

# Eastern European Rurality in a Neo-Liberal World



# Outline

- Neo-liberalism – failed but hegemonic econ theory
- EU and CAP : neo-liberal ambivalence
- Impact of CAP (and neo-lib) on CEE rurality
  - Increased profitability of large-scale, post-socialist farms
  - Family farming on a ‘modest’ scale has become profitable, so attracting new entrants
  - Helps sustain some eco-farming
  - LEADER-type policies lack ‘active citizens’
- Contradictory impact, like CAP generally
- Fails to overcome increasing post-socialist polarisation
- Which can be seen as a socialist legacy



## Neo-lib: contested

- Not in either Oxford or Routledge Dictionary of Economics, but in Oxford Dict of Sociology
- ‘an incomprehensible piece of neo-Marxist jargon’ Wolf, 95.
- Form of Marxist hegemony or Foucauldian governmentality or mixture of two
- ‘Sloppy term’ for modern capitalism Ferguson, 2009, 171 But perhaps this is best approach
- New ethos - post-1970s economic orthodoxy
- Supremacy coincides with collapse of EE soc
- So ‘conventional wisdom’ for post-soc reform
- cf CEE hostility to Greek debt crisis



# Neo-lib: failed yet hegemonic

- Harvey: aggregate global growth rates in 1960s 3.5%; fell to 2.4% in 1970s; in 1980s 1.4%; in 1990s 1.1% and 2000s c1% Brief, 154
- Coutts & Gudgin: GDP and productivity have grown more slowly since 1979; financial liberalisation was the only aspect of the liberal market reforms ... which materially increased the rate of economic growth; in 2008 contributed to banking crisis and longest recession for over a century 2015 5; 56
- Failed, briefly questioned after 2008, yet hegemonic again, cf Labour Party timidity 2015
- *Cui bono?* Is growth the key concern?



# CAP dualism – neo-liberal ambivalence

- CAP is a protectionist measure which struggles to make that protection acceptable to WTO, viz 'green box' rather than 'blue box'
- In this context supports but also protects 'efficient' commercial farming, the 'neo-liberal' agenda
- Simplifying, this is 'first pillar' of CAP
- But CAP 'multifunctional' view of agriculture provides 'second pillar' countering neo-lib
- Funding is dramatically smaller, yet permits some rural diversification, addressing some rural poverty and some environmental issues



# CAP & large-scale post-soc farms

- CAP created a degree of reliability and predictability in countryside (Csáki and Jámbor)
- Czech Republic - accession brings 80% increase in subsidies (Sahrbacher et al)
- Hungary - subsidies result in c10% increase each year 2005-7 in pre-tax profits (Tóth)
- Slovakia - increased subsidies result in higher profits (up 32%) and increase in share of profitable enterprises (up 50%) (Chrastinová & Burianová)
- Attractiveness of agricultural land to non farmers is reported in Poland (Szumelda) & Hungary (friends of prime minister)



# CAP & Poland

- Poland is one of the largest CAP beneficiaries Including for 2<sup>nd</sup> pillar rural development (Wilkin)
- Yet biggest shares of EU funds went to areas with well-developed agriculture (Wilkin)
- 2003-6 incomes for farm households (per capita) grew by 45% (Wilkin)
- Post-accession period incomes of agricultural producers grew by about 120% (Wilkin)
- The improvement is partly because pre-accession subsidies were very low (Wilkin) but partly perhaps because of the structure of Polish agric, closer to WE norm.



# CAP 'Modest' farming becomes profitable

- 'Modest': small in EE terms but big compared to WE ave of 15ha; therefore scope for new entrants beyond 1992 'window of opportunity' into traditionally 'closed' profession. 'New' in what sense?
- Hungary: 1/ New. 20ha not enough to give up work, needs 50-100ha to be 'smallholder'; 2/ New. 25ha vineyards profitable business; 3/ 80ha+ newly viable arable farm since 2007, aim is 100ha; 4/ New. EU subsidies keep 35ha, 10 cow farm alive (Feb 2014)
- Poland: till 2002 No. of 1-2ha farms was growing, 2003-2010 60% drop; 1996-2012 20-50ha farms increased 14% to 22%, 50ha+ farms more than doubled 10-22% (Wilkin)



# CAP and eco-farming

- Almost every country in the region reports some organic farming.
- Poland – 27 in 1990, 669 in 2001 (Pilichowska)
- 7 organic producers on Hung Great Plain (Kelemen & Megyesi)
- Lithuania – supply 50-70 urban households; seen by govt as ‘problem’ (Mincyte)
- Both in Latvia (Aistara) and Poland (Pasięka) conflicts over bureaucratic regulation
- Some such farms supported by alternative agro-food networks (Goszczyński & Knieć)
- 255 farmers’ markets in Czecho (Spilková & Perlín)



## Absence of 'active' agents – weak civil society

- Hungary: networks hierarchical in reality, being dominated by certain power-holders (Kovách & Csité), overdependence on one person as well as 'lack of trust in central institutions' (Nemes); yet on matters of pressing concern such as schooling, local action groups can emerge (Kovács).
- Poland: 'clientelism' (Knieć), local authorities dominate LEADER (Wilkin), municipalisation and colonisation of LAGs, trust deficit (Zajda), elite domination, local officials afraid partnership may create an alternative decision-making centre (Fałkowsky) but NB state misgivings (Furmekiewicz)



# Absence of 'active' agents 2

- Czech Republic: power play between larger agric companies and applicants (Kováč and Kučerová )
- Lithuania: dependence on key individual, patron-client relationships (Juska et al); majority of partnership board did not represent organisations but recruited by local council or Chamber of Commerce (Macken-Walsh & Curtin)
- Former GDR: LEADER has not mobilised local participation (Laschewski) ; lack of capacity-building (Siebert & Dosch)



# Mirroring WE contradictions

- ‘Vast majority of farmers in the enlarged EU retain a productivist mindset’ (Gorton et al)
- Subsidies skewed towards v large farms (Swain)
- Survey evidence in Czech, Hung & Pol rel low levels of diversification (Chaplin et al)
- YET, although SAPARD was biased towards competitiveness measures, the first EU figures reveal much greater spending on ‘multifunctionality’ (Raminceau & Ackrill)
- (Poland) Dramatic increase in trust 2006-8. (Wilkin)
- Social capital activity esp high in least developed villages (Mikiewicz & Szafraniec)



# Extreme regional differentiation

- ‘one of the most striking features of post-1989 socioeconomic development in CEE has been a rapid increase in regional disparities which are higher than those in most of the EU15 states’ (Blažek & Netrodová, 2011)
- 2000: 66 NUTS3 regions with development levels lower than 75% of the respective national average; 2008 increased to 90 (Smętkowski)
- Hungary: ‘situation in settlements in progressing regions, big city agglomerations and along highways was improving’, yet 1995-2005 doubling and even tripling of settlements at ‘high poverty risk’ (Kovács)
- EU funding goes to wealthier settlements (Kovács)



# Suburbanisation

- ‘affluent belts of suburbia around greater cities such as Budapest’, concentric commuting zones (Kovács, Bihari & Kovács)
- ‘Positive net migration is highest among the 118 municipalities located in Budapest’s suburban ring ... although net migration gain in towns was minimal’ (Brown et al)
- Region-wide: increasing primacy of capital cities (Blažek & Netrodová)
- Suburbanisation processes also noted in Poland and Latvia particularly around Riga (Domalewski)



# Peripheral ghettos

- Bulgaria: demographic pyramid inverted, migration village to city, declining birth rate, elderly in particular move to villages (Kozhuharova & Dobрева)
- West-East slope in Slovakia and Hungary
- Former 'partition' in Poland (Stanny/Gorlach)
- Hungary: villages at 'high poverty risk' have compared with average 175% unemployment, 50% per capita enterprises, 60% employment, 63% ave monthly income; wealthy, competitive spaces are in Central & NW, rural poor in small-village areas of NE and SW (Kovács)



# Ethnicised ghettos

- Bulgaria: Roma face highest and most long-lasting unemployment levels, three times higher than ethnic Bulgarians (Giordano & Kostova)
- Rural underclass; rural Roma ghettos (Kovács)
- Hungary: Ethnicised discourse about lazy Roma, do not cultivate vegetable gardens, professional aid-claimers, poor parenting skills, theft an ethnic trait. etc. (Schwarcz)
- Yet, Czech relatives of Slovak Roma bemoan fact that it is easy to build a house in a settlement, but not in Kladno (Ruzicka)



# Peripheral ghettos - responses

- BUT note. Hungary: 'our survey data indicated that rural Hungary's human capital stock has been enhanced by migration'. Migrants do not contribute to rural poverty (Brown et al)
- Short-term, semi-legal opportunities available near borders – Poland-Lithuania (Swain), Serbia-Bulgaria (Valtchinova), Romania-Serbia (Stewart)
- Policy response has been neo-lib type workfare initiatives in rural sector
- Rural underemployment is related in complex ways to increase in casual and migrant working



# Polarisation a post-socialist phenomenon

- Socialism's perverse overcoming of town vs country contradictions – underurbanisation, commuting workers, rural diversification
- Post-socialism: commuting opportunities disappeared as socialist industry collapsed, as did most farm diversification, and c 2/3 of agricultural coop workers were sacked
- Socialist industrialisation created both urban workforce and an 'artificially' large rural one
- Large numbers with wage-labour experience and life-style remain in countryside - too many for a neo-lib market-oriented economy to sustain either *in situ* or elsewhere



# The spectre of the past

