

## THE ROLE OF AGRICULTURE AND URBAN-RURAL CONNECTIONS IN LAGGING RURAL AREAS OF HUNGARY

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**A b s t r a c t.** The long-term strategic objectives of the 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 remains the key element as solution for lagging rural areas. 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.

### INTRODUCTION

In the next programming period, 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 with the debates on the budget of CAP and rural policy. Within our study we tried to focus on the role of agriculture, the importance of the urban-rural relations and the practical problems of the rural areas.

From the scenarios about the future of the CAP [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 the agriculture and the rural areas.

According to the proposal in the draft regulation related to the 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 [EC 2010]. Based on the economic, social, environmental and spatial challenges of rural areas, these broad objectives of rural development support for 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. Enhancing competitiveness of all types of agriculture and enhancing farm viability.

2. Promoting food chain organization and risk management in agriculture.
3. Restoring, preserving and enhancing ecosystems dependent on agriculture.
4. Promoting resource efficiency and supporting the shift towards a low-carbon and climate-resilient economy in the agriculture, food and forestry sectors,
5. 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 farmers, mountain areas, short supply chains) that benefit from higher aid intensities. The list of individual measures has been streamlined and individual measures have been reviewed, with a number of adjustments introduced to address issues of scope, implementation and uptake raised in the current period. With most measures potentially serving more than one objective or priority, it is no longer deemed appropriate to group them into axes; programming on the basis of priorities should ensure balanced programmes [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 objectives (namely to improve the capacities of rural areas to attract and keep the 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. Regarding the latter one, based on the researches and professional literature, especially the employment and service-providing relations between the large centres and their agglomerations are of great importance for the disadvantaged rural areas.

Hinterlands, agglomerations are created around such settlements that have central functions, where the urban and rural relations and the spatial movement of the population create a network of settlements. The central functions and services are often provided in the centre (mainly a city), having more significant role than just comprising high number of population in the city [Beluszky 1970]. There are various opinions what functions should be considered central and the list of such functions might vary from time to time. Some say that production-based relations – therefore the commuting of the workforce – should not be considered as a factor in the formation of an agglomeration, but in most studies it is. All the points of views are included in the simplest definition, which says that those settlements belong to the same agglomeration which have proven relationship with the central settlement based on facts. Despite of this, there is no unified definition for the hinterland or agglomeration [Bodor-Pénzes 2012].

According to Hogart [2005], in today's Europe and in Hungary as well the core issue of investigations on hinterlands is the relation between urban and rural areas. The major conclusion of the author is that the relations become more complex and interdependent.

Nemes Nagy [2005] says that three forms of such dependence can be distinguished (out of which we focus on two in our study):

- dependence due to the location,
- dependence due to economic potentials,
- dependence due to power.

Good example for the first one is the creation of the system of settlements. Two basic elements of such system are the cities and the villages. One of the differences between the two is that the cities have so-called central roles, which cover services (e.g. banks, schools, public administration institutions etc) provided not only to the population of the cities but to those living in the surrounding areas. Due to this, the cities build up agglomerations around themselves. The future of the settlements in the agglomerations is greatly determined by the development of the centre.

The dependence due to the economic potentials can also be seen clearly in the relations between the urban and rural areas. There is a special share of work between the cities and the villages, but their economic potentials are different: cities have better institutional, human resource and accessibility etc. factors. It enables not only the increase in the productivity, increasing the strength of the local economy, but it fundamentally determines the living of the rural population nearby as well as the safety of service supply.

Dependence due to the power was created by the centralization in the socialist era.

## 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 abovementioned 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 and 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.

## RESEARCH RESULTS

The settlements in question are located in the center of Nógrád county, which is a disadvantaged area of the country (Fig. 1). Nógrádsipek has somehow a central position among all the four villages due to its extra tasks in public administration. 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. Anyway, the poor accessibility and the peripheral location is characteristic to all the settlements. 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 Nógrádsipek, which has stagnating population number since 2000 (673 permanent inhabitants), the settlements have ageing population and negative migration figures. The population of Cserhátszentiván is 143, of Bokor 108 and of Kutasó 111 (in 2011, Source: Central Statistical Office of Hungary – CSO).

Regarding the infrastructure, Nógrádsipek has the most favourable location and it has its own school as well as the public utilities are provided. In the smaller settlements, however, both the infrastructure and the basic services lag 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 centres of such areas. It might be the explanation for the fact that households need to face the challenges due to the lack of local jobs and the peripheral location as well (Fig. 2).

Since there are not enough job opportunities, the active population commutes and works mainly in the larger cities nearby (Pásztó, Szécsény, Hatvan, Budapest – Fig. 3.) primarily outside the agricultural sector (Fig. 4).



Figure 1. Location of the analyzed settlements  
Source: own edition, 2012.

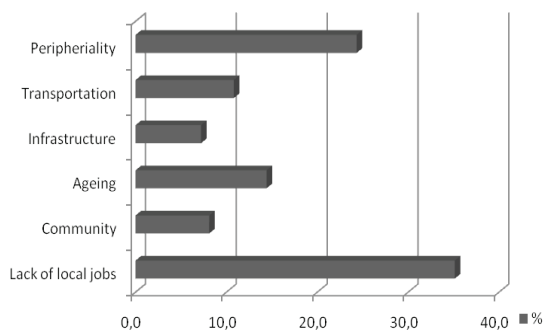


Figure 2. The fields of major problems indicated by the households (% of the asked households)  
Source: own data collection and edition, 2012.

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. Out of the 54 families questioned, none runs business. Out of the 8 operating enterprises 6 deal with agriculture.

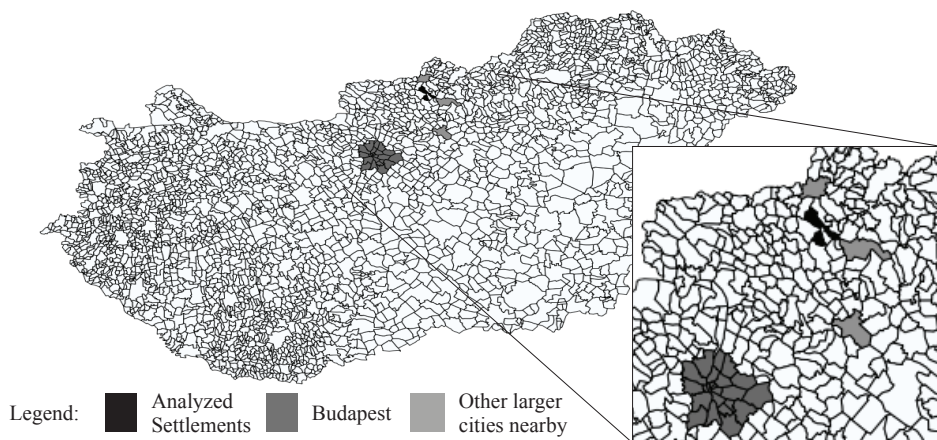


Figure 3. Location of larger cities as “workplaces” for local residents of the analyzed settlements  
Source: own edition, 2012.

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 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 (Fig. 5).

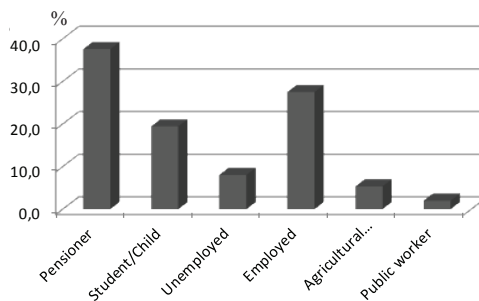


Figure 4. The employment status of the members of households  
(% of all members in the asked households)  
Source: own data collection and edition, 2012.

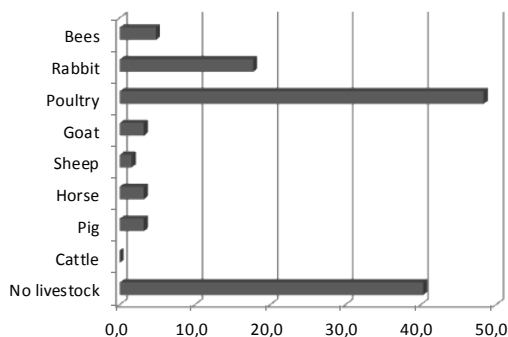


Figure 5. The distribution of livestock by households (% of the asked households)  
Source: own data collection and edition, 2012.

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 Fig. 5) and do not cultivate lands (Fig. 6).

We need to mention that agriculture 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

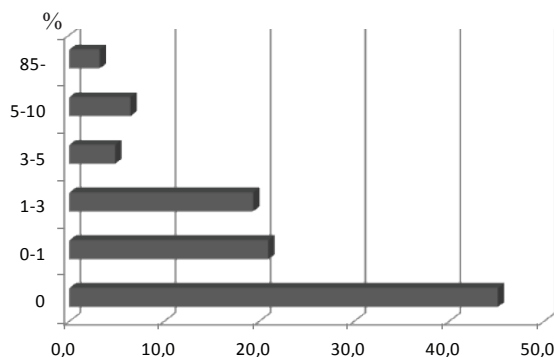


Figure 6. The size of land cultivated by households (hectare by % of the asked households)

Source: own data collection and edition, 2012.

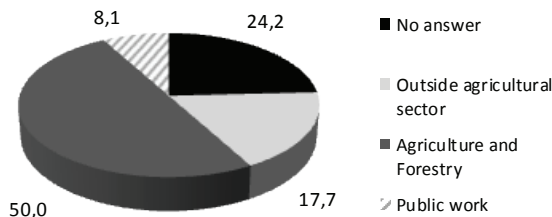


Figure 7. Possible solutions for creating jobs (% of the asked households)

Source: own data collection and edition, 2012.

household which rent arable land and only eight families get land-based direct payment.

However, we found it very important that we experienced regarding the solutions for the problems, primarily for job creation (not to forget that 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, RECOMMENDATIONS

Based on the analyses and official documents on agricultural and rural development as well as on our research results, the following statements can be made:

In addition to the emphasis on the improvement of competitiveness and efficiency of farms, we consider it really 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 cooperation between the producers and the food chain players should also be promoted and encouraged.

We believe that we should keep and strengthen the social role of rural development and agriculture as a safety net for the rural population. We believe that – 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.

In accordance with the multifunctional environment policy [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 abovementioned including the strengthening of extensive farming.

At the same time, apart from the agricultural potentials (mentioning the fact 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 centres, 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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### ROLA ROLNICTWA I POWIĄZAŃ MIEJSKO-WIEJSKICH W ROZWOJU OBSZARÓW WIEJSKICH WĘGIER

#### Streszczenie

Długoterminowe cele strategiczne polityki rozwoju obszarów wiejskich Unii Europejskiej w kolejnym okresie programowania (2014-2020) są następujące: konkurencyjność rolnictwa, zrównoważone zarządzanie zasobami naturalnymi oraz zrównoważony rozwój terytorialny. Zgodnie z tą strategią, rolnictwo pozostaje kluczowym elementem rozwoju opóźnionych gospodarczo obszarów wiejskich. Z przeprowadzonych badań wynika, że w procesie kształtowania nowej polityki wiejskiej należy podkreślać społeczne funkcje tradycyjnego rolnictwa oraz wspierać rozwój rentownych gospodarstw, dywersyfikację działalności oraz wytwarzanie pracochłonnych produktów o wysokiej wartości dodanej. Oprócz rolnictwa, niezbędnym elementem stymulowania rozwoju opóźnionych gospodarczo obszarów wiejskich jest rozwój powiązań miejsko-wiejskich, szczególnie w zakresie zatrudnienia, dostępności usług oraz produktów wiejskich na lokalnych rynkach miast.

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