



Hungary-Slovakia  
Cross-border Co-operation  
Programme 2007-2013

**Building Partnership**

European Union  
European Regional Development Fund



“Cross border training of economic experts in distance learning network” project  
(CROSSEDU) HUSK/1101/1.6.1-0300

**G. Fekete Éva**

## **Integrated rural development**



**Miskolc, 2013.**

## Preface

The curriculum has been elaborated for those university students and practicing experts, who are ambitious for getting acquainted with the characteristics of rural areas, mastering the theoretical and practical knowledge being exploitable in rural development.

The learning material, being divided into five chapters, is fitting into the “Rural development” syllabus being used in the bachelor, postgraduate and adult training.

After clearing up the concepts of rurality, methods of territorial limitations, the characteristics of rural development – being different from those of territorial and local development – we will sum up the rural processes which can be considered as a second beginning of a new era. After knowing the transforming processes of the rurality, we can understand the periods, targets and instruments of the rural politics. We will discuss not only the rural politics of the European Union, but also of the United States of America and some European countries; then we discuss the features and actual programs of the Hungarian rural politics. We specially emphasize the LEADER approach and its effectiveness. In the last, fifth chapter, we discuss the strategic fields of rural development one by one. Thus, we can obtain an insight into some practical questions of rural development, like land question, local markets and local products, rural tourism, village reforms, organisation of rural services and community building.

The literature-lists in the appendix, the recommended readings and the questions, tasks all give an opportunity for deeper examination of the themes, for the theoretical and practical basis of own research works.

I hope that this learning material can contribute to the understanding of the development processes of rural areas, and the increase of the consciousness and effectiveness of the possible interventions.

Dr.G.Fekete Éva  
author

# Contents

<b>1. THEORETICAL QUESTIONS OF RURAL DEVELOPMENT .....</b>	<b>5</b>
<b>1.1. The concept of „rurality”, its place in urbanization and ruralization processes .....</b>	<b>5</b>
1.1.1. Interpretation of the concept of „rurality” .....	5
1.1.2. Urbanization and ruralization .....	6
1.1.3. Rurality and modernization .....	9
1.1.4. Public utility of rurality .....	9
<b>1.2. Interpretation of rural development .....</b>	<b>10</b>
1.2.1. The essence of rural development .....	10
1.2.2. Basic elements of rural development (on the basis of The Cork Declaration – A living countryside) .....	10
1.2.3. The relationship between rural development and agricultural policy .....	11
1.2.4. The relationship between rural development and territorial development .....	11
<b>1.3. Exposition of the principles of rural development .....</b>	<b>12</b>
1.3.1. Cyclic character of the development in the rurality .....	12
1.3.2. People are in the focus of development .....	13
1.3.3. Development is not equal to economic growth .....	13
1.3.4. Development can only be complex .....	14
1.3.5. There is not only one way – the choice between different ways is the possibility and responsibility of the local community .....	15
1.3.6. Making advantages from local specific facilities, breaking into market gaps .....	15
1.3.7. Utilization of alternative labour forces .....	16
1.3.8. Sustainability .....	16
1.3.9. Wide involvement of citizens .....	17
1.3.10. Development is realized in chains of partnerships and co-operations .....	17
1.3.11. The field of rural development: small region organised on the basis of horizontal relationships .....	18
<b>1.4. Conditions of successful rural development .....</b>	<b>21</b>
1.4.1. Acceptance of the philosophy of bottom-up development, meeting with determining values ....	21
1.4.2. Common motivation for changes and common actions .....	21
1.4.3. Intention for changes, citizen activities .....	21
1.4.4. Knowledge: to know what and how to do .....	21
1.4.5. Solidarity .....	22
1.4.6. General characteristics of governmental control system .....	22
1.4.7. Supportive governmental territorial politics .....	22
1.4.8. Finding the interest of companies .....	23
1.4.9. Operation of national networks .....	23
1.4.10. Availability of external supporters .....	23
<b>2. GLOBAL CHALLENGES FOR RURAL AREAS .....</b>	<b>24</b>
<b>2.1. Consequences of the industrialization of agriculture .....</b>	<b>24</b>
2.1.1. Pre-modern forms of agriculture .....	24
2.1.2. Industrialized agriculture .....	24
2.1.3. The model of multi-functional agriculture .....	26
<b>2.2. Environmental challenges .....</b>	<b>27</b>
2.2.1. Strengthening of climate changes and climatic extremities .....	28
2.2.2. Key importance of drinking water, water supply .....	28
2.2.3. Threats of transgenic plants .....	28
2.2.4. Environmental sustainability, biodiversity and landscape reserving agriculture .....	29
<b>2.3. Economic challenges .....</b>	<b>29</b>
2.3.1. Food supply and food-chain security .....	29
2.3.2. Security of energy supply, problems of the energetic system .....	30
2.3.3. Transforming relationships between rural and urban areas .....	30
2.3.4. Globalization and locality .....	31
<b>2.4. Social challenges .....</b>	<b>31</b>
2.4.1. Demographic crises and trends .....	31
2.4.2. Social and territorial inequality .....	31
2.4.3. Information era, knowledge-based society .....	31
<b>3. RURAL POLITICS .....</b>	<b>33</b>
<b>3.1. General content and structure of rural politics .....</b>	<b>33</b>
<b>3.2. Rural politics of the European Union .....</b>	<b>35</b>

3.2.1.	The origin and the first problems of the Common Agricultural Politics (1957-1980).....	35
3.2.2.	Smaller corrections to the Common Agricultural Politics (1980-2000).....	37
3.2.3.	Agenda 2000.....	38
3.2.4.	The reform of the CAP in 2003 .....	40
3.2.5.	SAPARD: the Temporary Rural Development Instrument (2004-06) .....	41
3.2.6.	New directions of rural politics between 2007 and 2013.....	41
3.2.7.	Verification and reform of the Agricultural and Rural Politics of the European Union in 2008 .	45
3.2.8.	The future of the agricultural and rural politics of the European Union .....	47
<b>3.3.</b>	<b>The LEADER approach.....</b>	<b>50</b>
3.3.1.	The history of LEADER .....	50
3.3.2.	Seven principles of LEDAER.....	51
3.3.3.	Application of LEADER on local level .....	56
<b>3.4.</b>	<b>Rural politics of the USA .....</b>	<b>58</b>
<b>3.5.</b>	<b>Differences in rural politics .....</b>	<b>60</b>
3.5.1.	Comparison of the rural politics of the European Union and the United States .....	60
3.5.2.	Comparison of the rural politics of the member states of the European Union .....	62
<b>4.</b>	<b>STRATEGIC FIELDS OF RURAL DEVELOPMENT .....</b>	<b>66</b>
<b>4.1.</b>	<b>Local products .....</b>	<b>66</b>
4.1.1.	The concept of local product .....	66
4.1.2.	Types of local product .....	66
4.1.3.	The role of local products in rural development.....	67
4.1.4.	Legal frames of production and sales of local products.....	70
4.1.5.	Demand trends directing local products .....	74
4.1.6.	Local product trademark and geographical indication.....	76
4.1.7.	Legal conditions of trademark application .....	77
4.1.8.	Possible procedure of trademark application.....	78
<b>4.2.</b>	<b>Cross-community co-operations targeting rural development .....</b>	<b>82</b>
4.2.1.	Reasons for cross-community cooperation.....	83
4.2.2.	Developments and trends in cross-community co-operation in Hungary.....	87
4.2.3.	The changes of the characteristics of the cross-community cooperation, and possible future scenarios	95
4.2.4.	Summary .....	101
<b>4.3.</b>	<b>The development of small villages.....</b>	<b>103</b>
4.3.1.	Small villages heritage.....	103
4.3.2.	Review and results of processes influencing small village economy and society in the 90s decade	105
4.3.3.	Characteristic types of small villages .....	112
4.3.4.	Chances for survival .....	118
<b>5.</b>	<b>LITERATURE.....</b>	<b>123</b>

# 1. Theoretical questions of rural development

## 1.1. *The concept of „rurality”, its place in urbanization and ruralization processes*

### 1.1.1. Interpretation of the concept of „rurality”

Everyday language, politics and sciences all use the term “rural”, but not in the same sense. Different sciences (agricultural, economics, settlement and population sciences, geography, sociology, ethnography, statistics, history, architecture, etc.) all shaped their own concept of rurality and villages according to their own viewpoints. The definition of a common term, which can be accepted by everyone, is hampered by the fact that the area, involving rurality, and its elements are in continuous change both in time and space; the elements of the settlement system and their inter-relationships are different in each region, showing continuously changing image during urbanisation processes. Furthermore, the measure of the territorial differences is also hampered by the different usage of term in different languages, thus the imperfections of translations. (Kovács, 2003)

“Rurality” in Hungarian language means land, region (as a geographical unit), a homogenous area according to some geographical point of view, and village environment. Furthermore, very often, all the areas besides the capital are also defined by this term.

The “rural” attributive, which is quite popular in the international literature, also refers to the given area of the space in comparison to the urban areas.

According to the European Charter for Rural Areas, which has been formulated in 1996, “the term ‘rural area’ denotes a stretch of inland or coastal countryside, including small towns and villages, economically and socially forming a whole, distinguishable from an urban area, and in comparison to urban areas:

- the concentration of population, economic activities, social and cultural structures is considerably lower,
- the main part of the area is used for agriculture, forestry, natural reserves and recreation purposes.” (Charter, 1996)

At the impoundment of rural areas, the index of the density of population has got an outstanding role (the upper limit of rurality has been defined as 100 persons/km<sup>2</sup> in the EU, 150 persons/km<sup>2</sup> in OECD countries, and 120 persons/km<sup>2</sup> in Hungary).

Therefore, the term “rural” referring to village environment in Hungarian translation is not including all villages, but, at the same time, small towns can have a place in this meaning. In the Hungarian practice, under the term “rural area” we mean such areas where the branches related to nature (agriculture, forestry, fishery, hunting management, tourism, recreation, water management, nature protection, etc.) and extensive land use are playing outstanding role in economic structure. This approach starts from a closer relationship to the environment and the lower transformation of nature.

The concept of rurality, besides the above, also involves another meaning, which can be derived from the centre-periphery problem, gaining higher and higher importance due to globalisation. According to this, rurality means a different periphery from the development centres and axes, which have been organised into huge megalopolises and big cities during

the urbanisation process, being far from the development centres. As a consequence, each centre has its own periphery that is its rurality. On global level, the regions being far from the world economic centres and not being able to join global economic growth are considered as rural; while on national level it is the areas excluded from the commuter belt of the national development centres. (Here “close” and “far” relates to the situation in the economic – social space then geographical distances, though in case of low economic-technical development level the two phenomena are almost the same.)

In settlement sciences, rurality and villages appear as an opposite to towns, as their subordinate. Thus, every town has its rural area, countryside, where villages and small towns also belong to; and, every rurality has to have a town. The areas not having a town are considered as countryside with loose connections to a far town.

In the cultural interpretation of rurality, the distance from the modernisation centres, the state of modernisation, the predominance of the characteristics of traditional societies and the preservation of tradition culture are playing vital role. It is just exactly because of the peripheral feature that the traditional elements of life could be preserved in higher rate.

“Closeness to nature”, “peripheral feature” and “traditionalism” are not independent from each other in certain economic systems, which less prefer natural resources and less integrate them into the market economy, but nor going with each other at the same time. (Just think about the villages in the urban belt providing food, or the holiday and recreation villages.)

### **1.1.2. Urbanization and ruralization**

The changes of the conception of rurality can be followed by the urbanisation processes, because of the strong inter-dependence of the concepts, and the interpretability of the countryside itself related to towns. Under the term *urbanisation* we mean the processes of the increase of the town population and the spreading of the town culture and lifestyle (Enyedi, 1988). Similarly, we can define *rurality*, too. It means the increase of the rate of the village population, and the spread of village culture and lifestyle. The core meaning of rurality can be different: it is the increase of the social acceptance of nature-based branches and the people who work in this field in the sense of employment; traditional village values, behaviour, attitudes being different from town life in social-cultural sense; and the revaluating of natural environment in ecological sense (Stratosta, 1994).

The natural settlement form of *archaic societies* is small village. The actual technical level could ensure living conditions only in case of low density of population. Maintaining one person even 5 km<sup>2</sup> area can be needed (Mendöl, 1963). Subsistence economy could not make the division of labour according to activities possible, there were no other settlement forms being independent from the land and its cultivation. The whole society was characterised by rurality.

Town emerged in the *ancient civilisations*. In the emerge of the first towns several factors played important roles: the spread of agriculture, later the separation of those who were not directly involved in the land cultivation; the private property and its fencing, the prohibition of passing; the peasants’ threat by nomadic tribes and the necessity of defence. Later, after the development of transportation being important for transporting provisions, the foundation of town culture, writing and commerce, villages fell into the background;

towns appeared by hundreds in Mesopotamia. The areas outside the towns were in subordinate position in every sense. The ancient Greek and Roman society was basically urban...

*In the land-based feudal societies* the role of villages and rurality has grown again. The focus of urbanisation has been moved to Asia. In the eastern part of Europe the internal goods exchange has narrowed down, commercial activities have hardly separated from production, towns could not emerge. On the other hand, dozens of towns have been founded in Western Europe at that time. These were fortresses managing and defending the villagers living in the surrounding villages, or flourishing but smaller commercial centres, real 'jewel-cases' like the Hanseatic towns.

*In the industrial society* agricultural activities began to fall into the background. The establishment and development of manufacturing industry needed big settlements with high concentration of population. A sudden increase in the number and size of towns has started, thus it was the starting point of the modern-age urbanisation (Enyedi, 1988). Besides the traditional agricultural villages other types have appeared, like industrial, mining and railway villages, where people dealt with mainly raw material exploitation, primary processing and logistic activities. These villages' urbanisation was faster than that of the traditional ones. Regarding their buildings, services and the population's lifestyle, these were closer to towns than traditional villages preserving their agricultural character in spite of the 'amphibious' way of life (having a working place being different from agriculture in another settlement and dealing with cultivation in the free time). At the same time, some smaller towns were left out from industrialization; they kept their central role in the organisation of agriculture and market, in the provision of market and public services. The area being outside the towns, including the economic forces cannot be considered as a homogenous one. Urbanised villages emerged from, and under-urbanised small towns got out from rurality. Instead of the homogeneity of areas being outside the towns, we can find universal regularities in the relationship system between towns and their countryside. According to the classical model, towns and their countryside form an organic unit, complement each other and can satisfy the needs of their inhabitants together. In this division of functions, towns – having higher number and density of population – have economical and service functions, too, bearing significance beyond the town borders and their inhabitants. The town has services for the broader surroundings, for its countryside, receives products from there, too, and uses its resources. Towns have significant role in the provision of the countryside and in the intake of the products; at the same time, the rural labour force, the food and raw materials produced in the rurality and the market for the town products are important sources for the development of towns (Erdei, 1972). The town subjugates but keeps alive its rurality at the same time.

This model has functioned in the early urbanisation era, in the relative de-concentrated periods of the foundation of towns and their agglomeration (Enyedi, 1988). As a consequence, the rural areas have become empty, lost even 40-50 % of their population, some smaller settlements have ceased or became deserted. The flow of rural population into the towns finally caused tensions in both areas. The decrease of the number and density of population in the rurality resulted in the cutback of services, which induced further migration. Due to the contra-selectivity of migration, the need for certain social services has increased, while the number of population being able to work and the quality of labour force has decreased strongly. In the towns, overcrowding is the biggest problem. A part of the population has been ousted from labour and housing market, urban services. By the segregation of these people town ghettos have emerged. The instreaming – significant in number and rate, too – rural population brings its culture with them, and its

material, spiritual and behavioural elements infiltrated into town culture, thus producing a spontaneous ruralisation in towns (*Stratosta, 1994*).

*In post-industrialization societies* the directions of urbanisation and thus the town-countryside relations have been changed. In the de-urbanisation period fastening rurality to agriculture has lost its sense, as only 5-10 % of village population deals with land cultivation. Due to the migration from towns into their direct surroundings, later to more far areas, a new, not agricultural population moved to the villages. The structure of farming has changed. The traditional village communities have definitively disintegrated. Because of the lower concentration of population, the direct relations between people and higher rate of interactivity still exist.

The former rural areas have gone through a strong differentiation. In some settlements such economic activities have become dominant which are independent from the local natural and cultural resources, fit into the global economy, but being totally different from the geographical area; while the economy of others are still based on local natural and cultural resources and relate to the local market. Some villages close to big towns became commuter settlements for middle-class families, while in others the migration of socially disadvantaged people resulted in emerge of village ghettos, causing strong economic and social tensions.

Besides the above urbanisation processes, conscious ruralisation also appears. "Accepting the given civilisation relations, the aim of ruralisation in this case is the establishment of ecological balance, community as the basic form of social life and the biodynamic agriculture providing healthy food." (*Kovács, 2003*) This way of the spreading of ruralisation expands both in urban and rural areas of Western Europe. In certain regions of Central Eastern Europe, the employment character of ruralisation is becoming stronger. Due to the sudden and radical decrease of industrial workplaces, the existence of thousands of town inhabitants – who formerly migrated from the countryside – has broken, and after the fall of the national socialism, the only possible and real source of livelihood is the land again; those lands which were given back after the political transition. After this revelation, they move back to the villages and try to deal with cultivation and other agricultural activities. The accomplishment of this kind of re-ruralisation is hindered by the decrease of the maintaining ability of agriculture, and the insufficient technical and knowledge background of farming (*Kovács, 2003*).

In the urbanisation – ruralisation interaction the town – village relation changes as well. The structure and utilisation method of rural resources by towns transforms. Traditionally, rurality was the market for town products and services, labour force basis and raw material producer; some new functions, which are needed and respected from the parts of the towns, and diversifying the formerly one-sided dependency, can be:

- a. the „place”: place of residence (houses + developed basic services), enterprise area: „green field”, estates at a low price, advantages, recreation areas
- b. the „product”: safe food, natural raw materials and „nature-based” services, fittings supply
- c. the „experience”: festivals, traditions, cultural activities, hobby-activities.



### 1.1.3. Rurality and modernization

On the eve of information society, our rurality concept and the deeper content of the characteristics of the countryside, together their evaluation, are under a significant change. The rural areas, which are considered as underdeveloped in the modern value system, gained new meanings and contents in the post-modern development. Regarding the problems of towns – being overcrowded, hit by pollution and deep social estrangement – and the global tensions, the features of rurality which previously were valued as negative, become advantages. After the decline of the leading economic role of the manufacturing industry, the centres of economy have been transferred, and periphery consists of not only agricultural areas; as the centres are characterised by not industry, but information technological branches and services. Some rural areas are not belonging to the periphery any more, while there are new, not rural or less nature-related places, too, in the periphery. As traditional elements preserved from the past, there are not only feudal or even tribal social structures appear in the rurality, but also elements of consumer society which have already been surpassed in the centres. The question is whether in what speed and degree these tendencies become characteristic, and how rural areas can react and accommodate themselves; whether they will be able to consciously direct their fate, or they just let things happen and suffer from the effects.

### 1.1.4. Public utility of rurality

We can meet the revaluation of rural areas throughout Europe, though this process moves on according to several, basically different scenarios, hitting rural areas in not equal way and rate.

The essence of this new rurality are the closeness to nature because of sustainability, the lower density of population opposite to the overcrowded towns, the complex relation system with town spaces, and the solidarity being characteristic of the community.

Rural areas have functions, which are very important for the whole society and which are really transformed recently. These provide the public utility of rurality (Glatz, 2005).

*Table 1/1: Functions of rural areas – public utility of rurality*

Economic functions	▪ employment opportunity
	▪ satisfaction of food requirement
	▪ incomes of farming families
	▪ renewable raw materials, energy sources
	▪ space for SMEs
	▪ establishment and development of conditions for holiday, tourism
	▪ preservation of the genetic resources being base for agriculture and biotechnology
Ecological	▪ preservation of the natural factors being base for life
	▪ preservation of biological diversity
	▪ sustainment of landscapes and their diversity
	▪ protection of wild animals and plants
Social and cultural	▪ preservation of community and cultural values
	▪ preservation of local communities' values, local associations
	▪ development of relationship between town and village inhabitants

*Source: compiled by the author on the basis of Charter 1996*

## **1.2. Interpretation of rural development**

### **1.2.1. The essence of rural development**

Rural development can be interpreted as conscious and planned intervention into the changes going on in the rural areas. The interests behind the interventions can be local, when they target the improvement of life possibilities of the people living in the given area; can be regional, when they aim the more effective utilisation of a bigger region's resources; and can be global, when their objective is the preservation of the global environmental balance.

The European Charter for Rural Areas has defined the essence of rural development as the attraction of economic activities which can protect and develop rural cultural heritage, for the sake of keeping and improving human capital (*Charter, 1996*).

According to a document published by the Ministry of Agriculture and Rural Development, rural development is “the development of all activities which aim to improve the livelihood circumstances and income possibilities – i.e. the quality of life – of the rural population, and, serve the preservation of natural resources, environment and landscape, and strengthen the function of rurality in society” (MARD).

### **1.2.2. Basic elements of rural development (on the basis of The Cork Declaration – A living countryside)**

The European Charter for Rural Areas – which was formulated in Cork in 1996, but still not accepted by the Commission – the European program for rural development is based on the following pillars (which are considered as leading principles in the Hungarian practice):

- *Sustainable development*: by the adoption of procedures which can assure the long-term achievement of targets, the maintenance of the results (including the quality of environmental circumstances), and continuous improvement,
- *Improvement of equal opportunities*: by the improvement of the balance of the public expenditure between rural and urban areas, infrastructural investments, healthcare, education and telecommunication services,
- *Integrated approach*: the development of agricultural conformity, economic diversification, management of natural resources and environmental functions, and the help of culture, tourism and recreation,
- *Diversification*: widening of the economic and social activities, improvement of viable rural communities, renewal of villages
- *Local action, global responsibility*
- *Bottom-up direction*: according to the principle of subsidiarity, the largest possible decentralisation based on the partnership between all interested actors,
- *Simple legal regulation*
- *Programming*: rural development programs according to regions, summarizing the coherent and transparent procedures,
- *Finance ability*: shaping rural credit techniques, bigger participation of the banking sector, decreasing the financial limits of small and medium size enterprises

- *Institutional background*: improvement of the capacity and effectiveness of regional and local self-governments and community groups, exchange of experiences between regions and rural communities,
- *Continuous monitoring and evaluation*: for the sake of the evaluation of the effects, the better utilisation of public money, stimulation of innovation, and adducing information to social debates (*Charter, 1996*).

### **1.2.3. The relationship between rural development and agricultural policy**

The objectives above noticeably unite the local, regional and global interests. The recently widespread “integrated rural development” refers to not only the integration of interests, but also to the complexity of the fields of development. The exploitation of the advantages arising from “closeness to nature”, “peripheral character” and “traditionalism”, and the overcome of disadvantages can be reached only by the joint formation of natural, economic, social and built environment. Within the economy, we cannot give priority to only one branch, agriculture, we have to explore the opportunities of other “nature-based” branches, services and industrial activities connected to centres and built on the local market. Agricultural politics is not able to solve the problems of the rural areas by itself; though agriculture and forestry undoubtedly have favoured role in the completion of the tasks undertaken by the rural areas in social division of labour. Agricultural politics is qualified for making the rural areas being able to food and industrial raw material supply, for improving continuously the quality of life of the employed people, for developing the international competitiveness of the branch, for keeping the territory of the country in a cultivated manner, for the preservation and protection of natural elements. To reach these targets, it regulates the ownership and interest relations, stimulates the choice of the proper production structure and technologies according to the needs of the society (*Buday Sántha, 2001*).

### **1.2.4. The relationship between rural development and territorial development**

At the same time, rural development differs a bit from spatial development as well, highlighting especially the rural interests in the given areas or regions. Naturally, the development of the rurality is not possible without the centres, as centres are also not able to develop without the involvement of their countryside. But, the development of the centres and their surroundings needs different techniques. The following elements have outstanding role in rural development: natural environment, land usage, the improvement of conditions of life, and the better availability of the (market) services in the centres; there are specific solutions among the methods, because of the lower concentration of population and the preserved traditional features; smaller organisations and civil communities play the key roles, and they agree on interests via direct forums and very often informal ways. Joining the globalised economy and the higher level centres, more effective integration of the rural resources are getting into the focus of the development of the centres, which have significant role in the development of regions. Bigger organisations have key role in the development of centres and they agree on interests on political level quite often.

### **1.3. Exposition of the principles of rural development**

There are some principles deriving from the “nature-based”, “peripheral”, “small” and “communal” features, which principles can well serve those who are engaged in rural development.

#### **1.3.1. Cyclic character of the development in the rurality**

The development of human societies can be explained in continuously enlarging geographical space. The area marked out by economic and social development relations and interactions is continuously growing. Everyday life and future of even the most peripheral countryside are influenced by external factors. Some authors identify general globalisation with the emerging of external influencing factors (*László, 1974*). Others call the attention to the cyclic alteration of external and internal development direction (*Schumpeter, 1939, Lewis, 1978, Rostow, 1978*). According to their opinion, externally (or top-down) and internally (bottom-up) directed spatial development periods are changing alternatively in the human history. In the strongly rational, economically determined, possessing material goods periods of history the former; while in the more emotional, metaphysical periods, emphasizing the human relations, life and love, the later influences were more powerful (*Hall, 1966, Greenbie, 1976, László, 1977*).

The latest change of paradigm improving the bottom-up development in different approaches and politics has emerged from the 1970s years globally. The failure of the development actions in the countries of the third world has called the attention to the insufficiencies of neoclassical development theories and politics based on them. After the externally directed – top-down – developments the spatial differences became even greater than before (*Myrdal, 1956, Schumacher, 1991, Friedmann – Weaver, 1979*). As a way out, some alternative development strategies like self-effort models appeared, emphasizing the satisfaction of local needs by the mobilization of local resources, and the local organisation of the utilisation and control of external grants (*Galtung at all, 1980*).

After the failure of the development politics of the emerging countries in front of the world's eyes, though in less dimensions, but the failure of the intentions for the decrease of the differences of the developed countries also turned the attention towards the self-effort development strategies. New national spatial politics have been formulated from the 1980s years, where such principles appeared as the decentralisation of the development decisions and the acceptance of the importance of local initiatives. The formation of these national politics, and within these, the hastening of the self-effort development models have been further strengthened by the continuously quickening civil activity, the strengthening of the civil society and their intention to play roles in the spatial development.

The new spatial politics based on local initiations, internally (or bottom-up) directed development theory differs not only and not mainly in the decentralisation of the decision making processes from the previously ruling, externally directed spatial politics. There is a completely new philosophy behind it. The basic principles of this new way of thinking are the following:

### **1.3.2. People are in the focus of development**

The main motivating power of human activities is the needs for satisfying the demands. After the formulation of the complicated structures of the society, not all activities of the present society can be derived directly from human needs. The economical and state administration systems, which were determined basically for the satisfaction of needs, have their own needs and therefore own interests, which can slip out from the citizens' control; and can start their own life with their own interests, sometimes being opposite to the original targets. One of the most significant characteristics of the globalised world is the overgrowing of the power of the multinational capitalist companies over the economic sphere, and the increase of their influence on people's everyday life (*Korten, 1996*). Thus, bottom-up development and the strengthening of local economies can be interpreted as the defence against these extreme influences. It carries out a more humanised development, putting the satisfaction of human needs in the focus again. The measures of the development are people and their smaller communities, and not the satisfaction of the big capitalist companies. The main development target is the most satisfactory life for people, and their demands. Thus development concentrates on the strengthening of the small and medium size enterprises and the community enterprises working under civil control in the economy.

On the other hand, human needs are changing both in space and time. There is no common value and demand system being valid for the whole mankind or a complete nation. Different and different elements can be important to y certain community. Bottom-up development starts from the real demand system of a given community, and does not aim to satisfy some external, artificially made demand, sometimes being very different from the local community, derived from the value system of the so-called developed western consumer society. (The realization of development targets being unfamiliar to local culture has led to problems especially in the developing countries of the third world.)

### **1.3.3. Development is not equal to economic growth**

In so far as we consider human needs as the motor of development, the usual indicators of economic growth are not suitable for stating neither development itself or the state of development. Namely, GDP contains only the elements with related money transfer, thus it does not examine the negative effects for people (e.g. environmental damages). Furthermore, GDP does not make a difference between those money transfers which improve or damage the conditions of life (e.g. it calculates positively the expenditures on the decrease of crime, or the post-elimination of the environmental damages).

In so far as we measure the spatial development as a state and the spatial development as a process to human needs, we have to pay attention to the system of human needs organised into the hierarchy of Maslow. In this system, material needs represent only one part. The base of the pyramid of needs is composed by physiological needs like air, food, healthy drinking water, sleeping and demand for race preservation. These are followed by physical and emotional safety, which are still just partly material. According to Maslow, the satisfaction of higher needs is impossible till the lower needs are not satisfied, but social and moral needs are equally important for the accomplishment of life as material conditions. Without the satisfaction of these, we cannot talk about welfare, individual and social contentment. Needs induce different, though closely interdependent, social activities

and their organising institutes, the establishment and operation of which are the base for welfare (Maslow, 1943).

*Table 1/2*  
*Some social functions and institutions derived from human needs*

<i>Moral needs</i>	Practice of religion, the Church Jurisdiction, publicity Arts, everyday decoration, design, packing Organisation, logistics Games, playfulness, sport
<i>Social needs</i>	Recognition of achievements Intelligent work, division of labour Democratic institutions Small communities Social holidays Family, friends, family holidays
<i>Financial needs</i>	Production and distribution of consumer goods Housing politics Public safety Public services. Social welfare, insurance Environmental protection

*Source: Compiled by the author*

#### **1.3.4. Development can only be complex**

The environment surrounding people, determining welfare, consists of basically four elements.

Natural environment includes relief, surface formations, climate, surface and underground waters, minerals, soil, fauna and flora, and, as part of the living nature, humans.

Social environment is built of population with its specific demographic features, human communities, and the relations and institutions emerged from them, also determining their coexistence. It has two big sub-systems: one is the politics and public life, organising society; the other is the intellectual sphere, preserving and sharing the society's knowledge, creating new knowledge, preserving and sharing values formed during living together.

Economic environment is constituted from means of production providing and dividing the needed goods for the society, their technical level, achievable technologies, labour force, capital, production, transportation and market; furthermore their institutions and relationships, and the demand, offer and price relations.

Artificial environment includes objects, buildings materialized during the humans' transforming activities, elements of linear infrastructure, devices, and artistic works shaping and influencing physical space.

The certain environmental spheres are connected by the HUMAN BEING. Human activity means intervention, change in one or more environmental sphere. Humans are not only forming the previously listed environmental spheres, but also part of them. As biological creature, he is part of the natural environment; as sociable community creature he is part of the social environment; as labour force, consumer and creative thinking creature he is part of the economic environment; and – by certain force – he can be interpreted as part of the

artificial environment, too, as an object being transformed by his own creativity in his physical reality.

We can call the certain environmental sphere and the whole environment as developed – according to the previously mentioned things – only if they provide convenient frames for the satisfaction of human needs. They do not hamper in extreme measures, or do not endanger the accomplishment of needs. (We have to remark, that neither too good nor too bad conditions are not favourable for development. The lack of obstacles and the challenges arising from them can lead to inactivity, the loss of the motivating actions; while the bulk of insurmountable obstacles can result in giving up fight.)

The state of development of each environmental element, i.e. the suitability to human needs, can be different according to time, space and each element. When we put people and the connected welfare influences into the focus of development, it means that we have to aim for the harmonic development of the surrounding environment as a whole. As humans are in strong interaction with each environmental sphere, his welfare can only be ensured by the adjusted and balanced development of these spheres. During development, thus, we cannot be confined to the improvement of one or the other environmental element; every development can only be the improvement of the complex and adjusted environmental elements. The development of a certain sub-sphere can be defined in different projects, but the whole process must be homogenous and interconnected (*Bánlaky, 1998*).

#### **1.3.5. There is not only one way – the choice between different ways is the possibility and responsibility of the local community**

Besides the dependence on external circumstances and market mechanisms in development, the cultural and natural potentials forming local needs and possibilities also play a significant role. Thus development is possible in several ways – though these alternatives move among certain limits. It is a basic hypothesis that the less developed can improve not only in the way considered good by the more developed. Thus, the only possible way for economic development is not necessarily the one meaning the increase of production for the developed markets, by the developed technologies, with the capital of the developed regions, according to the developed organisational model, but with decreased costs. The satisfaction of the needs of the local communities is also possible by the strengthening of local economies, and the conscious utilization of the local potentials. The primary condition of bottom-up regional development is that local communities can autonomously define their targets, the ways leading to them, and the methods they can compliance with the environmental changes.

#### **1.3.6. Making advantages from local specific facilities, breaking into market gaps**

Besides economical activities targeting the satisfaction of internal market needs, connecting with the wider regional division of work, and the integration into the globalised world also happen on the basis of local potentials. During micro-regional development, the objective is to produce – opposite to mass production – unique, low-serial, possibly area-specific products. On the basis of comparative advantages they try to break into market

gaps/niches. Finding and occupying niches need well-reasoned, high-quality marketing strategy.

Fresh ideas and unique execution have increased importance, which postulates creativity and innovation ability. Thus quality development of human resources and processes revealing new ideas (contests, internal tenders, scholarships, etc.) has continuously growing importance.

### **1.3.7. Utilization of alternative labour forces**

The utilisation of local resources also includes the use and integration of formerly undervalued or refused human resources, too, like women, disabled people and informal economic actors. At the same time, it does not only increase the base of labour force, but has an important social role, too; it can give incomes and the awareness of being socially useful for those traditionally being ousted from work.

The unutilised manpower reserves call the attention to hand-work demanding technologies and labour force intensive branches, instead of using high technology.

### **1.3.8. Sustainability**

There are six basic principles deriving from collective human experiences, the examination of the living and inorganic systems, which are able to harmonize the preservation of the balance between technical improvements, social, human values and nature, and able to form the so-called sustainable societies (*Daly, 1990, Korten, 1996*):

- *Principle of environmental sustainability.* Healthy societies are environmentally sustainable. It means that their economies meet three conditions:
  1. The rate of the utilisation of renewable resources does not exceed the rate by which the ecosystem is able to renew them.
  2. The rate of the consumption of non-renewable resources, or transformation into not re-utilisable waste does not exceed the rate by which people can evolve renewable resources instead of them, and start utilizing them.
  3. The rate of the environmental pollution does not exceed the rate of the adapter capacity of the ecosystem.

The economy which does not meet the above conditions reduces the possibilities of the future generations. The collective needs of the future generations have to be considered as higher ranked as the present individual needs.

- *Principle of economic equity.* Healthy societies give everything to their – present and future – members which are indispensable for healthy, safe, creative and complete life. They accept that who gives more to the society should get back more, too, after the satisfaction of the people's basic needs, when the choices of the future generations will not be curtailed, and the economic power will not become destabilizing.
- *Principle of biological and cultural diversity.* Healthy societies advancing the world's biological and cultural diversity. Diversity is the base for evolutionary potential. The maintenance of biological and cultural diversity is basically important to actively participate in the evolutionary processes.
- *Principle of subsidiarity.* In healthy societies, sovereignty has its roots in the civil society. "What certain individuals are able to realize by their own power and abilities, is forbidden to remove from their authority and give to the community. Thus, everything, what a smaller and lower community is able for, is not legal – and therefore



it is a sin – to devolve to a bigger and higher community. It is the overthrow of the social order, as every social activity, by its intrinsic essence and power, is obliged to help – subsidize – certain parts of the society as a whole, while, on the other hand, it is forbidden to disorganize or annex them.” (*Quadragesimo Anno*, 1931)

- *Principle of internal responsibility.* Healthy societies devolve the expenses of the decisions of dividing resources on those who make these decisions. Neither individuals nor enterprises or political communities do not have the right to devolve the expenses of their own consumption on other units. Local economies have significant role in the effective management of self-regulating economic systems. On the contrary of globalised economic systems, local economies motivate the internalization of expenses, because both the consequences of the internalization of expenses and the enforcing power for this can be found locally.
- *Principle of common heritage.* Healthy societies recognize that the environmental resources of the Earth and the races’ accumulated knowledge form our common resource heritage, and every person has the right to benefit from its advantages. It is the obligation of the possessors of environmental resources to manage these goods representing the interests of the future generations; furthermore, it is the obligation of the possessors of the special knowledge to share all this knowledge with those who can benefit from it.

### **1.3.9. Wide involvement of citizens**

As the widening of the participation democracy, the direct participation of the citizens in the whole development procedure, i.e. in planning, realization and monitoring, has to be guaranteed. Direct participation gives the opportunity for the evolvement of the responsibility and commitment towards the region, which, through the retaining and activating of local resources in the given region, can have its effects in the decrease of the migration rate and the development of the environmental culture. The involvement of citizens demands high level communication abilities, perfect management of the public forums and high level expertise in the organisation of team works from the leaders. At the same time, it postulates the conscious activity and cooperation abilities and voluntary commitments to certain tasks from the citizens.

### **1.3.10. Development is realized in chains of partnerships and co-operations**

Development is moved not by the competition of the actors, but by their partnership based on their common interests.

The importance of partnerships is justified by the shortage and morsel of the resources of the local actors (enterprises, communities, civil organisations, citizens), and the common interests behind the developments. A particular actor can work only in a narrow part of the development. However, a lot of local actors are interested in the realization of several interrelated development tasks regarding the whole region. The effectiveness and influence of the development can be increased by coordinating the activities of the actors having less resource alone, and by resource-addition. It needs special knowledge and demands much work to establish partnerships, define the frames of cooperation, to divide the work and responsibility, coordination, and to minimize and handle the possible conflicts.

### 1.3.11. The field of rural development: small region organised on the basis of horizontal relationships

*Settlement community* is a special form of communities, which is formed by the population living in the same place, and the members are bind by, besides the rational division of labour, the traditional – strengthened during socialization – inherence, too. The leading of settlement community as an organisation is realized by the local (self-)government. The *local government*, as the ensemble of the leaders and apparatus of the organisation of the settlement community – in case of representing the real interests of the community – considers the highest and most complex possible satisfaction of the needs of the members and the community itself as its main task. As a consequence, it tries to captivate all opportunities which can help in this intention, and the gained advantages can exceed the probable disadvantages which may influence the community from another aspect. Among the opportunities, we can find the influence of the formation of useful external relationship-system supporting the compliance to the environment.

The *external relationships of the settlement communities* are constituted by vertical and horizontal, voluntary and compulsory relations binding individual members, smaller groups or the settlements themselves. For instance, marriages can form inter-settlement relations between individual members and families; working in another settlement can establish vertical relations with economic organisations between certain groups (workers). From the point of view of rural development, the so-called *commuter belt-type relations* deserve special attention, which are very similar to the previous example, and appear during a special form of regional division of labour, between towns and villages (Beluszky, 1985). The range of human needs, and their quantity and level are continuously growing. At the same time, regarding the availability of the technical conditions, the effectiveness of the operation of the function, it is quite rare that the services using the latest technical solutions can be provided locally. Those functions which are expected from the society but used only by a smaller group of people are concentrated on the most suitable settlement of the region (Beluszky, 1985). The functions in the commuter belt centres can play the proper role in the satisfaction of the needs of the surrounding settlements only in case of possible accessibility of these centres.

The attracting relations can mark out more or less definable geographical units, which are called *commuter belts*; the geographical space can be generally covered by them. Commuter belts, however, are based on the hierarchic relationships between towns and their countryside, the product of the vertical division of labour. Nevertheless, in the bottom-up organised micro-regions, horizontal relations also appear and influence the formation of space, besides the vertical banter.

Besides the intern-settlement relations based on the voluntary decisions of the members or the leaders of the community, there are other well-known, “top-down” *forced relations* as well, enforced by some external power organ. The *administrative districts* are characteristic examples, formed by the power organs of the state administration. From our recent history we know quite well the formation of such districts and their consequences, binding together neighbouring settlements against their will. In our interpretation, the basic characteristic feature of social relations forming micro-regions is *volunteership*, the local recognition and definition of the necessity and possible fields of common activities.

Therefore, we consider *volunteership* and *horizontality* as the two main features of the relations forming micro-regions. The question is whether there are really such relation

possibilities, and if yes, what kind of theoretical types they have. The answer, naturally, cannot be given independently, without regarding time and social systems. In our present argumentation, we start from the social relations of the market economy and democracy being characteristic, or at least desirable, in our age.

In the model putting the division of labour into the focus point, *mutual interests* form the voluntary inter-settlement relations, together with the horizontal ones. Settlement communities have double interests during the regional division of labour:

- (1) as a consumer, to form a position being able to satisfy the needs of the community members at the highest possible level,
- (2) as providing certain tasks related to needs of other settlements, to reach the best possible position, which can make the services easier and bring further advantages to the local community.

A certain settlement government – considering the possible strategies leading to the above mentioned targets – can find the following:

- (1) it is not possible to provide the necessary raw materials, services, proper quantity or quality labour force needed by the members, economic and social groups locally,
- (2) the community itself does not form enough market for the effective establishment of services,
- (3) the local offer is too small for the globalising economy, it cannot form a competitive economic factor,
- (4) the neighbouring settlements also have the same strategic potentials, as, for instance, mineral quarries, water streams, forests, good quality air, traffic roads of even folk traditions do not come to an end at the settlement borders,
- (5) similarly, problems, spatial disadvantages, environmental pollution, isolation and unfavourable natural potentials are also not only the problems of one certain settlement,
- (6) alone they are quite weak against the higher level institutions and in the interest representation process, they cannot appear as a partner being politically powerful enough.

All these characteristics exclaim for spatial development based on inter-settlement horizontal cooperation and collaboration. Without this it is impossible to reach favourable position within the regional division of labour and to satisfy the needs of the settlement community on high level.

The *content* of the horizontal cooperation between settlements, deriving from the spatial division of work, is formed by the needs of settlement communities, the strategies followed in their satisfaction and by the conditions of the realization. The *geographical boundaries* are marked out by the common or complementary potentials, and the possible *communication* related to the given technical level and social system. Each of these factor is a category changing in time, thus the size of the marked area cannot be considered as constant, too. The homogeneity of potentials can best be apprehended in the natural geographical landscapes; while the intense communication, as the condition of common activities, also mark out a smaller area, regarding the given technical level and the strong demand for personal communication.

We cannot forget about the *other group of needs founding the communities*. In the modern societies, besides the goods and the necessary organisations established during the satisfaction of material needs via spatial division of labour, the demand for self-realization (identity), finding our intrinsic values appears more and more significantly. These are supplemented by the demand for participation in the formation of the living places, by the

persons (individuals) and micro-groups who become more and more exposed as a result of the deepening of the division of labour. The *direct involvement of citizens* into the formation of the living place becomes the basic element of the *participation democracy*.

The *space widens out* for the members of settlement communities, as a result of the change of demands, mass-demand for services previously needed only by some minorities, the development of technology, and the deepening of the functional division of labour between settlements. They can personally experience bigger geographical areas, they become able to survey, directly explore bigger and bigger pieces of space. Their lives can be directly influenced not only by the traditional settlement, but also by a wider district. It does make difference whether the institutions of the neighbouring settlement, which are used by them, too, are closed or not; or they make competition for their services and decrease their markets; or whether such a development can be implemented in the neighbourhood which can indirectly revive the local economy, too. All these questions are not the troubles solely of the community leaders, but citizens wish to directly participate in solving and forming them. They manage to find allies from the population of other settlements, too, by the improvement of communication. As a result, a *regional relation system between citizens* can be established by the individuals, in a personal and understandable space, which can lead to the formation of *micro-regional communities*. In this sense, again, common interests and possible communication appear as the most important factors in defining the size and boundaries of the micro-region.

In the spirit of all these thoughts, *under the term micro-region we understand a piece of geographical land which is understandable and personally experienced for wider and wider groups of the inhabitants; where settlement communities are closely bind together by their common past, the common features of the deriving culture, the sense of belonging to the same geographical area giving frames to the economic and social activities; by the horizontal relations based on functional (economic, human services, infrastructural and community) interdependence and intense communication, and by the common interests and regional identity as the apperception of the former. On the same basis, other settlements cannot be bind to them.*

Horizontality appears in the micro-regions also in the fact that developments do not have any laureate sub-regions or settlements, the elements dynamically driving developments disperse smoothly in the region. Development does not focus on one particular settlement. They try to find the driving forces for each settlement and the key development programs of the region, according to the local potentials, and bind to different settlements or group of settlements. Thus, in the cooperation and partnerships, settlements can appear as the centres of certain tasks and as collaborators in the realization of others at the same time.

#### **1.4. *Conditions of successful rural development***

On the basis of the experiences, the most important conditions of bottom-up development strategies can also be outlined:

##### **1.4.1. Acceptance of the philosophy of bottom-up development, meeting with determining values**

Though theoretical experts of spatial development widely accept and desire for bottom-up directed development strategies, the experts working in the daily practice very often still follow the theory placing economic growth in focus. And there are numerous local actors of development who desire for big projects, realized by state redistribution, introducing high technology, being top-down directed, derived from the previously deep-rooted value-system of old eras; though they proclaim for giving bigger space to local decisions and for taking into consideration the local potentials. It is especially true in underdeveloped regions, where they do not want to change the characteristics of development, just simply want to become its beneficiaries. Naturally, we could draw an exact situation report only by a comprehensive survey.

##### **1.4.2. Common motivation for changes and common actions**

It is shown by the spontaneous improvement of the micro-regional development organisations that generally the communities of the most underdeveloped and poorest regions reached the recognition of the necessity of change the earliest. At the same time, they have less motivation for common actions in the developed regions, where there are bigger possibilities for individual prosperity.

##### **1.4.3. Intention for changes, citizen activities**

The inhabitants of the poor regions often choose the passive resistance, quiet acquiescence or even leaving the region, escape. In the underdeveloped regions, in spite of the higher level of motivation it is quite hard and needs serious work to find such persons who want to actively participate in local development processes and organise their work. After all – as it is shown by the examples of several settlements – a part of the citizens is willing to join the development processes, and ready for even taking the leading positions, too. This active core can be increased by different community improving techniques like a snowball. Furthermore, there are immense human reserves even in the most underdeveloped and depressed regions, too.

##### **1.4.4. Knowledge: to know what and how to do**

The greatest problem of the already started communities is the lack of information and knowledge. One of the basic characteristics of bottom-up developments is that they take different forms in each different community. The communities have to find out by themselves the most suitable solutions for their problems in every case. Thus every local initiation can be considered as independent innovation. The communities' innovation

abilities can be improved by trainings, education, presenting the examples and experiences of other regions, and the involvement of external experts.

#### **1.4.5. Solidarity**

Solidarity works quite well in those poorest regions where there is nothing to lose or envy. On the other hand, wrangle and jealousy among neighbours are very often shading the everyday work of development organisations, endangering the success of developments.

#### **1.4.6. General characteristics of governmental control system**

It is very hard to break through the governing frames of the traditionally centralised state. The place and role of civil organisations in the development processes are still quite unsolved in Hungary. Nevertheless, the relative independent settlement self-governments appeared in the spatial governing system. The enforcement of the principle of self-governing undoubtedly favours for bottom-up developments, but because of the shortage of financial possibilities and the redistributive budget focusing on the provision of the basic functions, the freedom of self-government investments and the possibilities of the realization of strategies based on local resources are also quite limited. Only the most developed settlements can undertake such investments with success. Others can reach complementary (financial) resources by tenders. On the other hand, the present tendering system also presupposes certain “preparedness state”, local financial and intellectual resources. In absence of these, the role of the so-called contact capital becomes more important, which may draw the attention from other local resources. The chances of bottom-up developments are also hampered by the position-fights of the different ministries.

#### **1.4.7. Supportive governmental territorial politics**

The spatial development law passed in 1996 gave free way to bottom-up developments, to the evolution of spatial politics based on local initiations, in principle. During the implementation of this European-minded law, however, several tendencies unfolded which rather hampered the strengthening of these desirable processes. First of all we have to emphasize the establishment of settlement junctions in the statistical micro-regions, urging the spontaneous formation of micro-regional organisations. The top-down direction of the formation of these junctions, if we consider them as one element of the institution-system of spatial politics, would not be a problem alone. Problems start when these artificially created junctions are considered as the only one and exclusive form for local initiations, thus excluding the real bottom-up development communities.

The other trouble is the problem of spatial planning. Partly because it needs the complete reorganisation of a profession ceased to exist after the political transformation; partly because this reorganisation cannot be made according to the former patterns. The acceptance of the planning freedom of local communities means a serious methodological challenge for the planners; and the collating mechanisms, including the representation of bottom-up initiations are also not really elaborated.

#### **1.4.8. Finding the interest of companies**

The behaviour of the big entrepreneur sphere, as key actors of the former development strategies, is also obviously interesting. On the other hand, one of the characteristics of underdeveloped regions is the lack of big companies, thus conflicts directly cannot emerge. On regional level, if it is not possible to secure acceptance of their interests in the revelation of local potentials and sustainable utilisation, some problems can appear due to the differences of interests and ability to enforce interests.

#### **1.4.9. Operation of national networks**

Local development cannot be isolated. The strengthening of the previously mentioned ability to enforce interests, the assuring competencies, the sharing of innovations and the realization of bigger regional programs demand the establishment of networks of local and micro-regional development organisations.

It is also a basic condition of the operation of the national network that the solidarity between organisations and regions can work. The establishment of partnerships are hampered by the dependency of development organisations from central financial resources, thus the strengthening of their fight for development sources.

#### **1.4.10. Availability of external supporters**

The preparedness and availability of external helpers are crucial in the discussed process. This way of development, however, expects different knowledge and, chiefly, different interpretation from them. The importance of team building, community improvement, communication and empathy, the ability of identification with the region really grows during their work.

As a summary we can say that rural development based on local initiations can only be successful when local people want the changes, they know how to realize them and get the necessary external financial, political and professional support.

#### *Recommended reading:*

- Glatz Ferenc 2005: *A vidék közhaszna* (kézirat). A „Párbeszéd a vidékért” lakossági fórumainak tapasztalatai, megállapításai. MTA Társadalomkutató Intézet, Budapest
- Kovács Teréz 2003: *Vidékfejlesztési politika*. Budapest-Pécs, Dialóg Campus
- Schumacher, E.F. 1991: *A kicsi szép*. Közgazdasági és Jogi Könyvkiadó, Budapest;
- Stratosta, P. 1994: Ruralization and Rurality: Three Perspectives. In *Agricultural Restructuring and Rural Change in Europe*. (Eds.: Symes, D – J.Jansen, A.) Wageningen, Agricultural University, 65-74.pp.

#### *Questions:*

1. Explain the concept of rurality and its place in the process of urbanisation!
2. Describe the mutual relations of spatial politics – agricultural politics – rural politics, the differences and the connecting points!
3. What are the main principles of rural development?
4. Describe the success factors of rural development!

## 2. Global challenges for rural areas<sup>1</sup>

### 2.1. *Consequences of the industrialization of agriculture*

#### 2.1.1. Pre-modern forms of agriculture

Agriculture endeavours from the beginnings to better and better satisfy the increasing demand for its products by the increase of the intensity of land use. This can be well followed through the development of the formation and development of the successive **farming** and land usage systems. The fallow, pasture **and/or forest changing farming system** was the ruling form of agricultural production for more than a thousand years. This period of time was characterized by low density of population, nomadic, rambling lifestyle and use of primitive farming tools. When plough-lands occupied bigger territories, a newer – **ley-farming** – **system** evolved. It was characterised by **weighting farming**. In this system, the different land uses have been evolved and plough-land cultivation became constant. People grew vegetables and fruits in the direct surroundings of settlements. Meadows and pastures were supplanted to the areas being less suitable for plough-land. As a replace of ley-farming several cultivation methods were evolved, among which the **crop rotation cultivation** system has been spread in the highest rate. The cultivation based on the annual changing of plant species has evolved. The system was characterized by more diversified plant combination, accommodating to the potentials of lands and habitats, and by **rotation of crops**. In the second period of this system, **mechanization** became a very important factor. Deeper cultivation became possible by the use of better tools, steam plough and the entry of tractors. This many-sided development resulted in a considerable increase of average yield, but still did not caused the breaking of the environmental balance. However, as a result of this process, another course has started – and increased recently – which led to the drastic repression and breaking up of natural habitats (extensive sward areas, water habitats, lowland forests).

#### 2.1.2. Industrialized agriculture

**Industrialized cultivation aiming the increase of product volume** became the new way, based on industrialisation and the increase of artificial energy inputs, from which the further growth was expected in the middle of the 20<sup>th</sup> century. Due to the development of markets, demand for mass products and the development of world trade, **industrial logic appeared in the branch** by the evolvement of the industrialized, energy-intensive cultivation system using large quantity of artificial materials and energy, thus becoming a kind of “*biological industry*”. Its basic intention was becoming independent, artificially regulated, and gradual exchange (substitution) of natural resources by artificial ones. Accordingly, at the expense of other (biological and social) roles of space, it paid its attention solely to the production tasks, and chooses the solutions, technological processes exclusively according to the productivity and rentability. In favour of this, it endeavours for concentration and centralisation, tries to form the largest possible “homogenous” area. In relation to all these, the process is accompanied by forced increase of artificial resources (fertilizers, pesticides, mechanical work, patrol, etc.).

---

<sup>1</sup> This chapter is written on the basis of the sections of the Hungarian National Rural Strategy (2012)



Parallel to the spreading of industrial-like agriculture, food processing also became industrialized opposite to the former artisan, manufacturer character. By the spread of large-scale industrial technologies the judgement according to effectiveness and competitiveness became exclusive, where the finished product made by the less possible costs has got outstanding role. Due to the competitiveness measured by capital effectiveness and the use of cheap basic materials, technological developments did not result in the increase of quality, and similarity to the original ones could be reached only by the use of substitute and additive materials; this often covers the phenomena of forgery, cheating and delusion.

#### **The most important results and arguments of industrialised agriculture:**

- Product volume and average yield multiplied in the main period of the industrialisation of Hungarian agriculture, between 1960 and 1985, as part of the so-called “green revolution” following the population explosion in the Earth. Influenced by this, Hungary quickly became self-contained from agricultural products, and then produced significant export stocks as well.
- While absolute crop fluctuation has increased, relative crop fluctuation (related to average yield), due to the increase of average yield, has decreased.
- Villages were characterised by relative material welfare and social safety, which was in close connection with the regular incomes from cooperatives and state farms, where peasants became wage-workers.
- There was a special coexistence and effective collaboration of different units (large-scale units and small household units).
- Food industrial companies became significant employers of the given – generally rural – areas.
- Food industrial companies, due to the active export production, contributed to the improvement of the national foreign exchange balance in significant degree.

On the other hand, however, besides the significant increase in production, new problems have emerged which had unfavourable effects on natural environment, resources giving the base for production, and the local society together with the general human vital conditions.

#### **Problems and risks of industrialised agriculture and food production:**

##### *Effects destroying production bases:*

- decay of soil (decrease of its organic tissue content and biological life, turning sour, turning waterlogged, salinification, dustbowl, withering, sinking of water level, perishing of soil structure, getting dusty, packing);
- narrowing and decay of plant and animal genetic bases, desolation of the rich nature related to the mosaic extensive cultivation, decrease of biological diversity, becoming weedy, narrowing down of the spectrum of species, resistance;
- agricultural originated pollution of agricultural lands and products.

##### *Effects resulting in the damaging of human conditions of life and natural environment:*

- repression of the wild fauna and flora, degradation and decay of natural habitats and communities;
- pollution of living waters, ground waters, layer waters and certain drinking water bases;
- incalculable effects of the concentration of remains of artificial drugs, of the unfollowable reunion of their fission products for living beings, including humans;

- becoming diluted of the food nutriment, decrease of their nourishing and pleasure value;
- spreading of food containing a lot of substituting and additional materials instead of the fresh and full value food, formation of dependence (especially of children), human health damage due to dietary and environmental origin;
- impoverishment of landscapes, low-stimulus environment, strong erosion of people's internal (psychical, physical, biological) and external (natural, social and built) environment, desolation in intellectual and mental meaning;
- usage of significant volume of non-reusable polluting package materials.

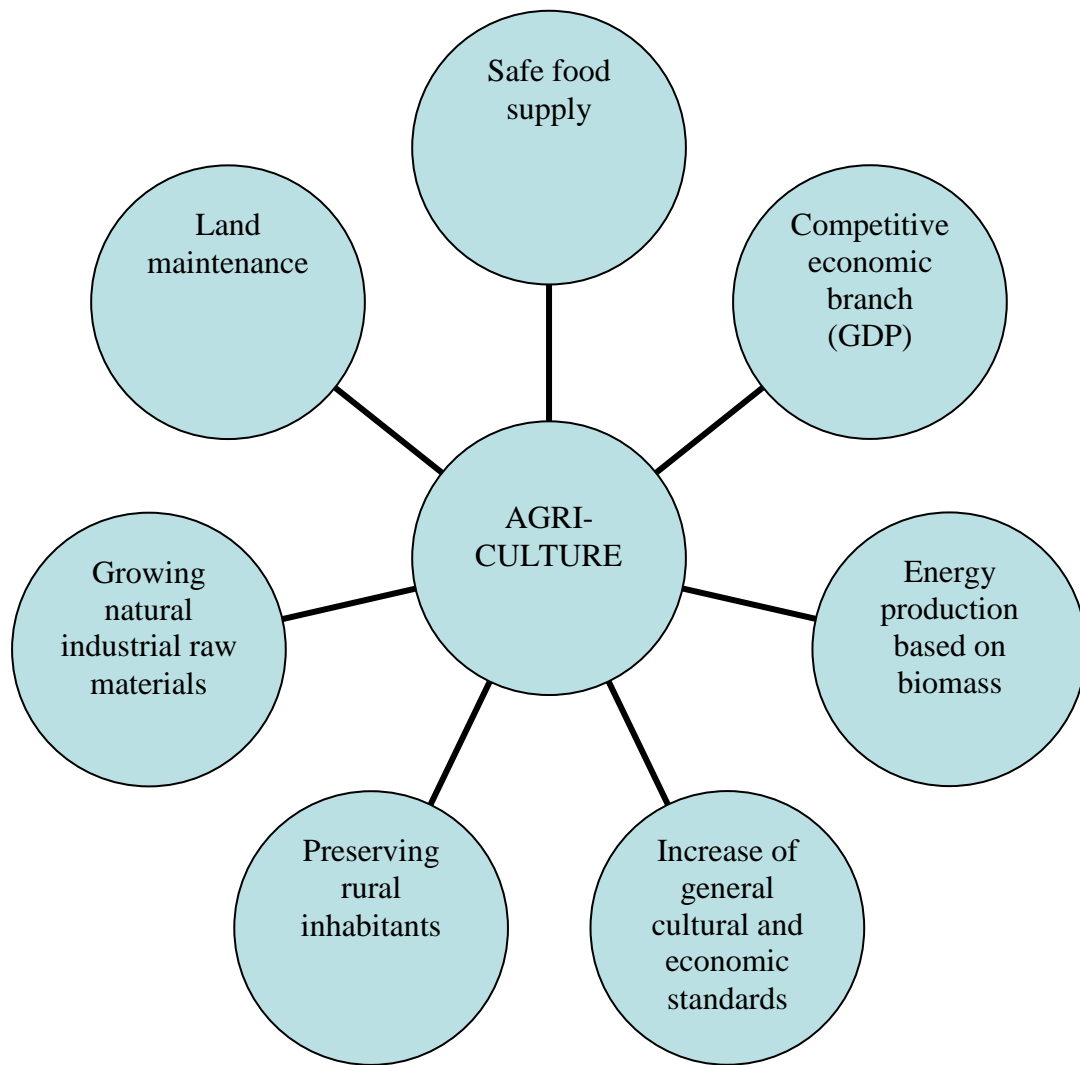
*Phenomena predicting the decline of the industrialized agriculture:*

- acceleration of rural unemployment and migration;
- rapid increase of negative external expenses (social costs);
- strong dependency of energy-intensive cultivation from the energy market;
- increase of the price of mineral oil having limited volume, thus it can be foreseen that the cultivation strategies based on the use of petrochemical materials and fuels will result in loss and deficit;
- activities substituted by artificial energy will lose the demand for live labour, thus superseding men, when, as a consequence, the living of rural population will be in danger;
- markets split in two: demand for more varied and healthy food on the one hand, and the increase of the demand for cheap mass products because of decreasing solvency on the other;
- growing pressure of public opinion for the production of “more safe” foods, social prejudices concerning the safety of food, especially in case of using new technologies (e.g. irradiation, biotechnology, genetic engineering, nanotechnology, etc.) during their production;
- growing social sensitivity for our environment, growing ethical anxiety and sensitivity because of the continuous recognition of the dangers of GM, genetic engineering, biotechnologies and animal protection.

### **2.1.3. The model of multi-functional agriculture**

The negative symptoms described above have led to the recognitions which prepared the establishment of **multifunctional European agricultural model**. We had to realize that **agriculture is not simply a productive sector**. After a few years of industrialization and maximization of crop, we have to realize again: agriculture has to undertake – besides production – certain environmental, social, regional, and employment tasks, too. These environmental and social, community **services** come into being locally, they cannot be imported.

Thus, the application of the proper agricultural, land usage and economic systems is a key question in rural areas and for the preservation of rural society. All these, however, can only be guaranteed by “**sustainable**” **systems**, which can produce high quality, healthy and enough products that meanwhile they preserve the nature, landscape, containing men, human communities, their culture, and ensure labour and living for rural population, local communities.



*Figure 2/1: The model of multifunctional agriculture  
Source: compiled by the author*

## **2.2. Environmental challenges**

The widely experienced environmental, social and economic processes, the warnings of the scientific world all indicates such a 21<sup>st</sup> century, which is characterized by growing **resource-crisis** in moral/ethical, physical, biological and ecological sense of meaning. Thus, it is really important for rural areas what happens to their natural resources and values, especially with agricultural lands and water stock, the richness of ecosystem which is not replaceable by anything. Are they able to preserve their natural habitats and the diversity of species, the favourable biological bases for agricultural production? Are they able to accommodate to the expected effects of climate change? Are they able to ensure the provision of healthy and good quality food to the people, together with proper labour and life possibilities?

### 2.2.1. Strengthening of climate changes and climatic extremities

The Earth's climate has suffered significant changes in natural way through millions of years, but in our present – probably as a result of the growing greenhouse effect of the last decades – we have to face an unusually fast warming process and its many effects. There are already several concomitants of climate change: in the last decade, there were three times as many weather catastrophes throughout the world than in the 1960s years, including heat waves, floods, droughts and forest fires. The rate and character of these changes are different according to the geographical potentials, situation, land use, and the elements influencing water stock. All the spheres of agricultural and rural politics, environment and nature protection, water management, settlement planning politics and building sector have to increasingly prepare for the **management and handling of the agricultural production, food provision and living environmental consequences of climate extremes**.

### 2.2.2. Key importance of drinking water, water supply

Only 2 % of the Earth's water stock is drinkable, suitable for watering, while the usage of water is continuously increasing all over the world. According to the expected effects of the climate change and the increase of the population, the worsening of the situation can be foreseen. The population of the water-lacking countries can grow to 3 billion by 2025 – as an opposite of the half billion at the turning of the millenary. For providing healthy drinking water, the preservation, protection of the environmental quality of the underground and surface waters, the saving of the quantity are our vital interest and common responsibility. As most parts of the water stock can be found in rural areas, and agriculture is one of the biggest users, water management has key role in rural development. The **quantity and quality preservation of the water stock** demands the essential coordination of the standpoints of environmental protection and water management politics, agricultural and rural politics, settlement and building politics, based on water and land management.

### 2.2.3. Threats of transgenic plants

A new form of environmental pollution is the “genetic” pollution caused by the **genetically modified organisms** (GMOs). The size of the areas included in the production of GMOs continuously grew in the last 10 years, mainly due to the intensive marketing and some comfort reasons. In 2010, GMOs has been produced on 148 million hectares, i.e. 10,5 % of the total agricultural land. By the formation and spread of resistance, the growth of the sowing area of the GM plants seems to stop in the USA. In the European Union, GMOs have been grown in 7 countries, 104 thousand hectares in 2008, while in 6 countries, 95 thousand hectares in 2009. The sowing area further decreased in 2010, and Bt corn was grown only on 91 thousand hectares, while Amflora potatoes were grown on 450 hectares, but, on the other hand, the number of countries using GMO technology grew to 8. At present, most of the biotechnological companies trading only that kind of GM plants which are resistant to some kind of herbicide or pest or both, developed by these companies. A significant part of the presently traded GMOs, directly or indirectly (through animal fodders) is consumed by people. In the present permitting system, the security examinations of GMOs, their poisonous, allergic and other harmful effects, the spread of

their resistance to antibiotics, appearance of new bacteria, and the **filtering of other health-damaging effects are not reliable enough**. It is characteristic of the environmental effects that weeds and pests become resistant in higher and higher number to GM plants. As a remedy of the **resistance phenomenon** more and more plants are produced which carry several trans-genes, while more and more farmers complain about the disappearance of GMO-free seeds from the grain market. It is also a problem that the spread of GM species further decreases the biological diversity within a species, and **impoverishes the genetic base of agriculture**. We cannot exclude the possibility as well that the implanted gene can give such advantages to the given species that, as a result, the indigenous species can even die out. In spite of the mentioned problems, some scientific and economic groups still argue on the production of genetically modified organisms as a solution to the food crisis.

#### **2.2.4. Environmental sustainability, biodiversity and landscape reserving agriculture**

The unfavourable environmental effects of the present economic and social arrangements based on quantity growth, and the resource usage above the natural bio-capacity and regeneration ability are obvious since decades. The territory expressed by the so-called **ecological footprint**, used for the satisfaction of the needs and the management of the meanwhile produced waste, surpasses the biological capacity even in global rate, which means that the existence of humans is **not sustainable** in great part of the Earth. **Agriculture and food business**, by its industrialized production technologies, the package and transportation of food, **intensively burdens the environment** by itself. At the same time, agriculture and forestry have always been much more than simply production sector or biologic industry. Thus we have to emphasize the landscape managing and nature protecting role of agriculture. Its sustainable systems built on thousand-years-old experiences can only be established if the intention for the improvement of production and economic outputs will be realized in harmony with the environmental and social effects, according to the **principles of environment and landscape management**.

### **2.3. Economic challenges**

#### **2.3.1. Food supply and food-chain security**

Secure food provision is a strategic question all over the world. As a consequence of the growth of the population (as an opposite to the present 7 billion, the population of the Earth will reach almost 9 billion by 2050) and the changing consumer behaviour, the **significant increase of global food demand** can be expected. **International agricultural trade also develops very quickly**, parallel to the widening of production. In the past 15 years, the volume of the agricultural export has been doubled globally. In spite of this, the widening of the agricultural trade straggles behind the development rate of the international trade as a whole; the share of the agricultural products in the international trade (due to the much intense growing of that of other goods) continuously decreases. At the end of the 1980s years, there were significant changes in the positions of the developing countries, too. The traditional export surplus has been replaced by deficit. This deficit is continuously growing, expressing the decrease of the self-sufficiency level of food provision of the developing world. The accelerated development of the economy of

the formerly starving regions and globalisation has considerable effects on agriculture. The most important determinants of the changes are:

- (1) changing demand (the growth rate of the demand for cereals and oil plants decreases, the demand for fruits and vegetables, animal products increases, and the demand for safe and healthy food increases globally),
- (2) the decreasing trend of the relative prices of the traditional agricultural products has broken (connected to the global price trends of energy)
- (3) growing importance of integrated vertical product lines,
- (4) concentration of food trade, the loss of own markets and food self-autonomy of certain countries and group of countries,
- (5) environmental problems due to the global application of industrialized agricultural methods (decreasing natural productive soils, unbalanced water stock, food being burdened by additive materials, decrease of biological diversity),
- (6) repression of employment in agriculture.

### 2.3.2. Security of energy supply, problems of the energetic system

The changing lifestyle and global growth of the population project **increasing energy demand**, while the **fossil energy stocks diminish**. This will cause serious problems in rural settlements and agriculture. The relief of the **dependency on energy import** is possible only by building on the **spatial (small-scale) autonomous energy production and provision solutions, renewing energy sources and energy-saving lifestyle**. The energetic usage of biomass, the demand for the production of bio-fuels leaves agriculture to serious decisions, where the standpoints of safe food production, soil supply, environment and nature protection and employment have to get priority. **Agriculture** – especially its industrialized, chemicalized system using a lot of fossil energy (artificial fertilizers, pesticides, fuel, etc.) – is a **significant energy user**, too. The development direction based on the growing usage of fossil (oil-based) energy resources seems to be a dead end; we have to find other solutions, which have to be harmonized with the settlement planning and building regulation, too. It is an important viewpoint during rural development that the specific energy usage should not grow; the indicators of emission should not fail. It is an important criterion for organic cultivation to influence the decrease of emission of greenhouse effect gases, too.

### 2.3.3. Transforming relationships between rural and urban areas

The **urbanisation**, the growth of densely populated human settlements show global tendency by nowadays. In 2005, 48,7 % of the world's population lived in towns; in the industrialized countries this rate is over 80 % (UN, 2005). It means that the balanced relation of towns and rurality was broken by the second half of the 20<sup>th</sup> century. Recently we can talk about the **town-dependency of rurality**, due to the loss of agricultural and employment roles. The migration from villages can well experienced due to the lack of work places and the worse living conditions; the “empty” villages and farms, in better cases, are bought by urban people, with holiday and recreation targets. The villages around the capital became a kind of “sleeping villages”, due to suburbanisation, the growing population and infrastructural developments. Both processes lead to the loss of traditional economic functions of small rural villages. The establishment of **balanced town-rurality relationship** can form the economic **reason for existence of villages** again.

### 2.3.4. Globalization and locality

The modernisation of the economy, and later its globalisation, resulted in the separation of production and consumption. Due to the deregulation of trade and the free flow of products, rural economy lost its traditional markets and the competition outpace it from its own internal markets, too. We can experience the strong economic deflation of rural areas. At the same time, one of the main consequences of the global free trade, the global transportation of food through thousands of kilometres is the climate change caused by the greenhouse effects. Furthermore, biodiversity also decreases, as agricultural production will increase in biologically sensitive areas, the use of chemicals will increase (e.g. pesticides), and, the natural landscapes will be changed, forests will be cut down, for the sake of production.

The **spectacular unfavourable environmental, social and economic effects of the growth-centred global economic system**, mainly identified with globalisation and based on the deregulation of trade, strengthened the new phenomenon of “localisation” as an opposite; namely, the system of **“localities” based on local communities and local economy**, as the representation of the self-autonomy of the local communities and economy. The two contradictory, but parallel processes are used to be called as *glocalisation*. From the point of view of rural development, the formation and strengthening of local economy get significant emphasis regarding the economic and social survival of rural settlements.

## 2.4. Social challenges

### 2.4.1. Demographic crises and trends

The **global growth of the population** will cause big problems in food and drinking water supply, living circumstances, employment and the use of natural resources. On the other hand, while the population of all the other continents increases, the number of the inhabitants of Europe decreases and parallel with it, aging. **Demographic crisis** emerges in the decrease of labour force and the increase of the number and rate of the elder, and the growing migration. It is quite critical for rural areas from more points of view: the population is aging, the present aging farmers will not have proper replacement by new generations, the rate of inactive population will lay an immense burden on the active persons, and the immigration to rural areas can result in cultural conflicts. It is vital for rurality to have such **young people who choose rural life**, shoulder children, thus ensuring the long-term utilisation of rural resources.

### 2.4.2. Social and territorial inequality

On a world scale, we can experience extreme and growing social inequalities. The **“split in two” of the society** can be observed in the European Union and in Hungary, too. Almost half of the **poor** people live in rural environment, and among the very poor ones, the rural rate is almost two-third.

### 2.4.3. Information era, knowledge-based society

Information society call such a new frame for society and economy into being which will organise the actors, being even for significant geographical distances from each other, into a **global network** on the one hand, and form a new **inequality dimension**. By means of

the former, it will establish the direct information connection between urban centres and rural areas; while by means of the later, will exclude some actors from the “modern” age, those actors who cannot, or do not want to, get connected with the information relation-system, living quite often in the countryside. Thus, rural people can either be the winners of these processes, by, for instance, the establishment of homeworking, IT support of selling relations; and also losers, in case they are not able to use the advantages because of their age, education or lack of infrastructure. That is why it is so important to motivate the use of the internet according to the individual lifestyle, besides the provision of the availability of information technology tools. From the point of view of rural communities, we can highlight the balance of traditions and innovations in this process, thus rural development is interested in the “**tradition-based knowledge society**”. This knowledge society takes the rural traditions into consideration, does not intent to change lifestyle, but exploits the advantages of modern infrastructure and knowledge which can serve the easing of rural life and work. Public libraries, library services with their modern information technological infrastructure, databases, and informal trainings can help to increase of life quality of the rural population and to decrease inequalities. The ability of digital reading and writing has a central place in this process.

*Recommended readings:*

- Cloke, Paul – Marsden, Terry – Mooney, Patrick (2006): Handbook of Rural Studies. . SAGE Publications Ltd. 528 p
- Kovács Imre (2013): A vidék az ezredfordulón - A jelenkori magyar vidéki társadalom szervezeti és hatalmi változásai. Budapest: Argumentum 244p.
- Molnár Géza (2012): Város vagy vidék? Túlélési kalauz a XXI. századra. Fenntartható Fejlődés Non-profit Kiadó
- Rakaczkiné Tóth Katalin (szerk.) (2005): A vidék és a falvak a „mezőgazdaság után”. Gödöllő, Szent István Egyetem pp 75–95
- Rakonczai János (2008): Globális környezeti kihívásaink. Universitas Szeged, Szeged 204p
- Varga Csaba (2000): Vidékfejlesztés az információs korban avagy a lokalitás esélyei. Budapest: Agroinform Kiadóház
- Woods, Michael (2005): Rural Geography. Processes, Responses and Experiences in Rural Restructuring, SAGE Publications Ltd. 352 p

*Questions:*

1. Describe the development of agriculture till the multifunctional state!
2. How do environmental challenges effect the development of rural areas?
3. What does the length of food chain mean, and why does it mean problems?
4. How can rural areas join the increase of energy safety?
5. How do town-rurality relations change?
6. What does glocalisation mean, how did it emerge and what are the main characteristics of this phenomenon?
7. How are rurality and poverty connected?



### 3. Rural politics

#### 3.1. *General content and structure of rural politics*

Under rural politics we mean those aims, measures and the instruments and institutions for their realizations that are directed to develop rural living condition and the role of rural regions in society and regional spatial structure. It is an integrating policy in case it includes all the policies concerning rural regions.

The formulation of aims concerning rural politics can be influenced by three external factors in addition to the internal conditions varying in different regions.

1. In our globalized world, in agricultural production and in agricultural policy as well as in rural politics certain trends can be observed which will appear in any kind of form among all fields of the measures. Nowadays in the developed countries these trends are:
  - Emphasis is placed onto quantity from the quality in food production, in this way food safety, organic farming, consumer protection, the sale of products have an increasing value.
  - Intensification of the requirements of environmental sustainability with this preservation and rehabilitation of natural landscape, utilizing renewable energy resources, new technologies of waste management: selective collection and the expansion of recycling come into prominence.
  - Spread of information society, within this informational and communicational technologies spread with the growing role of internet in the development of telework and distance trade and access to more distant regions.
  - Increasing life expectancy at birth and due to the development of technology growing free time.
  - Due to the outsourcing of production to external countries traditional workplaces cease to be, internal markets transform and reevaluate.
  - With strengthening participatory democracy role of local and regional communities get stronger and the citizen activity is growing.
2. If the organisation is the member of some kind of supranational cooperation than the formulated agricultural and rural political notions delimit the practice to be developed for the given area in that way. Therefore for example the Rural Development Regulation of the European Union determines the framework of the rural politics from which the given country cannot dismiss.
3. Most of the developed countries created a national agricultural and regional political direction that determine the structure of development in farming and living condition, the forms and degree of supply. Because of the Common Agricultural Policy in the European Union these national characters do not appear among direct producer subsidies but can be traced during the examination of rural politics on the level of the member states. Here the member states have the possibility to develop different rural politics according to different agricultural potential, production structure and developmental level and at the same time different agricultural, regional and rural political view.

Beside the above trends depending on their internal aptitude, social and economic features different principles are formulated with the aims in connection with them in certain groups of countries, countries, and regions. In the interpretation of rural concept there are four

subtypes following the existing tendencies as well as on the basis of the approach on the starting point of rural politics (Elands and Wiersum, 2001):

1. According to *agricultural rural approach* the most important actors of the rural areas are farmers. They give an important role to the agriculture in the economy of agricultural region and the development of its environmental character. Rural development is based on the agreement between the agricultural actors and the society that legitimates the support of agriculture differently from other economic sectors.
2. According to the suburban approach ideal rural region serves the development of life quality mainly for the urban population. Countryside provides calm, tranquillity, the closeness to nature contrary to the overcrowding of towns. Destruction of natural and cultural values is considered to be the main problems of rural regions. In this interpretation agriculture does not get particular attention compared to the other actors of the economy, they want to solve the preservation of nature and culture without sectorial emphasis and support, avoiding intervention in economic processes.
3. *In the remedial, complex economic development approach* economic, social and infrastructural underdevelopment is considered to be the most important feature. Globalization pushes rural regions to the peripheries of production zones of global economy, therefore the most important task is to moderate underdevelopment, support innovative economic activities and develop infrastructure helping with catching up. Boosting rural regions is realized not through only the support of one sector but in the framework of comprehensive and complex development of all the sectors.
4. In endogenous developmental approach the biggest problems for certain rural regions is the improper utilization of the local resources. Preventive developmental interventions did not consider the features of the regions and realized developments that were improper for the region. Endogenous development is not about joining the developed regions but to utilize the own capacity of the region in the best way and to achieve sustainable development in long term. Its guarantee is to have a local developmental group integrating entrepreneurial, public and civic sphere if it is based on partnership. Integral part of endogenous development is the protection of environmental elements and taking care of cultural identity. (Magyar, 2003)

There are indirect and direct means as well *within the toolkit rural politics*. *Indirect tools* within the scope of different policies can be for example the transformation of tax system, supporting schools, organising public utility services, forming public administration, system motivating childbirth, standards for environmental protection, etc.

*Direct tools* for rural politics are included in rural developmental policy. Financial means are usually in connection with programs. They can direct to supports on normative basis or through tenders, they can target any actors of rural development that is entrepreneurs, population, local governments, and institutions.

Institutional system of rural politics due to its strong integrated feature with the rural area cannot be independent from other policy areas determining the situation of rural areas, therefore from economy policy, agricultural policy, educational policy, value and environmental protection, employment and social policy, etc. A separate ministry of rural policy itself is not able to develop the rural areas and the situation of people living there. Rural politics cannot be closed within the institutions of rural development. Rural political decisions can be realized due to the cooperation of the above mentioned areas and the coordination of special policies. Coordination among the special fields have to be provided in national, regional and local level as well.

Global, supranational, national or regional organisations that are ready to take up conscious intervention into the territorial processes of rural regions and have their own sources for this purpose do not have rural developmental policy within the rural politics in most cases. This covers the wide range of engagement and interventions supporting directly the rural territories. The means and institutional system of rural development is clearly separated from institutions and tools of other special policies but its aim is the cooperation with them.

When analysing rural politics we have to consider their:

1. *background*: including the historical process of rural political development, the values and problems of rural regions and the consequent developmental needs.
2. *its aim*: that is typically in connection with the development of the living condition of rural population, strengthening the public utility of the countryside and repairing the state of natural environment as well as its maintenance in any combination.
3. *its priorities*: which move in the largest scale and reflect the mentioned outer and inner aspects of the focal points of rural regional developments.
4. *its institutional system*: this carries out strategic decision making and operative executive tasks of developmental and regulatory activities according to the political structures and the political system of the given territory.
5. *its toolkit*: that includes indirect and direct financial, planning, regulatory and professional technical assistance means having role in the realization of enforcing rural political goals.

### **3.2. Rural politics of the European Union**

In the European Union rural developmental policy has been the part of Common Agricultural Policy since its development. Intertwining of rural developmental measures with measures in connection with agricultural production has been considerably weakened in the planning cycle between 2000–2006 – however in the later period further strengthening of the separation and isolation process can be expected – policy makers still give assign significant role to the agriculture during the development of rural European regions.

#### **3.2.1. The origin and the first problems of the Common Agricultural Politics (1957-1980)**

Common Agricultural Policy is one of the oldest and most complex common policy of the EU, its objectives were determined in 1957 as follows:

- a) increasing agricultural productivity with the promotion of technical development as well as reasonable development of agricultural production and production factors, therefore especially the best possible utilization of workforce
- b) in this way providing the suitable living standard of agricultural population, particularly by growing the income of workers working in agriculture per capita.
- c) stabilizing markets
- d) ensuring the availability of supplies
- e) providing supply for the consumers for reasonable price.

(*Treaty establishing the European Economic Community, title II, article 39 (at present title 33)*)

The essence of operation of CAP is determined by three principles that were formulated in 1962. *Principle of market unity* says that agricultural products can flow freely in the areas of member states, in order to operate single market, common means and mechanisms have to be applied in the whole area of the EU. According to the *principle of community preference* agricultural products of the union have priority against import products; internal market is protected against the cheap import coming from third country and also against global market volatility. Due to the financial solidarity every expense originating from the application of Common Agricultural Policy has to be financed from common budget. Regulation of common agricultural market within the EU is realized within the framework of market regulations whose actors are determined by products and product groups, common market organisations operating in the spirit of the above mentioned principles.

Financing CAP measures is made by European Agricultural Guidance and Guarantee Fund set up in 1962 and split into two sections. Guarantee section is for market and price support policy while Guidance section is the tool for politics transforming agricultural structure. Vast majority of the Fund budget is set up by the Guarantee section (90%)

Sources of income:

- Agricultural duties and sugar levies
- Customs
- 1.4% of value added tax of the member states
- 1.27% of the GNP of the member states

Due to the Common Agricultural Policy activities operating with protectionist, interventionist means the Community became self-supporting as for the agricultural products by the seventies. Productivity and the income situation of farmers improved. A new, previously unknown problem emerged, overproduction, this situation became permanent in a short period.

In 1968 Sicco Mansholt from the Netherlands came up with a radical plan. “Mansholt plan” intended to handle overproduction by the decrease in the number of farmers (five million people in ten years) For this he wanted to pay life annuity to the elderly land owners, if they had sold their lands while for the young people he would have paid for the retraining in case they had not intended to deal with agriculture any more. The plan also declared to decrease the size of the farm lands by 5 million hectares, from which 4 million should have used for afforestation and 1 million for creating recreational areas. He intended to change price policy in a way that it intended to freeze the price of the products to be oversupplied and prices could only be increased in case demand was more than supply. The program resulted heated debates and finally they voted against it. However in the following years the number of employees continuously decreased in agriculture.

In February 1971 another plan was proposed by Mansholt. By this time the situation of agriculture had got worse, producers supported to increase prices. There were more proposals to realize the original concept in the new plan. He offered single but at the same time enough amount of money for those who were ready to give up agriculture and would sell their land or modify their activity on it. He also wanted to prevent the increase in lands useful for agricultural activity. The aim was to increase productivity, decrease the costs in agricultural production as well as building a farming system with family workforce to be mechanized enough.

Finally Mansholt Plan was accepted by the Committee in 1972 and costs were covered by EMOGA.

*Table 3/1: Number of employees in agriculture (1000 people)*

Member states of the expansion order	1960	1975	1990
Belgium	367	140	119
France	3425	1950	1394
The Netherlands	363	254	240
Luxemburg	22	12	6
Germany	2216	1234	1081
Italy	4007	2826	1913
Denmark	-	177	147
Ireland	-	325	173
Great Britain	-	626	577
Greece	-	-	889
Portugal	-	-	840
Spain	-	-	1496
EU 6	10402	6414	4802
EU 9	-	7542	5699
EU 12	-	-	8923

*Source: Eurostat*

Besides overproduction, problems in connection with environmental pollution also appeared in the agenda. Due to increasing cultivation and animal raising usage of different chemicals grew, placement of fertilizer was also a problem, and as a consequence decrease in soil nutrient content also became increasingly problematic. Here we can not only talk about harming the environment but also the negative consequences on humanity. State of produced plants and raised animals get worse, their health value decrease if they are consumed like this they can also cause negative effects and illness to people.

Due to the mentioned problems, the execution of a comprehensive agricultural reform became necessary in order to increase the competitiveness of the products made in the Union and also to stabilize the agricultural incomes and to integrate environmental protection aspects in the agricultural production. (Buday-Sántha 2001)

### **3.2.2. Smaller corrections to the Common Agricultural Politics (1980-2000)**

In order to reverse the process severing to crisis, CAP correction became at the beginning of the eightieth. Procurement prices were decreased and in order to moderate overproduction quotes were introduced, set aside programmes were introduced for the farmlands and to restrain growing expenditures GDP proportion growth restriction of the agricultural budget was launched.

Significant change in protectionist agricultural policy was made by the eighth, Uruguayan round of GATT in September 1986. At this time the first attempt was made to have a comprehensive regulation for the agricultural world trade.

Thanks to the round agreement could have been made in five fields:

1. One of the most important agreements was the mutual expansion of the market access. Countries accepted to transform the barriers into custom tariffs and with this 36% decrease of custom tariffs on average.

2. However, most debated issue was a decrease in export supports at the conference. After a long dispute and agreement was made that the export supports to be sustained, but the countries participated accepted 30% decrease in the value of support and another 21% cut in the supported export volume. These decreases affected European Union in a sensitive way because at that time 80% of the export supports were applied by the European Community.
3. Decreasing internal agricultural support was important regarding national agricultural politics. Countries have to agree on decreasing national agricultural support by 20%.
4. Yet most important result was adoption of plant protection and animal health conventions. Its aim was not to restrict commerce in the distribution of food by the growing importance of plant protection and animal health aspects.
5. The agreement gave significant allowances to the developing countries. This allowance was expressed in the longer period of implementation of tariff decrease as well as obligations accepted in decreasing inner support, too. (instead of 20 percent 10 percent) (Csáki 2000)

Another extensive modification of CAP directing to keep back production was carried out at the beginning of the ninetieth. Main direction for MacSharry reform of 1992 was to divide price and income policy. Intervention price of some product groups was executed (mainly grain) and procurement purchase price was determined. Main price political measures of the reform:

- Grain prices were decreased by nearly 30% so they got closer to the world market prices.
- guaranteed prices for protein crops and oilseeds were abolished
- intervention price for beef was decreased by 10%

To compensate loss of income generated by price reduction direct income support allowances were introduced, to demand it the farmers had to restrict their production. Production restriction did not concern farmers to be qualified small producers. An essential element for the reform was to encourage intensification of the production. In its framework people dealing with extensive animal raising, aside takers, producers with lower producing mean and afforestation programmes could get allowances. For early retirement of the farmers above the age of 55 EU gave support if they were ready to give up production for the benefit of young farmers. In connection with the reform, protection of natural environment, sustaining agriculture in less favoured areas, stopping depopulation in rural areas came to the front. Due to the measures, incomes for the farmers grew in the following years but problem of overproduction still remained. (*Buday-Sántha, 2004 318-320. p.*)

### **3.2.3. Agenda 2000**

Biggest volume comprehensive reform than any of the former modifications of CAP in 2000 mainly global competition of commerce in agricultural products strengthening worldwide, performing the requirements of sustainable development, growing consumer requirements on food quality and reliability can be defined as external factors. Beside external factors because of more, internal, unsolved problems for longer time newer reform became inevitable. Common Agricultural Politics made up already two third of the total EU budget in the ninetieth. Its rigid support structure placed clearly emphases on the support of production and as a consequence overproduction became permanent that could not be stopped by the reform of 1992 either. Reform launched in the framework of

AGENDA 2000 took over several elements of the earlier modifications, measures; however it placed common agricultural politics on new basis. Former quantity approach was replaced by quality approach, following aspects of environmental and food safety became priority, simplification of procedural rules, regulations began while rural development emerged as the second pillar of CAP beside agriculture. Due to the restructuring of new measures or priorities decreasing the expenditures of CAP became possible which in this way fell to less than half of the total budget and according to the plans by the end of the next cycle they were expected to make up only one third of the initial value. Key elements of the reform were *multi-sectorial and integrated approach of multifunctional agriculture*, countryside going beyond food production, *flexible supports* for rural development and *transparency* created by simplified regulation.

The reform included the following objectives:

- Strengthening the competitiveness of agricultural products in the Hungarian and the global market.
- Providing suitable living standards for the agricultural society.
- Creating alternative working possibilities and other sources of income for the farmers.
- New rural developmental politics that becomes the second pillar for CAP.
- Including environmental protection and structural consideration into CAP.
- Improving food quality and safety.
- In order to make regulations and rules more transparent and easier to access, simplifying the concerning laws and decentralizing its application.

*1257/1999 decree on support for rural development by the European Agricultural Guidance and Guarantee Fund (EAGGF)*

Newer CAP reform launched in the framework of Agenda 2000, in 1999 Council of the European Union accepted the creation of the legal background of the rural politics. That was the decree number 1257 on those rural developmental measures on which the member states can get support from the European Agricultural Guidance and Guarantee Fund. According to the statements of the Council, rural developmental policy has to be set up in harmony with the economic and social cohesion, and community rural developmental policy has to cover all the EU rural regions. Its aim is improving and re-establishing the competition of the rural regions in this way it has to contribute to the development of the employment and avoid the rural developmental measures to distort market competition without reason. Due to the measures defined in the decree the living conditions of the farmers improve and they get reasonable income. Non-agricultural type of rural developmental measures contributes to work creation and creating equal opportunity therefore depopulation is stopped. Requirements for sustainable development and agricultural environmental protection mean get special attention.

Support areas determined in the regulation:

- *Investment into agricultural plants*: decreasing producing costs, improving producing development, improving quality, maintenance of regulations concerning natural environment, hygiene, animal protection, diversification farming activity.
- *Launching young farmers' activity*: single grant, interest subsidy.
- *Training*: developing professional knowledge for farmers and people carrying out forestry activity.
- *Early retirement*: providing income for elderly farmers giving up farming with commercial purpose, creating chance for farmers operating their agricultural plants in a

more effective way, requalifying territories to non-utilized agricultural area that cannot be cultivated economically.

- *Disadvantageous regions and regions with environmental restrictions:* Compensatory support to farmers in disadvantageous areas – aim is the continuous utilization of farming land, preservation of a viable rural community, supporting sustainable farming systems.

Compensatory support to farmers in regions with environmental restrictions – aim is to ensure the respect of environmental protection requirements and the protection of farming in this area.

Mountain areas, less fertile lands, such lands where people living from agriculture is in small number or their number is decreasing and other areas to be considered disadvantageous regions from other aspects are qualified as disadvantageous regions. Disadvantageous areas can make up maximum 10% of the member state.

- *Agricultural environment protection:* Supporting the application of agricultural production method serving the protection of the environment and the preservation of natural environment.
- *Improving the process and sales of agricultural products:* setting the production to meet market requirements, developing sales channels, improving appearance of products, more modern waste management, and application of new technologies, innovative investments, quality improvement and control, improving health conditions and their control, environmental protection.
- *Forestry:* maintaining economical, ecological and social role of forests that are found in the rural regions, sustainable forestry, development of forestry, improving resources, improving their quality, increasing afforested areas.
- *Promoting the adaptation and development of rural areas:* supporting economic and rural activities not mentioned in connection with the other measures.

Supports concerning early retirement, disadvantageous regions and regions with environmental protection restrictions, agricultural environment protection and afforestation are financed by EAGGF Guarantee Section. Further measures to be part of the 1. objective is financed by EAGGF Guidance Section while other regions are also supported by EAGGF Guarantee Section.

### **3.2.4. The reform of the CAP in 2003**

Reform of Common Agricultural Policy continued in 2003, in its measures it went on with emphasizing the complementary of the two pillars. Two main elements of the modification are the separation of direct supports from the production and the introduction of flat-rate payment scheme. Degree of direct support is decreasing in a digressive way continuously, at the same time in the framework of modulation a part of the resources are regrouped from the first pillar to the second one, therefore amounts spend on rural development are increasing. Remaining direct payments can be demanded only with meeting the determined food safety and environmental protection standards (cross-compliance). As until 2013 budget of CAP is fixed, within the framework of the reform the member states accepted the application of a financial discipline mechanism.

In connection with the reform of CAP in 2003, by the decree No. 1783/2003 the decree No. 1257/1999 was modified whose primary goal was to strengthen rural developmental policy. Supporting of young agricultural producers, respecting environmental protection, animal protection, healthy and work safety regulations, food quality get bigger emphasis than at the previous ones, agricultural protection measures are completed with animal



welfare, support can be demanded for costs on agricultural consulting system. According to one of the modifications of disadvantageous regions, maximum 10% limit only concerns to regions to be disadvantageous from other aspects. The decree simplified more procedural rules and in some cases it modified the amount to demand.

New measures:

- *Fulfilment of regulations*: supporting accommodation of farmers to environmental protection, animal protection, health and work safety regulations, and costs originating from agricultural advisory services to demand.
- Food quality: supporting farming methods to improve the quality of the agricultural products, widening sales facilities, and participation in food-quality system.

### **3.2.5. SAPARD: the Temporary Rural Development Instrument (2004-06)**

On 1<sup>st</sup> May, 2004 ten new member states joined, their Accession Treaty determined a special financial a specific financial asset for the period 2004-2006, completed by two decrees of the Committee (*EC/140/2004 and EC/27/2004*). In the new member states four so called complementary measures (agricultural environmental protection, early retirement, afforestation, disadvantaged regions and regions with environmental protection restrictions) as well as establishing and semi-autonomous operating farms under restructuring and producer groups, meeting Community standards, technical assistance and supporting the completion of payments between 2004-2006 are carried out by Temporary Rural Development Instrument – TRDI and Financed by the EAGGF Guarantee Fund

### **3.2.6. New directions of rural politics between 2007 and 2013**

A basic element for the planning cycle 2007-2013 was the planned reform of rural developmental policy. European Commission using former rural developmental measures, programmes, politics formulated the following statements (*New Perspectives, 2004*)

- *Agriculture and forestry*: Supporting transformation of agricultural structure in progress, sustainable rural development as well as setting up a balanced relationship among rural and urban areas are still needed.
- *Broader interpretation of the rural economy*: In order to maintain viability and survival of rural communities, diversification of economic activities are needed.
- *Food quality and safety*: European citizens assign great importance to the quality and reliability of food, and the protection of animals and the rural environment.
- Access to public services: in many regions difficult access to public services, shortage in alternative work possibilities and age structure decreases development potential significantly.
- *Total area of EU*: rural developmental policy has to expand to the total are of the expanded EU.
- *Cohesion*: rural developmental policy of the EU contributes to economic and social cohesion significantly that need further strengthening.
- *Participation of stakeholders*: those who are committed to the sustainable economic, environmental and social development of the EU rural territories have to take part in the creating rural developmental measures.

- *Partnership*: rural developmental policy – considering subsidiarity requirement – has to be realized through the partnership of civil sphere, private sector and the organisations of civil sphere.
- *Simplification*: significant simplification of mechanisms of EU rural developmental policy, programming, financing, control is absolutely needed.

Next stage for reform in Common Agricultural Policy was ordering financing the two pillars to different – newly set up – funds. From 2007 European Agricultural Guarantee Fund supports the first pillar while the second one is financed by European Agricultural Fund for Rural Development. Measures concerning rural development and tripled amount of financial resources have been compressed into a single, unified framework.

The Commission finalized its draft of decree on (COM(2004)490) on rural development grants to be paid from European Fund for Rural Development in July 2004. According to it rural politics concentrates on three main operational areas – food economy, environment and rural economy and population in a wider sense. For this direction four objectives (axis) were allocated.

Aim of the measures connecting to the first axis is the improving the competitiveness of agriculture and forestry by supporting restructuring. Within the priority four measurement groups can be separated. In case of developing human resources former types for support remained as well as supporting young farmers, early retirement, technical education and demanding agricultural consultancy services. Another element for supporting restructuring is the development of physical capital potential. Measures are in connection with farm modernization, infrastructure development, increasing value added of products, remediation resulting from natural disasters. Investments increasing the value of forests also entitled for support. Third measurement group concerns the improvement of agricultural and food product quality. Its elements are meeting community standards, participation in food quality programmes and supporting their informing and promotional activity. Temporary support of restructuring of semi-subsistence farms and setting up producer groups operating in the new member states belong to the fourth group.

*Measures of the second axis* promote state improvement of rural areas and natural environment with support for land use. Two main groups of the measures are made up by sustainable agriculture and sustainable forestry. In both groups financial resources can be given to areas of Natura 2000, agricultural and forest protection as well as non-economic activities. Besides in the framework of agricultural measures farmers in a disadvantageous situation due to mountains and other natural conditions can get support. First afforestation of agricultural and non-agricultural areas, first establishment of agricultural and forestry systems in agricultural area and restoration of lower production level due to natural damage are among forestry measures.

*Third axis* promotes improvement of life quality and diversification of economic activities in rural regions. Spreading non-agricultural activities, supporting foundation and development of micro-enterprises are elements of diversification measure group of economic activities, promoting tourism and supporting protection, development and handling of natural heritage. Among the measures improving life quality we can find supports to be granted to establish basic services and village development, renewal, protection of historical heritage. Further measures give support for professional training

and to acquire necessary competences in order to develop and execute of local developmental strategy.

These four, thematic objectives are completed by *a fourth one*, LEADER axis whose support can be demanded by those who accept to execute their local rural developmental strategy, cooperation projects and operate a local action group according to the LEADER approach.

In the rural developmental strategy of the member states all the three priority axes have to appear, therefore the Commission minimum levels for every area. According to this by national rural developmental strategy at least 10% of the total support has to be allocated for the first and third pillar, while at least 25% for the measures in connection with the second axis, while at least 5% has to be available for LEADER-axis share.

By 2005 July, the Commission made – the new rural developmental decree (plan) according to its specification – draft of decree concerning the rural developmental community guidelines of 2007-2013 period (*COM(2005)304*) which was debated in autumn by the Commission. Member states had to develop their national rural developmental plans in harmony with these six strategic guidelines and proposed measures in connection with them by the first half of the year 2006.

*Strategic guidelines determining EU rural politics between 2007 and 2013:*

*1. Improving the competitiveness of agricultural and forest sectors*

According to the guideline to be part of the first axis, resources in connection with the axis have to promote the development of a strong and dynamic European food sector while support has to be concentrated on the priorities of support, knowledge transfer and innovation in food chain as well as sectors to have priority from a physical and human capital investment point of view. Member states have to consider needs of young farmers when developing their package of measures. Fields of actions:

- *Facilitating access to innovation and R&D:* introducing new products and procedures in order to increase the performance of smaller processing plants and farms, spreading new cooperation forms.
- *Improving integration in food chain:* creating and distributing new products in rural farms, retaining more values in the countryside through quality programmes, improving judgement of European products overseas, consultancy and support to meet community norms.
- *Promoting application and spread of information and communication technologies:* supporting development of ICT in food sector, completing future initiatives of the Commission.
- *Promoting dynamic entrepreneurial spirit:* developing strategic and organisational knowledge.
- *Looking for new trading areas for agricultural and forest products:* supporting investment and training in case of non-food production.
- *Improving environmental protection performance of farms and forestry:* investment into growing environmental protection performance.
- *Restructuring agricultural sector:* preparation for change in agricultural sector, supporting training and retraining for farmers.

*2. Improving state of environment and countryside:*

Related guidelines focus on three EU level priority areas: biodiversity, protecting systems of farming and forestry of big natural values, water-, and climate change. Measures have to

contribute to the realization of Natura 2000 goals, reversing decrease in biodiversity in connection with Gothenburg-taking and performing objectives included in Water Framework Directive and Kyoto Protocol.

- *Promoting environmental protection services and animal-friendly farming practices:* supporting operation beyond steps necessary to ensure compliance with community standards.
- *Preserving cultivated soil:* Supporting suitable farming system that have important role in maintaining attractiveness of landscape and countryside and that is part of the cultural and natural heritage.
- *Fight against climate change:* reducing the emissions of greenhouse gases, preserving carbon dioxide-absorbing effect of forests and role of organic substances in soil composition.
- *Strengthening contribution of organic farming to environmental protection and animal welfare measures*
- *Promoting initiatives advantageous from an environmental and economic point of view:* producing environmental protection goods that may strengthen the identity of rural region and food industry products and through tourism can serve as a basis for growth and job creation.
- *Promoting regional balance:* measures concerning land use can influence spatial distribution and territorial cohesion of farming activity in a positive way.

### 3. *Improving life quality in rural areas and promoting diversification*

According to the direction, resources to be part of the third axis have to promote the priority of job creation above all. Measures mainly have to direct to capacity building, skill acquisition, organising the development of local strategy and to retain attraction of rural regions considering needs of women and young people. Action fields:

- *Increasing economic activity and employment rate in rural economy of broader sense:* tourism, craft industry and sales of accommodation gives opportunity to economic diversification and creation of micro-enterprises.
- *Promoting entry for women to the labour market:* developing childcare infrastructure, promoting launch of small enterprises in connection with rural activity.
- *Developing micro-enterprises:* purchasing devices, education, and training.
- *Education of young people for traditional rural knowledge:* young people use their knowledge in areas of tourism, free time activity, environmental protection services, and quality product production.
- *Promoting application and spread of information and communication technologies:* supporting rural ICT initiatives that promote IT application of local farms and rural businesses.
- *Development of providing renewable energy sources and its innovative application:* it contributes to create new trading area for products of agriculture and forestry, to provide new services and to the diversification of rural economy.
- *Promoting development of tourism:* increased application of ICT in the area of reservation, marketing, service planning and free time activities.
- *Modernising local infrastructure especially in new member states*

### 4. *Building local capacity in favour of employment and diversification*

According to the directive to be the part of the fourth axis, available resources have to contribute to the realization of the first free (but mainly the third) objectives, besides they

contribute to the improvement of management and the utilization of endogenous developmental potential of rural areas. Action fields:

- Development of local partnership capacity
- Promoting partnership of common and private sector
- Promoting cooperation and innovation
- Improvement of local management.

#### *5. Transferring priorities into programmes*

According to the direction member states during the development of their national strategic plans and rural developmental programs beside their rural developmental objectives and priorities they have to consider other, connected EU level strategies as well (e.g. organic farming, forestry, renewable energy sources). In order to support improve management and execution more means will be available on EU and member state level.

#### *6. Complementarity of community instruments*

Guidelines call attention to synergy among structural, employment and rural developmental policies. Member states have to provide complementary and coherence within a given region and areas of action financed from structural funds.

### **3.2.7. Verification and reform of the Agricultural and Rural Politics of the European Union in 2008**

On 20<sup>th</sup> November, 2008 European Commission accepted it's so called Health Check plan in order to simplify and modernise common agricultural policy of the European Union. Supervision was based on the approaches launched by the reforms of 2003; it intended to improve its political operation and also wanted to make agricultural policy to be suitable for operation according to the expanded membership. Three main questions were asked.

1. How can single payment scheme be made more efficient and simple?
2. How can be market support scheme assets set up for six member states transformed to meet the increasingly globalized world and the requirements of the European Union having 27 member states?
3. How to face new challenges in connection with climate change, organic fuel, water management and biological diversity? (Dorgai 2010)

Main elements of the reform:

- Decreasing direct payments: Direct payment transformation is among the objectives of supervision. The Commission intended to decrease the difference among the three different support methods (historical, regional and mixed approach). It intended to restrict the scope of supports concerning certain products. It wanted to simplify conditions of mutual commitment. Among the different proposals were increased of lower limit of land size (0.3 hectare), perhaps the introduction of minimal support amount. They intended to restrict or – according to another concept – above certain amount limits they intended to decrease the upper limit for accessible support amount in strips. At the same time when determining the upper limits they would consider the economic sustainability of big farms and plants and also not to be able to avoid the regulations by cutting the farms (Nagy 2010).

By decreasing amounts of payment varying according to the support by speeding up rearrangement planned for a long time between the two pillars of CARP they intended to help with closing up for underdeveloped rural regions.

Table 3/2: Changes in amount of restrictions in direct supports (expressed in %-ban)

Amount of support (in euro)	2009	2010	2011	2012
1-5000	0	0	0	0
5000-99.999	5% + 2%	5% + 4%	5% + 6%	5% + 8%
100.000-199.999	5% + 5%	5% + 7%	5% + 9%	5% + 11%
200.000-299.999	5% + 8%	5% + 10%	5% + 12%	5% + 14%
300.000-	5% + 11%	5% + 13%	5% + 15%	5% + 17%

Source: CAP Health Check document details

- *Cereal intervention*: According to the final version accepted by Council of Agriculture Ministers there will be the present compulsory procurement system in force on wheat intervention up to 3 million tonnes on EU level, that means that up to the assigned quality procurement will be done for 101,31 €/tonnes price. For bigger quality tendering system will come in force therefore intervention offerings have to be sent by tender and the Commission will decide on its acceptance.
- *Milk quota*: Biggest dispute is the transformation of milk quota system. The Council finally accepted the proposal of the Commission according to which from 2009 milk quota will increase by 1% every year for 5 years before it would finally cease in 2015.
- *Modulation*: Within the framework of the compulsory modulation in EU 15 support of every farm with direct income support more than 5000 euros (amount above 5000) will be decrease by 5 %. Support to be withdrawn in this way will be regrouped to rural developmental objectives that member states can be spent on programmes concerning the issue of climate change, renewable energy resources, water management and biological diversity as well as the areas innovation area in connection with them in the future and measures in milk sector.
- *Production related grants*: production related support can be given until 2012 in case of rice, dried fodder, and crusty fruits. Beef and veal slaughter subsidies also have to be separated until 1<sup>st</sup> January, 2012 (mother cow can get production-linked subsidies in the future too). The Council disapproved of prolonging production-linked subsidies in connection with tobacco until 2013.
- *Termination of set-aside*: In EU-15 for sowing area of GOFR (cereals, oil-, protein-, and fibre plants) plants there was 10% compulsory set-aside in force that was decreased to 0% by 2008. The supervision terminates compulsory set-aside from 2009.

There were significant debates on new reforms of Common Agricultural Policy. For example debate arose between European Parliament and the European Commission modified the original concepts on several points. Vast majority of European Parliament voted for the report presented by Lutz Goepel, populist politician on changing the reform. *Goepel Report* attacked then European Parliament voted against cutting agricultural subsidies by 45% above 300 000 euro. They intended to decrease the percentage of subsidy withdrawal and at the same time they proposed to regroup withdrawal in rural developmental pillar. Both proposals were realized.

Goepel Report called the attention that the Commission's original submission would lead to a decrease in workforce employed in different large plants as well as splitting farms, so in order to avoid this dangerous there should guarantee be built into the new payment scheme.

Representatives agree to decrease cereal intervention on zero level in the future and with further consideration of the intervention system they also agree on changing the older

system with safety net in crisis situation in the future that Common Agricultural Policy will need when considering environmental and climate change. Politicians of the Parliament called upon the Commission to introduce a new fund considering the increasing numbers of natural catastrophes so with its help they could set up a community level insurance system in case of climate and environmental catastrophes. According to Goepel Report it would be important to finance risk prevention measures from the first pillar of CAP that was created for market support in the future. While Hungarians urged to strengthen first pillar of CAP in order to have enough amount of subsidies in disadvantageous regions as well, Swedish people had an opposite point of view because they urged to increase the budget of the second pillar on the expense of the first one by regrouping supports.

In connection with the reforms two camps of the member states emerged. One of the camps was made up by “interventionists” including about 20 member states, while the other camp was created by “pro-market party” including 7 member states.

According to the members of the pro-market dominance of market force should be in the focus of CAP operation. Whereas interventionists claim that existing results should be preserved and human factor should also be considered. For example Germany, France, Poland was the member of this group.

Main point of view of France was to give bigger protection to agricultural producers as prices of food and raw material increased globally in the past years. For this purpose high rate of decrease in EU budget can be misleading because Agricultural Policy is the biggest common level policy within the European Union. Austria also expressed its worries as for the concepts of the Commission. According to the point of view represented by Austria there should balance be made between the first and second pillars of CAP (direct payments and rural development). According to the point of view of Lithuania introduction of genetically modified products into the market is inevitable, they also urged innovations for example the usage of organic fuel.

Polish agricultural leaders supported equality between subsidies to be given to the farmers of former and new members. Besides this, Poland also supported the theory to divide production and support.

Hungarian ministry leaders complained about giving bigger support to plant production facing animal raising that generates tension between farmers.

### **3.2.8. The future of the agricultural and rural politics of the European Union**

According to the point of views emerged in the debates of 2008 EU agricultural and rural policy are formed in the designated areas of food market – agricultural environmental protection – rural development. Most strategic questions are:

1. amount of direct payments and implementation of equality principle in distribution among the countries;
2. introducing risk management instruments and their size helping with reacting environmental dangers;
3. application of market regulatory instruments and their size;
4. importance and priority of rural development.

According to these factors with undecided results Attila Jám bor outlined three possible scripts:

- (1) According to the first option in the most areas considered to be critical in Common Agricultural Policy in terms of continuousness and predictability adjustments making long term planning possible do happen while bigger changes do not.

- (2) Second option: reform in terms of sustainability, fairness and effectiveness focusing on growing value-added and reacting to economic, environmental and social challenges.
- (3) Third possible direction: a more comprehensive challenge decreasing income supports gradually, focusing on environmental sustainability, climate change (Jámbor 2010b)

*Table 3/3: Possible scripts of EU rural policy*

Name	Direct supports	Measures of product path	Rural development
1. option	Introducing more equal treatment among the member states	<ul style="list-style-type: none"> <li>• Supporting risk management instruments</li> <li>• simplification of market instruments in force</li> </ul>	<ul style="list-style-type: none"> <li>• Continuing previous way with supporting climate change, water protection, biodiversity, renewable energies and innovation increasingly</li> <li>• Supporting risk management instruments</li> </ul>
2. option	Introducing more equal treatment among member states with following changes: <ul style="list-style-type: none"> <li>• introduction of basic amount</li> <li>• complementary support for producing public goods</li> <li>• complementary support for farmers in disadvantageous environment</li> <li>• support in connection with voluntary production in special cases</li> </ul>	<ul style="list-style-type: none"> <li>• Simplification and development of market regulatory means in force</li> </ul>	<ul style="list-style-type: none"> <li>• Supervision of present measures, supporting environment, climate change, structural transformation and supporting innovation in order to meet local requirements,</li> <li>• Introducing risk management means and “green box” support for income stabilization</li> <li>• Reallocation of subsidies among member states</li> </ul>
3. option	<ul style="list-style-type: none"> <li>• Terminating system of direct supports</li> <li>• Supporting production of public goods and in disadvantageous environment</li> </ul>	<ul style="list-style-type: none"> <li>• Cancellation of all market regulations except for the measures to moderate possible disorders</li> </ul>	<ul style="list-style-type: none"> <li>• Introducing measures that focus on environmental protection and climate change</li> </ul>

*Source: Jámbor 2010b*

European Commission published its first official proposals for the period 2014-2020 of Common Agricultural Policy in October 2011. According to it the two pillars remain. First pillar contains market regulatory means as well as instruments in connection with direct payments, while second pillar remains rural development in the future, too, whose realisation is done by co-financing with harmonising union level with national, regional and local goals.



**Allocation of first pillar resources** will be carried out in two groups from 2014 according to the proposal.

Compulsory Grants:

- *Basic support:* 40% of total support framework has to be allocated for these purposes. Basis of entitlement for the support is the number of hectares. Every area can get support where agricultural activity is done or where no subsidy can be given because of environmental reasons.
- *Green component:* Green supports make up 30% of the framework. Here more serious conditions are set up to get support. Size of the area has to be 3 hectares and 3 different plant species have to be produced on it every year. At least 7% of the area has to be used for ecological purposes (landscape conservation, afforestation, and set-aside).
- *Young farmers:* Those are entitled for these supports who have not reached the age of 40. Support size is 2% of the total allocation and can be demanded for maximum five years.

Voluntary grants

- Maximum 5 % framework can be allocated to support areas with natural disadvantages
- For the support of production, maximum 10% can be allocated that has to be given to significant special sectors from environmental, economic or social point of view.

One of the main changes of the current support system that single market regulatory measures will be introduced that involves support for interventional procurement and private storage. These will come out of the existing first pillar and their further finance will be solved from Agricultural Crisis Reserve that means altogether 500-600 million euro support per year.

According to the proposal the following produces can be offered for intervention procurement.

*Table 3/4: Expected changes according to the European Commission*

<b>Period</b>	<b>Produce name</b>	<b>Price (euro/ ton)</b>	<b>Quantity for procurement</b>
1 <sup>st</sup> November – 31 <sup>st</sup> May	wheat, barley, corn	101,3	3 million tonnes
1 <sup>st</sup> April – 31 <sup>st</sup> July	rice paddy	150	Tender
1 <sup>st</sup> March – 31 <sup>st</sup> August	skimmed milk powder	1698	109 thousand tonnes
All year	beef and veal	2224	Tender

*Source - CAP 2014-2020*

Currently applied tendering system remains above intervention of maximum qualities indicated in the table.

During determining the allocation principles for **the second pillar** they postulated that backwardness of rural regions did not decreased in a way they expected when setting up the former reform programmes. In the countryside poverty still has role therefore continuous migrations happen from rural areas toward city centres. For this reason European Union sets up a more conscious support policy.

- A Common Strategic Framework (CSF) was created that covers EAFRD, ERDF, ESF, Fisheries and Cohesion Funds and like this, supports the realization of developmental

concepts in a single system, support for a given developmental program will be available from more funds.

- Fulfilment of strategic objectives will be also made more severe. The Commission will enter into a Partnership Agreement with the Member States to provide sources, in which developmental programs have to adjust closely to the intervention priorities determined by the Commission (thematic objectives).
- Three main axis ((1) competitiveness, (2) forest and agricultural land use, environmental protection, (3) improvement of rural life quality and rural economic diversification) will be changed by 6 priorities:
  1. Promoting innovation in agriculture and forestry;
  2. Increasing competitiveness of the agriculture and vitality of the farms;
  3. Promoting organisation of food change and risk management in agriculture;
  4. Preserving and strengthening ecosystems depending on agriculture and forestry;
  5. Promoting effective application of resources, decreasing carbon emission and its usage of food economy.
  6. Reducing social exclusion and poverty as well as promoting economic development.(Mészáros)
- A risk management package of measures appears in three points:
  1. insurances for incidences of damage in cultivation and animal raising;
  2. for handling environmental accidents as well as for plant and animal diseases;
  3. income stabilization support whose condition is that farmer's income decrease by more than 30% in any three-year period compared to the previous five year average. (stabilization support cannot be more than 70% of the loss of income.)
- Farmers of disadvantageous areas get further annual area-based compensation to moderate their additional charges and their low income. Member states can allocate the amount of support from their second pillar resources, but this cannot be more than 10%. Those regions that are not mountainous but unfavourable from a production point of view for other reasons, can only get support if they prove that their farmland has bad drainage, too cold or dry for suitable production or has salty or acid-containing soil.

According to the plans new CAP will be “**greener**” and **more equitable**, in which smaller farmers and young farmers can get bigger chance.

### ***3.3. The LEADER approach<sup>2</sup>***

#### **3.3.1. The history of LEADER**

In the European Union in 1991, LEADER that was launched as an experimental programme under Community Initiatives gave up the practise of former centralised rural development, top-down management and included a method not applied before in rural developmental programming, bottom-up initiatives. As main characteristics of the program local level partnership, transparency, subsidiarity, accountability and promoting local initiatives can be determined. Essence of its applied method is that it supports local population to be able to develop and realize its own developmental strategy for its own region with the involvement of local resources. LEADER program was launched with a very low budget and small scales. Development and test of innovative models support of local developments on partnership basis and building network of local initiative

---

<sup>2</sup> This chapter was written on the basis of LEADER Guide (2006) published by the European Commission.

developments were determined to be the main objectives. LEADER I 217 supported local action group and its budget was 400 million ECUs. In the second phase of the program (1994-1999) the number of projects, amount of spent resources and the covered geographical areas under LEADER II increased approximately four-fold compared to the earlier period. Principles remained unchanged but among the main objectives innovation, international cooperation, environmental protection got a highlighted role. LEADER put much bigger emphasis on activating local communities therefore 850 local action groups and 59 other participants were involved in the program. (*European Mirror*, page 76. 74-79.)

Community Initiative of LEADER+ maintained the main features of the previous two successful programs. Important change compared to the nineties that both rural regions of the European Union are entitled for LEADER+ support. Three objectives of the initiatives:

1. establishment of experimental integrated development strategies for the development of rural regions on the basis horizontal and bottom-up initiatives.
2. improvement of cooperation among rural regions within the country and across the borders
3. development of relationships among the actors

Budget increased significantly to 5046.5 million Euros. Supporting the establishment of region based, multi-sectorial, integrated developmental strategies, preferring bottom-up initiatives, activating local population, strengthening relationship network and innovation, and supporting local initiatives all remain important elements. (EU homepage LEADER+)

From 2007 Leader approach is built in EU general rural developmental policy. This means that Leader is part of the national and regional general rural developmental programmes supported by the EU beside other numerous rural developmental axes. Financing Leader was done from EAFRD from 2007.

From period beginning in 2014 LEADER methodology is intended to be expanded for the whole of EU Cohesion and Structural Policy. Under CLLD (Community Led Local Development) principles and developed measures of LEADER is applied not only for rural regions and in rural regions but also beyond the framework of EAFRD.

### **3.3.2. Seven principles of LEADER**

According to the main concept behind the Leader approach, developmental strategies are more effective and more efficient because of the diversity of the European rural areas, if local actors make decision and execute them on local level beside clear and transparent measures, supporting the administration concerned and by providing necessary technical aid with the good practice.

Difference between Leader and other more traditional rural political measures is that Leader assigns the mode for implementation and not its object. Leader-approach can be summarised by the six important principles fitting in unified approach. Through the whole executive process every principle completes and has positive effect of the others, they have durable effect on the dynamics and problem solving ability of the rural areas.

## **1. Area-based local development strategies**

Area-based approach consider smaller, single, connected area in a social point of view, often with common tradition, local identity, with sense of belonging or common needs and requirements to be the target area for implementation. These reference areas facilitate to recognise the weak and strong points, fears and possibilities of the given area as well as the identification of most important key bottlenecks. Area based approach means mainly local level approach.

This approach is more functional than other approaches because it makes possible an intervention that is precise deliberate and more suitable for real needs and local competitive advantages. Chosen areas have to have enough coherence, human, financial and economic resources in order to promote suitable local developmental strategy. Areas do not have to meet pre-determined administrative boundaries.

Determination of “local area” is not universal and not closed. On the contrary, it also changes and develops according to wider economic and social changes, role of farming, land management and environmental issues and general views of rural areas.

## **2. Bottom-up approach**

Bottom-up approach means that local actors participate in decisions in connection with strategy and choose priorities to follow for their local areas. Experiences show that bottom up approach must not to be considered as an alternative or the opposite of top-down approaches of national and/or local governments, in terms of better overall results their connection and effect on each other is more desirable.

From the seven principles bottom up approach is the more distinctive. A rural politics to be the most appropriate for this approach has to be developed and it has to be implemented in the most suitable way to meet the requirements of the target community. For providing this one mode is asking local stakeholders for management and participation.

Involving local actors widely involves different economic and social stakeholders as well as typical public and private institutions. Development of abilities is the basic component for bottom up approach and includes the following:

- measurement of weaknesses and strengths of the area through analysis, raising interest of local population as well as their training, participation and mobilization;
- participation of different stakeholders in establishing local developmental strategy;
- Creating clear criteria for choosing suitable measures (projects) on local level for the realization of strategy.

Participation would not restrict to the initial phase, what is more it would also expand to the execution phase, in this way it would contribute to the strategy, to realize chosen projects as well as to deduce lessons of future experiences and for learning. We also have to deal with important issues of transparency during mobilization and consultation measures though dialogues and negotiations with participants in order to reach consensus.

Determination of “local area” is not single and final. On the contrary, wider economic and social changes, role of farming, land management and environmental issues, general view on rural areas also develop and change.

### **3. Partnership of public and private sector: local action groups (LAGs)**

Local partnership, that is setting up “local action groups” (LAG) is the original and important component of Leader-approach. Tasks of LAG are establishment and execution of local developmental strategy, making decision on distribution of financial resources as well as handling resources. LAGs are able to have effect on sustainable development efficiently for the following reasons:

- Connecting and mixing of available human and financial resources of public sector, private sector, civil society and volunteers.
- merging local actors through common projects and inter-sectorial measures in order to improve synergy, common ownership and enough resources for economic competitiveness.
- through consultation and dispute strengthening dialogue and cooperation among the different rural actors with decreasing possible conflicts and promoting solutions to achieve agreement as these actors have little experience in this field;
- through interactions of different partners, promoting transition and change processes, integration of environmental issues, diversification of rural economy of the agricultural sector as well as better life-quality.

LAG has to connect partners of public and private sector and realize equilibrium of local stakeholders emerging from the social and economic sectors of the area and its suitable representation. At least 50% of the local partnership has to be available for decision making partners of private sectors and associations.

LAGS can operate according to access to Leader support or also on ad hoc basis or on partnership basis established previously. LAG set up by specialists and decision maker organisations supported by team represents such and organisational model that can have positive effect on the realization of special policies. According to the experiences, a lot of LAG developed with different size of autonomy regarding common features, different regional and national politics and institutional organisation forms, as well as project approval and financial management. In certain member states, role and responsibility of LAGs are in parallel with Leader-approach reputation.

LAGs decide their direction and content of local rural developmental strategy as well as finance of different projects. Payment on the basis of projects chosen by LAG is often done in most cases by payment authorities dealing with public funding and not directly through LAG.

Most active rural actors in local initiatives are the following:

- professional organizations and unions (representatives of agricultural farmers; professionals not dealing with farming and micro-enterprises);
- professional associations;
- citizens, individuals with residence and their local organisations;
- local political representatives;
- environmental associations;
- cultural and community service providers, including media;
- women associations
- young people.

Tasks of local action groups:

- determining stakeholders in common projects of the given area

- readiness for new attitude of autonomous decision making and local resources;
- connecting different measures;
- grabbing new possibilities from mixing different local resources;
- aptitude for innovative ideas
- ability to connect and merge separate sectorial approaches.

Significant portion of management tasks (that means choosing project, payment, supervision, control and assessment) in connection with individual measures is part of the responsibilities of the local action groups. At the same time autonomy of LAGs changes in a great extent as a function of administrative and institutional framework of the member state. Global support is the most general form of Leader-projects and measures. Such – on the one hand EU, on the other hand commonly financed supports by national public funds – supports cover the financial needs of a project to a different extent according to the project and the type of the area.

#### **4. Promoting innovation**

Leader can play a valuable role in promoting new and innovative approaches of rural regional developments. Degree of freedom of LAGS and decision making in connection with supportive measures promote innovation.

Innovation has a broad meaning. It can mean launching a new product, a new process, a new organisation or a new market. General definition of innovation is valid for rural and urban areas as well. At the same time, due to the low population density, low level of human and physical resources of rural areas, its connection with research and development centre is weaker; therefore they can find it difficult to realize industrial innovations whereas it is certainly possible.

Innovation in rural areas can contain taking over and improvement of innovation developed elsewhere, modernisation of traditional special knowledge as well as search for new solutions for rural problems existing for a long time for which other political interventions cannot find solution that is suitable and can be sustained for a long time. This can result new answer for rural specific problems.

Introduction of Leader approach and its seven characteristics can mean a completely new innovation in political decision making and can realize innovative measures by the original accepted policy making. For example the bottom-up approach mentioned above, can help with the emergence of new project ideas that can be supported by LAG later because they do not conflict a whole range of predetermined measures. Application of information and communication technologies can be an important channel for wide access for rural people's innovation in rural areas.

#### **5. Integrated and cross-sectorial actions**

Leader is not a sectorial development program; local development strategy has to meet considerations integrating more functional sectors. Actions and projects in local strategies have to be linked and have to be managed as a coherent whole. Integration can concern actions in one single sector, full program action or specific groups of actions what is more it can also concern economic, social, cultural and environmental actors and sectors as well as to a bigger extent.

## **6. Networking**

Networking includes exchange of results, experiences, and expertise among Leader groups, rural areas, public administrations and organisations playing role in rural development within the EU whether they are among the direct initiatives of Leader or not. Networking is an instrument for the transfer of good practice, distribution of innovation and building based on lessons learned from rural development. Networking creates relationship among people, projects, rural areas furthermore they can promote exemption of isolation for certain regions. It can promote cooperative projects by creating relationship among Leader groups.

Different forms of network are the following:

### **(1) Institutional networks**

These are financed by European Commission that also determines their role. EU supports the operation of European and national level structures in network that connect Leader groups, administrations, and stakeholders taking part in rural development. Types of institutional network types from 2007:

- European Network for Rural Development – with the leadership of the Commission;
- National Rural Network – that is set up in every member state.

At the beginning, network activities were focused on only Leader, however since 2007 they have been extended for a range of other rural developmental issues. They will get professional assistance and they will begin such practical activities like preparation of publication that describes different aspects for rural development, organising seminars, analysis of rural development measures in order to establish the good practice, assessing development guidelines for rural areas, editing homepage and helping Leader groups with searching for potential partners and launching cooperative projects. European Network operates on behalf of exchanging experience while as a meeting point for national networks and public administrations of member state. Participation in network activities is compulsory for Leader groups operating from EU subsidies, but other groups can also take part in it in order to exchange knowledge and experiences with the network.

### **(2) National, regional, and local networks**

Networks or associations of Leader groups in certain member states (see also networks of Irish and Greek groups), as well as on European level (see European Leader Association for Rural Development) ELARD – see their contact details in the part of Contact points) in a more informal form, they are also established or at least appear on local, regional or national level.

## **7. Cooperation**

Cooperation goes further than operation in in network. A local action group means realization of a common project with other Leader group or a group of another region, member state or even a third country working with similar approach.

Cooperation can help with bosting local activities of the Leader groups. It makes possible to solve their certain difficulties or increasing local resources. In this way for example there can be a good chance accessing the necessary resources of the viability of a special project or just promoting complementary measures: for example common advertising

activity of Leader groups in regions that specialize in the same particular product (chestnut, wool, etc.) or touristic initiatives based on common cultural heritage (Celtic, Roman, etc.) Cooperative projects are not only simple exchange of experiments. They include a common project determined, possibly managed in common structure. According to Leader there can be two possible cooperation types:

- inter-regional cooperation: cooperation between two different rural regions of a member state. This can be also realized among Leader groups, and is also open for other local groups applying similar participation approach;
- cooperation between nations: cooperation at least among the Leader groups of two member states or with groups from a third country following similar approach.

### **3.3.3. Application of LEADER on local level**

Involvement of local actors in areas where Leader has not been applied usually starts when it becomes clear that a member state or a region will apply that in the future (for example during EU accession), therefore it has to publish a call for tender in connection of possible Leader groups. In ideal conditions the following steps are part of the application process of Leader approach.

#### **a) Development of abilities**

This is the first step when applying Leader approach on local level. For successful operation of innovative approach local actors must have or must acquire the necessary capacity in terms of human resources that are committed to realize project ideas, expertise and special activities and certainly necessary financial expertise for their management. Earlier this process was often realised in practise through the principle of learning. For today experiments theoretically make the situation easier. Application of network and other communicational means give a big help for realizing capacity because it provides not only Leader related information but also serves to call the attention of the local actors interested in local developmental strategy and to projects in connection with them, in this way creating necessary resources with this. Development of abilities is not individual but such a community activity, in which rural stakeholders get information regarding the approach and its application with this making possible its spread, participation in it and acquisition of profit.

#### **b) Connecting local actors**

Second step is often organising meetings or seminars on local areas in order to connect most important stakeholders so in this way new ideas could emerge and local actors could debate the necessities of their area for sure. There are several modes for calling local actors: seminars, workshops, public meetings, media and telecommunication, finally fairs and exhibitions are the most general tool for gathering local actors so they can discuss their common interests and can get to know different views and projects on their region.

#### **c) Territorial analysis**

Detailed analysis of rural territory is indispensable. Core for this is “territorial capital” is the survey of values in the territory (people, activities, landscapes, heritage, expertise): it is not about their inventory but their unique characteristics that can be developed. During the



analysis of these factors and analysis on territorial basis key elements have to lead to the determination of possible, specific local developmental strategies for the rural area in question. Realisation of territorial analysis obliges all local actors for the development of medium and long term ideas. Although professional knowledge is important during the analysis, it is important that different prospects for the future and best strategic ideas have to get chance for public discussion and to develop high level of consensus in this way.

#### **d) Identification of existing activities/ initiatives**

In connection with territorial analysis, crucial step of Leader process for local actors is the survey of the existing rural development measures that are under execution. Establishment of the existing initiatives is basic for the decision making on whether to build on or to replace them. This also decreases the risk of possible repetition.

#### **e) Establishment of partnership**

In analysis phase bottom-up approach (through giving information) calls for attention raising and commitment in order to analyse strengths and weaknesses of the rural area as well as determining needs and expectation (realized by participatory research method). This phase targets the whole community as well as active groups managing the process. During planning phase of the territory strategy choices (identifying themes/projects that need financial support and have priority), bottom-up approach needs participation of different stakeholders (for example by setting up unique working groups).

Calling together local actors and territorial analysis make the identification of those people easier who have to be involved in the partnership of the public sector and private sector as well as those who manage execution. This can lead to the establishment of local action groups. LAG is a partnership that executes local development strategy within the community.

#### **f) Preparation of local developmental strategy**

Local development approach is composed by document of local developmental strategy. In this we can find setting up objectives, determination of strategic priorities and ranking of measures to take. Local developmental strategy can mean basis for support application – to be sent to the call for tenders organised by the member states or Leader regions. Member states or regions choose suitable LAGS and transfer the necessary budget to execute their local strategies.

### **3.4. Rural politics of the USA<sup>3</sup>**

Supporting agriculture from central budget in the United States started after the Great Economic Crisis under “New Deal” and began in the years of the 1930s. Most important form of the support at that time was price supports given to the farmers.

Rural territories of America and economic role of agriculture changed significantly similarly to the other developed countries in the past decades. These changes resulted in the modification of the system of agricultural supports and the rural politics in connection with it. One of the directions of the change is that beside agricultural activities support of other measures on influencing living conditions for those who live in the countryside were also involved in Farm Bill that is accepted every six years. Single rural development policy that was established on a central level cannot serve rural regions with extremely different development, therefore political waste majority of decision making are intended to install on state level or even lower.

#### *Rural development package of 2002 Farm Bill*

From nine chapters of Farm Bill of 2002 the sixth one deals with rural development (Title VI Rural Development). Package program of rural development consists of four subchapters and groups of measures. These and the priorities formulated in them are the followings:

##### *Program for strengthening rural communities*

1. Making comprehensive and strategic regional plans and their implementation.  
Within the framework of Rural Strategic Investments Program regional business communities are supported that develop and realize regional rural developmental strategies.
2. Development of sewage and water management  
Within the action group they manage settlements with a population less than 3000 with high priority, which get support for preparing their feasibility study on sewage management, environment protection and feasibility study.  
They support the establishment of revolving loan of non-profit organisations to be allocated for water and sewage disposal or subsidy that local population can spend on digging wells.
3. Telecommunication programs  
In settlements with less than 20000 populations there is an endeavour to build wide wavelength telecommunication devices, to establish National Rural Telework Institute and to extend electronic commerce that improving quality for the increasing number of small enterprises in rural regions.

In the framework of the program, such rural communities (settlements) can submit a tender with having a population of maximum 30000 that are significantly underdeveloped compared to the national average, affected by high unemployment. During the tender they have to make a comprehensive strategic plan with active involvement of the poorest level. More tender Business Communities can get two types of supports: they may issue bond to finance their development activity that they can only spend on public aims or businesses operating there can get tax allowance.

---

<sup>3</sup> The chapter was made by the application of research results of Tünde Magyar in 2006.

Within the framework of Program Strengthening Rural Communities in 1993 three Enterprise Zones and 30 Enterprise Communities were assigned. By 1998 number of zones (EZ) increased to 8 and of communities (EC) to 50. Until 1998 10000 workplaces could be created and preserved under the program and 25000 young career starts took part in different types of trainings.

Principles of Program for Strengthening Rural Communities are the following:

- *Economic opportunities*: Primary goal is creating workplaces in the rural community. This involves induction of new businesses, extension of the existing ones as well as trainings.
- *Sustainable Community Development*: Economic development can only be successful long term if it is based on a coordinated, comprehensive long term strategy.
- *Establishment of partnerships*: Economic development and community development happens with the active participation of the community that includes participation of business life, local governments, social organisations, minorities and particular poor people with low income.
- *Strategic vision*: Making a comprehensive strategic plan by assessing local problems and possibilities which contain economic development, development of the physical environment, improvement of human resource and community development.

#### *General business development*

##### 1. Supporting rural enterprises

There are different funds available for farmers on rural territories: Rural Business Opportunity Grants, Rural Business Enterprise Grants, Rural Development Loans and Grants and Rural Cooperative Development Grant.

##### 2. Rural Business Investment Program

Aim of the program is supporting capital investments of businesses in rural areas with special emphasis on small enterprises. Beside capital investments it also gives support to cover operational costs.

#### *Increasing value added in agriculture*

Aim of the supports is that manufacturing industrial companies owned by farmers get bigger role in food chains. For this purpose the followings are supported:

1. Marketing development of products having value-added.
2. Training of farmers about new technologies

#### *Development of rural living conditions*

1. Training support for rural fire-fighters and emergency care providers
2. Support for preservation of historical stables

Farm Bill of 2002 assigns a more important and greater role to Partnership compared to the previous ones. Institutional system for Natural Rural Development Partnership (NRDP) was established in this way.

The law gives compulsory tasks to the Partnership:

“increasing and strengthening capacity of certain states and rural communities in order to be able to give flexible and innovative responses to their own rural developmental needs by influencing development on local level and choosing suitable projects and activities.” (Ministry of Agriculture, USA 2003.)

Hierarchical structure of National Rural Developmental Partnership is the following:

*Rural Development Council*

Rural Developmental Councils in certain states hold together key actors of rural development. Councils set up own mission, own structure, operational regulations and action plans. In addition to this states have relationship with the government and the population providing information change in both directions.

*National Rural Development Council*

National Council holds together representatives of governmental councils, and other actors of public and private sector.

*National Partnership Office*

It is situated in the Ministry of Agriculture in Washington and it is the management centre of the Partnership.

Fields of intervention for National Rural Developmental Partnership:

- Agriculture
- Public Health
- Improvement of rural living conditions
- Telecommunication policy
- Welfare reform
- Workforce development

*Community Development Financial Institutions (CDFI)*

Fund under the control of the Ministry of Finance of the USA was established in 1994 with the aim to provide help for underdeveloped urban and rural communities with accessing to loans, investment capital and financial services. Intervention field of the fund has to parts: it encourages establishment for community financial institutions and provide support to “traditional banks” as well if they take part in community development. Such institutions can get capital support from the fund that provide services to underdeveloped communities, have low incomes.

### **3.5. Differences in rural politics**

Despite the obvious trends, similarities interventions made in order to develop rural regions palette of intervention are very diverse by countries. There can be conceptual differences noticed in the rural politics of the USA and the EU, but there can be a lot of difference among the member states regarding which measures of rural development are included in rural development programs and to what extent.

#### **3.5.1. Comparison of the rural politics of the European Union and the United States<sup>4</sup>**

EU and USA are the biggest rivals among the global market actors of the agricultural products. Both follow each other’s agricultural and rural development changes with attention and also consider them when developing their own policy.

Rural development is part of the agricultural policy both in the EU and in the USA. In the USA rural development is one of the intervention fields within the agricultural laws, while

---

<sup>4</sup> The chapter was made by the application of research results by Tünde Magyar.

in the EU besides having a big political emphasis; it is called the second pillar of agricultural policy.

Primary strategic aim of the agricultural policy and support system of the USA is to provide basic food for the population.

"We're a blessed nation because we can grow our own food and, therefore, we're secure. A nation that can feed its people is a nation more secure. A good farm bill must provide a safety net for farmers without encouraging overproduction and thereby depressing prices." (George W. Bush, Prime Minister, 2002)

Rural development issues, which primarily means to support the development of rural enterprises, infrastructure and local services naturally get smaller role. According to the opinion of the critics "For as long as anyone can remember, rural politics has been the distant unwelcome cousin of farm policy" (*Centre for Rural Affairs, 2003*)

Facing defined rural developmental concepts of the EU Commission the government of the USA did not have an endeavour for the USA to make a "rural developmental model" however a general goal is that the people living and working in rural areas should not be disadvantaged in any way compared to those living in the city.

In contrast, EU Commission works on developing a coherent European Model of Agriculture and Rural Development which is based on multifunctional approach of agriculture (environmental protection, nature conservation, land management, food production to meet consumer demand). In this light, the current cornerstone of EU rural politics is in the agricultural environment and food security.

As for the critics, compared to the European Union United States has no coherent rural politics. Groups of programs exist that have effect on rural territories but there are no comprehensive goals or coordinating mechanisms defined.

From another aspect we can also state that EU mainly supports principles (that makes policy coherent) while USA supports people living in the countryside having disadvantages from some aspects, without principles beyond people (that are in some cases contradictory).

It is really true that in the USA many concepts get ground and emphasis under the rural development notion. In 2001 Economic Research Service was charged by the government to make researches in connection with the future of rural regions for example makes difference among 4 fields of rural politics:

4. *Macro-economic policy*. Certain functions can be provided by the central government effectively, for example creating macro-economic conditions for economic growth, but central government has comparative advantage in the analysis of national and rural processes and in providing information that is able to form the direction of politics.
5. *Sectorial policy*: Sectorial policy regulates the performances of certain industrial branches. During crisis intervention it can become protectionist and can prevent economic structural change for rural territories.
6. *Territorial policy*: Territorial policy is the main element of national rural politics which aim is to equalize differences appearing in economic activity, economic development and the ones between the cities and the countryside. However we have to consider that national and international forces that cause the problems of rural regions decrease efficiency of rural political interventions significantly. Therefore emphasis is against these political interventions in order to provide the operation of free market.

7. *National human resource development policy*: This policy gives opportunity to the people to be prepared to enter labour market, acquire new qualifications and to increase the chance of their reemployment.

According to the research results human resource development is the most effective from the four interventions.

Rural Developmental Regulation of the European Union with legal force are solely addressed to agricultural entrepreneurs, only 33 articles of the 9 measures of rural development regulation contain non-agricultural activities. USA addresses farmers in only one rural developmental measure of the 4. Although rural politics of the EU recognise necessity for complex economic development it is strongly linked to agricultural sector in practice.

### **3.5.2. Comparison of the rural politics of the member states of the European Union**

Rural development regulation of EU makes member states possible to set up measures to be supported according to their own priorities from the given measures. Only compulsory provision is the preparation of the environment protection program.

Due to this, member states formulated different measure combinations in their CAP rural development plans. This reflects that intention of the Commission to replace a part of rural development decisions into national scope of authority that which the Commission will hold in a coherent frame bed. Within this frame the member states can move “free” according to their own notions. Different agricultural ecological features, agricultural production structures, agricultural political views can result sharp differences in certain countries.

From the very beginning *France* has been the biggest beneficiary of CAP and also its strongest defender of its support system providing safety. Neither of the countries have such high agricultural investment rate in rural developmental programs as France has.

From measures given by the rural developmental regulation the program includes 23 but only 5 got highlighted emphasis on the basis of the amount for funding (amount for funding in percentage) these are:

- agricultural environment protection (20%),
- less favoured areas (22%),
- processing and sales of agricultural products (22%),
- supporting young farmers (15%)
- agricultural investments (15%).

Frequently stated rural development goals like diversification of agricultural activities, alternative income generation or supporting tourism or craft activities received 0,4, 1% from the budget.

Support for agricultural production has to be made acceptable for the society. For this reason French farmers have possibility to make “social contract” with the state, which guarantees financial support from the state and agricultural producer accepts to produce in an acceptable way for the society from environmental protection and food hygienic point of view.

In 2001 in France 23000 farmers entered into contract with the state whose costs are covered by the rural development program. In total they expect 60000 contracts to be made. 11000 contracts that were made in the first phase resulted in 580 new workplaces

and the preservation of 1143 former workplaces. Half of the contracted farmers are engaged in animal rising. 18% of the contracts can be found in highlands and 11% accept transition to organic farming.

*United Kingdom* is the most dedicated supporter of agricultural production liberalization. In accordance with this it is the only Member State where modulation was permanently introduced. (It was also introduced in France, later in Portugal as well but they were suspended). United Kingdom has shared the point of view for a long time that compensatory payments have to be decreased in degrees. Within the framework of modulation there is a chance for that with this "Setting good example" for other Member States.

Modulation affects every economy, direct supports are increased universally, at the beginning by 2,5%, then by the end of the planning period by 3,5%.

British rural developmental practice is also unique from other point of view. British plans make such project basis financing possible that is also available for farmers and employers outside the agriculture and in general they place great emphasis on the development of non-agricultural activities.

In the United Kingdom England, Scotland and Wales made a separate rural development plan. All of the three plans are similar in a way that they give priority to the preservation of natural values and biggest part of its budget comprises measures of agricultural environment protection and areas with disadvantages. However certain measures are completely missing from all the three plans, these are early retirement, and support for young farmers.

*Ireland* is among those member states, where agriculture has relatively big role in the social and economic processes of rural regions. Whole territory of Ireland is considered to be target area number 1 (it is target area number 1 temporary or it is target area number 1 during the whole programming period), therefore horizontal rural development measures are part of CAP Rural Development Plan in National Development Plan as well as measures that cannot be supported in it are included by other chapter of the National Development Plan.

Chapters also including rural regions of Irish National Development Plan, its sub-categories, and their support rate from the budget are the following:

I. Operative program of producing sector (7%)

- Food industry
- Agriculture
- Forestry

II. Operative program of employment and human resource development (2,5%)

- Food industry
- Agriculture
- Forestry

III. Regional operative programs (20%)

- Agricultural sub-programs
- Local business development sub-programs

IV. CAP Rural development plan (70%)

- Environment protection of the countryside
- Compensatory supports in disadvantageous territories
- Early retirement
- Forestry

Finance of the third three chapters are happens from Community Support Scheme while for the fourth one from CAP Guarantee Fund. Significant part of the total rural development measures of the two programs (70%) are included by four horizontal measures, from which environment protection gets the biggest amount. Measures including agricultural and other rural businesses were formulated by regions and they made up 1/5 of the total budget. Irish agriculture has to face numerous problems because of its CAP reform. Its support system (in which natural endowments were obviously included) before the reform of Common Agricultural Politics is resulted one-sidedness of the agricultural production. 80% of the Irish agricultural production value is linked to the dairy sector. During the reform prices of milk and dairy products will decrease significantly, agricultural production is forced to make structural change. In rural developmental program support of structural change has only secondary role beside environmental protection measures.

Whole territory of *Greece* is a target area number 1 so two plan of documents were made. Horizontal measures of CAP is included by rural development program in which early retirement of the farmers got a highlighted role with the aim that generation change will promote farm concentration.

Among the measures of Community Support Scheme that is financed from Structural Funds there is no highlight for agriculture or food industry, priorities generally support small enterprises without sectorial difference. Only one sector, tourism has separate priority in the national program. EU resource for the measures are European Regional Development Fund and Social Fund, Orientation part of Agricultural Guidance and Guarantee Fund can only take part in LEADER+ finance.

Priorities and distribution of support for CAP rural development program:

- Early retirement (42%)
- Compensation for areas with disadvantages (35%)
- Agricultural environment protection (15%)
- Forestry (8%)

Rural developmental measures of Greece restrict to four horizontal measures. Those possibilities that were given by more optional measures (for example agricultural investments, improvement of rural living conditions) Greece did not use in it rural development program. Probably reason for this is not about Greek agriculture and rural territories would not need development in this way.

*In Spain* formulation of rural developmental programs was carried out on regional level. However there are problems that are common in the whole territory of the country, so measures that were assigned to handle them were summarized in the horizontal program of the country. Horizontal program is applied uniformly for target areas number 1 as well as the target areas outside it with the difference that certain measures are financed from different parts of EMOGA.

Priorities of horizontal measure are the following:

- Rationalization in application of pesticides and irrigation water
- Improvement of viability for agricultural businesses by sustainable and environmental friendly production
- Reorganisation of production sector
- Protection of natural values and improvement of living conditions.

Measures of horizontal program are the following:

- Agricultural environment protection
- Compensatory support for territories with disadvantages



- Early retirement
- Afforestation of agricultural areas.
- Agricultural investments
- Supporting young farmers
- Rationalization of water management in irrigation

Except for the horizontal programs every region prepared its own rural developmental program in which framework diverse priority was given to the supports because of the different potentials.

In Spain array of measures realizing under rural development of CAP is complex and wide range. On national level, mainly supports that are in connected with environment protection, structural change and development get space while on regional level beside them investments serving living conditions of the rural population and protection of the rural values emerge.

According to the current experiences member states build in a different way and in different degrees. Beside numerous reasons one is the different interpretation of the rural politics and its aim.

*Recommended readings:*

- Buday Sántha Attila 2001: *Agrárpolitika – vidékpolitika*. A magyar agrárgazdaság és az Európai Unió. Dialóg Campus Kiadó, Budapest-Pécs
- Csáki Csaba - Jámbor Attila (2012): Az európai integráció hatása a közép-kelet-európai országok mezőgazdaságára. *Közgazdasági Szemle*, 59(7-8): 892-910
- EC (2006): A Leader-megközelítés – útmutató. Fact Sheet. Luxembourg: Az Európai Községek Hivatalos Kiadványainak Hivatala 23p. [http://ec.europa.eu/agriculture/publi/fact/leader/2006\\_hu.pdf](http://ec.europa.eu/agriculture/publi/fact/leader/2006_hu.pdf)
- European Commission's Direction Generale of Agriculture and Rural Development <http://europa.eu.int/comm/agriculture>
- Jámbor Attila (2010): A csatlakozás hatása a mezőgazdasági termékek ágazaton belüli kereskedelmére Magyarország és az Európai Unió között. *Közgazdasági Szemle*, 57(10): 898-916
- Jámbor Attila (2010): A Közös Agrárpolitika Jövője: Elemzési Keretrendszer. <http://www.mnvh.hu/hirek/118/20101130/agrargazdasagi-muhelyvitak-corvinuson>
- Kovács Teréz 2003: *Vidékfejlesztési politika*. Budapest-Pécs, Dialóg Campus
- LEADER Tananyag (2005): AVOP LEADER+ készségek elsajátítása tananyag, Promei-Faluműhely Alapítvány – SZRVA – ZRVA
- Sarudi Csaba: 2003: *Térség- és vidékfejlesztés*. A magyar térgazdaság és az európai integráció. Budapest, Agroinform Kiadó

*Questions:*

1. What factors do form and how is the rural politics of an organisation built up?
2. What are characteristic aims and directions for rural development?
3. Summarize the development of all EU agricultural and rural politics and all the important factors and processes from the beginning until the end of the 90s.
4. Summarize the development of EU agricultural and rural development politics and all the important factors in it from the 90s!
5. What changes are expected in the EU rural politics after the period of 2014?
6. Compare the rural politics of the EU and the USA!
7. What national features can be noticed in the rural politics of the EU member states?
8. What is the substance of LEADER approach and according to what principles does it operate?

## 4. Strategic fields of rural development

### 4.1. Local products

#### 4.1.1. The concept of local product

It is possible to approach the phenomenon of local product from two directions. On the one hand – emphasizing the features of being locally bounded and bearing the characteristics of that specific area – we consider the following as the main features of local product: made from locally produced or collected basic materials, by the use of locally developed processes (recipes), generally among the frames of small works, using local materials in the packaging, using local cultural elements – thus representing the local characteristics of the given place. On the other hand, products made by local labour force (from approximately 50 km circle) and satisfying local needs can be considered as local product. In both approaches, the upgrading of local production and sales appear as an opposite to globalisation. In the first case, uniqueness, while in the second case the redemption of importation, local supply is emphasized. We have an opportunity to unite the two approaches by saying that we demand, besides the localisation within 50 km circle, the 50 % share of local added value, i.e. basic materials and human labour.<sup>5</sup> The conception of sustainable development is reflected in both cases. The eco-social values are represented by the preserved utilisation of local resources, the increase of added value by using local labour force, the decrease of transportation costs, the increase of the consumption of healthy products with controlled origin, generally bought directly from the producer, the preservation of local culture, and the improvement of regional identity.

#### 4.1.2. Types of local product

There are typically food and handicraft products among local products. The groups of local products can be, for instance, the following (without the intention of completeness):

Grouping of local products	
1. Food	
1.1. Food without processing	
Products of vegetable origin:	
fruits (grapes, apple, cherry, nut ...)	
vegetables (paprika, potatoes, cabbage, cauliflower)	
forest products (forest fruits, mushroom)	
medicinal plants and herbs	
Products of animal origin:	
eggs	
milk (cow's milk, goat's milk)	
fresh meat	
poultry meat	

<sup>5</sup> According to the planned modification of the order No. 14/2006 (II.16.) of the Ministries of Agriculture, Healthcare and Social Affairs regulating the conditions of small-scale production and sale of food, the sale of local products would be possible in the territory of the given county according to the place of production, and in the territory of the neighbouring counties.

1.2. Processed food	<ul style="list-style-type: none"> <li>Products of vegetable origin: <ul style="list-style-type: none"> <li>corn milling products (wheat flour, rye flour)</li> <li>farinaceous products, bakery products, cakes (vermicelli, bread, bakery cakes, 'pogácsa' (small unsweetened round cake), pretzel, strudel, flaky pastry)</li> <li>pressed oil (pumpkin-seed oil)</li> <li>pickles</li> <li>canned vegetables, fruits (letcho, jam, fruit juice)</li> <li>dried fruits</li> <li>spices, tinctures</li> </ul> </li> <li>Products of animal origin: <ul style="list-style-type: none"> <li>meat products (salami, lard, crackling)</li> <li>milk products (cheese, butter, curd, buttermilk)</li> <li>honey and honey products</li> </ul> </li> <li>prepared food specialities (fried dough, gingerbread, beans rolled in bacon, dumpling)</li> <li>mineral water, soda-eater</li> <li>alcoholic drinks <ul style="list-style-type: none"> <li>wines</li> <li>'pálinka' (fruit brandy)</li> </ul> </li> </ul>
2. Agricultural products utilised as non-food products	<ul style="list-style-type: none"> <li>flower</li> <li>gardening products (balcony plants, seedlings, grape graft, young tree plantation)</li> <li>firewood</li> </ul>
3. Handicraft products	<ul style="list-style-type: none"> <li>3.1. Products made of wood <ul style="list-style-type: none"> <li>cooper products (wine cask, decoration barrels)</li> <li>joiner products (small furniture, wooden marquetry)</li> <li>other wooden products (carving, wooden vessels)</li> </ul> </li> <li>3.2. Products made of stone and bricklayer (oven, stoneware, stone carving)</li> <li>3.3. Products made of iron (moulded and wrought iron)</li> <li>3.4. Pottery and glassware products <ul style="list-style-type: none"> <li>potter products</li> <li>tile stove</li> <li>glass painting</li> </ul> </li> <li>3.5. Textile products <ul style="list-style-type: none"> <li>spinning, knotting</li> <li>weaving</li> <li>embroideries (lace, needlework, crocheting, tapestry)</li> <li>silk colouring</li> <li>preparation of traditional folk dresses</li> </ul> </li> <li>3.6. Spun products (braid, husks, wicker-work)</li> <li>3.7. Flower arrangement products (wreaths, flower compositions, ikebana)</li> <li>3.8. Products made of wax, tallow (waxworks, candles, soaps)</li> <li>3.9. Other ornaments (painted eggs, horn objects)</li> </ul> <p><i>(own compilation)</i></p>

#### 4.1.3. The role of local products in rural development

The production and sale of local products are favourable for:

- the producers: they give the opportunity of the sale of the products, thus the widening of income possibilities and increase of their financial safety,
- the consumers: due to the production close to the consumption, they offer products with much less conservation materials, which are healthy, safe, trustable, preserving

- the traditional tastes and forms; while it is possible to get acquainted with the production processes and the producer himself, to practice solidarity via social responsibility, and to connect shopping with spare-time programs,
- c. the local employees: the local labour possibilities become wider; provides work close to the living place, using local knowledge adopted from the elder, being socially useful and legal, ensuring social insurance legal relation, even to the less educated people, too,
  - d. the tourism service providers: they can obtain handicraft products which can make the accommodation or restaurant unique, basic materials which can make the gastronomic offer more characteristic and experience; local products can widen tourism program offer for the visitors, thus improve the competitiveness of the service, and increase the incomes while decrease the costs,
  - e. the local self-governments: they can improve employment, decrease the demands for social grants, increase the amount of local tax incomes, thus the sources for the development of the settlement, which can give unique image to it,
  - f. the micro-regional community: they can strengthen the regional tourism attractiveness, increase the regional employment and incomes through the suppliers; help in the formation of the unique image of the micro-region, thus strengthening the regional identity keeping back the young generation from migration; preserves the dying technologies and motives thus taking care of the region's cultural heritage, providing stability and chance for the renewal of the society.

Thus, the increase of the production of local products is very important concerning rural and spatial development, because:

- it contributes to the increase of the living, local employment and regional profitability of the people living in the area, the local inhabitants engaging in the production and sale,
- the consumption of healthy and environmentally friendly products can improve the quality of life of the citizens,
- they provide programs and souvenirs to the tourists arriving in the area, thus improving the tourism offer of the region,<sup>6</sup>
- it contributes to the formation of the symbol-system representing the character of the area, and the strengthening of the regional identity.

On the other hand, the basic conditions of the advantages above are that the products satisfy real, existing needs, have perfect quality and reasonable price; the local feature has to be distinguished easily, and the products can be bought in the close surroundings of the living place / tourism destination.

The most important is, above all, the existence of the consumers' demand. The following 10 points, which have been uploaded to the portal *www.elestar.hu* on the 8<sup>th</sup> February 2009, arguing for the purchase of local products, can be well utilized in different campaigns, too.

---

<sup>6</sup> The tourism services themselves can be classified as local products or services, as other services can be local, too; but now we focus directly on the production of local products.

### 10 reasons for deciding on buying local products and food

1. ***Buying local products has advantageous effect on local economy.*** According to studies, every 100 HUF spent locally mean 200 HUF for the actors of the local economy. When the selling enterprise has non-resident owner, the profit surely leaves the local community.
2. ***The locally grown vegetables and fruits are much fresher.*** While the vegetables and fruits on the shelves of the hypermarkets were gathered immaturely, and been transported for weeks or even months, then kept somewhere chilled, the vegetables in the local market have surely been gathered in the previous 24 hours. This fact has effects not only on freshness, but on the nutriment of the food, since as time passes the nutrition value of food decreases.
3. ***Local food tastes better.*** Try and taste a tomato freshly gathered from directly the plant in the garden and an import one from the shop. The difference can be tasted!
4. ***Local vegetables and fruits ripe longer.*** As these products are sold locally, they do not have to suffer long shipping, the tortures of transportation and the long storing in cold-storages. Thus it is unnecessary to gather them unripe.
5. ***Consuming local products less pollutes the environment.*** Due to that local products are transported much less (approximately max. 60 km) their consumption is significantly decreases the burdening of the environment. On the other hand, unfortunately, in case of import-specified bio-products, the pollution during their transportation can be higher than the advantages during the ecological cultivation.
6. ***Local food helps us to live in harmony with seasons.*** The consumption of vegetables and fruits of the given season can help us, by experiencing this harmony, in consuming these when they have the best taste and can be bought in the highest volume for the lowest price.
7. ***Every local product has a local story.*** All the stall-keepers, local vegetable and fruit providers, animal keepers and food processors have their own (family) success story. It is especially true when they use traditional family recipes or techniques during the processing. By buying these products we will be part of this story.
8. ***Local food contains fewer chemicals.*** There is no need for conservation because of the lack of long transportation. In case of any problems the local producers can be called to account more quickly and effectively. It is the producer's own interest to have quality products, as generally the brand is his own honour and face.
9. ***Selling local products can contribute to diversity.*** Old, traditional national species can be preserved, as an opposite to the large-scale products promising high profit, needing features suitable for transportation and conservation.
10. ***By buying local products we support our own environment.*** By voting on buying local products, we can contribute to the economic development of our settlement, micro-region or region, and stay viable and successful.

<http://www.elestar.hu/2009/10/28/10-ok-amiert-erdemes-helyi-elelmiszert-vasarolni/>

The production of local products and tourism can mutually strengthen each other. Tourists mean, directly or through the tourism service providers, market for the products; while the local products can widen the tourism program offer by performances, basic materials for gastronomy, and can serve as souvenirs representing the area.

Within this healthy and harmonious cooperation, the service providers of the two sectors can mutually promote each other's products and services. The producers can rightly expect the use and offer of their products at the tourism destinations (e.g. in accommodations,

restaurants); while the producers are expected to provide and guarantee high quality, to keep the premises well-ordered being suitable for accepting visitors.

Thus, the producers very often give services, too, accept guests, and meanwhile they can also offer accommodations, restaurant and other programs to their visitors.

The producers of local products can maximize their results in case they cooperate with each other in providing basic and raw materials, the utilisation of processing capacities, in arranging product packages, in packing, qualification processes and sale. For instance, pottery – hand-woven clothes – wrought iron candlesticks – candles – spun baskets can be arranged into one assortment; or a certain handicraft product can be used in the packing of an agricultural product (mug for the honey, pouch for seeds, basket for vegetables, etc.).

#### 4.1.4. Legal frames of production and sales of local products

There are different legal regulations for local products according to the groups of products.

The inventory of **rules related to food production and sell** is especially extensive. In this circle, we have to take care of the special rules as well related to certain types of products, besides the general rules.<sup>7</sup>

The No. 52/2010. (IV. 30.) *Order of the Ministry of Agriculture, concerning the small-scale food production and sale* relates directly to the household, small-scale production. According to this order, small-scale household producer can sell to the final consumer:

- a) non-animal origin basic products, honey, apicultural products and living fish within his own farm, in all markets, fairs, programs and permitted temporary stalls in Hungary,
- b) other animal-origin basic products, by him slaughtered poultry and hare, by him caught fish, other types of food made by him from his own basic materials (with the exception of the meat of pig, sheep, goat, cow, ostrich and emu) within his own farm, in all markets, fairs, programs and permitted temporary stalls within the region (own county and Budapest) or within a 40 km circle from the place of production,
- c) the meat of pig, sheep, goat, cow, ostrich and emu grown in his own farm and slaughtered in permitted public shambles in his own farm.

The small-scale producer can sell the previously listed products also to **retail shops, restaurants and public catering**, within the region (own county and Budapest) or within a 40 km circle from the place of.

The small-scale producer can operate so-called “village tourism guest table” using his own products or food provided with own – or additionally bought – basic materials. The production and sale volumes cannot exceed the volumes defined in Part A of Appendix 1.

The small-scale producer can serve food prepared from the meat of his own stock of pigs, cows not older than 30 months, sheep or goat not older than 18 months, within the frames of the village tourism guest table, for guests visiting his farm. He can process 12 own pigs, 24 sheep or goats and 2 cows within this service per year.

The sale of the small-scale produced food can be carried out, besides the producer himself, the persons living together with him in a common household, thus his wife, official life-partner, children of full age, brothers, parents, or grandparents.

---

<sup>7</sup> From the product-specific rules related to food production, we can emphasize the rules concerning the protection of the names fruit wines, fiscal products, alcoholic drinks, pálinka (fruit brandy), poultry, eggs, greasy lards, milk and milk products; and the examination methods of fresh fruits and vegetables. (Inventory of Food-related Regulations. National Food Safety Office Food and Fodder Safety Directorate 2012. 04.20.)

The small-scale producer is obliged to report the beginning, changing, breaking or ceasing of his activity in written form to the competent – according to the place of the farm – regional office of the Agricultural Management Board [MgSZH in Hungarian].

The small-scale producer is not obliged to report the production of non-animal origin basic materials in low volume and the gathering of widely grown basic materials, but the obligation starts when he wants to **distribute and sell** them!

The small-scale producer has to keep a record of the volume of the products, the date of production, the sold volume, and the place and date of sale. The record or its copy has to be kept in the place of sale. The small-scale producer is obliged to keep the records for 2 years.

Regarding the **rules related to the production and sale of handicraft products**, we have to consider as being determinant the following: *laws relating to taxation (Law on Personal Income Taxation, Law on Value Added Tax) in case of private persons having a tax number*; and the regulation related to the jury and qualification of products No. 12/2004. (V. 21.) *Regulation of the Ministry of National Cultural Heritage about the state tasks concerning folk applied arts*, which guarantees the discharge of value-added tax in case of juries handicraft products. The *Modification of the 23<sup>rd</sup> Law of 1993 about the National Cultural Funds* regulates the obligation of paying cultural contribution.<sup>8</sup> According to the *Governmental Regulation No. 4/1997. (I.22.) about the operation of shops and the conditions of internal trade activities* only juried products of folk applied arts, folk art, applied arts, fine arts and photographic arts can be sold in public areas. That work or product (hereinafter: work) can be called as qualified (juried) folk applied arts work, which was previously ranged in categories “A” or “B” by the director general of the House of Traditions, or classified as folk art work without a jury number. The conditions of the classification of folk art works are the following: the content of the object – ethnographical traditions and aesthetic values –, the previous and present functions, the applied techniques and the quality of execution.

- Folk applied arts work in category “A” – a unique folk applied arts work with significant artistic value, which develops the traditions of Hungarian folk arts on a higher level, and its technical execution is perfect.
- Folk applied arts work in category “B” – works carrying the characteristics of Hungarian folk arts, adequate to the conditions of classification, representing high-level quality regarding technical viewpoints, too.
- Works which cannot be classified in the categories “A” or “B” can get an unmarked jury number and can be qualified as quality souvenirs.

***The division of works according to categories, need for „Folk Artist” classification***

5 pieces of category “A” products in all forms, and furthermore

1. Cartwright works, wheel and coach	B 15 pieces
2. Leather works	B 30 pieces
3. Tile stove and oven	B 15 pieces
4. Lace	B 30 pieces
5. Buildings and public place works: ornament of buildings, gate, fence, playing ground, memorial column, tomb, reed-, thatch, shingle roof, etc.	B 20 pieces
6. Painted, carved furniture	B 20 pieces
7. Carved wood, bone or horn	B 30 pieces

<sup>8</sup> The products obliged to pay cultural contribution after them: wooden ornaments, glass and ceramic ornaments, metal ornaments, imitation jewellery, coins, only hand-made duplicate based on artistic works (paintings, drawings, pastel, collage, decorative board, engraving, print, sculpture).

8. Pottery	B 30 pieces
9. Spun and woven articles for use: wicker, bulrush, husks, reed	B 30 pieces
10. Fishing net, rope	B 15 pieces
11. Painted Easter eggs	B 30 pieces
12. Embroidery	B 30 pieces
13. Cooper works	B 15 pieces
14. Dyer in blue textiles	B 30 pieces
15. Hat	B 20 pieces
16. Knife	B 30 pieces
17. Smith and coppersmith products	B 30 pieces
18. Set of harness, saddle (complete equipment)	B 15 pieces
19. Candles	B 30 pieces
20. Gingerbread	B 30 pieces
21. Naïve sculptures	B 30 pieces
22. Felt	B 30 pieces
23. Folk jewel (cloisonné enamel, pearl)	B 30 pieces
24. Folk musical instrument	B 15 pieces
25. Folk game	B 30 pieces
26. National costumed doll	B 25 pieces
27. Slippers, moccasin, boots, shoes	B 20 pieces
28. Braid and knitted button	B 20 pieces
29. Furner works	B 15 pieces
30. [embroidered felt cloak of shepherds]	B 30 pieces
31. Homespun	B 30 pieces
32. Wearing	B 25 pieces
33. Souvenirs	Category does not entitle for being "Folk Artist"

*Appendix 6 of the Regulation No. 12/2004. (V. 21.) of the Ministry of National Cultural Heritage*  
<http://net.jogtar.hu>

The **17<sup>th</sup> Law of 2008, the 155<sup>th</sup> Law of 1997 about the consumer protection and the modifications of some other connecting regulations**, and the **47<sup>th</sup> Law of 2008 about the prohibition of dishonest trade practices** ordain certain classification and permission obligations, concerning handicraft products related to meals and children; furthermore specify the tasks related to informing the consumers during distribution and sale.

**The legal frames of organising local product markets and fairs** are regulated by the **Governmental Regulation No. 55/2009. (III. 13.) about the fairs, markets and shopping centres**.

**The Regulation No. 51/2012. (VI. 8.) of the Ministry of Rural Development about the food safety conditions of sale in local producers' markets** has brought a more flexible regulation concerning the previous one.

#### **The course of the permission of local product markets**

1. Obtaining territory using permission from the owner or manager of the marketplace, agreement on the service and infrastructural demands, fees and the accessibility of the place.
2. Filling out an obligation declaration, in which the organiser declares that – within the limits of the capacity of the marketplace –, he makes the selling possible for everyone who are allowed by the regulations, furthermore he enforces the rules and prohibitions defined in the regulations, and controls the order of the market.



3. Sending a letter to the competent notary concerning the registration and permission of the temporary market. The organiser has to present the document proving the judicial registration or the certificate of incorporation. Furthermore, the declaration of obligation and the permission for the use of the territory also have to be enclosed. In the application he has to indicate what kind of market or fair he wants to organise. The character of markets and fairs is explained in section 3 of paragraph 1 of the above mentioned governmental regulation, and by the appendix. In case of the organisation of non-regular market, just as one-time, connected to another program, then it is considered as festive market.  
(During the authorization, due to the different deadlines, the process can take even 2 months.)
4. In case the local producers sell animal origin products, the necessary permissions have to be obtained by them and be presented to the organiser of the market or fair.  
The majority of the self-produced, non-food products can be sold on local product markets. (The exceptions: noble metal products, even it is self-made; sight correcting glasses, contact lenses; poisonous and dangerous materials. In greater detail: section 2 of paragraph 3 of the Governmental Regulation)  
Those who produce food as private persons, can sell only non-animal origin products (vegetables, fruits, flowers, etc.) in small volume, and, furthermore, jam, syrup and pickles regarding the processed non-animal origin food. A further regulation is that he can only sell own products, not ones made by others. On the processed food the following have to be written on: name of product; name and address, phone number of producer, contents; warranty, net and filling quantity, or weight.  
Private persons can sell only opportunely (presence at festive markets, for instance). In case the incomes of this activity reach the limit of 400 000 HUF, he has to put it in the tax declaration and pay tax after it. During the sale he has to conduct a registration in a note-book, noting what he sold, for what price, to whom and in what volume.

*(Kelemen Zoltán: Advices for organising local product markets, Magosfa Foundation 2007-12-09)*

#### 4.1.5. Demand trends directing local products

The University of Kaposvár has conducted a survey in 2009, on behalf of the Agrarian Marketing Centre, in the topic how consumers have a relation to the traditional Hungarian products. As a result, the traditional and area-specific products appear as confidential products within the Hungarian population. There are positive associations of ideas in consumers' mind concerning almost all known "Hungaricum-type" food, the traditional products promise, as an opposite to the recent rushing life speed, slowing down, searching for "roots", valuable spare time in an active way, with friends. At the same time, it is general opinion that the retail price of these products surpasses that of the common food, but this higher price carries added value and higher prestige. There is a *strong rejection against foreign producers*, which means that foreigners should produce such products neither abroad nor within the country. This is strengthened by the statement that by buying these products *consumers would like to support the domestic food industry*. According to the results of the survey, 80 % of the surveyed people would give preference to traditional Hungarian products having a trademark, and would be willing to pay even 20 % more for them (especially in case of wines, pálinka [fruit brandy]).

During the year 2009 the Ipsos PLC surveyed in several rounds the opinions, threats and experiences related to the economic crisis among the population and companies. The last rounds of the research were significantly related to Hungarian products: in which product category is it really important to be Hungarian? What do Hungarian citizens consider to be Hungarian product? On what basis do we decide on a product whether it is Hungarian or not?

As the result of the research it has been found that the citizens are attached to Hungarian products in case of, first of all, food, especially regarding meat and butcher's meat, milk and dairy products, vegetables and fruits.

The people consider a product being Hungarian which was made of Hungarian basic materials, and/or have a trademark. Another important viewpoint is that the product is made by a company in Hungarian ownership, or the product is an old, traditional one.

Price is the most important point when buying food. It is followed by quality, actions and favourite taste. The origin of the product can be found in the fifth place among the priorities.

According to the opinion of the 2/3 of the surveyed people, it is difficult to differentiate the Hungarian and foreign products. The place of origin can be found on the packing of the product, 85 % of the people regard this as adequate source of information. Brands have 31 %, the name itself has 21 % importance in deciding where the given product is originated. 52 % of the surveyed people takes Hungarian products from the shelves, if possible, while 40 % decides depending on the product whether buying Hungarian or foreign product. The remaining 8 % generally do not give preference to Hungarian products. Due to the crisis, 1/5 of the consumers buy Hungarian products more often, 69 % buys in the same rate as previously, while 11 % choose Hungarian products rarely than the beginning of the crisis. Thus, Hungarian origin can be rated as an explicit product advantage, but in itself is not enough for success.

(Source: [Inforádió](#))

Together with all the above, the domestic consumption of local products still significantly falls behind that of the leading Western European countries. The main reasons for that are the quite low volume of the production, and the expansion of hypermarkets in the

Hungarian purchasing habits. The domestic consumer demand can be multiplies within a reasonable time, in case of the appearance of the western “conscious” buying, the recognition of the advantages of local products and their favourable health, environmental, cultural, community and employment effects, together with competitive prices.

For the assessment of the market size, the data of the domestic households and the tendencies based on them can give help.

*Table 5/1*  
*Annual volume of the food consumed in the Hungarian households (2000-2009)*  
*(kg, or litre/person)*

	2000	2001	2002	2003	2004	2005	2006	2007	2009
Bread	62,0	62,5	62,7	57,1	53,7	50,3	47,9	46,1	42,8
Bakery products	8,8	9,2	10,0	9,8	10,1	10,3	10,5	10,6	10,1
Beef and veal	1,3	1,0	1,1	1,2	1,1	1,1	1,0	1,1	1,0
Pork	17,8	16,8	17,2	17,0	16,2	17,0	17,0	16,8	16,1
Poultry	18,4	20,9	21,4	20,1	18,4	19,0	18,4	17,7	16,7
Meat products	17,1	17,8	17,9	17,3	18,3	18,8	18,9	21,4	20,4
Fish and sea animal	5,0	1,9	1,7	1,8	1,7	1,8	1,8	1,6	1,6
Milk	67,6	66,6	66,4	63,0	61,8	60,5	58,6	56,9	53,5
Yoghurt, sour cream	7,4	8,7	9,9	11,0	11,7	11,7	12,1	12,6	12,3
Canned milk, powdered milk, cheese, curd	8,0	8,0	4,9	5,2	5,6	5,7	5,8	5,7	5,5
Egg	180	185	195	174	169	175	167	163	148
Butter, margarine	4,0	4,3	4,4	4,4	4,4	4,3	4,2	4,2	4,3
Olive and cooking oils	8,5	9,5	9,8	9,6	9,7	9,8	10,0	9,7	9,2
Animal fats	7,5	7,0	7,3	5,8	4,4	4,1	4,4	3,4	3,7
Fruits	60,1	60,4	48,1	52,4	48,5	45,1	44,6	44,9	42,2
Vegetables	61,2	59,3	62,7	56,3	60,0	57,9	53,9	53,5	51,6
Potatoes	42,9	43,5	42,6	37,7	36,6	36,9	33,5	32,6	30,0
Sugar	17,4	17,7	16,2	15,9	14,8	14,5	13,8	13,6	13,9
Mineral water					38,3	43,6	52,3	59,1	59,0
Fruit juices, vegetable juices			15,8		15,2	14,2	15,1	15,4	12,6

*Source: KSH Central Statistical Office, Statistic Almanacs 2000-2009.*

#### **4.1.6. Local product trademark and geographical indication**

##### *Trademark*

Trademark is the most important type of product markers. Trademark, as the marker of a product, is a legal protection serving the identification of certain goods and services, the differentiation from each other, and the facilitation of the consumers' orientation. It is a basic tool in economic competition, has significant and outstanding role in marketing and advertising.

Trademark can be a word, compound of words, including personal names and slogans, letter, number, figure, picture, colour, compound of colours, sound or light signal, hologram, plain or spatial form, including the shape of the product or its packing, and the combination of these, if

- it is suitable for differentiation and can be graphically represented,
- there is no any special disqualifying reason for its register (e.g. it is generally used for the given product), or
- there is no other relative disqualifying reason (e.g. the same or very similar trademark has already been registered for the benefit of someone else).

Trademark protection can be obtained by any natural person or legal entity, or a company without legal personality, independently from whether they carry out economic activities or not.

The beneficiary of the trademark has exclusive right to use it concerning the products listed in the register, or to give a licence for its use to someone else.

##### *Geographical product marker*

The phenomenon of geographical product markers is used in general as the collective noun for all marks used for the identification of the geographical origin of the products. On the other hand, they can become under industrial legal protection when they meet certain conditions and as a result of a proceedings instituted by a public authority. The essence of the protection by geographical product marker is that – acknowledging the relationship between the quality features and the place of origin of the products – ensures intervention possibilities against everyone who use the given marker unauthorized. (The most characteristic example is the case when the given product does not originate from the marked geographical area or the case when it does not come up to the requirements of the product description.)

Geographical product marker protection can be obtained by any natural person or legal entity, or a company without legal personality, who produce or process such product on the geographical area stated in the marker which is distinguished by the features stated in the marker [Vt. 107.§ (2)-(4)]. It is important to see that not only the announcers are authorized to use the geographical product marker, but anyone who produces the marked products on the given geographical area (in case the product description is part of the protection, then the product has to be in compliance with it).

The beneficiary of the protection is authorized to use the geographical product marker for the products listed in the register [16/2004. (IV.27.) IM rule 5.§ (1) d) point] but he cannot give licence to a third party [Vt. 109.§.(1)]. In case of usurpation of the geographical product marker (Vt. 110.§) any authorized party can act against the usurper.

#### **4.1.7. Legal conditions of trademark application**

##### *Trademark*

In Hungary, trademark protection can be obtained by:

- a trademark announcement to the National Office of Intellectual Property,
- trademark announcement to the European Community,
- for foreigners, international announcement according to the Madrid Agreement on the international trademark register and on the basis of the Madrid Report.

Foreign announcers have to delegate a representative having domestic residence. Domestic announcers are not obliged to have a representative, but in case of need, patent agents or lawyers can help in preparing the announcement.

Formal requirements of the trademark announcement:

- name and address of the announcer
- definition of products or services (International Classification)
- lawyer's procuration (without authentication, it is allowed to present later)
- picture of the mark (in case of figure or compound trademarks)
- in case of claim for priority, the documents certifying priority have to be enclosed within 3 months after the announcement; there is no possibility for prolongation of the deadline.

The protection, which starts with the registration, has a reflexive power to the day of the announcement and lasts for 10 years. At the request of the beneficiary, the protection can be prolonged by renewing it for 10 more years.

##### *Geographical product marker*

After joining the European Union (and also as the result of the recent communal legislation processes) the geographical product markers – depending on what type of product they refer to – can be protected in four types of systems, and they are complemented by the international protection according to the Lisbon Agreement.

- The geographical markers of agricultural products and food, according to the 510/2006/EC regulation, have the benefit of the protection in the territory of the Community (i.e. the whole territory of the European Union).
- The geographical markers of alcoholic drinks, besides the protection of the National Office of Intellectual Properties, on the basis of that register (in case of the realization of the conditions of the 110/2008/EC regulation) can have the benefit of Community protection.
- The certificates of origin and geographical markers of viticulture and wine products, according to the 479/2008/EC regulation – from August 2009, in a system similar to that of food – can be the subject only community register.
- For the marking of other remaining (mainly industrial) products, protection can be obtained by national procedures, due to the 16-17<sup>th</sup> chapters of the related regulation, being valid for the territory of Hungary.

The regulations of the national procedures are defined by the Governmental Regulation No. 124/2007. (V. 31.), while the community procedures are stated in the EC regulations mentioned above.

Geographical markers, besides defining the place of origin, have close relationship with quality as well, thus only those can obtain the protection whose products meet the defined conditions [Vt. 107. §. (1)]. The protection relating to the geographical markers of

agricultural products, food, alcoholic drinks, viticulture and wine products has further condition, namely to meet the requirements of product descriptions [Governmental Regulation No. 124/2007. (V. 31.)]. The control of this is defined in a separate regulation [Governmental Regulation No. 124/2007. (V. 31.)], the realization of it is rendered to the authority of a certain institution.

Protection can be obtained by an announcement presented to the National Office of Intellectual Property [Regulation No. 16/2004. (IV.27.) of the Industrial Ministry 4. §].

The formal requirements of the announcement are regulated by the Regulation No. 16/2004. (IV.27.) of the Industrial Ministry, paragraphs 4 and 5.

Because of usurpation of geographical product marker (Vt. 110 §.) the beneficiary can start a lawsuit and can have claims defined in the laws.

Against the unauthorized use of the geographical markers demanding product descriptions, too, not only the beneficiaries can act, but those authorities as well who are entitled for controlling the compliance with the requirements.

The protection starting on the day of the registration lasts for unlimited time.

The geographical marker has to be cancelled in case it was registered in spite of not meeting the requirements (Vt. 105-106. §.). In this case the National Office of Intellectual Property deletes it [Vt. 111. §. (2)] from the register.

The geographical marker can also be ceased to exist when the beneficiaries hurt the requirements defined in the product description [Governmental Regulation No. 124/2007. (V. 31.)].

#### **4.1.8. Possible procedure of trademark application**

According to the modified 11<sup>th</sup> Law of 1997 about the protection of trademarks and geographical markers, the procedure of trademark registration is the following:

##### *1. Examination after the application of the announcement*

After the application of the announcement of the trademark, the National Office of Intellectual Properties (hereinafter: the Office) examines whether the announcement responds to the conditions of recognising the announcement day (i.e. it contains the reference for the demand of protection, the data being suitable for the identification of the announcer, the mark and the list of products); whether the announcement fee has been paid, and, in case of foreign announcements, the Hungarian translation of the product list has been enclosed.

##### **1.1. The day of announcement**

The Office informs the announcer about the acknowledged announcement day. If the announcement day cannot be acknowledged, the Office calls upon the announcer to supplement the missing data within 30 days. In case of the supplying within the deadline, the day of announcement will be the day of the arrival date of the supplying. Otherwise the announcement should be considered as withdrawn.

##### **1.2. Announcement fee**

The announcement fee is 74 800 HUF in case of three product classes, and 32 000 HUF after each of further classes. The fee has to be transferred into the budgetary account of the Office, by indicating the file number and the order. In case the fee is not paid within 2 months after the day of announcement, it has to be considered as withdrawn.

The fee of the geographical product marker is 107 000 HUF, independently from the number of product classes.

### 1.3. Hungarian product list

In case the product list is made on a foreign language, the Hungarian translation has to be presented within 4 months after the day of announcement. In case of the fail of this the announcement should be considered as withdrawn.

### 2. *Remarks*

Anyone can present remarks to the Office related to that the mark cannot obtain protection for some reasons stated in paragraphs 2-3 of the law. The Office informs the announcer about the remarks, and takes it into consideration during the examination of the contested conditions, furthermore informs the person making the remark about the results of the examination.

### 3. *Formal examination*

In case the application meets the requirements of the recognition of the announcement day, the fee has been paid and the Hungarian product list has been presented, the Office examines the application according to the formal requirements. Due to insufficiencies noticed during the formal examination, the Office calls the announcer in a decree to make the necessary supplements or divide the announcement, and goes on with the procedure on this basis. In case the announcer does not answer for the decree within the given deadline, the announcement should be considered as withdrawn.

### 4. *Investigation*

In case the trademark announcement meets the legal conditions of the formal examination, the Office carries out an investigation regarding previous rights, according to paragraph 4 of the law. On the basis of the mark – considering the product list as well – prepares an investigation report and sends it to the announcer.

The Office informs the beneficiary or user of the previous protection described in the investigation report – on demand and after the paying of the prescribed fee – by sending a copy about the trademark announcement, in the investigation report of which contains the previous rights. (See: Schedule of fees, Point 4)

### 5. *Essential examination*

In case the trademark announcement meets the legal conditions examined during the formal revision, the Office carries out the essential examination defined in the law. Due to insufficiencies noticed during the essential examination, the Office calls the announcer in a decree – based on the type of insufficiency – for supplying or make the necessary declaration. The Office can refuse the trademark announcement partly or as a whole if it does not meet the requirements even after the supplying or declaration. In case the announcer does not answer to the decree, the announcement should be considered as withdrawn.

### 6. *Announcement of the trademark*

After sending the investigation report to the announcer, the Office announces the trademark request in its official 'Patent and Trademark Gazette' and informs the announcer about this.

### 7. *Objection*

According to the law, those who are authorized for making objections – for reasons defined in paragraphs 4-6 – can make objections against the registration of the announced trademark, within 3 months from the gazette announcement, or within 3 months from the

official notice about the modification or division of the request. The objection is subject to a fee, it can be paid within one month from the application of the request. (See: Point 5 of the Schedule of Fees) In case the objection does not meet the prescribed requirements, the Office calls the proposer to supplementation, and in case the fee has not been paid the Office issues a warning for payment. In case of the failure of these, the objection should be considered as withdrawn.

After written preparations – also in discussions – the Office decides on the ability of protection.

#### *8. Expedite procedure*

The Office can execute an expedite procedure of the registration – in case meeting the conditions defined in the law – upon the request of the announcer made within one month from the day of application.

The request is subject to a fee. It has been paid within one month from the application of the request (see: Point 6 of the Schedule of Fees).

In case the announcer does not pay the fee of the request, the Office calls his attention to payment. In case of its failure the request has to be considered as withdrawn.

If they find insufficiencies, the Office calls the announcer to supplementation or declaration. In case of the failure of the supplementation or declaration, the request should be considered as withdrawn. The request has to be rejected when it does not meet the requirements even after the supplementation or declaration.

The Office gives an order for expedite procedure by a decree.

In case the client applies electronically, via client-gate, according to the paragraph 46/D of the law, then the Office will inform him electronically, too, about the decisions made.

#### *9. Special expedite procedure*

If the announcer has an extra demand stated in his request for expedite procedure, the Office can register the trademark at the same time of the announcement of the application, with the condition that it can become valid only after the deadline of the application for objections.

The request for special expedite procedure can only be submitted within the deadline of the request for “normal” expedite procedure (point 8).

The request is subject to a fee. It has to be paid within one month after the submission of the request (see: Point 7 of the Schedule of Fees).

In case the announcer does not pay the fee, the Office calls his attention for payment. In case of its failure the request for special expedite procedure has to be considered as withdrawn.

If the request is incomplete, the Office calls the announcer to supplementation or declaration. In case of the failure of the supplying or declaration, the request has to be considered as withdrawn. The request has to be rejected if the request still does not meet the requirements even after the supplying or declaration.

The Office gives an order for the special expedite procedure by a decree.

In case the client applies electronically, via client-gate, according to the paragraph 46/D of the law, then the Office will inform him electronically, too, about the decisions made.

#### *10. Modification – Internal priority*

The mark and the product list cannot be modified in the trademark announcement in such a way that it becomes wider than in the original one.



Within 6 months from the original day of announcement, the announcer can make a new request – by demanding internal priority – in which he can apply protection for a wider product list than of the original one.

#### *11. Division*

Who requests the protection of more than one mark in the announcement, or requests protection for the same mark by dividing the product list, can divide his announcement or modify the product list till the date of the decision on the registration of the trademark; with keeping the original day of announcement and priority. The request for division is subject to a fee (see: point 9 of the Schedule of Fees). It has to be paid within two months from the application, in an opposite case the request has to be considered as withdrawn.

#### *12. Deadlines – Deadline prolongation – Certificate*

The deadlines defined in the trademark law (see: points 1.1., 1.2., 1.3., 7., 8, 11 and 14.) cannot be extended. The legal consequences of their failure will occur without any notice. In cases where the law does not define a deadline, the announcer can request the prolongation of the deadline stated in the notice of the Office. The request is subject to a fee (see: point 8 of the Schedule of Fees). The prescribed administration-service fee has to be paid in the same time as the application. In case of its failure, the request for deadline prolongation has to be considered as not submitted. Concerning trademark issues, certification request can be submitted within 15 days from the last day of the missed deadline. If the client recognized the default later, or the obstacle ceased to exist later, the deadline counts from the day of the recognition or ceasing. It is not possible to submit a certificate request after 6 months from the last day of the missed deadline.

#### *13. Registration of the trademark*

If the mark and the trademark announcement meet all the conditions of the examinations, the Office registers the mark as a trademark. The Office issues a trademark certificate about the registration to the beneficiary, adding the copy of the registration summary.

#### *14. Duration of trademark protection, renewing, division*

The trademark protection lasts for 10 years from the day of the announcement.

The trademark protection can be renewed for further 10 years.

The renewing can be requested 12 months before the expiration of the protection time, or at the latest, within 6 months from the expiration date or – if it is a later date – from the registration.

The request for renewing is subject to a fee (in practice it is the same amount as the fee of the first announcement – see: point 10 of the Schedule of Fees). The Office issues a document about the renewing of the trademark protection to the beneficiary, adding the copy of the registration summary.

The beneficiary of the trademark – regarding the products or services stated in the division of product list – can divide the protection. The request for division is subject to a fee (see: Point 11 of the Schedule of Fees).

#### *15. Two-way electronic communication*

In case the client applies electronically, via client-gate, according to the paragraph 46/D of the law, then the Office will inform him electronically, too, about the decisions made.

About the arrival of the electronically submitted requests the Office sends an automatic notification containing an electronic arrival number to the announcer. The application can be considered as submitted by the sending of the automatic notification to the client; except

when the Office finds the received document unexplainable and sends an electronic letter to the client. The client sending the unexplainable document is obliged to acknowledge the receipt. In case the client does not acknowledge the receipt within 15 days, the Office sends the document by post.

The possibility of two-way electronic communication is available in the following issues:

- Request for renewing
- Request for recording changes in the trademark register
- Expedite procedure and special expedite procedure
- Request for a copy of register summary
- Request for inspection of documents.

#### **4.2. *Cross-community co-operations targeting rural development***

One experiences a wide variety of co-operation in the rural space. Individuals, families, businesses, institutions and authorities are all urged by economic, environmental and social goals or a combination of them to think and act together. Rural co-operation can be examined from the perspective of its goals, actors, scale and attitude to other types of co-operation, etc. This study has adopted a spatial-territorial approach.

A geographical approach is based on the fact that some co-operation reaches beyond rural areas and strive to fit in a broader, let's say, global context; other types of co-operation outline the relationship between rural actors and, hence, rural space itself. The latter includes the types of co-operation between social groups with attachment to the various localities in the rural space which are the building blocks of the social and economic space and shape geographical space. Cross-community co-operation helps resolve the problems facing local communities and creates the structures which determine the future operation of co-operation.

Cross-community co-operation is an important tool of creating space. Studying co-operation and its conditions and effect mechanism is important for spatial processes to be understood and influenced purposefully and, in a broader perspective, for the possibilities of livelihood for those living in the country to be shaped.

We propound the assumption that a state socialist past and its legacy offered a special context for co-operation. Paradoxically, they both facilitate and, to an even larger extent, inhibit partnership-based cross-community co-operation. This past and this legacy have, even within the single rural policy of the EU, led to content and forms that differ from what is experienced in Western Europe.

Our paper addresses four issues: (1) the reasons underlying cross-community co-operation and its anticipated benefits; (2) the processes shaping co-operation in Hungary, (3) the current situation of co-operation and how it differs from its counterpart in Western Europe, and (4) a few future scenarios based on the information and experience gained from the first three.

#### **4.2.1. Reasons for cross-community cooperation**

Alongside the reasons that stem from the very essence of rurality, political reasons also underpin the need for cross-community co-operation while creating a framework for this co-operation.

##### *4.2.1.1. Inherent characteristics of local rural settlement communities*

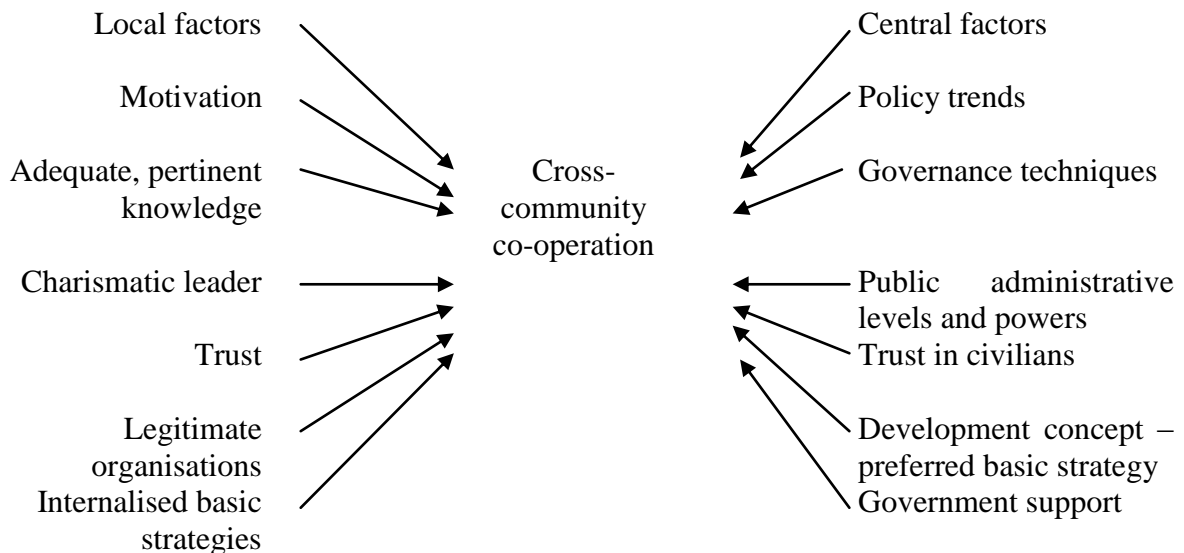
By a local community we mean a group of people who live in the same locality, form a community in order to satisfy their daily needs and able to governance themselves. Social geography has identified seven functions to be performed in order that the needs of local residents can be satisfied. The functions to be performed are the provision of (1) housing, (2) jobs/income-earning opportunities, (3) education facilities, (4) shopping facilities, (5) communications (including transport), (6) leisure time (recreational) facilities and (7) conditions for living as a member of the community. (Partzsch in Berényi 1997) Local needs are satisfied predominantly within (inside) the localities themselves. In line with the principle of subsidiarity (Pius XI 1931), it is the local governments' duty to arrange, in accordance with the applicable regional and national regulations, for the functions linked to those needs that neither the family nor the neighbourhood can satisfy. (Pálné 2008)

Hungary is characterised by a large number of small-size localities, each with a large population. 8 per cent of Hungary's population live in localities with a population of fewer than 1,000 persons accounting for 54 per cent of Hungary's total number of settlements. Towns with a population of fewer than 10,000 persons represent a high 45 per cent share in the urban network. In terms of its settlement structure, Hungary's rather small, (93 km<sup>2</sup>) territory can be split into four regions: (1) the Alföld (the Lowlands) characterised by a small number of large size villages and (market and farming) towns, (2) the Dunántúl (Transdanubia) and (3) the region of the North Central Mountains, with both Transdanubia and the North Central Mountains characterised by a large number of small-size villages and towns alongside industrial cities with an artificially inflated population., (4) the middle of the country is dominated by the Agglomeration of Budapest. The reason why this bears relevance to our topic is that Hungary's settlement structure is closely reflected in its public administration system such that each locality has its own local government. In Hungary, the totality of the residents living in the same locality can be regarded as a local community.

The existence of a legitimate local government recognised by the state is a necessary, yet not an adequate condition for local residents to be able to organise their lives effectively and successfully. According to Shortall and Shucksmith (2001), and Lister (2000), basic conditions for successful co-operation are trust, strengths complementing each other, joint decision-making, a two-way exchange of information and mutual accountability. Lister also stresses the importance of shared pre-defined goals, an equal share in costs and benefits, a clear delineation of responsibilities and a long-term commitment to shared work. Furthermore, first of all, local residents must be motivated enough to shape their own fate and make the changes required for their needs to be satisfied from a wider selection of places, goods and services. Secondly, they should have a clear idea of what exactly they want and of the goals they want to accomplish. Thirdly, they must also have a clear idea of the ways and means of how they can reach their goals. Fourthly, they need to have adequate resources for implementation, including their right to dispose over their own resources, and they must be able to exercise control over local resources. Finally (fifthly), support from other local rural areas, or at least if no external

factors hamper them, is an additional asset. The above five requirements can also be regarded as basic conditions for that type of local development that can be interpreted as a territorial intervention based on local resources and implemented with the participation of local residents and under local control (G. Fekete 2007).

Figure 5/1: A model of cross-community co-operation



*Source: Edited by the author*

Of the conditions for cross-community co-operation, motivation based on reasons originating from an objective situation and awareness of such reasons is the most important.

The very essence of local communities and the circumstances in which they operate are already reason enough why neighbouring communities should co-operate. This especially holds true for small localities in rural areas.

Reasons for cross-community co-operation originate from each of the four fundamental criteria of rurality (G. Fekete 2009):

- (1) Owing to the small size of the localities and a low concentration of population, businesses, institutions and buildings, certain functions are not worth operating, either because performing the function does not make an economic sense or because the necessary funds, labour and intellectual resources (knowledge base) are not available. In order for this difficulty to be overcome, a number of communities need to co-operate.
- (2) Proximity to nature reflected in both business activities and lifestyle underscores the significance of cross-border environmental impacts. Natural factors are only rarely restricted to one single locality; the sound management of natural resources and ensuring environmental sustainability require cross-community co-operation.
- (3) Periphery-related issues arising from remoteness from centres affect neighbouring localities to an equal extent. Infrastructure (transport and communications) capable of bridging of the remoteness gap (geographical periphery), representation needed for the enforcement of interests (social periphery) and market weight required for joining the global economy (economic periphery) presuppose territorial integration.
- (4) It is easier to raise awareness of the cultural heritage preserved as a result of a relatively slow cultural transformation if communities sharing similar heritages join

forces or if cultural singularity is reflected in the diversity of a broader community. Cultural heritage and diversity are both an economically utilisable resource and a cohesive force which, as a basis for local identity, solidify communities. The latter, i.e. cultural diversity, as a force shaping local societies plays a key role in the selection of residence, the keeping of the existing population in place and making a place attractive for prospective population. Given the rules of the market, cross-community co-operation is needed for the economic utilisation of cultural heritage and it is also needed in order that the diversity stemming from different local identities can be made visible and that the supply of goods and services can be performed in a concerted manner.

#### 4.2.1.2. *Political reasons for cooperation*

Owing to the most recent changes in the territorial role of locality and rurality, the above reasons for cross-community co-operation have become more emphatic and started to include political rationales as well.

With modernisation having become full-fledged across Europe, politics assigned local communities a lesser role to play in spatial development and attached less importance to rural resources. (Polányi 2001) This was attributable to the fact that the need for higher concentration and better organisation of industrial production, which is the basis of modernisation, was at variance with a low concentration of population and an agricultural legacy in the rural space. However, from the 1980s onward (in some countries even earlier), something changed. (Woods 2010) These changes brought with them a rediscovery of the role of social and ecological factors (Gibbs 1998, Ray 1994), an increased importance of the local level of society and economy (Cook, 1990), the strengthening of localities and the re-evaluation of the countryside and the urban-rural relationship. (Buller-Hoggart 2001) One of the basic factors of the change in paradigm in territorial policy (Barca et al 2012) is an increase in the value of the local dimension and the participative nature of development, which went hand in hand with the broadening – based on the integration of local communities – of the meaning of the term “locality”.

From the 1980s, the state’s attitude to locality underwent a fundamental change. The earlier policy of industrialisation became ineffective and untenable, and new regional policy objectives were set in order that small enterprises could be established and existing businesses could be rationalised (e.g. product development and marketing, etc.) In the 1980s, the penetration of the welfare state into the provision of public services also slowed down, budgets were under extraordinary pressures and a large number of jobs created earlier predominantly in villages were threatened. The “utilisation of local resources” was now the buzz word in both economic policy and public services. (Oksa 1991) A way out was the application of alternative strategies. One such strategy is the model of *self-reliant development*, which intends to satisfy local needs by mobilising local resources and the local control over external investments. (Galtung 1980, Brugger 1986)

International development policy also started to emphasise locality. Development relying on localities’ own resources and international trends led to the emergence of new national territorial (spatial) policies in the 1980s, with the decentralisation of spatial development-related decision-making, subsidiarity and the recognition of the importance of local initiatives as their fundamental principles. (OECD 2010) Community programmes and organisations aimed at developing local economies and providing services also gained ground in advanced economies. Local development was supported by national governments as well as EU and OECD programmes. Of such programmes, ILE groups

(Initiatives of Local Employment) aimed at facilitating employment, LEADER groups aimed at rural development and, more recently, cross-border EGTC groups have achieved particularly impressive results in local development. It is local initiatives that give momentum to these groups; within the support programmes, success depends mainly on local reception and innovativeness.

#### *4.2.1.3. Typical fields and paradoxes of cooperation*

Cross-community co-operation increases the geographical expansion of the local development presented above and locality itself. It is also likely to influence the shaping of the environmental, social and economic space and to have implications in respect of any one of the fundamental community functions listed earlier.

It follows from the duality of local development (Pike et al 2007) that co-operation serves both regional subsistence and intensive integration into globalisation. These two fundamental local development strategies (i.e. subsistence and integration into globalisation) are included in the objectives and activates of local communities to a varying degree. If stress is placed on subsistence, main areas of co-operation are close collaboration and the division of labour in the production and sale of local products, the strengthening of local communities and local identity and the establishment of an internal market and internal communication networks. If, however, the aim is global integration (“entering the space of flows”), co-operation focuses on competition and competitiveness, thus, external communication and business relations, the attraction of external capital and the introduction of the most state-of-the-art technologies. Co-operation may be hindered if neighbouring communities adopt a different fundamental development strategy each, and fail to identify their shared interests. (Adopting a different fundamental strategy alone is not an impediment to co-operation; nevertheless, it renders the challenge of the formation and operation of partnerships a tougher.)

As a result of politics’ setting greater store by locality, we face two such paradoxes that also affect cross-community co-operation.

(1) The localisation of political and cultural activities occurs against a background of the “dislocalisation” (i.e. globalisation) of the economy and the operation (and, in part, in response to the operation) of “the space of flows”, which is based on the interconnectedness of people, activities and decisions. (Castells, M. – Henderson, J. 1987) The place-based experience of the organisations operating locally and local movements is at variance with interests at higher regional (territorial) levels. It follows that the more global factors dominate locality, the more local institutions, organisations and people work in order to present and enhance the singularity of locality. (Stöhr 1988.) Regional and local identity grows concurrently with global orientation. (Brugger 1986) The development-related activity of local communities also branches off. Eager to join the mainstream of globalisation, one serves the specialisation-related interests of globalisation. The other strives to strengthen locality in order to fend off the harmful effects of globalisation. As both fundamental strategies go beyond the boundaries of locality, the above duality leaves a lasting mark on the shaping of cross-community.

(2) The other paradox is that local organisations, which participate in local development the most actively, can adapt themselves to both national and international policies the best, conform to the principles of concentration and partnership receiving an increasing priority in the EU’s development policies, meet the expectations of the related programmes and, as a result, succeed in obtaining support funds, may easily lose their local legitimacy. As they are constantly compelled to satisfy some condition or other in order to access external

funds, this may easily lead to *their disengaging themselves from local communities*. As a consequence, *local organisations can no longer fulfil their original duty* in the long run and lose their greatest strength: local legitimacy. (Galtung 1980, Green et al 1993)

#### **4.2.2. Developments and trends in cross-community co-operation in Hungary**

##### *4.2.2.1. Before the political transformation (1980s years)*

From the 1980s, the organisations of local development were established in succession in the countries of Western Europe; in contrast, there were only few shifts in priorities in the centrally controlled spatial policies of *the state socialist regimes*. The totalitarian state with its theory of monolithic development and dictatorial arrangements did not tolerate the strengthening of local communities. In fact, it outright hindered it.<sup>9</sup> With the totalitarian rule gradually “softening”, in the wake of the social debates in the 1980s and due to dwindling state funds earmarked for development, the central government finally had to admit the importance of the initiatives of local communities and went as far that it even required that development-related decisions be “legitimised” locally.<sup>10</sup> This “concession”, no matter how small, was enough for local groups, often with support from the professional classes<sup>11</sup>, to organise themselves and articulate their own development goals. However, in the absence of financial resources they could not do too much to achieve these goals. They had to confine their activities to and even “disguise” them as cultural events and the protection and preservation of folk traditions.<sup>12</sup> Although the system of councils under top-down control did not allow local initiatives to be integrated into the shaping of living conditions and, in particular, into the development of the economy<sup>13</sup>, the battles fought locally were good preparation for the post-regime change era, when local organisations and associations were at last free to transform themselves into legitimate civil organisations/associations.<sup>14</sup>

---

<sup>9</sup> The spatial policies of both Western democracies and state socialism were “top-down” policies. However, the latter outright impeded local movements and communities, treated them as a source of threat to the centralised power of the state and, hence, prohibited their establishment. In contrast, the former strove to rely on local resources and have decisions accepted (“legitimised”) locally in an attempt to use resources effectively. (Böhm 1988)

<sup>10</sup> In the 1980s it was the depopulation of small villages that called attention to the errors and mistakes of a central development policy focusing exclusively on the development of centres. Debates involving a wide spectrum of the society were conducted on the appropriateness or otherwise of a spatial policy based on the theory of growth poles. One of the outcomes of the debates was the strengthening of the community development movements that aimed to empower local communities, an ambition which, at the time, clashed with the official mainstream politics at a number of places and on numerous occasions. (Varga and Vercseg 1991)

<sup>11</sup> In Central Europe, where bourgeois revolutions came with a lag and were coupled with colonial oppression, the professional classes had a particular role to play. To be a member of the professional classes meant not only having good higher-level education, but also a mission for the nation.

<sup>12</sup> The most frequent programmes/events/activities of the time included the re-discovery of folk music and folk dancing through the “táncház” (folk dance clubs) movement and clubs that could be fitted in with community education. It is no mere coincidence either that it was “népművelők” (in a word for word translation “educators of people”) working in community centres who were the very soul of local associations/movements/organisations and that community centres became the hotspots of local political life.

<sup>13</sup> Development occurred along the primacy of industrialisation, while public services were provided in a manner that they were linked to places where industries were established and their supply was subject to the rank that a locality had in the settlement hierarchy. (Enyedi 1997)

<sup>14</sup> The act on social organisations providing for the possibility of their establishment went into force in 1989.

Accordingly, infrequent, pre-regime change local development initiatives were characterised by their *place-based nature* and resultant *spatial isolation, strong links with cultural life* and *exclusion from mainstream development policies*. Strangely enough, in the final stage of state socialism local development initiatives were no longer hampered by either prohibitions or direct hurdles embedded in the system, rather, by the indirect hurdles that had evolved over forty years. The most important of such indirect hurdles was *the loss of independence and the ability to put forward initiatives* as an outcome of a paternalistic fashion of exercising powers by the state and the persecution of middle-class values. As a consequence of forty years of indoctrination, people gave up independent thinking and lost the knack of offering strategies relying on their own resources.<sup>15</sup> Furthermore, *the existence of hostilities* that had evolved between cities/towns and their environs, central villages and their satellite villages as well as localities and county councils in response to a settlement and area development practice adopted within the framework of shortage economy proved to be an oppressing legacy.<sup>16</sup> A third component of the legacy was a system of settlements with rather *significant spatial disparities* and *without fundamental infrastructures* which had evolved as an outcome of the former area policy.

Although in the early 20th century the rural space in Hungary was interwoven with the familial, economic and community relations that had evolved between the individual settlements, in the pre-regime change era, due to the characteristics of the state socialist system, there was no cross-community co-operation based on voluntary equality in the rural space. Institutional relations controlled by the state were the protagonists. A number of mechanisms had evolved that were to determine (until today) both motivation for and the nature of co-operation. These mechanisms are, inter alia, (1) the unfeasibility of local development, (2) regionalisation and (3) paternalism.

#### 4.2.2.2. *Spontaneous movements after the political transformation (1989-1996)*

The main ambition of the government implementing the regime change was to right the wrongs of the forty years of communism and to compensate those at the receiving end for what they had had to suffer at the hands of the totalitarian state. In light of the legacy mentioned earlier, democracy and, within that, the autonomy of local communities could only be restored on a regional basis. Hostilities between neighbouring settlements precluded the maintenance of the administrative regions (units). All of a sudden, local governments began to operate in over three thousand places in Hungary.<sup>17</sup> In addition to independence, powers and authorisations – significant even in a European comparison and independent of the size of the place at issue – were also granted. (Pálné 2008) Although funds in amounts higher than before were allocated to the individual tasks, they failed to cover implementation. (Horváth M. 2002) The regime change created and granted competences to *local governments*, one of the actors of local development. (Under the applicable law, local enterprises and civil associations were allowed to be established

---

<sup>15</sup> This phenomenon is not a socialism-specific “achievement”. British community developers often complain about a similar outcome of paternalism. (Gilchrist 2000)

<sup>16</sup> The 1970s saw extensive regionalisation in Hungary, as a consequence of which most localities had been given a satellite village status. The status of localities and their place in the settlement hierarchy came to play a key role in light of a development policy that allocated development funds in accordance with ranks in the settlement hierarchy. Those living in small villages often thought that central localities, which, by definition, developed better and were often earmarked for development centrally, snatched resources from them. And the omnipotent master of the re-allocation of resources was the county council in their eyes. (Vági 1982)

<sup>17</sup> Act LXV of 1990 on Local governments



already before the political regime change; this was a characteristic specific to transformation in Hungary.)<sup>18</sup>

The first democratically elected government had clear and ambitious visions regarding social and economic development, but none concerning regional policy. As a result, local development was only put on the political agenda as late as 1993. Instead, *large infrastructural development projects* favouring small settlements and aimed to remedy the major deficiencies of basic infrastructure were launched, often with local governments as project owners.

The collapse of state- or council-owned and co-operative businesses left a gap in its wake in local economies, which had a fundamental impact on employment and the integration of small-scale farmers. As there were no other economic operators, local governments had to assume this role. The idea of *local governments either operating on a business basis or operating businesses themselves* was further promoted by the need for revenues of their own.

Next milestone in respect of the development of local economies was *the introduction of tenders* as a means of the allocation of central development funds.

This widespread manner of the allocation of the funds from central budget was soon to become the only way of accessing the financial resources needed for the implementation of local development ideas. However, owing to a scarcity of capital, the financial resources earmarked for the implementation of local ambitions only existed on paper at best. The attraction and involvement of private capital remained a pie in the sky, and local governments hardly had any revenues of their own.<sup>19</sup> Ultimate dependence on funds from the central budget resulted in growing dependence on the contracting authorities announcing tendering procedures, i.e. mostly on a central will. *The objectives, institutions and means of local development in Hungary are still subject to the priorities of those providing funds.*

Aimed expressly at the strengthening of local development and, within that, the development of local economies, the small regional programme of PHARE<sup>20</sup> was launched in 1993. The programme provided financial support for innovative initiatives if they were based on the voluntary co-operation of the local governments, entrepreneurs (businesses) and civil organisations of several settlements and fitted in with longer-term strategies. In response to the programme over 70 new small regional development organisations sprung up and put forth a strategy of their own. The process set on course by the PHARE programme was strengthened by the National Employment Foundation (NEF)<sup>21</sup> by providing support with the working out of local development strategies. Alongside other organisations, an approximately 130 small regional co-operation initiatives received support.

---

<sup>18</sup> Act II of 1989 on the Right of Association, Act VI of 1988 on Business Associations

<sup>19</sup> The share of local governments' own revenues is usually 30 to 40%, but it is below 10% at smaller places. (Temesi 2000)

<sup>20</sup> The pre-accession programme of the EU from 1989 for Poland and Hungary and two more East European countries.

<sup>21</sup> The NEF was created in 1992 in order to strengthen innovative initiatives aimed to trigger labour market processes and expand the range of the actively used tools of employment policy through financing projects.

#### 4.2.2.3. *Institutionalization of territorial development, growing number of cooperation institutions between settlements (1996-2001)*

In 1996, the Hungarian National Assembly enacted the Regional Development Law.<sup>22</sup> This marked the completion of a paradigm shift in regional development. As part of this paradigm change, economic development and, within that, the development of local economies increased in significance. Functional small areas were now the basic units of regional development and statistical regions were those of planning and statistical data collection.<sup>23</sup> The law added the right of representing themselves in the county development council, as well as preparing and legitimating of their own development concepts only for multi-community associations which included only local governments as members. In order that the overrepresentation of small regions could be avoided, the number of the representatives was pegged to the number of the regions established for the purpose of statistical data collection.

The implementation of the Act led to strange excesses. One was that organisations of small regional development comprising all types of local actors as their members either excluded those that were not local governments or they established new organisations. The other was that regional adjustment to statistical districts began to be made. All new organisations were set up on this regional basis, exclusively with local governments as their members.

The concept of small regions soon became popular not only in regional development, but also with management bodies responsible for various (e.g. educational, employment, social and rural development, etc.) areas, because neither efficient co-operation, nor the operation of an efficient regional management system was possible with 3,200 independent local governments.

A series of ministries announced their respective programmes promoting multi-community co-operation. Applications for funds to open tourist offices and business centres and create jobs for youth administrators were accepted. Behind each tendering procedure there was a group of local governments either with a local government as gestor or with a formalised small regional association at the helm.

Although there was a 1.5-fold rise in the number of the civil organisations, there was no similar increase in the number of the small regional civil organisations of local development.<sup>24</sup>

The Regional Development Act was modified in 1998, as a result of which the number of small regional representatives in county development councils started to be restricted. There remained no meaningful activities for the organisations established earlier for regional development, and small regional activity lost momentum. There was no motivation for any new organisations set up. Those already operational strove to access funds under the tendering arrangements described earlier.

---

<sup>22</sup> Act XXI of 1996 on Regional Development and Regional Planning

<sup>23</sup> The Central Statistical Office delineated regions of the catchment zone type with a population of between 30,000 and 60,000 for the purpose of planning and statistical data collection. In the first phase there were 150 of them, then, when it became clear that they were the regional bases of the allocation of funds, their number rose to 168 in response from pressure from localities.

<sup>24</sup> In 1998 there were already nearly 260 small regional development organisations of different sizes and with competences in overlapping areas, 2/3 of which identified themselves as associations of local governments under the Regional Development Act. The share of the social associations within the organisations founded in 1996 or later was a mere 8%. In this period there were 16 such small regions where organisations with different legal statuses and with the intention to facilitate regional development operated alongside each other in order that regional development could be facilitated. (G.Fekete 2001)

In 2000, promising to strengthen local development capacities, but, in reality, driven by purely political considerations and completely ignoring local opinions, the government of the day established a network of small regional commissioners, which led to a further halt in local development initiatives. A person with hardly any expertise in regional development or willingness to join in with the activities of local organisations were appointed in each of the 150 statistical small regions mainly in order to ensure the flow of information between the centre and the small regions. The local organisations were disappointed by this measure, for they had expected support with their work and staffing levels; instead, a new actor, alien to them and often in need for help from them, entered the arena.

In 2000, measures aimed at improving the community aspect of small regional organisations were also taken. A planning process covering the entire rural society was launched in preparation for the utilisation of the SAPARD pre-accession fund. As part of this process, at the initiative and with the support of the newly established Department of Rural Development Programmes of the Ministry for Agriculture and Rural Development, over 200 groups of small regional development were set up and started to work out their own strategic and operative programmes planned to fit in with the SAPARD programme.

#### 4.2.2.4. *Strengthening governmental control and standardization (2002-2010)*

Although fragmentation became increasingly hard to sustain under the regional management system, territorially overlapping small regional associations often undertaking different missions and often failing to cover the entire country meant no solution either. It followed from the logic of public administration that not more than 180 non-overlapping regional units of a similar size covering the entire country were needed at a national level.<sup>25</sup> The districts established for planning and statistical data collection and the regional development associations of the local governments adjusting themselves to these public administrative units came in handy. The focus of the public administration reform was shifted onto small regions. Experts and decision-makers agreed that small regional organisations capable of managing issues that would otherwise be the responsibilities of regional authorities, of supplying various public services in a regionally co-ordinated manner and of directing regional development were needed.<sup>26</sup> Due to the strong autonomy

---

<sup>25</sup> It should be noted that there existed a similar regional level called 'járás' (district) between the end of the 13th century and 1984.

<sup>26</sup> The French model played an important role in the birth of this idea. In France, where the integration of associations and local initiatives into the state-run structure has a long-standing tradition, local governments are often members of dozens of associations simultaneously. After special purpose associations had become common, the time was right in the early 90s for organising associations that were willing to carry out complex development tasks at a small regional level and were vested with some of the powers of the local governments. Under this popular arrangement, some of the tasks and powers of the local governments have been transferred to associations of this type, the latter being completely separate from the former institutionally. One of the powers handed over was the right to levy taxes. Associations tap their own tax revenues in carrying out duties linked to regional development and the operation of institutions. Of the regional development tasks, programming and the implementation of the projects incorporated into such programmes that have been discussed with and approved by the entire spectrum of the actors concerned and have thereby been rendered fundable are especially important.

It should be noted that local actors in France also mention three fundamental conflicts in the French model. They are

- conflicts between elected office holders, professional developers and voluntary developers;
- differences between the delineation of administrative regional units and that of functional regions;

awarded to local governments by the Constitution and the Act on Local Governments and owing to the fact that a 2/3 parliamentary majority needed for the alteration of the above laws was impossible to be achieved in certain political situations, this type of small regional institutions could only be established through the voluntary associations of the local governments and the voluntary transfer of some of their rights and powers.<sup>27</sup> The only thing that the government could do was to persuade municipal governments to establish multi-purpose small regional associations.<sup>28</sup> In the first phase 72 multi-purpose small regional associations were set up.

In 2004, the act on the establishment of the multi-purpose associations of local governments<sup>29</sup> was published. By early 2005 there were already 123 multi-purpose associations. Under the law, they took over the regional development functions from earlier associations. 2004 remains memorable in the history of small regional development from another aspect as well: the Act on Regional Development was amended for a second time. This amendment affected small regions fundamentally, as it stipulated that small regional development councils be set up in each statistical small region that was promoted first to a NUTS IV level region, then a LAU I level region. The responsibilities of the councils included the working out of the regional development concept and programme of the small regions, the inspection of their implementation, expressing an opinion of the tenders submitted by the small regions, voicing a standpoint on county and regional programmes, raising funds, co-ordination of co-operation between the actors of small regional development and operating professional associations. Their members are the executive officers of the local governments and representatives of trade chambers, the regional development councils of the counties, employer and employee organisations, the national advocacy organisations of craftsmen and merchants, civil organisations, the county offices of public administration and the Hungarian Treasury.

These two measures taken in 2004 seemed to seal the fate of small regional development organisations with local governments as their members for a long time. A uniform well-regulated system had been set up at a national level. The government did not leave the establishment of the small regional development councils and their offices to chance or local players. Support for operation was pegged on meeting clear cut requirements related to small regional offices constituting part of the public administrative system and supervised by local administrative offices of towns and cities. Strong central pressure urged and led to institutionalisation, as a result of which, the local pillars of a national regional policy integrated in the system of public administration were erected.

In the meantime, the Ministry for Rural Development continued to operate *a network of rural development managers*. The updating of 210 small regional development

- 
- inadequate involvement of the economy and the civil society in the local development processes and the related decision preparation.

<sup>27</sup> Until 2012 local governments in Hungary enjoyed autonomy at a scale that was unprecedented even in Western Europe. They had to carry out the majority of the tasks that arise from providing public services for local residents and exercising powers locally. The responsibilities of the municipal governments included the operation of such institutions that the individual settlements could not afford and that performed regional functions, the fulfilment of certain tasks affecting the whole of the county and, in connection with regional development, the preparation and approval of the spatial planning of the county, voicing an opinion on the spatial development concept of the county and the establishment and the operation of a county information system. Reduction in the competences of municipal governments was only possible if they were transferred on a voluntary basis.

<sup>28</sup> In the tendering procedure announced on the basis of Government Decree no. 6/2004 (IV.15.), eligibility criteria for the award of HUF 80 to 120 million earmarked for the achievement of small regional objectives were commitment to co-operation for 3 years, the establishment of one single working group and the fulfilment of regional development tasks in respect of each settlement of the statistical small region.

<sup>29</sup> Act CVII of 2004 on multi-purpose association of local governments

programmes worked out in 1999 to suit a post-accession situation meant a financially eligible assignment for 190 local managers. Although a mere fraction of their salaries and operational overheads, the financial support granted for this purpose was reliably provided and helped to keep them in place, which, in turn, secured the necessary human resources for local development in rural areas. However, central decision-makers soon detected misalignments in the networks assigned to the individual local working groups and set alignment with statistical districts as a requirement. Such alignment was performed in the hope of financial support; however, the support scheme was phased out in the meantime.

Centrally supported small regional development capacities became both simpler and more standardised in response to the streamlining of the support scheme. There had been a major overhaul as a result of which only the associations of the local governments belonging to the same statistical small region survived. Increasing growth in the dominance of local governments also affected the development of local economies: infrastructural projects continued to outweigh those aimed to directly promote employment and improve living conditions.

After Hungary's accession to the EU, in order for support from Structural Funds to be obtained, strong local/small regional capacities had to be provided. This required a professional background and organisational skills that were beyond local government capabilities and resources, and such capacities had to be embedded in the communities. Help from NGO's (Kuti 2008), the number of which grew rapidly after the regime change only to experience a steep drop later, was also needed. The LEADER programme outright stipulated local partnerships and those non-local government actors have a majority in decision-making committees. (Kovach 2000) This was expected to lead to the easing up of local governmental dominance. Furthermore, those "excluded" were also expected to "get a move on" sooner or later. The only question that remained in this respect was the extent to which this could be hindered by the inevitable continuation of the public administration reform and the government's distrust in the civil society. In response to the latter, relative to the organisations based on community co-operation, non-profit economic companies established by local governments (Bocz 2009) started to play a more significant role in cross-community co-operation.

The organisational spectrum of cross-community co-operation had become drabber and more dependent on tender arrangements. The last straw was a system of local governmental associations which became operational by 2007 and which discriminated against other forms of co-operation.<sup>30</sup> By 2010, practically hardly any actors other than multi-purpose local government associations and the organisations established or controlled by them remained in the cross-community organisations of co-operation. This had three implications: (1) co-operation became bureaucratic and remained in the files of offices, and (2) the strong settlement focus remained: there were hardly any regional initiatives; rather, the initiatives of the individual settlements (localities) existed side by side, unrelated. The third one is an attribute that determines the first two, namely that tendering procedures and the central ideas and concepts mediated by them continued to play a pivotal role in the shaping of regional co-operation between the individual communities.

---

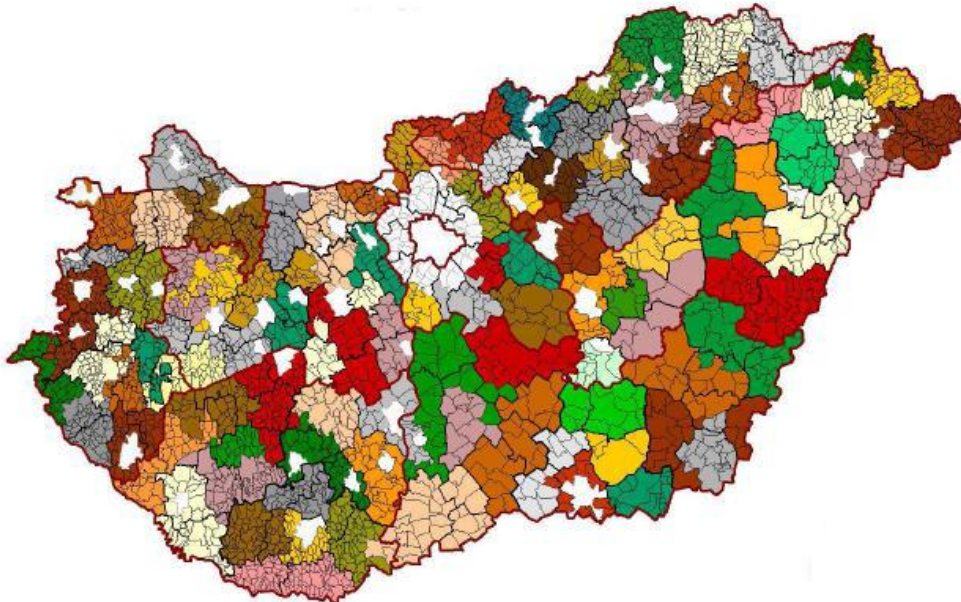
<sup>30</sup> The Hungarian National Assembly adopted the amendment of Act CVII of 2004 on the multi-purpose associations of local governments on 10 September 2007. As a result, with the exception of Budapest, where it is the Metropolitan Municipality Government that tends to these duties, multi-purpose small regional associations comprising all the settlements of a region sprung up in all 173 small regions. With this a system that could be regulated and financed in a standardised manner had evolved with the voluntary, though somewhat nudged, participation of the local governments.

#### 4.2.2.5. *Further deepening of centralization*

The 2010 change in government brought about radical changes in numerous areas in Hungary. One of the most unmistakable features of the processes is centralisation. 1 January 2013 marked a new chapter in the history of regional public administration. District offices with no self-governmental status assumed tasks and powers from local governments and the multi-purpose small regional associations that had been either discontinued or no longer supported. Primary education was either nationalised or placed under the control of the church in the small localities, but in any event, under control other than the local governments'. As government support was no longer granted to the associations that had become the sole organisers of cross-community co-operation and adopted an administrative approach, they stopped operating at a number of places. The remaining organisations of local governmental co-operation based on voluntary association transformed themselves into project organisations in order to implement the projects still in progress.

As a consequence of the processes outlined above, the form of rural cross-community co-operation had been streamlined and fine-tuned further, with the local action groups of the LEADER programme remaining the only organisations of co-operation. Of the very first organisations that were strong enough to have survived, hardly a dozen operating as civil organisations had remained

LEADER organisations mean continuity in cross-community co-operation only in part. Of the 96 LEADER organisations established in 2007, only one-fifth had had a predecessor and there was some antecedent of local development based on community co-operation in approximately 80%. There was no such antecedent in the remaining 20%; local development there was implemented with the help of the rural development support that opened up from 2007. (Kis and Szekeres 2010)



Map 1: ÚMVP LEADER local action groups between 2007 and 2013

Source: ÚMVP Monitoring Committee, 2010, p. 106

### 4.2.3. The changes of the characteristics of the cross-community cooperation, and possible future scenarios

Of the era-specific characteristics of the institutionalised forms of cross-community co-operation we only performed the comparison of organisational forms, geographical areas, sizes and main activities. Nevertheless, the growing influence of the state and its implications are hard to miss.

#### 4.2.3.1. Formal characteristics of cooperation

*The scale of co-operation* shows increasing concentration relative to the size of both locality and population. Over three quarters of the very first small regional associations established at spontaneous initiatives covered fewer than 20 settlements; later, as a rule, they comprised 15 to 25 settlements. LEADER LAGs came to comprise 30. Initial average population was 46,000, then 34,000 and in the LEADER groups it rose to around 40,000 again.<sup>31</sup>

Over time, *the geographical framework of co-operation* was fully adjusted to administrative districts. The first organisations were set up in homogeneous or functional regions. Before 2002, only 18% of the local governmental associations complied in full with the criteria of the statistical district classification. 37% covered a smaller geographical area. In contrast, multi-purpose associations were fully aligned with administrative districts. The operational area of only 20% of the LEADER groups corresponds to that of a statistical district. However, 40% comprise two and a further 40% three or more districts.

Table 5/2: Overview of organisational changes in cross-community co-operation

Criteria	1995	1999	2001	2008	2011
Dominant form of co-operation	spontaneous associations	regional development associations	programming areas of rural development	multi-purpose local governmental associations	LEADER groups
Number of organisations	134	184	210	175	96
Size / average population (thousand persons)	46	34	28	47	40
Size / average number of settlements	10-20	15-25	10-20	20-25	30
Relative to administrative districts (%)					
Lower		37	50	0	0
Equal		18	40	100	20
Higher		45	10	0	80
city is member (%)		70	40	100	40
Organisational form %					
Not a legal form	29	0	80	0	0
Local governmental association	39	66	0	100	0
Social organisation	32	34	20	0	100

Source: Edited by the author

<sup>31</sup> The size of the geographical area could justify an even higher population; however, towns/cities with a population of over 10,000 cannot participate in LEADER co-operation.

*Classification by organisational form* has not only administrative significance. Organisational frameworks also affect the tasks undertaken in local development and the methods applied in the course of the development. Those operating as social organisations usually operate broader based social partnerships. By contrast, more formal co-operation involving fewer activities is more common among local governmental associations. However, willingness to co-operate with the government is stronger in the latter. As opposed to associations comprising local government members only, LEADER organisations have mixed membership and operate as social organisations. It should be noted, however, that, entrepreneurs and civilians among the members were often mayors “in disguise”, i.e. mayors who had not been elected into the presidium (steering committee) due to the limits stipulated in the programme<sup>32</sup>. The number of the members in the same organisation is still considerable despite a high number of recent “drop-outs”. On average, one settlement is represented by three members in an organisation, which may mean several hundred members per organisation. (Kassai 2012)

#### 4.2.3.2. *Changes in the contents of cooperation*

The development of settlement and regional infrastructure, the co-ordination of settlement development and the development of regional tourism have always been *key topics of co-operation*<sup>33</sup>. There was a marked change in the role of planning and advocacy between 1994 and 2001. After 1996, thanks, in part, to the Regional Development Act and, in part, the financial support that was made available under the Act, planning took the lead and, relative to the previous era, the proportion of planning and capital projects reversed.<sup>34</sup>. This was closely related to the fact that focuses on the former concept of “entrepreneur local governments” had been gradually shifted onto that of “entrepreneur-friendly local governments”. Accordingly, infrastructural development attracting and strengthening businesses and marketing and PR activities promoting regions took an increasingly high profile. The role of planning had lost in importance again by 2000, but after Hungary’s EU accession it regained its former significance.

*Table 5/3: Changes in the focus of small regional development activities between 1994 and 2001*

<i>1994 (a sample of 99)</i>	<i>1997/98 (a sample of 110)</i>	<i>2000/2001 (a sample of 118)</i>
Development of regional and settlement infrastructure	Planning	Coordination of spatial development
Coordination of spatial development	Coordination of spatial development	Implementation of regional tourism-related programmes
Implementation of regional tourism-related programmes	Advocacy	Development of regional and settlement infrastructure
Business development and incentives	Development of regional infrastructure	Planning
Advocacy	Marketing and PR activities	Establishment and operation of a regional information system

<sup>32</sup> The composition of action groups must meet the requirements set forth in Paragraph (b) of Article 62 of Council Regulation 1698/2005/EC

<sup>33</sup> We conducted surveys on the weight of the tasks and responsibilities in small regional work in 1994, 1997 and 1998 and 2000 and 2001.

<sup>34</sup> In the initial period 77% of the joint projects were capital investment projects. This dropped to 33% later.



Planning	Implementation of regional tourism-related programmes	Nature and environment protection
Nature and environment protection	Establishment and operation of a regional information system	Business development and incentives
Joint organisation of employment programmes	Business development and incentives	Training and education
Establishment and operation of a regional information system	Nature and environment protection	Marketing and PR activities
Marketing and PR activities	Professional assistance for local governments	Settlement rejuvenation
Heritage protection	Joint organisation of employment programmes	Joint organisation of employment programmes
Establishment of international relationships	Heritage protection	Community development
Professional assistance for local governments	Community development	Youth programmes
Joint fulfilment of local governmental tasks	Joint fulfilment of local governmental tasks	Heritage protection
Implementation of social programmes	Implementation of social programmes	Implementation of social programmes
Community development	Establishment of international relationships	Professional assistance for local governments

*Source: Edited by the author*

After 2007, there was a shift in the activities of multi-purpose small regional associations towards the joint organisation of local governmental tasks (e.g. the provision of medical emergency services, schools, facilities of public education and internal control/audit) and the related settlement development programmes. The fact that only local governments were allowed to become members and access to the funds of the central budget was the most important goal made the development of regional communities and the establishment of non-local government relationships unnecessary or even undesirable; due to further changes<sup>35</sup> in the institutional system of regional development, advocacy had also lost its former importance.

Understandably, the key content of LEADER co-operation is rural development. Within that, joint infrastructural development, the joint organisation of nature protection, the establishment of business co-operation and the co-ordination of social development play a high profile role.

Current projects based on co-operation are, as a rule, related to the development of social economy, the production and sale of local goods and products, the boosting of tourists and training and education enabling those living in the same region to achieve common goals. These topics logically follow from EU programmes. The very essence of co-operation is aptly reflected in the survey results that show what local action groups (LAG's) consider their most important tasks.

*Table 5/4: Tasks of LAG's in accordance with their order of priority*

Ranking	Designation of task	Average scores
1	Provision and award of support funds	2.2
2	Boosting of local economies through information flows	2.9

<sup>35</sup> Small regional representation first on county (municipal) development councils, then on the regional ones had to keep an increasingly low profile

3	Strengthening of regional relationship and establishment of partnerships among regional actors (common platforms for local actors)	3.3
4	Encouraging local actors to establish joint projects and perform multi-sector activities, triggering synergy effects	3.9
5	Capacity building of local actors	5.1
6	Providing for the possibility of discussions and an exchange of opinions	5.3
7	Dissemination of the concept of sustainable development, promotion of its putting into practice	5.4
8	Sharing and dissemination of good practices	5.6
9	Networking with action groups operational in other regions	6.9

Source: Kiss-Köteles 2011

#### 4.2.3.3. *Changes in the methods of cooperation*

In the spontaneous phase of co-operation actors started to plan and organise activities covering several communities instinctively, relying on voluntary workers and input from persons in charge of other tasks. Overtime, thanks also to research in Hungary related to the topic and the specialist training that had been gaining ground, professional managers entered the arena. Local communities and their officials were soon to engage regional organisers to organise co-operation.

Local experts did not sit back for long. Central political control over regional co-operation also entailed central control over professional issues. Furthermore, professional control also served as a basis for political control, which involved hiring and firing, as appropriate, local experts from time to time. Local actors adopted central methodologies in planning and management tasks were determined by central policies through the central financing of operation. (Typically, local action groups in Hungary were of the opinion that the application of the principle of subsidiarity (i.e. local decision making and control) in their work ranked the worst in Hungary among the EU member states. (Kis) LEADER organisations meant to be the most community-like in nature became excessively bureaucratic and disengaged themselves from the communities

As regards development, similar to other typical activities, social/community activities were second to the management activities of “hard” development and infrastructural capital projects. This situation did not escalate in local development adjusted to the above expectations until the development of partnerships became a top-down requirement and central authorities realised that the main obstacle to progress was the lack of willingness in community to co-operate with each other.

Zsuzsa Kassai studied the factors of regional development partnerships and the causes of the current unfavourable situation in her PhD thesis (2012). Her research has revealed that low willingness to co-operate within the LEADER LAG’s is imputable to the following:

- a) There is no tradition of community co-operation in the regions; the majority of the partners had not even known before LAG’s were formed; trust needed for co-operation has not evolved yet.
- b) Conflicts between the members preclude co-operation. A small group monopolised LAG’s for its own purposes, therefore, the other partners see no point in establishing co-operation with them.
- c) What with the statutory regulations and bureaucratic obstacles interfering with or foil their operation, members lost their motivation for co-operation. They think that in

return for the money and time invested in and efforts made for the sake of partnerships, they get nothing. (Kassai 2012)

Another fact pointing to the deficiencies of co-operation is that in another survey the lack of willingness to co-operate ranked immediately after the lack of capital and financial support in the order of the factors impeding the development of the regions covered by LAG's. Lack of knowledge and statutory barriers only came next. . (Kis and Szekeres 2010)

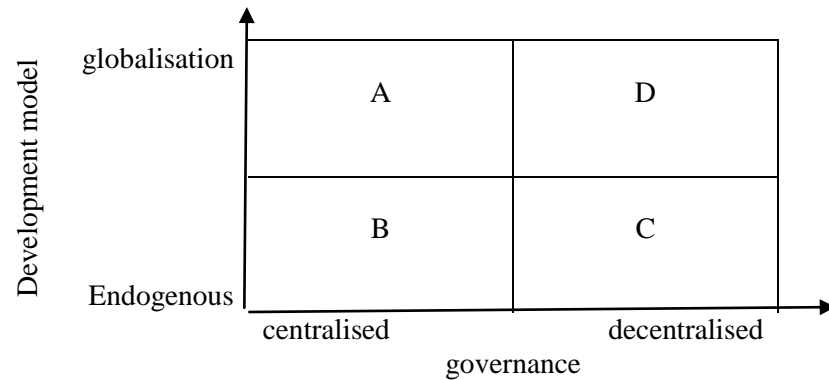
The vulnerability of LEADER communities, which are the only surviving form of cross-community co-operation in rural areas, is reflected in the fact that three quarters of the LAG's think that they would have to discontinue operation without financial support, because they would be unable to tap other funds to finance their operation. There was only one saying that it was sure that it could survive, as it would be able to secure the funds needed to finance its operation from other resources. (Kis and Szekeres 2010)

#### *4.2.3.4. Possible scenarios for future evolution of cooperation*

Based on the model of the local and central factors that shape co-operation (Chart 1), future scenarios are shaped by the changing output of the answers given to the following questions:

(1) Can local actors realise and understand the need for co-operation? Can they identify the strategic areas of shared actions? Can they find a charismatic person to lead their cause?  
(2) Can the civil sector independent from both central and local governments recover again? Can it articulate independent strategies tapping social capital? Can it ensure that there are adequate intellectual and financial resources and social capital locally that are needed for the consistent implementation of the decisions? This is strongly influenced by  
(3) the internal governance model adopted by the government, whether reduction in the powers of local governments ("nationalisation") continues, the attitude of the state to the civil sector and whether the state can overcome its current distrust; and by (4) the government's attitude to the EU and whether it supports the exogenous (globalisation) or the endogenous strategy as a basic strategy of local development.

Regime change or not, due to the paternalistic legacy of the state socialist era and centralisation, with lack of resources as its official justification, the will of the central government plays a deciding role in the developments of cross-community co-operation in Hungary. Within this, there are two variables along which future scenarios can be outlined. One is a mode of governance ranging from the centralised to the decentralised. The other is the preferred model of development ranging from the endogenous to complete integration into globalisation and from economic isolation to a completely open economy.



*Figure 5/3: Scenarios of cross-community co-operation according to changes in the central government's intentions*  
*Source: Edited by the author*

There are four possible scenarios along the two axes:

- A. Scenario of “crowding out”: Only forms of cross-community co-operation linked to central development programmes and directly controlled by the state are allowed. Their objectives and tasks are determined by programmes strengthening economic opening and adjustment within the EU. Their operation is standardised and bureaucratic and, hence, less innovative. Centralised governance and paternalism that it maintains reduce regional autonomy and can do without strong local communities. Communities prioritised by the centre strive and prosper, those less prioritised lag behind. The only chance to catch up for those lagging behind is co-operation with those with a competitive edge; however, such is not in the interest of the latter. It is only central pressure that “persuades” them to network with the peripheries. Cross-community co-operation evolves in a vertical system (towns/cities and their environs, centre and peripheries), creating and sustaining a hierarchical relationship. However, centralisation, coupled with the strong need to compete, may also trigger resistance from local actors. Similar to the situation characterising the early 1990’s, spontaneous new processes demanding the strengthening of decentralisation may evolve in order to create cross-community relationships that benefit local communities.
- B. “False LEADER” scenario: Strong central governance prefers endogenous development and subordinates cross-community co-operation controlled by it to such development. In order to utilise local capacities to the largest possible degree, it needs strong local communities that co-operate in groups covering the entire territory of the country. However, an increasingly closed central policy turning its back on European integration and rejecting the development funds that could be raised as part of such integration may shake the main motivation (access to development funds) of cross-community co-operation to its foundation, thereby weakening co-operation. Administrative constraints may serve as a strong incentive, however. Local communities propped up through the involvement of domestic and international funds cannot tolerate centralised governance for long and may switch to another scenario.
- C. “LEADER” scenario: Local communities also opt for endogenous development and can design their own strategies. They are likely to realise that the conditions of development relying on internal resources are not available at a local scale and they may choose the communities they wish to co-operate with. The central government supports co-operation itself, but it does not stipulate a geographical framework for it,

nor does it lay down the rules of co-operation. Cross-community co-operation materialises in a horizontal system, based on partnership, in co-operation with, but not controlled by the government.

- D. “Competition-oriented CLLD” scenario: Communities work to improve their competitiveness and look for potential partners towards this end. Competition may preclude the evolvement of and even harm cross-community co-operation, and attach greater importance to vertical relationships. Co-operation of the “town/city and its environs” nature that promotes and facilitates integration into a larger space may take on an increasingly high profile.

As political trends and directions are rather volatile and prone to frequent changes, the likelihood of the materialisation of individual scenarios is roughly the same, though currently, scenario “B” seems to be the most likely choice. Time will tell which scenario(s) and in what order materialise(s).

#### **4.2.4. Summary**

Given that natural and socio-economic attributes do not stop at settlement boundaries and issues that arise from this fact need to be tackled, furthermore, in order to utilise local potential, cross-community co-operation is inevitable. In the state socialist era all kinds of community systems not controlled by the state were prohibited and cross-community relations were shaped by forced administrative alignments, spatial division of labour and marriage customs. After the regime change bottom-up cross-community co-operation aimed at development started to evolve. However, soon it was placed under state control again. The manner and form of the institutionalisation of co-operation and the content of co-operation were influenced the most strongly by public administration reform, the ministries’ regional integration steps and, in keeping with them, state and EU tenders.

As an outcome of gradual centralisation, only LEADER LAG’s have survived as the only common form of cross-community co-operation. Members of the European movements take on a rather peculiar form in Hungary, though. The LEADER principles have been violated in many respects, and nearly all the problems encountered in Europe are encountered in Hungary. The large size of groups, excessive central governance, party political influence, excessive bureaucracy, the lack of funds financing operation, a low level of innovation and scarce local social capital hinder operation based on an area-based approach, decentralisation and subsidiarity, partnership, innovation, integrated measures and networking (jointly: the LEADER principles). Communities that are communities proper, can offer more than a simple summary of the interests and development targets of the individual settlements, are capable of identifying common regional interests and can base their actions on partnerships were far and few between. As a result, they play a less-important-than-expected role in the shaping of space. However, there are significant differences in the degree to which they are integrated within the geographical framework created artificially for them.

The number of the groups of cross-community co-operation that started operating in the early 1990’s, has been excluded from the process of institutionalisation supported by the government and “kept alive” with all kinds of tricks and operated as a civil organisation was low. They can owe their survival, in addition to their strong local commitments, to their participation in some (green, cross-border or social exclusion) EU programme. Their strongest common feature, which has also made their survival possible, was their activity, which was put in a perspective that went beyond narrow community interests, was politically unchallengeable and “survived” several political cycles.

All levels of cooperation between rural settlement communities are affected by conflicts, though the actors themselves do not always consider these situations as conflicts. *Within settlement communities*, the conflicts – which are not always undertaken – between the elected representatives and civilians can make the cooperation more difficult. *Between settlement communities*, conflicts deriving from the old and new up- or subordinations of administrative transformations and the centralisation of institutions can weaken the power of cooperation. Town-rurality conflicts specially led to the absence of towns from regional or micro-regional cooperation – strengthened by the LEADER program – and the formation of “regions with a hole in the centre”. The source of conflicts *between the cooperation of settlement communities* is the strong dependence on central / European Union development sources and the competition arising from this. Though this competition is less dominant in the LEADER Program, actually the program definitely motivates the cooperation between LAGs, relatively few take the opportunity. The lines of force of the strongest conflicts are *between the cooperation and the state*. But in fact this opposition does not lead to real conflicts, due to the survival and almost exclusive existence of the cooperation forms according to the central state will, and its acceptance by both sides of paternalism. On the other hand, it hampers the establishment of new, more self-motivated cooperation which can overcome the conflict-types mentioned before.

Future developments in cross-community co-operation are shaped by the internal characteristics of the communities, the fact and degree of the decentralisation of central control and whether local development follows an endogenous or exogenous course. Any one of the scenarios outlined on this basis may materialise in the post-2014 Hungary.

### 4.3. *The development of small villages*<sup>36</sup>

#### 4.3.1. Small villages heritage

Those<sup>37</sup> participating in the vivid debates on small villages *in the second half of the 1980s*, considered the following as the main characteristics of small villages: reduction in earlier rapid depopulation, the migration of members of the younger generation from villages, ageing ascribable to reduction in natural population growth, the complete disappearance of the local intelligentsia, an infrastructure well below the national average standard of villages and an old housing stock. Most participants in the debates blamed the evolvement of the then situation mainly on forced industrialisation, putting agriculture on the back burner, central development policies implemented from top to bottom along the hierarchy of settlements and, within this, the treatment of small villages as components to be phased out. Only few (*Enyedi 1980; Beluszky 1988*) highlighted the impact of the objective processes attributable to the transformation of the forces of production. They pointed out that such objective processes included the impact of large-scale agrarian production on the rural settlement network shaped by the needs of small holding farming, a sharp fall in labour demand in agriculture, employment re-stratification, a shift in demand for live labour by farming and industry at the cost of the former and the disruption of peasant communities as a result of the radical transformation of ownership. They also identified easier access to small villages as another objective process. An improved transport system obviated the need for providing basic services locally. Increased demand, however, also urged the establishment of larger facilities providing more specialised services. The development of the transport system was thought to be able to open up new possibilities for residents of small villages. However, they admitted that it also carried risks, as experience confirmed that there was only one-way mobility in villages, i.e. outward or upward mobility (*Beluszky 1988*).

Ready to sacrifice small villages for modernisation, opinions overemphasising the importance of economies of scale were also voiced in the debates (*Kolta 1979*). So were those, at the other end of the spectrum, that evoked a hyped image of the village of the 19th century, longing for the return of some rural idyll that had never existed.

*In the beginning of the political transformation*, the economy of small villages was characterised by the lack of local jobs, the dominance of employment in agriculture, an almost complete absence of industry and services, an obsolete technology in existing factories even by national standards, an uncompetitive product structure, very low efficiency and strong indirect dependence on Eastern markets. Commuting from small villages mostly added to hidden unemployment. The institutions of basic services had, by that time, been scaled down almost completely. The policy of districting in the 1970s led to the build-up of tension between small villages that had lost their independence and district centres. In addition, small villages were lacking in population that would have been able to bring about the necessary changes. The reasons for this included a 40-year gap in the operation of the institutions of democracy, lop-sided ideological pressure influencing the socialisation of entire generations, a centrally commanded social regime that suppressed self-advocacy and turned citizens into subjects, the on-going disintegration of the traditional value system of the peasantry and a strongly distorted demographic structure brought about by migration.

---

<sup>36</sup> The chapter is written on the basis of the results of “Small villages and small village inhabitants” research.

<sup>37</sup> There was a conference “Public life and youth of small villages” on 3-4<sup>th</sup> February 1984, at Pécs, giving an overall picture about the approaches related to small villages. (*Sükösd F. ed., 1985.*)

The settlement stock established by the beginning of the 1990s years still keeps the dual, very differentiated character of territories in the Lowlands and in the mountains; moreover, the shifting towards small villages experienced from the '60s continued in spite of all previous efforts. Though only 2,7 % of the population live in small villages, 1/3 of the settlement stock is composed of this settlement category, and both the number and the number of inhabitants of small villages increase. There is hardly any difference in the division of settlements according to their size regarding the present situation and that of the 1870 year.

*Table 5/5: Changes in the population of small villages in Hungary between 1787 and 2001*

Year	Settlements			Population			Average settle ment size
	Total	Small villages		Total	Small villages		
		Num ber	Propor tion		Number of population	Propor tion	
1784/87	3,360	1,883	56.0	2,427,411	470,111	19.4	722
1870	3,103	1,011	32.6	5,011,310	492,322	9.8	1,615
1920	n/a	n/a	24.2	7,986,875	279,541	3.5	n/a
1930	n/a	n/a	22.0	8,685,109	251,868	2.9	n/a
1949	3,264	603	18.5	9,204,799	209,011	2.3	2,820
1960	n/a	n/a	18.2	9,961,044	199,610	2.0	n/a
1970	3,211	718	22.4	10,322,099	216,764	2.1	3,215
1980	3,121	831	26.6	10,709,463	252,733	2.4	3,431
1990	3,070	950	30.9	10,374,823	265,729	2.6	3,379
2001	3,135	1,020	32.5	10,198,315	277,902	2.7	3,253

*Source: The author's own compilation based on data from the first Hungarian census (1784–1787), Central Statistical Office (CSO), CSO Census Records.*

The increase of the number of small villages in the 1990s years derived from the disintegration of the former village-uniting on the one hand, and the breaking away of some town districts defining their own identity on the other.<sup>38</sup>

While the number of settlements at the national scale grew by 65 as a consequence of various split-ups and spin-offs between 1990 and 2001, that of small villages increased by 70. Out of the 70, only 24 came into existence through the restructuring of local public administration; 46 were reclassified as small villages from a higher population category.

*Table 5/6: main changes in the organisation of settlements*

<i>Settlement category</i>	Number of settlements 1990	New settlements	Closed settlements	The old settlement split into two with new names	More than 2 settlement separated from another one	Total: 1990 + new settlements – closed settlements + more settlements from a separation from a settlement	Total reorganisations	Number of settlements in 2001	Change in the number of settlements without reorganisation
<i>Person</i>									

<sup>38</sup> The growing number of splitting up of townships and the thus further atomizing administration structure resulted in the formation of the regulation of the minimum size of a local government. After the modification of the law in 1994, the condition of establishing a new settlement is to have at least 300 inhabitants, and the administration has to be able to carry out all compulsory tasks determined by the self-government law.



0-99	70	0	0	0	0	70	0	103	33
100-249	331	3	0	0	0	334	3	343	9
250-499	549	13	0	3	5	570	21	574	4
<b>small villages</b>	<b>950</b>	<b>16</b>	<b>0</b>	<b>3</b>	<b>5</b>	<b>974</b>	<b>24</b>	<b>1020</b>	<b>46</b>
500-999	713	11	-1	6	5	734	21	685	-49
1000-2999	941	10	-5	7	4	957	16	952	-5
3000-4999	197	2	-2	1	0	198	1	202	4
5000-9999	129	1	0	4	0	134	5	134	0
10-250 thousand	140	0	-3	1	0	138	-2	142	4
<b>TOTAL</b>	<b>3070</b>	<b>40</b>	<b>-11</b>	<b>22</b>	<b>14</b>	<b>3135</b>	<b>65</b>	<b>3135</b>	<b>0</b>

*Source: Compiled by the author, on the basis of population census of the Central Statistical Office and the Gazetteer of the Hungarian Republic 2001*

The number of not only the settlements, but also the population rose by approximately 12,000, or close to 4.6%. By comparison, the total number of the country's population decreased by 176,000 or 1.7%. The rise was attributable to 70 new small villages and increase in the actual number of the population in 249 small villages. The highest rate of the growth of the number of settlements and their population appeared in the smallest villages with less than 100 inhabitants, where 33 new more villages became to belong since 1990. Thus, we can experience the atomization of the settlement stock.

In 2001, there were 278,000 inhabitants in 1020 small villages, 189 settlements and 25,000 inhabitants more than in the 1980s years, when higher attention has been paid to the vital questions of small villages. The number of the small villages – especially those with the population of 500-999 – will probably increase, and due to the new demographic trends we can count with the increase of the number and rate of people living in small villages. Thus the special problems of small villages will emerge more sharply.

#### **4.3.2. Review and results of processes influencing small village economy and society in the 90s decade**

The 1990s proved to be a turbulent decade in the history of Hungary. The grim legacy of the previous era, globalisation, which had, by that time, also become a fact of life, trends in East Central Europe in the wake of the collapse of the communist bloc, the events of the political regime change and obligations arising from Hungary's accession to the European Union all contributed to changes (*Enyedi 1996*).

Some of the trends at the time affected all the small villages and led to an extensive alteration in the status of small regions within the settlement system. Others precipitated or amplified the process of differentiation within the stock of small villages.

##### *4.3.2.1. Factors strengthening homogenisation within small villages and polarisation within settlement system, and their influences regarding small villages*

*The conversion into capitalist market economy, within this the privatisation, the liquidation of the agricultural cooperatives, the narrowing of commuting possibilities, the increased predominance of economies of scale in services, and the clear predominance of economic and cultural globalisation further injured the critical situation of small villages emerged in the 1980s years; it made the development slope even more steep within the settlement network.*

The population of small villages was the loser of privatisation and compensation, which led to the redistribution of state and agricultural co-operative property. The reason for this was that there was hardly any property to be re-distributed, on the one hand, and even when there was, predominantly elderly persons or those with a low level of education were unable to advocate for their own interests in the course of redistribution, on the other. This is, indeed, one of the reasons why there is no *business enterprises* capable of establishing an economy based on local resources. In the beginning of the 1990 decade, the number of enterprises grew rapidly, but most part of them operated only for a short time. The difference between registered and functioning enterprises is higher than the average in small villages. In spite of the fact that the rate of advancing was higher than the national average in the second half of the decade. The enterprise density is extremely low (only 44 % of the national average), and it is also unfavourable that – as in case of other settlement types – the rate of enterprises with legal personality is high (above 85 %).

The existing enterprises are mainly bogus self-employment, established by former employees of the agricultural cooperatives and commuters who lost their work, entering into the market niches arising from the liquidation of the cooperatives and the privatisation of trade services. The local (bogus) self-employment enterprises were not able to employ the people dismissed from the cooperatives and the industrial centres, but they could temporarily improve the – mainly retail – supply of the inhabitants. The number of food shops of small villages increased in a high degree, by more than 50 % in the examined period. The almost 86 % increase in the number of retail shops (so-called mixed shops) was even higher. The number of pharmacies did not change after the appearance of entrepreneurs; this service has been established and kept only in 27 small villages. There were post offices only in a few small villages.

As regards *economic restructuring*, industry remained the engine of the economy (Kiss 1998). However, as, traditionally, there is no industry in small villages. We could count only with the development of handicrafts, because of the low density of population and the underdevelopment of infrastructure, but there were no significant changes due to the low education level and self-reliance of the labour force.

The *abolition of co-operative ownership in agriculture* was a high profile political issue at the time of the regime change. During the era of transition the size of land cultivated by co-operatives shrank by 30%. In 1993 the *system of agricultural co-operatives* collapsed. This coincided with the statutory abolition of the duties related to the employment of the members of co-operatives, which proved to be of crucial importance in developments in unemployment (Harcza et al 1994). With agricultural co-operatives having collapsed, an integrator which organised the division of labour between *large and small-scale farming*, played a key role in the modernisation of Hungarian villages, was the sine qua non of household plot production, which complemented regular jobs, and ensured a market also ceased to be in operation. 1.7 million self-employed farmers, each cultivating an average 1-1.5-hectare piece of land, among them 101,000 and 80,000 small producers in small villages in 1996 and 2000 respectively, were left high and dry, with even the hope of being integrated into commodity production vanishing into thin air. Yet, both the number and the proportion of agricultural businesses rose in the second half of the decade. The number and the rate of agricultural enterprises were 1663 pieces (18,4%) in 1996, 2279 pieces (23,3%) in 2000. The rate of agricultural workplaces is still above 25 %. The number of individual farmers decreased less in the small villages than in the bigger settlements, but it is still spectacular 21 %. In the small villages, every third person is a farmer, while the national average is 11. The farmers of small villages typically use only the outskirts of their own settlement.

The number of *service enterprises building on the internal market of the small villages* grew very quickly, but soon became in an impossible situation due to the laws of the market economy. The continuously impoverished unemployed and inactive people do not represent a solvent demand; the administrative and financial burdens of the enterprises also grew continuously. Both local and external service providers began to draw out their services from the small villages, or reduce to the minimum. A part of the shops has been closed, or operates further in the black economy; another part lowered the quality and the assortment according to the local demands and solvency. Post offices are completely withdrawn from small villages.

*Commuting possibilities* have narrowed in the whole country in the 1990 decade. In spite of this, 70 % of the 2/3 reduced labour force of the small villages still work in another settlement. There is relatively small role of the accessibility of the village in the number or rate of the commuters. The economic force of the town is more important than its distance. Commuting between small villages is also general, as 40 % of local workplaces are employed by people from other villages. The spread of *telework* is still quite minimal today. It can be considered as working possibility rather for young people migrating from the towns than that of the local residents.

*Public services* became the most important employers in small villages. 43 % of the employed people, within this number more than 80 % are employed by some public service institution. The employer is generally the local municipality.

*Unemployment* became the general and most striking problem of small villages, which exceeds the national average by 80-100 %. In the beginning of 1991, the number of registered unemployed in small villages was 4 thousand, while it increased to 15 thousand persons by 2001.

According to the data of the Central Statistical Office, the national unemployment rate decreased to 6 % by 2004, and 46 % of the unemployed looked for a job for at least or more than a year. The unemployment rate is still 20-25 % in the small villages, and the lasting unemployment is above 90 %. The actual unemployment, however, is even higher.

*Social regrouping* has accelerated. The transformation of property and employment relations basically rearranged the income and property rates of the certain social groups, which shows territorial features as well. The new stratum of big businessmen and owners, and the appearing managerial middle stratum living in much better conditions than before the political transformation, together with the stratum of small entrepreneurs and service providers are concentrated in the bigger settlements. As an opposite, the growing of socially disadvantageous and poor strata can be experienced in the small villages.

*Income inequalities* increase; while there was sevenfold difference in incomes between the lowest and the highest income strata in 1995/96, this rate was almost eightfold in 2001/2002. About 12-15 % of the population lives on less than half of the average income, while about 1/3 vegetates under the minimum subsistence level. 1/4 of the poor families, i.e. 2-3000 families live only on social benefits. Social differences induce spatial differences at the same time. The main reasons of poverty are the following: low education level and lack of qualification; but furthermore the regional differences occurred, too (*Ferge ZS. 2001*). The profitability of the economy of small villages is well represented by that they pay much less amount of personal income tax than the rate of their population. The paid personal income tax per person is only half of the national average, and less than that of any other settlement category. According to correlation calculations, the ability of

producing personal income tax in the small villages is definitely determined by the rate of working in another settlement ( $r = 0,7396$ ). Almost 30 % of the population of small villages live on social aids and on pension. Impoverishment and social segregation have extreme dimensions (Szalai J. 2002).

Due to the *accomplishment of globalisation* the same material and intellectual products are available even in the smallest village than in the bigger towns, and the inhabitants of even the smallest villages do their shopping in multinational shopping centres, including their needs of vegetables, meat and dairy products. The world opened up, but, at the same time, a part of it is lost. People living in villages could face strikingly the closure of their own community, the poorness of the opportunities of their resident place, according to the values strengthened through the media. On the other hand, there was a possibility for others to get acquainted with the previously closed areas, and external actors could recognize their real values through the post-modern value system. Namely, it turned out that there are real values in settlements considered as underdeveloped according to the modernisation value system.

With *institutions of democracy restored* and demand for social justice in settlement policy satisfied, the development of small settlements, doomed to extinction earlier, was given a new impetus. Concerning the spread of democracy, the restoration of municipal autonomy exerted the most profound impact on small villages.

As part of the political regime change, *local governments* were set up in all settlements. After decades, Act LXV of 1990 on Local Governments granted the right to self-determination to the smallest of settlements and provided for the use of budgetary funds at their discretion again. In the early 1990s budgetary support of HUF 2 million per settlement and dedicated funds financing the development of rural infrastructure encouraged local initiatives (Böhm 1998)

The appearance of *political parties and civil organisations* is not characteristic in this settlement type (Szoboszlai ZS. 2002). A so-called hierarchical diffusion can be experienced in the spread of civil organisations (Rechnitzer 1998). In the second half of the decade, there are generally 1-3 self-organisations exist in the small villages as well, mainly fire-fighter or sport associations (Nárai M. 2004).

By means of the *advantaged support of rural settlement development*, the *basic infrastructure* has been improved significantly even in the smallest village. Concerning the technical infrastructure, the developments in the telecommunication sector in the 1990s years had the most spectacular results. The number of telephone lines per 100 persons increased from 10 in 1990 to 26 in 1999. The *use of internet* is the lowest in small settlements, and the *tele-house movement* has just appeared in the small villages. Regarding the 500 tele-houses and E-points countrywide, only 66 operate in small villages, thus reaching only 8 % of the population of small villages.

The supply of drained *drinking water* became almost 100 % due to the program started in the 1980s years by the end of 1999. On the other hand, due to the moderated development of the *disposal of sewage* the differences in public utilities further widened. Only 7,3 % of small villages have canalization. 548 small villages were managed to connect to the drained *gas network*. The alternative sewage and energy solutions are hardly present.

The *modernisation of houses* was straggling behind the development of public utilities supported by the state. The houses are still old in small villages, needing significant renovation. 46,4 % of the houses were built before 1945, as an opposite to the national average of 26,5 %. The rate of building of new houses has not accelerated in the period

between 1990 and 1999. During these ten years, only 3,4 % of the stock of houses of 1999 was built, while this national rate is 6 %. The rate of public utilities in small villages is also much behind the national average.

The rate of *homes connected to the drained drinking water network* was doubled and reached 70 % in small villages, but still much less than the national average of 90 %. Only 5,2 % of homes were connected to the *sewage system* even in the villages with canalization in 2001. 23,4 % of homes of the settlements with this utility are connected to the *gas network*.

*The institutional supply* has the mark of the fact that the number of *local administrative units* – by the disintegration of the common councils which were 2/3 of all previously in the former political system – has doubled in Hungary. Settlement self-government has got authority to manage extremely many local public affairs from the state (Pfeil E. 2002). Thus the healthcare, education, social and cultural basic provisions are all entrusted to local self-governments. The question of the cooperation of the newly born self-governments was also based on the principle of associative freedom. While small villages did not have enough tools for providing these services, volunteer associations of settlements were hampered by the previous oppositions and the anxiety for own sources. In the beginning of the decade, national politics also supported the initiations for associations, thus increasing the cooling of the relationships and the further spread of the associative approach.

The public service places and spaces – except the nursery – decreased in the small villages. Regarding *healthcare system*, there was a decrease in the number of doctors and nurses (11%, and 3%). The change influenced mainly the settlement category of 100-249 inhabitants. There was 3 % decrease in the *spaces of pensioners' clubs*, while *nursery capacity* increased by 13 %. The enthusiasm of the beginning of the decade is reflected in the 3 % increase of the number of classes of *primary schools*, which, on the other hand, does not mean the resettling of the previously moved schools, as the number of full-time teachers decreased by 10 %. This decrease in the highest rate, above 50 %, affected mainly the settlements with 100-249 inhabitants. Concerning cultural institutions, there were both positive and negative tendencies in the '90s. The stock of *libraries* has drastically decreased, postulating the closing of dozens of libraries. *Cultural-type institutions* operated in 596 settlements in 1999, as an opposite to 421 in 1990. The change had a much higher rate in small villages than that of the settlements with more than 500 inhabitants.

#### 4.3.2.2. *Factors differentiating small villages, and their influences*

However, the impact of *privatisation and compensation* varied from one small village to the next. As two-thirds of the descendants of former peasants were townspeople, major resources in small villages, including land, woodland, farm buildings and equipment, formerly in the ownership of agricultural co-operatives, became the property of mainly non-indigenous owners, albeit to a varying degree, in the individual villages. Simultaneously, a certain degree of property concentration evolved. In some small villages the fact that there are too many owners has given rise to conflicts. In others, single, often non-indigenous, ownership of property in both the inner and outer areas of villages has led to the emergence of a special situation. Such a status quo facilitates the development of a structure evocative of one-time *manorial villages*.

As part of *agricultural restructuring*, the arrangement and re-arrangement of an agricultural structure that better suited habitat characteristics were commenced already in the 1980s. The proportion of woodland is dominant in land utilisation in small villages lying in predominantly hilly areas. In addition to mostly state owned forestry, a large proportion of meadows and pastures also point to the considerable weight of animal husbandry. Although it has lost in importance at a national scale over the past few years, animal density is exceptionally high in small villages. A positive change in the 1990s was a rise in the size and territorial proportion of orchards in small villages. Regarding animal husbandry, viticulture or fruit growing, we can highlight 60-60 small villages where these activities are present in market scale. In a part of these villages there are a few big farms, while in the other part there are several small farms.

Another component of economic restructuring, the *tourist industry* became the most dynamic sector in the 1990s. Although sometimes too much was expected of the sector, its performance, impact on local communities and role in shaping the characteristics of settlements are indisputable. The 1990s saw an increase in the number of both agricultural and tourist industry businesses in small villages. Growth was the most dynamic in small villages in terms of the number of both commercial and private places of accommodation. For the time being, only one-fifth of all small villages have facilities, with a varying degree of development, of rural tourism. Expansion in capacity has not been accompanied by an increase in the number of guests, with the utilisation of places of accommodation hardly reaching 10%. Of all guests, 77% are from Hungary. According to tourism capacities, we can highlight 68 settlements among small villages, which belong to the *tourism service type* of villages.

*Urbanisation* in Hungary has entered a more mature stage of its development. Although a single-centred spatial structure has survived, Budapest remains dominant in terms of both its population and economic weight. It continues to be the centre of new activities incorporated into global relationship networks, financial and information spaces undergoing transformation, scientific and cultural innovation and institutions of national and supra-national control and politics. Yet, new axes of growth have also emerged (Rechnitzer 2002). Small villages along the innovation axis marked by the seven main traffic axes starting from the capital, and in the neighbourhood of big cities, could be dynamized, and became popular both as living and production or logistic area. The migration from towns into the surrounding villages and the settling down of enterprises (even in less volume) establishes the type of *suburban small villages*.

The *flight of the urban poor to villages* also emerged as a unique trend in suburbanisation, different from what was typical of post-industrial societies (Ladányi 1993). The underlying reasons for such flight included increasingly high costs of living, rents and public utility fees. The appeal that villages and, among them, small villages held for town-dwellers, who used to be villagers themselves, included low property prices and lower costs of living, due to the possibility that food could be produced on household plots. In this process, targets are more remote small villages rather than those in the proximity of cities/towns. Those migrating to villages often use up their reserves and find it difficult to get used to a way of life based on subsistence. Financial support is hard to come by, and moving back to cities/towns is next to impossible (Bass et al 2003). A new social class has emerged in small villages: the rural underclass. It comprises those that have become 'expendable' under a new system of division of labour, which has evolved as a result of the fact that the almost infinite absorption of unskilled labour by state-owned large industry has become a

thing of the past (*Ladányi and Szelényi 2004*). The proportion of the Roma in this social class is significantly higher than their proportion in the population. Encouraged also by the government's population policy, high natural growth, a characteristic of the Roma population, coupled with migration, resulted in the concentration of groups with multiple disadvantages in certain small villages.

With this, a new type of social exclusion emerged in Hungary in the 1990s: settlements undergoing ghettoization. A growing number of *ghetto settlements* have emerged, with spatial segregation taking on regional proportions (*Kovács 2003*). Population in these regions is changing. Small villages typically with a large Roma population and high natural growth are experiencing the rejuvenation of rather than a decline in their population. However, population growth also means the reproduction of multiple disadvantages. The spread of the process is shown by the fact that, while the population of the country decreases, the rate of depopulation of small villages slows down, moreover some small villages are characterized by the increase of the population.

The spread of *second or holiday homes*, which started in the 1970s, reached small villages in the 1980s. It was the very public debates outlined above that turned attention to peasant homes available at bargain prices in quiet settlements amidst beautiful scenery. With the rise of the middle classes and property prices getting excessive, social re-stratification in the 1990s gave a new impetus to this trend. Urban professionals were expressly bent on finding houses in small villages, as conditions there were suitable for relaxation, the pursuit of outdoor activities and alleviated the symptoms of asthma and/or allergy that their children may have contracted in an urban environment. Given this trend, an increasing number of urban heirs to parental homes in a pleasant setting decided not to sell such homes. Rather, they started to use them as holiday homes. In consequence, some of the small villages are now *holiday home villages*.

Reinforced by increased awareness of global problems, *sustainable development* became a pressing issue in small villages. Rural regions and, within this, small villages, which had suffered less environment damage and were easier to transform, found themselves in the centre of attention as a result of the need for reduction in the size of what is called the 'ecological footprint' (*Gyulai 2000*), i.e. an area needed for the production of consumer goods for and the disposal of the waste generated by one single person. As a result of earlier processes of modernisation, it increased to an extent that threatened sustainability in areas of larger population concentration. Further pressing issues included a more limited use of natural resources and their spatial re-equalisation. Advocates of eco-farming and initiatives for creating *eco-villages* grew in number.

In the differentiation of small villages such subjective element plays important role like the initiation ability of the local community; besides the objective elements like the circumstances of privatisation, social regrouping, economic structural changes and the features of suburbanisation. But, there are significant differences between small villages even if they are neighbouring ones, affected by the same influences.

The attitude and preparedness of the leaders of the local self-government, the solidarity of the village community, the recognition of the forms of cooperation with those who has left the village before and the cooperation ability (again) can step forward as settlement development factors. The central ideology of the former 40 years did not influenced in the same way and did not succeed to destroy the independent initiatives in the same manner. Behind the different behaviours we can discover the imprints of the social structure before 1945 and the influence of some outstanding personalities.

#### 4.3.3. Characteristic types of small villages

The typifying of small villages has been tried along several approaches, several times before.

*Ferenc Erdei* among the *social conditions of the 1930s years* has classified the smallest settlements of Hungary according to the type of cultivation and the social characteristics, into the types peasant small villages and manorial villages (*Erdei, 1940*).

*In the 1970s, Klára Körmendi and Viktor Kulcsár* considered the scale types of villages and dealt with the settlements with less than 2000 inhabitants, and within this type, the small villages with less than 500 inhabitants. They did not separated functional types within the group of small villages, only searched for the economical types defined for all villages (*Kulcsár V. 1976*). *Edit Lettrich* drew the upper limit of small villages at 1000 persons and called the attention to the differences according to countryside (*Lettrich E. 1982*).

*The village typology by Pál Beluszky* has been prepared by the beginning of the 1980s years, which defined 7 main types of villages by mathematical statistical methods and based on the author's deep knowledge about the country. Within them, he differentiated 5 sub-types of the type of the typical (traditional) small villages (quick depopulation, basically unsupplied, unfavourable life circumstances, having simple functions) (*Beluszky-Síkó T., 1982*).

In this typology, and in the description of the certain types, the assessment of natural potentials, the quality of life circumstances and the independency of the settlement have significant role, besides the customary economic functions and demographic processes.

*In the middle of the 1990s years, József Tóth* surveyed the – mainly demographic – changes in the situation of small villages with less than 1000 inhabitants, and according to his experiences he defined 7 types of them. This classification is in close relationship with that of the '70s, but refers to meanwhile changes as well, and includes the location (compared with centres, infrastructural lines and country boundary) and ethnic characters among the viewpoints (*Tóth J. 1996*).

On the basis of the (demographic, economic, tourism, life quality and traffic) *situation characterised the end of the 1990s years* the *Péter Bajmóczy – András Balogh* author partners have prepared in 2002 the typology of small villages with less than 500 inhabitants, based on mathematical statistical analysis. They have defined 7 clusters (*Bajmóczy-Balogh, 2002*).

The processes succeeded *in the 1990s years* – which were described in the previous chapters – strengthened new features of small villages and make it necessary to rethink about the typology. We considered the differences in the utilisation of resources influencing employment as our main ordering principle.

According to our research results and experiences, we can identify the following types of small villages in the 21<sup>st</sup> century Hungary:

1. Traditional small villages
2. Small villages with growing ghettos, consuming their resources
3. Weekend and holiday villages
4. Tourism service provider villages
5. Manorial villages
6. Suburban and residential villages with favourable transportation situation
7. Eco- and other villages offering alternative lifestyle

The different types require different development methods in general and specially concerning employment, too.



#### *4.3.3.1. Traditional small villages*

The traditional small village is the most common type of small villages, accounting for approximately half of the stock of small villages. Processes of degradation, which commenced upon the evolution of the capitalist economy and accelerated in the era of state socialism, continue. Following earlier rapid migration, the adverse impacts of migration have been mitigated. Natural decline is a dominant factor in population developments.

Increasingly ageing or working age local population, the latter opting for the status of economic inactivity rather than unemployment, is unable to deliver any measurable economic performance. The majority of land is left uncultivated. As to the animal stock, only small livestock, requiring the least care, are raised. The goods produced by ageing farmers are mostly sent, either as food or cash, to their children living in cities/towns. Land and woodland in the boundary of the villages are cultivated by persons from other settlements.

Ageing and the fact that parents and children live at different places, leads to increased demand for social services. Houses mostly lack modern convenience. Although piped water and gas are available, only few households have them installed. The number of new houses and instances of renovation are few. The latter is beyond what owners can afford. Public institutions are no longer operational, with rundown buildings left deserted. Access to services is facilitated by what is called village caretaker services.

These villages are characteristically poor; people cannot spend on developments from pensions, not even on daily sustenance. On the other hand, these villages are quite well-kept differently from the next type, the demand for well-keeping still exists even if the power is lacking. Another difference is that due to the moved children the inhabitants of the village have external relations and potentially usable financial additional sources.

The image of the village reflects the former social status of the inhabitants. The former villain and manorial villages show a more untidy picture than the former independent peasant villages. The manners can be still experienced in the latter, the houses and public places are tidy, flowery, and they could keep the former services and carry out smaller developments.

In addition to financial constraints, the lack of initiatives and ideas also hamper developments. The lack of initiatives is attributable to the indifference towards the future of village societies with skewed age composition and no young population, while the lack of ideas can be ascribed to lack of stimuli that could generate ideas.

The future of these villages is the slow death, or the establishment of a new economy, based on the possibilities of a renewing society due to the migrant young inhabitants; on services provided to the elders on humanitarian basis, with state support and the involvement of local families; on the maintenance of the existing land and building property. The second way means stepping out from the present settlement category and the discovering of a new, long-term viable function.

#### *4.3.3.2. Small villages with growing ghettos, consuming their resources*

Processes of social and economic self-destruction are discernible in a considerable proportion (10 % – 15 %) of small villages mainly with a high Roma population. This is, however, no longer an ethnic issue, as basket cases or those on the way to becoming such cases outnumber the Roma significantly, and vice versa: not all Roma can be included in this category. An extreme type of poverty carrying the risk of serious social conflicts has emerged in these villages.

One of their most striking characteristics of these small villages is increase in the number of their population. A special outcome of social polarisation that has been accelerating since the 1990s, the concentration and increased reproduction of families on social peripheries are discernible here. The educated population has migrated from here, too, or became pensioner, but at the same time those who lost their workplaces in the town moved back or in; moreover, due to a kind of income obtaining strategy of the poorest families, the number of the undereducated, mainly Roma population continuously grows.

Close to 100% of active earners are unemployed. There is neither farming, nor commuting. Main sources of income include benefits, child-raising support, black labour bordering unlawfulness or outright violating the law and the depletion of the resources that are still available. The danger of private property and the simplicity reflected in the image of villages drive away the remaining “natives”, thus the population of these villages becomes almost completely homogenous.

An increasing population, coupled with the lifestyle presented above, leads to the complete degradation of the physical environment. Due to strategies for the current satisfaction of needs the surrounding forests have been cleared, the buildings became completely destroyed by moving from one into another.

The image dominated by the pictures of torsos of buildings (after selling or burning the suitable parts) is further spoiled by the view of houses built on welfare policy grants but never finished or destroyed. The gardens and most part of the outskirts are untended; people spend most of their lives in the streets. The visitor can see a picture being well-known from the metropolitan cities and the villages of the third world, but being unusual in Hungary until now.

In contrast to traditional small villages, young age composition and a high number of births entail the increased reproduction of problems here.

Examples for this village type can be found in the Ormánság and Northern Hungary.

#### *4.3.3.3. Weekend and holiday villages*

Lying either in the proximity of natural waters, more often than not lakes, suitable for pursuing water sports and bathing or in remote dales and hilly woodland, they are small villages with easy access, where the number of holiday homes or places converted into holiday homes is high. Urban residents are motivated to buy and operate a house in some small village by the peaceful and silent environment, the decrease of the symptoms of the different allergic and asthmatic illnesses, intention to slow down the present rushing life, nostalgia towards childhood (being real or built on previous readings), escaping from the crowded urban environment and the desire for free space.

Such homes are only used at weekends and during school holidays, when the number of population rises sharply.

This means that demand for public utilities, retail and other services also increases seasonally. Thus, a safe and address-specific demand exists, but it is seasonal and it is not worth establishing permanent services based upon them. So these services are not developed in several places. The urban families buy the necessary goods in the towns and deliver them to their holiday houses. The only exceptions are the public utilities and the services related to the maintenance of the estate, which cannot be bought somewhere else, or it is quite uneconomical to buy them from another settlement. Based mainly on American examples there is the possibility to turn this process back, namely the family buys certain goods – mainly food – from small-scale local producers, not only for local use

but for their urban life, too. Seasonal demand from weekend residents can, however, be transformed into prolonged and continuous demand.

New settlers contribute to the expansion of the local market and add to intellectual capacity. Educated population emerges, albeit seasonally, in small villages with an ageing population and no skilled younger generations. They bring with them a new system of values, which mainly reflects the uniform lifestyle of a consumer society. However, efforts to revive traditional rural heritage and adopt an ecological approach based on respect for and the protection of nature are becoming increasingly frequent. Paradoxically, urbanites appreciate rural heritage better and set greater store on the preservation or revival of such heritage than does the indigenous population.

It is general, but not by all means, that cultural differences may lead to the isolation of holiday home owners from permanent residents. Sharp conflicts may arise between them, which, invariably, clash at a local government level. The “week-end” residents slowly, but sooner or later are getting organised, and present their claims together. They want to participate in the decisions made on their properties in the given village. Moreover, they have much better conditions and abilities in the representation of the village externally. Handling local conflicts and starting dialogues are generally hampered by the communication difficulties, different lifestyle and rhythm and the strategy of the local residents based on complete refusal. As another extreme, the “outsiders” can take over the leadership, even to such extent that the mayor is elected from them.

In the western literature there are a lot of materials dealing with the conflicts between temporal and permanent residents of villages, but in Hungary it is still in the first phase.

This development trajectory has been followed by 40-50 small villages.

#### *4.3.3.4. Tourism service provider villages*

The difference between villages providing tourist industry services and holiday home villages is that in the former accommodation for temporary residents is provided at hotels and similar facilities, while in the latter it is temporary residents’ own homes that provide accommodation for them. The former depends heavily on the tourist industry market. As no steady supply of tourists is guaranteed, villages providing tourist industry services have to compete for them in the tourist industry market. Tokens of success include:

- reasonably-priced quality services;
- a comprehensive selection of services including catering and various programmes; and
- attractiveness and appeal of villages and the services that they provide.

Accommodation and catering are provided at converted old peasant homes in villages providing tourist industry services. Tourists can familiarise themselves with and try their hand at traditional farming. Excursions are organised to destinations qualifying as natural and cultural heritage. Tourists can also try their hand at handicraft and are offered culinary delights. In exceptional cases, services may be based on some dominant feature, e.g. mountaineering at mountainous locations or water-sports along major water bodies (e.g. Lake Balaton), rather than on a classic selection offered by rural tourism.

Only imagination is the limit to the diversity of services. A number of smaller businesses, providing supplementary income rather than hefty profits, can be launched.

The overall impression will only be flawless if the appearance of villages matches the tourist industry good that they offer, i.e. buildings are in good repair and in good taste, public places are well-kept, there are enough parking spaces and a satisfactory number of information check-points are available. Tourist industry entrepreneurs have vested interest

in shaping the environment, and by doing so, they directly benefit villages. Also, they can be involved in tourist industry developments.

Regarding that only those people can work up quality accommodation from the present stock of houses, establish the required services and operate it on entrepreneurial basis and carry out effective marketing activities who have innovative entrepreneurial affinity and knowledge, this type of villages generally function due to the work of external movers or migrants. Clash of interests and conflicts may occur between the old and new owners, traditional old-fashioned and new farmers. The different lifestyle and behaviour of the visitors can also be source of conflicts.

The solution for economies of scale, the diversity of services, the complexity of offer and the continuous quality control can be only the regional cooperation. In small village areas, if not in one village, but in 4-5 neighbouring villages, the tasks described previously can be fulfilled.

#### 4.3.3.5. „Manorial” villages

The re-arrangement of land ownership has given rise to an old-new phenomenon in some small villages, where, in effect, land in their boundary has gone to the hands of only a limited number of entrepreneurs again after 50 years. They either own or rent land, one of the most important assets of villages. They employ local residents, seasonally and often illegally, usually as day labourers, paying low wages. This leads to the fossilisation of poverty, in the case of both residents and local governments, or further deepens it.

The situation is even more interesting when this only “lord of manor” came from far away or foreigner. In this case the moral barriers neither works based on the banter to the place and the locals, the defencelessness of the settlement and its residents is even stronger.

After the political transition, in a part of small villages the “one-manor” model has been definitely preferred, they hoped in the returning of the “lord of manor” in the helplessness. This idea was not too far away from the previous system of agricultural cooperatives, as then only one company directed the cultivation where people worked as employees. Because of the lack of the independent peasant entrepreneurial power, and also the “hunger” for land and the violence of the local élite were needed to fulfil this hope.

In a more positive alternative, the “new landlord” acts for the community of his workers, too, he can take over the community functions as well from the previous cooperatives besides organising the economy. Thus, for instance, he can undertake the local costs of the infrastructural investment never be built from the budget of the settlement, or the operation of some public service, like e.g. the nursery, or support the further education of young residents by some kind of scholarship.

It depends only on the personality of the landlord whether he is simply exploiter or patron type. The inhabitants of the village and the self-government do not have much interference. Monoculture farming in these villages also carries risks. The use of intensive technologies in farms specialising in fructiculture and animal husbandry poses a threat to the environment, while market vulnerability represents economic risks. The market interests of the enterprise require the decrease of living work, which can project employment crisis, too.

Patronage from one side and inability to enforce interests from the other can help also in the suppressing conflicts. The local self-government very often does not recognise the threat and is satisfied with the obtained support, the relatively high tax incomes and the fact that there is someone who organises the local economy.

As, however, the market requires the concentration of land and production, land in the boundary of an increasing number of small villages is likely to be owned by only a limited number of entrepreneurs.

#### *4.3.3.6. Suburban and residential villages with favourable transportation situation*

Small villages lying in the proximity of large cities and axes of innovation, with good communications and a high proportion of commuters, are included in this category. Housing property is much sought-after due to favourable communications. Increased demand entails rising property prices, though they are still below those in cities/town.

The arrival of the middle classes has brought about a shift in their demographic composition towards younger and more educated social classes, with effective demand boosting local services and the upgrading of housing property.

Active earners, as a rule, commute, but an increasingly large number of persons are employed by local service providers. The importance of agricultural activities is decreasing, though the closeness of town markets can offer favourable market conditions for the production of fresh products (vegetables, fruits, milk, flower).

Villages assume an increasingly urban appearance, with traditional rural houses replaced with more urban ones with park-like gardens. Gated communities and similar complexes have also emerged.

Conflicts may arise between new settlers and the indigenous population due to differences in lifestyles and demand. Thanks to their better education and ability to better represent their interests, the new settlers may soon take over control over villages.

This type is quite rare among small villages, but it can be found in the surroundings of bigger towns like Budapest, Kaposvár, Zalaegerszeg and Miskolc.

#### *4.3.3.7. Eco- and other villages offering alternative lifestyle*

As the product of the revaluation of the harmony between nature and humans, a certain social group has been shaped almost ten years ago, whose target is to establish a man-scale modern settlement based on ecological approach.<sup>39</sup> Over the past few years eco-villages have attracted growing attention. Those interested in this type of villages look for a natural environment where eco-technology can be used and human activities and environmental protection match each other perfectly. Small villages are ideal for such purposes whether it is extinct villages that would-be settlers prioritise or existing ones that they intend to turn into independent 'islands'.

New settlers are young urban professionals, who are unfamiliar with rural characteristics or lifestyle and often form an idyllic picture of villages.

During the working out of the living environment in an eco-village, the priority viewpoints are austerity, effectiveness, and the maximum respect of the principle of renewability. Thus renewable energy sources are used in most of the village for providing energy, the cleaning of sewage water is always nature-based. The waste is collected selectively, and compost piles are established. The homes are made according to the ecological architectural principles: only and exclusively environmentally friendly building materials

---

<sup>39</sup> The birth of the idea of eco-villages can be attached to the first environment protection summit meeting held in Stockholm in 1972, according to the several scientific speeches, the one-way model of "increasing resource utilisation, industrial production, consumption and waste production" is not sustainable for long term.

and methods are used. Only plants fitting into the character of the eco-village can be planted, thus they endeavour to use indigenous plants.

There are about a dozen small villages or village-parts exist in Hungary. We can mention Gyűrűfű, Gömörszőlős, Máriahalom, Salföld, Kishantos, Somogyvámos, Visnyaszéplak, Drávafok, Agostyán and Szentantalfa.

#### *4.3.3.8. Common and different elements of small village types*

We have formed the introduced 7 types of small villages on the basis of economic characteristics established in the 1990s years which are still under formation.

The first three types are the alternatives of depopulation, degradation and the liquidation of settlement structures. Besides the second type, which bears conflicts with the threat of “explosion”, being unfavourable for the whole society, the silent decrease of the typical small villages or the spread of weekend and holiday villages do not mean such a threat, but by the irrevocability of the processes both can keep back the revival of the settlements, their functioning as real settlements. Therefore the main target in these cases is getting out from this category, the formation of local population being able to recognize values and utilize them by preservation. This population can be both the initiator and the internal market of the local economy based on the local resources, external market needs and cooperation between settlements.

The next four types of small villages are all connected to the strengthening of some economic function. Tourism, agriculture, alternative life possibilities, dwelling functions related to commuting, or the combination of these, can be the sources of the survival of the small villages and the honest livelihood of the residents. The products of these functions can be externally sold, and in some cases the external market can be brought to the settlement. The basic target is the local sale of the products and services, as competitiveness can only be guaranteed by the addition of small village image. It is true for tourism services, living place or agricultural products. Moreover, the most important element of the small village is the settlement environment, thus the improvement of the tidiness and picture of the villages is a basic requirement.

The definition of the settlements belonging to each of the types can be carried out by further researches.

#### **4.3.4. Chances for survival**

It is an important lesson for development policy that the small villages cannot be treated as a homogenous set; there are different chances and development needs according to the different types. The chance for survival is depend on the finding of the socially accepted function and the livelihood possibilities which can be attached to these functions.

***In the typical small villages*** alongside the degradation, there is no chance for survival only for long agony. At the same time, the internal potentials can give a base for the establishment of some new functions, which can be favourable for employment, too; then the beginning of services based on the increased local demand in case of the success of these new functions. In this category, the local demands, which can directly base the employment, are connected to the social supply and the basic utilities. For the sake of taking care of the elders – practically to substitute the daily presence of the children migrated from the village – there is a need for traditional domestic cares, persons

maintaining the houses and do the garden works, and daily and residence institutions. The capacities can be involved in the provision of those living outside the given micro-region, thus workplaces can be established for the settling of younger population and serving the “external markets”. The well-organised and externally providing social supply can be a humane alternative of the degradation; moreover, it can be a gem of reversing the process. On the other hand, it postulates the existence of skilled workers in the social services, the strengthening of local initiatives and the openness of state funding.

The employment ability of further services is quite low due to the small size and the solvency of the old population, only multifunctional or moving services can live on which can employ only a few, prepared persons. Those people are needed who can manage in one person the tasks of the postman, hairdresser and occasional home care; maintainer, shopkeeper or even the honorary mayor. Besides changing of attitudes, the manifold improvement of abilities is indispensable for the establishment of multi-activity jobs.

At the same time, we cannot give up cultivating of the outskirts and landscape protection, which mean further employment possibilities. Lacking local organisation power, these tasks can be carried out by external integrators.

The way is open for any other type for the typical small villages.

On the basis of the present situation, we can count basically with labour shortage, namely there is no enough active skilled population for the most important tasks. The involvement of inactive persons – especially into services – is not only a possibility but also a basic need. Moreover, we have to prepare for the settling down of young people as well, which, stepping over the critical mass, can move the settlement from this category, and can give a base for a local economy with local organizers and independent image.

***In the villages with growing ghettos, consuming their resources*** surviving is certain, though it is not desirable in such form. Due to the decrease and avoid threatening social problems, assuring work and work incomes, stepping into another type is a vital question. However establishing workplaces in these villages meets special difficulties. Due to the lack of enterprises and the necessary background, and the lack of education of the labour force, in the first period, employment opportunities could be established by activities like the ordering of the settlement and its outskirts, production of food satisfying the local needs, trainings related to the strengthening of skills and socialization and other activities supported by the state. As we have to tackle with, besides the lack of education and low productivity of the labour force, their un-interestedness and different forms of resistance, the success is quite doubtful without the help of local social mentors. The organisation of commuting can be carried out only after the training and preparing the local labour force and the improvement of the employment-ability of the centres.

***In the weekend and holiday villages*** the physical survival of the village is insured, but the revitalisation of the settlement postulates the conscious exploitation of the existing possibilities. The maintenance of the houses, the protection and tending of the public and private areas, the heating of the houses in winter and the motorization of the removal of snow can give work to 6-7 persons. Nevertheless, the internal maintenance works are confidential, thus only trustable and responsible persons can undertake these tasks. Further livelihood possibilities can arise from the bridging the distance between urban consumers and the village, namely the appearance of consumers locally. 2-3 vegetable, fruit and dairy farms, which undertake the satisfaction of the temporary needs, can give work to 5-6 persons, in case they are able to make the demand permanent and wider. One of the possibilities is the modification of the consuming habits of the holiday house owners to buy their foods in the village, buy the goods being enough for the whole week there. Possibly the farmers can deliver the goods to the town. In this case not only the holiday house owners, but also their relatives and friends can become buyers. Washing, cooking

and cleaning can also be transformed into permanent work in case these services are provided not only in the holiday houses but in the permanent homes of the families, in case a confidential relationship could have been established. In doing the housework, a rural acquaintance is in an advanced situation than an urban unknown person.

Keeping horses is very popular among urban residents, which cannot be realized within the town, but it is possible in connection with the holiday houses. Nevertheless, horses have to be looked after during the weekdays, too, which can give work to 2-3 persons – integrating the needs of more horse owners – and fodder market for local farmers.

The listed work possibilities can contribute to the revival of the village and the re-establishment of a more complex village society.

In the ***tourism service provider villages***, quality hospitality needs skilled workers. According to calculations, we can count with 1,5 permanent employee per 40 beds regarding accommodation service, and 2 part-time workers in catering services. Thus, in a small village, 2-3 employees can appear in tourism. There is further need for people in providing programs, like guiding excursions, operation of exhibitions and collections, handicraft workshops, organisation of horse-riding programs or children's camps. The tending of public areas and parks needs the work of 2-3 persons. The organisation and marketing tasks, in case of at least 40 beds and complex program offer, also demand at least one part-time skilled worker.

Altogether, tourism and related services can give permanent work for about 15-20 persons in a small village, which can be further increased in case we do not consider separately only one village but in (micro-)regional context.

***In manorial villages*** there is an increasing demand for trustable agricultural wage-workers. New markets can be opened for the residents by stable incomes; and for related economic services by the operation of the manor. Due to the economic structure these services will probably be connected to the same landlord. By strengthening the improvement of enterprises, the public and civil actors, against the one-sided structure meaning defencelessness, new structures can be formed which are based on the balance of multi-owner community relations, strong private and civil sphere.

***Suburban and residential villages with good traffic connections*** have good work opportunities due to the easy commuting. Furthermore, local consumer demands make the development of local services possible, too. On the other hand, due to commuting, the place of consumption of services is rather in the centres, where the workplaces are; thus local services can live on by considering the special features arising from commuting and by adapting strong marketing activity.

***In the eco-villages*** the migrant inhabitants want to organise their lives by themselves. Besides the alternative ways of building of houses and settlement operation, they prefer new solutions in the human services, too (like nursery, school and healthcare). Those who are able for that are either from among them or also new migrants. The chances of the survival of the new community are depend on the tolerance of the central regulations, the abilities of the migrants, the community leaders and the relations between the old and the new inhabitants and within the community of the newly settled people.

Regarding any type, the new working places can provide possibilities for about 50-80 persons per settlement. Among small village conditions, this means the doubling of the local workplaces; and together with the existing ones can cover the present labour force. However, there is no harmony between the described activities and the present labour force stock; thus for the sake of potential employment demands and demographic renewal, moving in or commuting (of labour force being capable for professional tasks) into small villages is necessary. This also means that the commuting related to external employers



and the demand for tele-working will stay high in the future, too, in every type of small villages. Consequently, employment programs have to focus on establishing local workplaces in compliance with the described economic functions, parallel to the enlargement of working possibilities in the centres, the development of commuting conditions and tele-working.

In compliance with the basic problems of small villages, we can define the following development targets for the realization of the employment objectives:

1. *Connecting to the centres* means not only the development of the road system helping commuting, public transportation and information infrastructure, but also the improvement of education, cultural, social, commercial and entertaining institutions by outsourced, moving or electronically (via internet) accessible services.
2. *For the re-establishment of the demographic balance* the settling down of innovative population is vital, which can be reached by the renovation of traditional houses, the improvement of education (school) facilities and ensuring the career building.
3. *The increase of regional incomes* can be reached by the significant improvement of the added value. In the economic structural changes – because of the lack of enterprises – we have to highlight the establishment and strengthening of mainly community enterprises, related to landscape maintenance, the tending of holiday houses, tourism services, food sold to urban residents, household services, settlement renewing and maintenance, social and personal services, information services.
4. *Environmental sustainability* as a target influences small villages in two ways. The structures of living in harmony with nature have to be built out locally on the one hand; the enforcement of the principles of sustainability on the other hand, can start migration from bigger settlements to small villages.
5. *The strengthening of (internal and external) community relations* can contribute to, besides untying the isolation, minimizing the conflicts, establishing interests in developments, and realization of actions based on territorial cooperation.

#### *Recommended reading:*

##### *Local products*

Bördös Katalin - Luksander Alexandra - Megyesi Boldizsár - Mike Károly (2012): Helyi termékek és termelői önszerveződés. HÉTFA Kutatóintézet Budapest  
[http://hetfa.hu/wp-content/uploads/file/NFFT\\_zarotanutmany.pdf](http://hetfa.hu/wp-content/uploads/file/NFFT_zarotanutmany.pdf)

G.Fekete Éva (2013): Helyi Termék Stratégia és Arculati Kézikönyv a Borsod-Torna-Gömör HACs számára. REG-LEX Bt. Edelény 2013.

Ray, C. (1994) Culture, Intellectual Property and Territorial Rural Development. *Sociologia Ruralis* 38 (1) 3 – 20.

##### *Spatial cooperation*

G.Fekete Éva (1996): A kistérségi szerveződések megjelenése a területfejlesztésben. Együtt! De hogyan? MTA RKK Pécs-Miskolc

Szörényiné Kukorelli Irén (2002): A kistérségi szint megjelenése a terület- és foglalkoztatáspolitikában, Országos Foglalkoztatási Közalapítvány, Budapest, 2002.

##### *Small villages*

Váradí Monika Mária (szerk.) (2008): Kistelepülések lépéskényszerben. Budapest: Új Mandátum Kiadó

Kovács Katalin – Váradí Monika (szerk.) (2013): Hátrányban vidéken. Budapest: Argumentum Kiadó

*Questions:*

1. What do we call as local product, and what groups and types do they have?
2. What is the importance of local products in rural development?
3. What regulations are related to the production and sale of local products?
4. How does demand for local products can be widened?
5. What kind of advantages can derive from trademarking the local products?
6. What are the main reasons of cooperation between settlement communities in rural development?
7. Describe the situation and the development of cooperation between rural settlements in Hungary!
8. Which are the possible forms and operation experiences of the cooperation between rural settlements?
9. What place do small village occupy in Hungarian settlement system, economy and politics?
10. What types of small villages do we know? What are the characteristics of the certain types?
11. How do targets and tasks of rural development change according to the small village types?

## 5. Literature

- Alister Scott, Alana Gilbert & Ayele Gelan (2007): *The Urban-Rural Divide: Myth or Reality?* SERG Policy Brief Number 2 Macaulay Institute
- Ángyán József (2010): Merre tovább magyar agrár-, környezet- és vidékpolitika? A FALU 2010. XXV. ÉVF. 1. SZ.
- Az európai kontinens fenntartható területfejlesztési irányelvei, Európa Tanács, Regionális Tervezésért Felelős Miniszterek Európai Konferenciája (CEMAT) [http://www.coe.int/T/E/Cultural\\_Co-operation/Environment/CEMAT/GPSSDEC/pples\\_hungary.asp#TopOfPage](http://www.coe.int/T/E/Cultural_Co-operation/Environment/CEMAT/GPSSDEC/pples_hungary.asp#TopOfPage)
- Az Európai Unió Tanácsának 1257/1999/EK rendelet az Európai Mezőgazdasági Orientációs és Garanciaalapról (EMOGA) nyújtandó vidékfejlesztési támogatásról, valamint egyes rendeletek módosításáról, illetve hatályon kívül helyezéséről,
- Az Európai Unió Tanácsának 1783/2003/EK rendelete az Európai Mezőgazdasági Orientációs és Garanciaalapról (EMOGA) nyújtandó vidékfejlesztési támogatásról szóló 1257/1999/EK rendelet módosításáról
- BAKSA ADRIENN: *Az éghajlatváltozás növekvő szerepe a közösségi szakpolitikában, különös tekintettel a közös agrárpolitikára*
- Balogh András (2004): Vidéki és elmaradott terek Magyarországon. II. Magyar Földrajzi Konferencia Szeged, 2004. szeptember 2- 4.  
[http://geography.hu/mfk2004/mfk2004/cikkek/balogh\\_andras.pdf](http://geography.hu/mfk2004/mfk2004/cikkek/balogh_andras.pdf)
- Bánlaky P. 1998: *A kistérségi fejlesztés alapelvei* (Kézirat) MTA RKK ÉMO Miskolc
- Beluszky Pál 1985: A vonzáskörzetkutatás néhány kérdése in: *A vonzáskörzetek gazdasági és közigazgatási kérdései* (szerk.: Faragó László – Hrubai László) MTA RKK DTI Közlemények 32. Pécs
- Beluszky Pál 1999: *Magyarország településföldrajza*. Budapest-Pécs, Dialóg Campus
- Bördös Katalin - Luksander Alexandra - Megyesi Boldizsár - Mike Károly (2012): Helyi termékek és termelői önszerveződés. HÉTFA Kutatóintézet Budapest  
[http://hetfa.hu/wp-content/uploads/file/NFFT\\_zarotanutmany.pdf](http://hetfa.hu/wp-content/uploads/file/NFFT_zarotanutmany.pdf)
- Bryden, J.M. 2000: *Is there a New Rural Policy?* International Conference: European Rural Policy at the Crossroads. The Arkleton Centre for Rural Development Research. University of Aberdeen, Scotland
- Buday Sántha Attila 2001: *Agrárpolitika – vidékpolitika*. A magyar agrárgazdaság és az Európai Unió. Dialóg Campus Kiadó, Budapest-Pécs
- Cap Reform: Mid-term Review. <http://www.rural-europe.aeidl.be>
- Charta 1996: *Európai Vidéki Térségek Chartája*
- COM(2004)490 Proposal for a Council regulation on support for rural development by the European Agricultural Fund for Rural Development (EAFRD)
- Czagány László – Fenyővári Zsolt (2008): Inaktivitás és mezőgazdasági munkavégzés a vidéki Magyarországon Lengyel I. – Lukovics M. (szerk.) 2008: Kérdőjelek a régiók gazdasági fejlődésében. JATEPress, Szeged, 167-173. o.
- Csáki Csaba - Jámbor Attila (2012): Az európai integráció hatása a közép-kelet-európai országok mezőgazdaságára. Közgazdasági Szemle, 59(7-8): 892-910
- CSÁKI CSABA (2000): *A Világkereskedelmi tárgyalások újabb fordulója és a magyar mezőgazdaság*, Közgazdasági Szemle, XLVII. évf., 2000. május (444-456. o.)
- Csatári B.: Kísérlet a magyarországi kistérségek komplex fejlődési típusainak meghatározására. In: Alföld és nagyvilág. Tanulmányok Tóth Józsefnek. Szerk.: Dövényi Z. MTA Földrajztudományi Kutatóintézet, Budapest, 2000, 151–168.
- Csatári Bálint (2009): Kistérségi – vidéki kételyek két évtized elteltével. A FALU 2009. XXIV. ÉVF. 4. SZ.

- Csatári Bálint, G. Fekete Éva, Farkas Jenő, Osgyáni Gábor, Baksa Sára: A környezet és a kultúra szerepe a vidéki változásokban [http://www.mta.hu/fileadmin/2007/11/MeH-MTA%20IV\\_302-326.pdf](http://www.mta.hu/fileadmin/2007/11/MeH-MTA%20IV_302-326.pdf)
- Csite András (2005): REMÉNYKELTŐK - Politikai vállalkozók, hálózatok és intézményesülés a magyar vidékfejlesztésben 1990–2002 között. Századvég Kiadó 2005
- Daly, H. 1990: Toward Some Operational Principles of Sustainable Development. *Ecological Economics* 2. 1-6.
- DORGAI LÁSZLÓ (2010): *Az Aktuális vidékpolitika és megvalósítása (az EU vidékpolitikájának főbb összefüggései)*
- Durst Judit (2004): „Az biztos, hogy ebben a faluban senki nem lesz hajléktalan” A lakáshelyzet változása a láposi cigányoknál (1850–2004) Beszélő 9. évf. 11. sz.
- EC (1988): *The future of rural society*. Brussels, Commission of the European Communities, 23 September 1988.
- EC (2006): A Leader-megközelítés – útmutató. Fact Sheet. Luxembourg: Az Európai Községek Hivatalos Kiadványainak Hivatala 23p. [http://ec.europa.eu/agriculture/publi/fact/leader/2006\\_hu.pdf](http://ec.europa.eu/agriculture/publi/fact/leader/2006_hu.pdf)
- EC: A tagországos vidékfejlesztési tervei. <http://europa.eu.int/comm/agriculture>
- Elands, B. – Wiersum, F. 2001: Forestry and rural development in Europe: an exploration of socio-political discourse. *Forest Policy and Economics* 3.
- Elek Sándor – Nemes Gusztáv 2000: Az agrárpolitika és a vidékfejlesztés néhány összefüggése. *Európai Tükör*, Műhelytanulmányok 76.
- Enyedi György 1988: *A városnövekedés szakaszai*, Akadémiai Kiadó, Budapest
- Enyedi György 1990: New Basis for Regional and Urban Policies in East-Central Europe. *Discussion Paper* 9. Centre for Regional Studies of HAS Pécs
- Erdei Ferenc 1972: *Város és vidék*. Budapest, Szépirodalmi Kiadó
- Európai Unió honlap, LEADER+ <http://europe.eu.int/scadplus/leg/en/lvb/g24208.htm>
- Európai Unió honlap, Mezőgazdaság [http://europe.eu.int/pol/agr/index\\_en.htm](http://europe.eu.int/pol/agr/index_en.htm)
- Faragó László 1992: A helyi gazdaságfejlesztés elmélete. *Tervgazdasági Fórum* 2. 44-55.
- Fehér Alajos: „Mezőgazdaság és vidékfejlesztés” Gazdálkodás, XLII.évfolyam 1.szám
- FEHÉR ISTVÁN (2009): *Várható változások a Közös Agrár- és vidékpolitikában*, A FALU 2009. XXIV. ÉVF. 4. SZ.
- Friedmann, J. - C. Weaver 1979: *Territory and Function. The Evolution of Regional Planning*. London: Edward Arnold
- FVM 2002: *Nemzeti Vidékfejlesztési Terv*
- G.Fekete Éva (1996): A kistérségi szerveződések megjelenése a területfejlesztésben. Együtt! De hogyan? MTA RKK Pécs-Miskolc
- G.Fekete Éva (2013): Helyi Termék Stratégia és Arculati Kézikönyv a Borsod-Torna-Gömör HACs számára. REG-LEX Bt. Edelény 2013.
- Galtung, J. at all eds. 1980: *Self-Reliance. A New Development Strategy*. L'Ouverture, London
- Gazdag László (2008): Szövetkezés nélkül bér munkások leszünk - a mezőgazdaság lehetőségei 2008. július 31. 12:25
- Gibbs, D.C. 1998.: *European Environmental Policy: The implications for local economic development*
- Glatz Ferenc (2008): Új vidékpolitika MTA Társadalomkutató Központ, 270 oldal
- Glatz Ferenc 2005: *A vidék közhaszna* (kézirat). A „Párbeszéd a vidékért” lakossági fórumainak tapasztalatai, megállapításai. MTA Társadalomkutató Intézet, Budapest
- Green, G.P. - Flora, J.L. – Flora C.B.- Schmidt, F.E. 1993.: *From the Grassroots. Results of a National Study of Rural Self-Development Projects*. Agriculture and Rural

- Economy Division, Economic Research Service, U.S. Department of Agriculture.  
Staff Report No. AGE9325 Washington DC
- Greenbie, B.B. 1976: *Design of Diversity*. Amsterdam:Elsevier Scientific Publishing Company
- Hall, E.T. 1966: *The Hidden Dimension*. New York: Doubleday
- HALMAI Péter (1995): *Az Európai Unió Agrárrendszere*, Mezőgazda Kiadó, Budapest
- HALMAI Péter (2002): *A belső piac kapujában – Agrárkereskedelem az Európai Unióval*, Agroman Oktatási Alapítvány, Budapest
- Harcza István-Kovács Imre-Szelényi Iván (1994): A posztszocialista átalakulási válság a mezőgazdaságban és a falusi társadalomban Szociológiai Szemle 1994/3. 15-43
- Jámbor Attila (2010): A csatlakozás hatása a mezőgazdasági termékek ágazaton belüli kereskedelmére Magyarország és az Európai Unió között. Közgazdasági Szemle, 57(10): 898-916
- Jámbor Attila (2010): A Közös Agrárpolitika Jövője: Elemzési Keretrendszer. <http://www.mnvh.eu/hirek/118/20101130/agrargazdasagi-muhelyvitak-corvinuson>
- JÁMBOR ATTILA (2011): *The role of rural development in the CAP post 2013*,
- Juhász Pál–Mohácsi Kálmán (1999): A mezőgazdaság működését szolgáló főbb intézmények Közgazdasági Szemle, XLVI. évf., 1999. március (231–244).
- Kemény István 1974. A magyarországi cigány lakosság. Valóság. 1974. január, 63-72.
- Kertesi Gábor 2005. A társadalom peremén. Budapest: Osiris Kiadó
- KISS Judit (2002): *A Magyar mezőgazdaság világgazdasági mozgástere*, Akadémiai Kiadó, Budapest
- Korten, D. C. 1996: *Tőkés társaságok világalma*. Magyar Kapu Alapítvány EKF Hálózat, Budapest
- Kovács Imre (2003): A magyar társadalom „parasztalanítása” – európai összehasonlításban Politikatudományi Szemle 2003/3. szám 41-65 old.
- KOVÁCH Imre [et al.] szerk.).-Vidék- és falukép a változó időben Budapest : Argumentum; MTA Politikai Tudományok Int., 2007.-304 p.;
- KOVÁCH Imre– TÓTH Péter– FARKAS András– KÖRÖSMEZEI Csaba– PINTÉR János: A vidék helyzete. Budapest, Agrár Európa Tanácsadó Iroda, 2003. 40
- Gyulai Iván – Lantos Tamás (1997): Regionális kihívások. Társadalmi szervezetek Intézményfejlesztése. Nyíregyháza-Szolnok 45p.
- Kovács Edit és Péterfi Ferenc (2005): A közösségi részvétel erősítése a fenntartható vidékfejlesztés igazi esélye! Magyar Művelődési Intézet Közösségfejlesztési Osztályának ajánlásai a vidékfejlesztés újragondolásához. Budapest, 2005. augusztus 28
- Kovács Katalin – Váradi Monika (szerk.) (2013): Hátrányban vidéken. Budapest: Argumentum Kiadó
- Kovács Teréz (1997): A vidékfejlesztés problémái és feladatai. In: A fenntartható mezőgazdaságtól a vidékfejlesztésig. IV.Falukonferencia. MTA RKK, Pécs, 1997.19. p
- KOVÁCS Teréz (2003): *Videkfejlesztési politika*, Dialóg-Campus Kiadó, Budapest-Pécs
- Kovács Teréz 1997: Milyen vidékfejlesztést szeretnénk? In: *Regionális-agrárkutatói és vidékfejlesztési workshop*. (szerk:Csete L.) Kompolt, GATE Fleischmann Rudolf Mezőgazdasági Kutatóintézet, 65-72.
- Kovács Teréz: „Mi tekinthető vidéknek?” Gazdálkodás, XLII.évfolyam 5.szám
- László E. 1974: *A Strategy for the Future*. New York, Braziller
- László E. 1977: *Goals for mankind*. A Report to the Club of Rome. New York: E.P.Dutton
- LEADER Tananyag (2005): AVOP LEADER+ készségek elsajátítása tananyag, Promei-Faluműhely Alapítvány – SZRVA – ZRVA



- Lewis, W.A. 1978: *Growth and Fluctuations 1870-1913*. London: George Allen and Unwin
- Lowe, P. – Buller, H. – Ward, N. 2002 : Setting the next agenda? British and French approaches to the second pillar of the Common Agricultural Policy. *Journal of Rural Studies*. 18. 1-17.
- LYNGGAARD, K. (2006): *The Common Agricultural Policy and Organic Farming: An Institutional Perspective on Continuity and Change*, CABI Publishing – United Kingdom
- Magyar Tünde 2003: A vidékfejlesztés helyzete és kilátásai az AGENDA 2000 félidejekor. *Gazdálkodás*, 2. 5-15.
- Maslow, A. 1943: *A Theory of Human Motivation*, Psychological Review, July, 1994.
- MATTHEWS ALAN: *Post-2013 EU Common Agricultural Policy, Trade and Development: A Review of Legislativ Proposals*, ICTSD Publishing – Switzerland
- Mendöl Tibor 1963: *Általános településföldrajz*. Akadémiai Kiadó, Budapest
- Molnár Géza (2012): *Város vagy vidék? Túlélési kalauz a XXI. századra*. Fenntartható Fejlődés Non-profit Kiadó
- Myrdal, G. 1956: *Development and Underdevelopment*. World Bank, Kairo;
- Neuwald Tivadar: Vidék-e a vidék? 2006. december 10.  
<http://www.prokontra.hu/content/view/248/2>
- New perspectives for EU rural development, European Communities, 2004  
[http://europa.eu.int/comm/agriculture/publi/fact/rurdev/refprop\\_en.pdf](http://europa.eu.int/comm/agriculture/publi/fact/rurdev/refprop_en.pdf)
- OECD (1996): *Vidékefejlesztés Magyarországon - OECD Országtanulmány*, Bp.1996. MTA-RKK ATI és GATE-KTI
- Oláh János (2003) : Mit ér a vidék? Valóság 2005. december XLVIII. évfolyam 12. szám
- Pálné Kovács I. 1993: A lokális autonómia anatómiája. In: *Tények és vélemények a helyi önkormányzatokról*. Szerk: Csefkó F. – Pálné Kovács I. MTA RKK Pécs 7-33.p.
- Quadragesimo Anno, 1931: Pápai enciklika, 1931 in: *Az egyház társadalmi tanítása (dokumentumok)* Szent István Társulat, Budapest, 1993.
- Ray, C. (1994) Culture, Intellectual Property and Territorial Rural Development. *Sociologia Ruralis* 38 (1) 3 – 20.
- Recommendation 1296 (1996) on an European Charter for Rural Areas, Council of Europe, Parliamentary Assembly  
<http://assembly.coe.int/Main.asp?link=http://assembly.coe.int/documents/adoptedtext/ta96/erec1296.htm#1>
- Rostow, W.W. 1978: *The World Economy. History and Prospect*. Austin:University of Texas Press
- Sarudi Csaba: 2003: *Térség- és vidékfejlesztés*. A magyar térgazdaság és az európai integráció. Budapest, Agroinform Kiadó
- Schneider, Wolf 1973: *Városok Urtól Utópiáig*. Gondolat, Budapest
- Schumacher, E.F. 1991: *A kicsi szép*. Közgazdasági és Jogi Könyvkiadó, Budapest;
- Schumpeter 1939: *Business Cycles*. New York: McGraw-Hill
- Stöhr, W.B. 1988: On the theory and practice of local development in *Europe*. IIR-Discussion 37. Wien.
- Stratosta, P. 1994: Ruralization and Rurality: Three Perspectives. In *Agricultural Restructuring and Rural Change in Europe*. (Eds.: Symes, D – J.Jansen, A.) Wageningen, Agricultural University, 65-74.pp.
- Szörényiné Kukorelli Irén (2002): *A kistérségi szint megjelenése a terület- és foglalkoztatáspolitikában*, Országos Foglalkoztatási Közalapítvány, Budapest, 2002.
- Váradi Monika Mária (szerk.) (2008): *Kistelepülések lépéskényszerben*. Budapest: Új Mandátum Kiadó

- Varga A. T. – Vercseg I. 1991: *Település, közösség, fejlesztés – Tapasztalataink a helyi társadalmi-kulturális fejlesztésről*. Országos Közművelődési Központ, Budapest
- Varga Cs. 1998.: Tudásország, tudástársadalom, tudásrégió, tudáspolgár. in: *Magyar Jövőképek* (szerk: Varga Cs. – Tibori T.) Nemzeti Stratégia 2020-ig könyvek 2. Budapest. pp.652-669.
- Vidékfejlesztés Magyarországon - OECD országtanulmány, Bp.1996. MTA-RKK ATI és GATE-KTI
- VINCZE MÁRIA (2008): *Európa Gazdaságtana*, Kolozsvári Egyetemi Kiadó – Kolozsvár