

THE ROLE OF AGRICULTURAL EMPLOYMENT IN LOCAL RURAL DEVELOPMENT STRATEGIES

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ABSTRACT

The long-term strategic objectives of EU Rural Development Policy in the next (2014-2020) programming period are as follows: the competitiveness of agriculture, the sustainable management of natural resources and the balanced territorial development. In this strategy agriculture seems to remain the key element as solution for lagging rural areas. In cooperation with four villages of Nograd county a survey was carried out in summer of 2012 questioning the local population about their economic and social conditions, the situation of the local communities and their development ideas, with special focus on the investigation of the role and potentials of agriculture. Summing up our research the social functions of traditional agriculture based on local resources, the strengthening of viable farms, the increasing importance of diversification and the labor-intensive products with high added-value have to be emphasized in the new rural policy. Besides agriculture the improvement of urban-rural connections are essential for lagging rural areas as well, especially in terms of employment, availability of services and allocation of local rural products to urban markets.

Keywords: agriculture, employment, local economic development, rural development

INTRODUCTION

In the next programming period (2014-2020) economic and employment growth is the long term objective of the European Union and Hungary as well. In the meantime, detailed strategic frameworks are also being designed for the development of the rural areas parallel to the debates on the budget of CAP and rural policy. In this study we focus on the role of agriculture through the example of practical problems of a certain rural area in Hungary.

From the scenarios about the future of the CAP (see EC 2011a), the most probable is the integration scenario, in which in addition to targeted and „greener” direct payments, a more complex rural development would serve the sustainable development of agriculture and rural areas.

According to the proposal in the draft regulation related to the European Fund for Agriculture and Rural Development (EFARD), rural development policy retains the long-term strategic objectives of contributing to the competitiveness of agriculture, the sustainable management of natural resources and climate action, and the balanced territorial development of rural areas in line with the Europe 2020 strategy – Smart, Sustainable and Inclusive growth (see EC 2010). Based on the economic, social, environmental and spatial challenges of rural areas, these broad objectives of rural development policy 2014-2020 are given more detailed expression through the following six EU-wide priorities (EC 2011b):

1. Fostering knowledge transfer and innovation in agriculture, forestry and rural areas;
2. Enhancing competitiveness of all types of agriculture and enhancing farm viability;
3. Promoting food chain organization and risk management in agriculture;
4. Restoring, preserving and enhancing ecosystems dependent on agriculture;
5. Promoting resource efficiency and supporting the shift towards a low-carbon and climate-resilient economy in the agriculture, food and forestry sectors;

6. Promoting social inclusion, poverty reduction and economic development in rural areas.

These priorities should be the basis of programming, including the definition of target indicators in relation to each of them. The regulation includes rules on the preparation, approval and revision of programmes that largely follow current rules, and opens up the possibility for sub-programmes (e.g. young farmers, small-scale farmers, mountain areas, short supply chains) that benefit from higher aid intensities. (EC 2011b).

While the CAP is being updated, the Government of Hungary passed the comprehensive and long-term strategy of the rural development, namely the National Rural Strategy (NRS) which is going to be in effect until 2020. It defines tasks to be carried out in four major fields: agribusiness, rural development, food industry and environment protection. In addition to the major objective (improving the capacities of rural areas to attract and keep population) the Strategy sets five strategic objectives (NRS 2012):

1. The preservation of natural values and resources,
2. Various and viable agricultural production,
3. Food and nutrition safety,
4. Providing the basis for rural economy, increasing the rural employment,
5. Strengthening of the rural communities, the improvement of the rural standard of living.

The horizontal aspects that need to be taken into account during the elaboration are: sustainability, spatial and social cohesion and the recovery of urban-rural relations.

MATERIAL AND METHOD

The Faculty of Economics and Social sciences of the Szent István University signed an “adaptation” and cooperation agreement with four villages in Nógrád county in June 2010 after several months of preparation. The above mentioned villages are: Bokor, Kutasó, Cserhátszentiván and Nógrádsipek.

According to the agreement, the villages become the research targets of the researchers and students of the Faculty while the Institute of Regional Economics and Rural Development of the Faculty provides help with rural development project proposals.

In the framework of the cooperation we carried out a survey in summer of 2012 questioning the local population about their economic and social conditions, the situation of the local communities and their development ideas.

In the primary survey, we placed special focus on the investigation of the role and potentials of agriculture as well, so in our study we concentrate on those results.

In the opinion poll, with random samples, 62 households of the four settlements (10% of all the households), covering 149 people (15% of the total population) were questioned. The primary data was analyzed with SPSS program, and in this study we applied the descriptive statistics method to display the results.

RESULTS

The settlements in question are located in the center of Nógrád county (*Figure 1.*), which is one of the most disadvantaged area of Hungary. Nógrádsipek has the central position as the

head of the common public administration of the four villages. Although it is close to the other villages on the map, it takes about 45 minutes to get to any of the villages mentioned above on the road. At the same time all of the settlements are characterized by poor accessibility and the peripheral location.



Figure 1. Location of the analyzed settlements

Source: own edition, 2012

Nógrádsipek and Bokor are isolated from other settlements, since they have only one road in and out of the village. They are not linked to other settlements. Leaving Kutasó in one direction, we can only get to Bokor.

Except for N0grádsipek, which has a stagnating population number since 2000 (673 permanent inhabitants), the settlements have ageing population and outmigration figures. The population in Cserhátszentiván is 140, 108 and 111 inhabitants live in Bokos and Kutasó, respectively (in 2011, Source: Central Statistical Office of Hungary - CSO). Regarding the infrastructure, N0grádsipek has the most favourable location, has own school as well as public utilities are provided. In the smaller settlements, however, both the infrastructure and the basic services are lagged behind. The population can use the most important services only in the larger settlements nearby. Due to their poor accessibility, these larger settlements cannot become centers of such areas. It might be the explanation for the fact that households need to face with mostly the challenges caused by lack of local jobs and the peripheral location as well (*Figure 2.*).

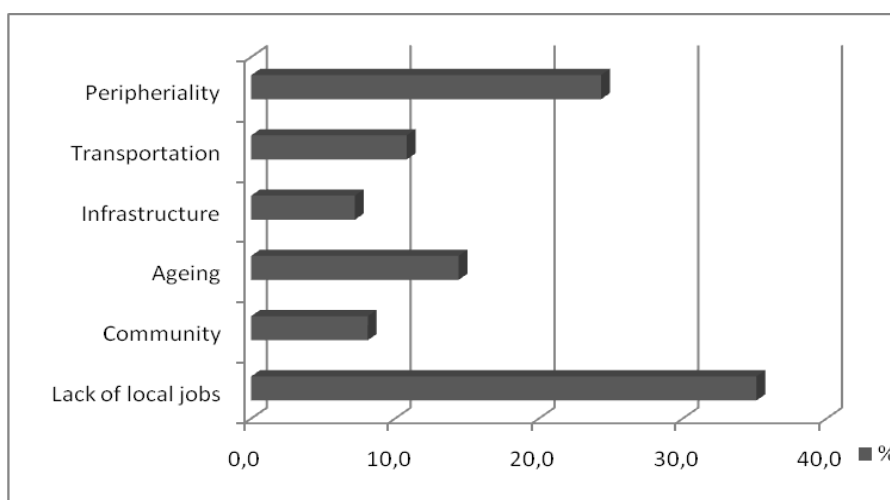


Figure 2. The fields of major problems indicated by the households (% of the asked households)

Source: own data collection and edition, 2012

Since there are not enough job opportunities, the active population commutes and works mainly in the larger cities nearby (Pásztó, Szécsény, Hatvan, Budapest) primarily outside the agricultural sector (*Figure 3.*).

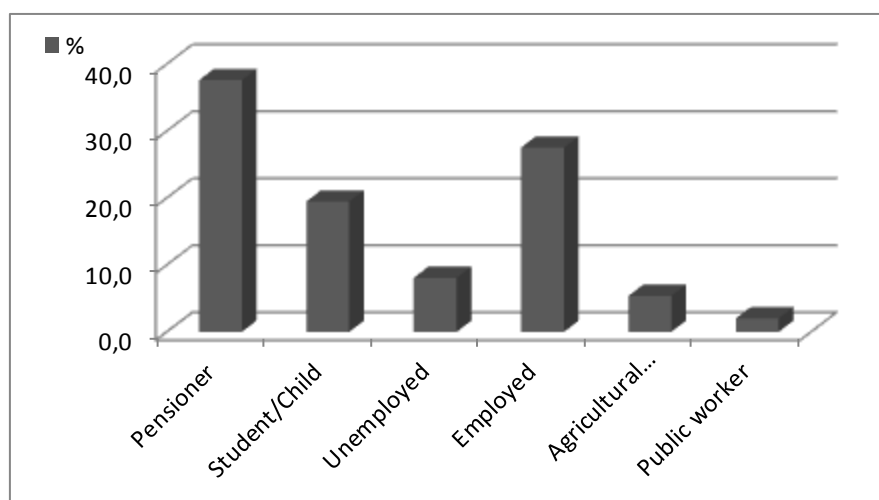


Figure 3. The employment status of the members of households (% of all members in the asked households)

Source: own data collection and edition, 2012

The full-time farmers work locally and mainly in their own businesses. The rate of registered unemployment is 10-11%, but the real unemployment is much higher than that figure. The number of businesses is very low and there are even fewer operating enterprises in the area. 54 of the 62 families questioned, none runs business. Out of the 8 operating enterprises 6 deal with agriculture.

Agriculture, which was an important sector earlier, has miscellaneous roles at the moment. On one hand, due to the natural endowments, the number of full time farmers is not really high (except for Bokor, where there are more people dealing with sheep farming or running a cheese factory). On the other hand, the number of household which have market gardens is very high. Berry production and livestock breeding are common, mainly raising poultry and rabbits (*Figure 4.*).

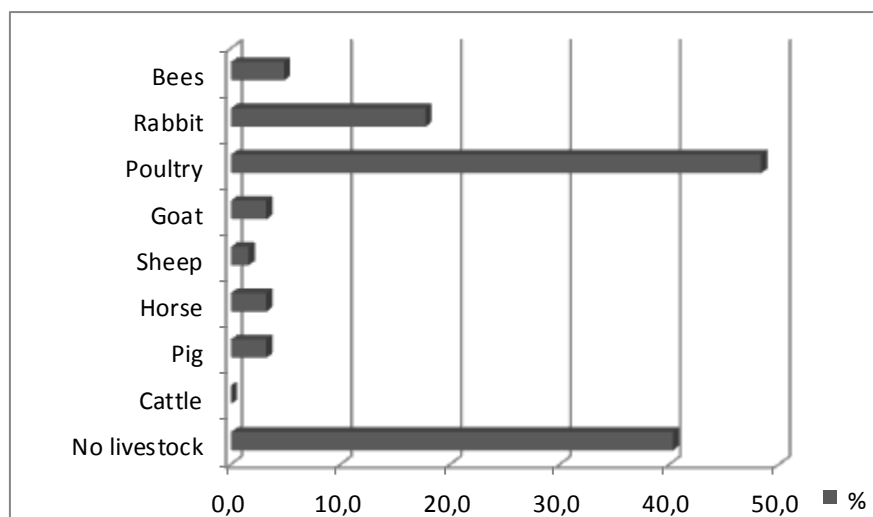


Figure 4. The distribution of livestock by households (% of the asked households)

Source: own data collection and edition, 2012

Vegetable and crop production is carried out in small scale (excluding the few agricultural businesses), however, nearly 50% of the households responded do not keep animals at all (see *Figure 4.*) and do not cultivate lands (*Figure 5.*).

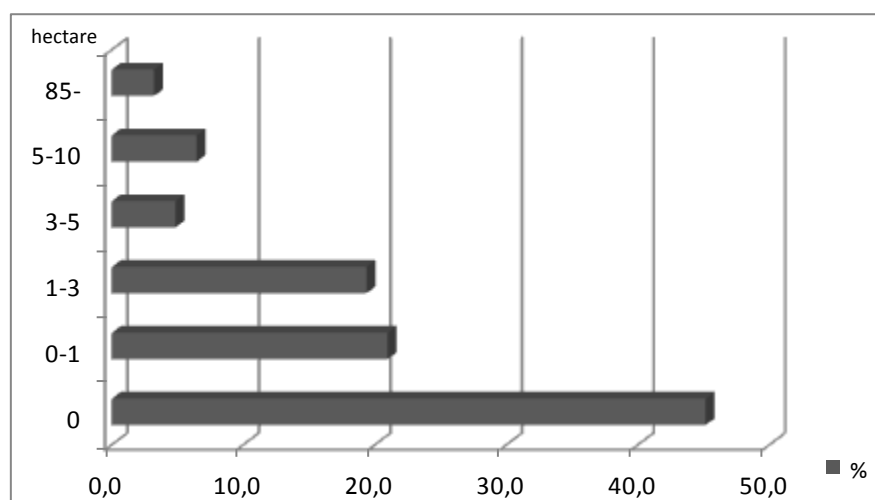


Figure 5. The size of land cultivated by households (hectare by % of the asked households)

Source: own data collection and edition, 2012

Agricultural activity provides jobs for two people in the families on average, the households produce primarily for self-sufficiency. Only seven households out of 62 trade with their products – mainly at their homes. There are only three households which rent arable land and only eight families get land-based direct payment from the EU.

However, our results show very important facts regarding the solutions for the local problems, primarily for job creation (as two-third of the households identified the lack of jobs as the most important local problem). According to 50% of the households questioned, the solution for increasing the employment would be agricultural and forestry developments as well as the revival and use of agricultural traditions.

35,5% of the households would start agricultural production if there were suitable funds available, another 37, 1% might do the same and rest (mainly pensioners) said no for this possibility.

CONCLUSIONS

The literature and EU documents on agricultural and rural development as well as our research results allow to the following conclusions:

Besides smart specialization (see MACIEJCZAK 2012) in addition to the emphasis on the improvement of competitiveness and efficiency of farms it is important to improve diversification especially in the disadvantaged rural regions, to encourage the production which needs high live-labour and creates high added value as well as to provide markets for such products. Last but not least, the horizontal and vertical cooperations between the producers and the food chain participants should also be promoted and encouraged.

Social role of rural development and agriculture should be kept and strengthened as a safety net for the rural population. Based on our research as an alternative income source the strengthening of local and safe food production of high quality can be also a potential in addition to the self-sufficient production, and according to literature (e.g. HORSKA ET AL. 2012, KÁPOSZTA ET. AL. 2010) it is important from local and global point of view as well.

In accordance with multifunctional environment policy (see e.g. NAGY-KÁPOSZTA 2003), the protection of environmental elements, the efficient management of natural resources, providing the ecosystem services and environmental externalities are expected to receive high funds in the next programming period. We call for taking the advantages of the above mentioned including the strengthening of extensive farming.

At the same time, apart from the agricultural potentials (mentioning the fact that the agriculture is losing significance), we think that it is extremely important to expand and develop the local economy, the availability of basic services and infrastructure, to create a successful local community which is able to carry out local development with the help of rural development policy.

Due to the lack of local employment possibilities, we believe that it is inevitable to develop the relationship between the peripheral small settlements and the surrounding centers, to improve the accessibility and the public transport because they all contribute to the expansion of job potentials and the introduction of local agricultural products on the market.

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