

R e p o r t on Special Chair 1994/1995

Socio-economic aspects of transformation processes in Central and Eastern European Agriculture - Sociaal-economische aspecten van transformatieprocessen in de Midden- en Oost-Europese landbouw

Hoogleraar: prof. dr. K. Hagedorn (sinds 1 januari 1994)

Five years after the states in Central and Eastern Europe have decided to give up their system of central planning, agriculture and agricultural policies in these countries are still in a very difficult period of transformation. It is important for students to develop an adequate understanding of the economic, social and political problems in the countries involved in the transformation process. In particular, they have to learn about the whole variety of institutional and political determinants which influence those changes. It may be reasonable just to look at the farm unit if we are in well developed, stable farm economy which is not affected by major changes. In a period of fundamental transformation of the farm sector, however, the whole network of relationships has to be taken into account. The evolution of farms depends on its institutional and political environment which, in turn, is influenced by the initial organisational and structural features of farms and their evolution itself. Thus, the following main factors have to be included:

- the particularities of the starting situation regarding farm organisation and agricultural structures, e.g. size of the plots belonging to land owners and availability of capital,
- relationship to other agrarian institutions like access to inputs, marketing co-operatives, extension systems, etc.,
- the Political Economy of agricultural policies, especially with regard to different interests and emerging conflict due to privatisation and de-collectivisation policies in the transition period,
- the evolutionary characteristics and potential path dependency which may come into being during the transformation process and may lead to different routes of change in the countries in transition.

However, if we consider the whole network of interrelationships between the many institutional and political elements, what does this mean for the feasibility of transformation? This means that - if we take an idealistic view - all elements and relationships within the institutional network must change in a harmonious manner when passing from collective or state ownership to private land ownership or from collectivised to de-collectivised agricultural structures. Some of the components may have to change quickly, others more slowly, some may have to be reformed in early, others in later stages of the process. This depends on the question what kind of evolutionary interaction will maintain and improve the workability of the system. Furthermore, this means that all actors in the various parts of the system must be willing and must be able to perform these changes in a co-ordinated or even co-operative way and do not act against the transformation process.

Not surprisingly, these conditions are not always fulfilled, and successful transformation may require particular strategies. Therefore, those students who are interested in these issues are using the course as an opportunity to discuss the questions mentioned above. Some of them are also looking for a basis of information which enables them to initiate their own studies and to develop projects of their own. In particular, the seminars are oriented toward the following **objectives**:

- to become familiar with theoretical approaches which are suitable to analyse the transformation process in agriculture, and with corresponding empirical results;
- to learn about the concepts and tools developed to shape the transformation process in agriculture, and about the success or failure of these instruments;
- to find ways for dealing actively with the problems of transformation both within the framework of the course and by means of additional activities as well.

The course usually consists of several **elements**:

- (1) Lectures: An introduction into the main issues, theories, developments and facts of agricultural transformation runs over the three trimesters and will be repeated every academic year.
- (2) Country studies: These will provide information on the social and economic situation, historical background, concepts of de-collectivisation and privatisation, and other policies for restructuring and institutional innovation in Central and Eastern European Countries.
- (3) Special topics: These will refer to the results of research projects in the area of transformation processes, to important current events and major policy changes in Central and Eastern European Countries.
- (4) Participation: Students will be asked to contribute to the course in an active way, i.e. by preparing and presenting papers on subjects they choose or by reports about their own experience in Central and Eastern European Countries.
- (5) Discussions and planning: Students are encouraged to express their opinions, preferences and wishes, e.g. if they want to gain practical experience or to write their thesis in the field of Central and Eastern European Countries.

According to the sequence of trimesters, the course is divided into three **components**:

First trimester: History and ideology of collectivisation and nationalisation, recent policies of de-collectivisation and privatisation, expected process and desired outcome of transformation and the resulting organisation of farms, determinants of economic and political feasibility of de-collectivisation and privatisation, re-establishment of property rights and emerging land markets.

Second trimester: Introduction of market mechanisms, necessity of competitive market institutions in the upstream and downstream sectors of agriculture, price information, agricultural market and price policies as a part of the transformation strategy, protectionism or liberalisation of agricultural markets, impact on trade relations, access to the European Union.

Third trimester: The „institutional environment“ of farms in transition, e.g. macroeconomic conditions, political stability and political protection of private agriculture, access to inputs by decentralised marketing channels, self-help organisations like marketing co-operatives, extension and training, rural banks and co-operative banking, availability of credits, social security system.

Examination: Examination was based partly on students' activities during the course and partly on the oral or written examination at the end of the course.

Coordination: The course was coordinated by Dr. Alison Burrell, Department of Agricultural Economics and Policy, Room 424, Leeuwenborch.

In 1995, the seminars in the three trimesters focused on the following **topics**:

- Historical and ideological background of collectivisation and nationalisation of agriculture and an outline of major differences between countries
- A theoretical approach to the economic and political feasibility of de-collectivisation and privatisation of agriculture: How to transform a „network“?
- Policies of de-collectivisation and privatisation of agriculture in some Central and Eastern European Countries
- The restructuring process in Central and Eastern European agriculture
- Adjustment of price and income policies in Central and Eastern European Countries: some examples and problems
- The political economy of changing agricultural price and income policies in the countries in transition
- Privatisation and structural change in Slovakian agriculture
- Transformation of agriculture in Estonia
- Comments on: A broad brush personal perspective on the evolution of European agriculture in the context of relations between the European Union and the Central and Eastern European Countries. A lecture given by Mr. A. van Stolk in the framework of the series of lectures on „Beleid en Universiteit - On de toekomst van de landbouw“ organised by the „Vakgroep Algemene agrarische economie“.

The topics mentioned above stimulated discussion with and among students who also participated in the course in various ways. For example, the following **papers** were presented by students:

- The co-operative principles and the reality in practical agricultural co-operation (Problems of the transformation of the Hungarian co-operative system), by Gábor G. Szabó
- Political determinants of Hungarian legislation on redistribution of co-operative land, by Bernita Doornbos, Philip Plenkers, Susanna Rijninks and Bart-Bram Spruit

Other students started to work on **papers** which will be finished and presented in 1996. In addition, some students decided to spend their practical term in a Central or Eastern Europe. The activities of students are co-ordinated by dr. Alison Burrell (Department of Agricultural Economics and Policy).

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