employment**

The transformation resulted in an increased labour supply on the whole economy. The labour supply increase was the largest in the agricultural sector due to the changes of the property structure and production forms. In 1990 the sector's annual share in employment was 17.5% (697 thousand employees), twenty years later it accounted for only 4.5% (172 thousand employees). Another consequence of the restructuring process is the fact of part time employees and those who are engaged in subsistence of farming and commercial farming is several times higher (6.5 times) than the number of full time employees.

In the individual farms 1,1 million people are engaged in agricultural activities accounting for 11.4% of the total population. In 2010 the number of individual farms (567 thousand) is by 40% less than 10 years ago (Agriculture 2010, HCSO). The changes are definitely due to the significant and permanent decrease of agricultural employment.

In the EU for measuring the labour use (working time) the Annual Work Unit<sup>1</sup> is applied. In Hungary the agricultural labour use in 2010 amounted to 414.4 thousand full time employees, that is, 40% less than the working time used ten years ago. The indicators of employment are the inactivity rate, the employment rate and the unemployment rate. On the basis of the survey which was made of the Hungarian Central Statistical Office (KSH in Hungarian), the proportion of inactive people in the age group of 15-64 accounted for 38% in 2010, that means 2.6 million people. The employment rate was 55.4% in 2010, 8.8% down to the average of the EU Member States (64.2%). Between 2000-2010 the employment rate increased both groups of the EU Member States, but in Hungary a hectic up and down change could be seen, and now, Hungary is among the three Member States of the lowest employment rates – with Malta and Italy [Europe in figures...2010].

The unemployment rate stabilized in the first decade of the century at a level of 5-6% and then from 2005 it increased to 7-8%. Due to the economic world crises, in 2009, the rate exceeded 10% and now it is approaching the disastrous 12% of 1993 (in 2010 11.2%). In the EU-27 Member States the unemployment rate reached 9.7%, which is by 1.5% lower than the Hungarian value.

The differences in economic activity by regions and settlements in Hungary are increasing. Unemployment is characteristics in the small settlements, its rate is often 3-4-times larger than in cities [Tóth 2002]. At present the general characteristics of the labour market is the increased extremities regarding the regions, age groups or qualifications, the average 18-months long, permanent unemployment status and the increase of the unemployment expanding over generations. In the regions of unfavourable economic, social and income conditions the share of agricultural employees higher than the national average. It has been proved that the share of agricultural employment is in inverse ratio to the level of economic development [Dorgai et al. 2008, Tóth et al. 2009]. In the regions of unfavourable conditions its share approaches 40% of the population.

In spite of the more critical state of agriculture its role played in rural employment, in subsistence of rural population and in decreasing the moral and social tensions is more important than its share represented in employment or its contribution to the GDP [Hamza, Tóth 2006]. Due to its multicultural role, the sector may alleviate the problems of subsistence and employment but the development can not be expected merely from agriculture.

In the last two decades many active and passive labour market measures were applied to reduce or to solve the problems of employment. These programmes have successfully worked in many cases, but there are less successful attempts too. The social land programmes try to connect the local conditions with the amount of subsidies, and try to help the people who are living between desperate living conditions.

## Social Land Programmes

The social land programmes operating successfully at present are aimed mainly at small settlements and villages in micro regions of low economic development and in particularly disadvantageous situation. The target group<sup>2</sup> is the unemployed and/or the people of low qualifications and engaged earlier mainly in agriculture but at present expelled permanently from the labour market.

The main point of the programme is that it connects the local resources of agricultural production (land, production and equipment), the other inputs required for production (materials) – in the form of allowances in kind – with the otherwise unused labour of the families (households) participating in the programme.

The social land programme is a kind of solution which is transitional between the passive socio-political allowances and the active employment policy measures (job creating). By bringing back the principles of the productive social programmes of the period between the two World Wars today's social land programmes aim in fact „to integrate the people benefiting from the social policy but capable for some kind of labour into the group generating social income” [Bartal 2001].

The programmes cover the regions in the most disadvantageous situation. The first pilot programmes started in 1992, in six settlements of two counties (Békés and Szabolcs-Szatmár-Bereg). In 2010 the social land programmes were operated in 11 counties of five regions. The majority of the settlements participating in the programme are situated in the eastern, north-eastern counties as well as in the Southern Transdanubian Region (Fig. 1). Annually 40-47 micro regions operate a land programme and this means 180-250 supported settlements.

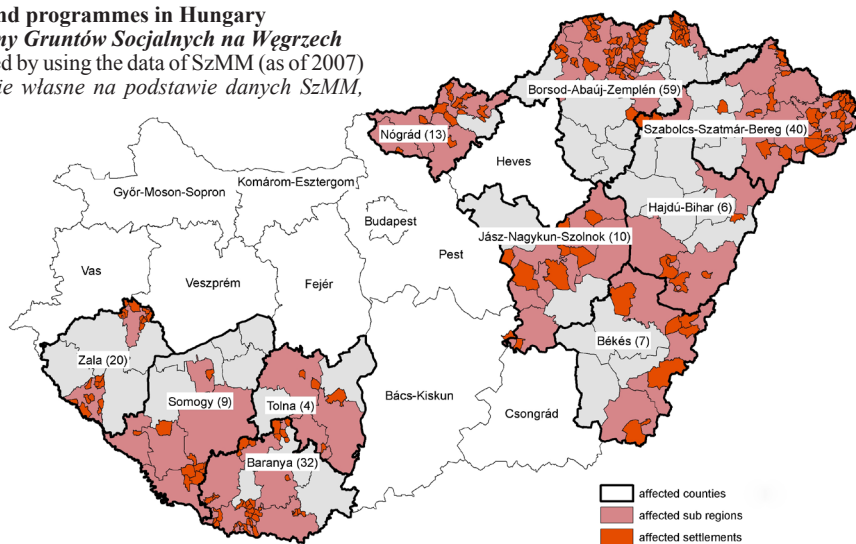
<sup>1</sup> In accordance with the methods applied by EUROSTAT and HCSO 1 AWU = 1800 working hours

<sup>2</sup> Furthermore, in this group the households with low incomes, families with more children, the elderly, the unemployables as well as the Roma people can also be found.

**Figure 1. Social land programmes in Hungary****Rysunek 1. Programy Gruntów Socjalnych na Węgrzech**

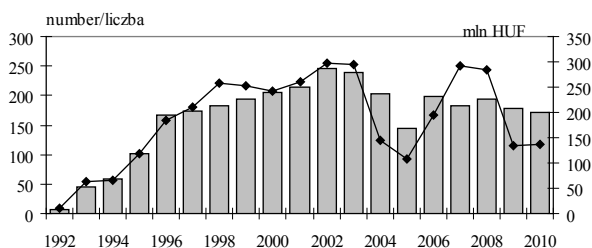
Source: Map prepared by using the data of SzMM (as of 2007)

Źródło: opracowanie własne na podstawie danych SzMM, dane z 2007 r.



## The amount of subsidies

The resources of the social land programmes increased continuously from the launch of the programme up to 2003; following the EU accession of Hungary the beneficiaries used annually by significant fluctuations about HUF 200 million on average (Fig. 2). This was HUF 3-6 million by micro region and HUF 0.7-1.5 million by settlements. The decrease of the resources awarded by tenders was due to the fact that the financing of the programme was not included in the subsidy schemes of the EU<sup>3</sup>. Three quarters of the subsidies used during almost two decades (HUF 3.5-4 billion) was spent in the largest focuses of the crisis, where subsistence is hardest; that is, in the Northern Great Plain Region and in the Northern Hungary Region; in the settlements of Borsod-Abaúj-Zemplén és Szabolcs-Szatmár-Bereg counties.

**Figure 2. The number of the social land programmes and the amount of the subsidies provided****Rysunek 2. Liczba programów gruntów socjalnych oraz wysokość udzielonych dopłat**

Source: prepared by the Financial Policy Department of AKI by using the data of SzMM and the Public Foundation of Esély

Źródło: przygotowane przez AKI na podstawie danych SzMM i Fundacji Esély

## Production structure of social land programmes, long term objectives and the successful examples

The structure of the social land programmes can be characterised by the dominance of labour-intensive plant production generating high value added products – especially fruit and vegetable products. Most popular is the production of potatoes which is indispensable in human consumption in Hungary. In more and more locations people are also engaged in seedling and seed production. Arable plant production aims at meeting the feed requirements of livestock farming of low level (mainly pig and poultry). The programmes of livestock farming are less successful, the beneficiaries knowledge in livestock farming is deficient, the purchase and the production of feed as well as the sale of the final product is cumbersome. A further problem is the lacking vision of the farmers, the animals, the raw material aimed at keeping are used, consumed earlier than intended. The coordination of the land programmes, maintaining relationships with the participants, and the organisation of the machinery services create further employments.

<sup>3</sup> The draft of the 3<sup>rd</sup> pillar of ÚMVP of 2007-2013 included a social land programme but the final version did not include it since the EU regulations consider the land programmes as disguised agricultural subsidies!

The long term goal of the programme is to increase the subsistence of rural areas, provide training for the participants of the programme, increase their knowledge which based on the recent research of AKI (Research Institute of Agricultural Economics, Hungary) may also lead even to permanent employments.

The area cultivated in the frame of the land programmes cover about 4.5-5 hectares. In the last years of the previous decade almost 24 thousand persons, that is, about 7000 families participated in the land programmes, accounting for about one fifth of the population covered by the programme. Realizing the positive effects of the land programmes; that is, assisting subsistence, decreasing social expenditures, community building and improving work ethic; more and more settlements launch such programmes<sup>4</sup>. The further expansion of the programmes is assisted by using the land in state ownership for social purposes free of charge, this opportunity was provided in 2010<sup>5</sup>.

From 2011 on the social land programme results increased direct employment, as the organizations implementing the programme are obliged (depending on the amount of the subsidy) to employ at least 2 persons.

The success or failure of the social land programmes depends largely on the personality of the major; on his/her activity, capacity and commitment. There are numerous examples when the positive attitude and endurance of the major led finally to the success. We have to emphasize, however, that during the operation of the programmes not only successes but failures were also encountered.

A success story could be seen in Belecska, in the small settlement in Tolna county or in Túrístvándi, in the region of Nyírség. In Belecska people are engaged in labour-intensive fruit and vegetable production and the products are sold on markets. As a result of the program the high unemployment rate (32%) decreased to about its third (8.2%).

In Túrístvándi people are also engaged in labour-intensive fruit and vegetable production but the strong activities in the fields of tourism are also characteristic. The programmes of processing and the production of products characteristic for the region (pickles, jam, medicinal plant production, seeds for the kitchen garden) are examples to be followed. In some settlements (for example, in Bikal, Míszla, Szakadát, Udvari, Tiszacsécse) the products are used in the public organisations of the settlements (schools, social public catering) or by the institutions of tourism. Experience proved demonstratively the programmes' significant role in community building.

## Conclusions

Finally we can conclude that in the last two decades the permanently critical and worsening state of the Hungarian labour market and the increasing disadvantages of the regions and settlements of low economic development intensified the programmes assisting rural subsistence and emphasizing its importance.

In this process agricultural production plays always an important role and this holds true for the future too. The social land programmes and the other programmes initiating the self organisation of the settlements and the participation of the inhabitants cannot be considered as a market-based employment generation but their role in decreasing the social tension and decreasing the expenditures to be financed from the budget are indisputable. Without generating real and permanent employments rural subsistence cannot be improved significantly and the low level of agricultural production cannot be increased and moreover the unfavourable processes could also be preserved.

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<sup>4</sup> On the basis of the survey of the National Land Fund Management Organisation 194 local governments representing all the counties of Hungary would like to apply for land in state ownership in order to launch land programmes. Based on the preliminary consultations 76 settlements have already confirmed their intention to apply for 1151 hectares of land. (information from NFA).

<sup>5</sup> Government Decree No. 263/2010. (IX. 17.) on the handing over the land in the management of the National Land Fund to trusteeship of local governments.

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### **Streszczenie**

*W wyniku transformacji ustrojowej na Węgrzech zmalała liczba miejsc pracy, co jednocześnie spowodowało znaczący wzrost bezrobocia. Szczególnie na terenach wiejskich ten problem odcisnął swoje piętno w grupie ludności o najniższym wykształceniu. Obecnie, pomimo wyraźnej poprawy sytuacji kwestie te są nadal żywotne. Jednocześnie wdrażane są programy im zapobiegające. Jednym z unikatowych programów przeciwdziałających bezrobociu i wykluczeniu społecznemu na węgierskiej wsi jest Program Gruntów Socjalnych czerpiący z rozwiązań okresu powojennego, a zakładający aktywizację zasobów ludzkich wraz z zagwarantowaniem im minimum socjalnego, przy jednoczesnym wykorzystaniu innych lokalnych zasobów (ziemia, maszyny i urządzenia). W artykule przedstawiono główne założenia tego programu oraz ocenę realizacji jego celów.*

#### **Correspondence address:**

Orsolya Tóth, PhD, student  
Research Institute of Agricultural Economic  
Financial Policy Department  
Zsil Str. 3-5.  
1093 Budapest, Hungary  
phone: +36 14 76 30 74  
e-mail: toth.orsolya@aki.gov.hu