



From Disappearance to Recovery? Family Farming in Central Europe

Marie-Claude Maurel
Directrice d'études
EHESS-Paris

International Conference « Family Farming in the 21st Century: Various realities »
Warsaw, September 26, 2014

Questioning the Path Dependency Hypothesis

- **How do various types of farms arise, survive or disappear?**
- **The filiation of organisational forms has to be replaced in historical context**
- **We address the question of continuity or discontinuity of family farming in relation with institutional change**
- **In which way the past is supposed to be taken into account?**
- **We consider family farming as an evolving and polymorphic form of organization**

Contents

- **1- Structural agrarian dualism, a permanent feature in CEECs**
- **2- Dependent trajectories: the limitation on family farming**
- **3- Path diversion towards a plurality of configurations**

Who are the family farmers?

Definitions can be based on the **use of family labor**, on **ownership and control** (and thus succession between generations), on **legal status** (sole holders) or on who bears the **business risk**

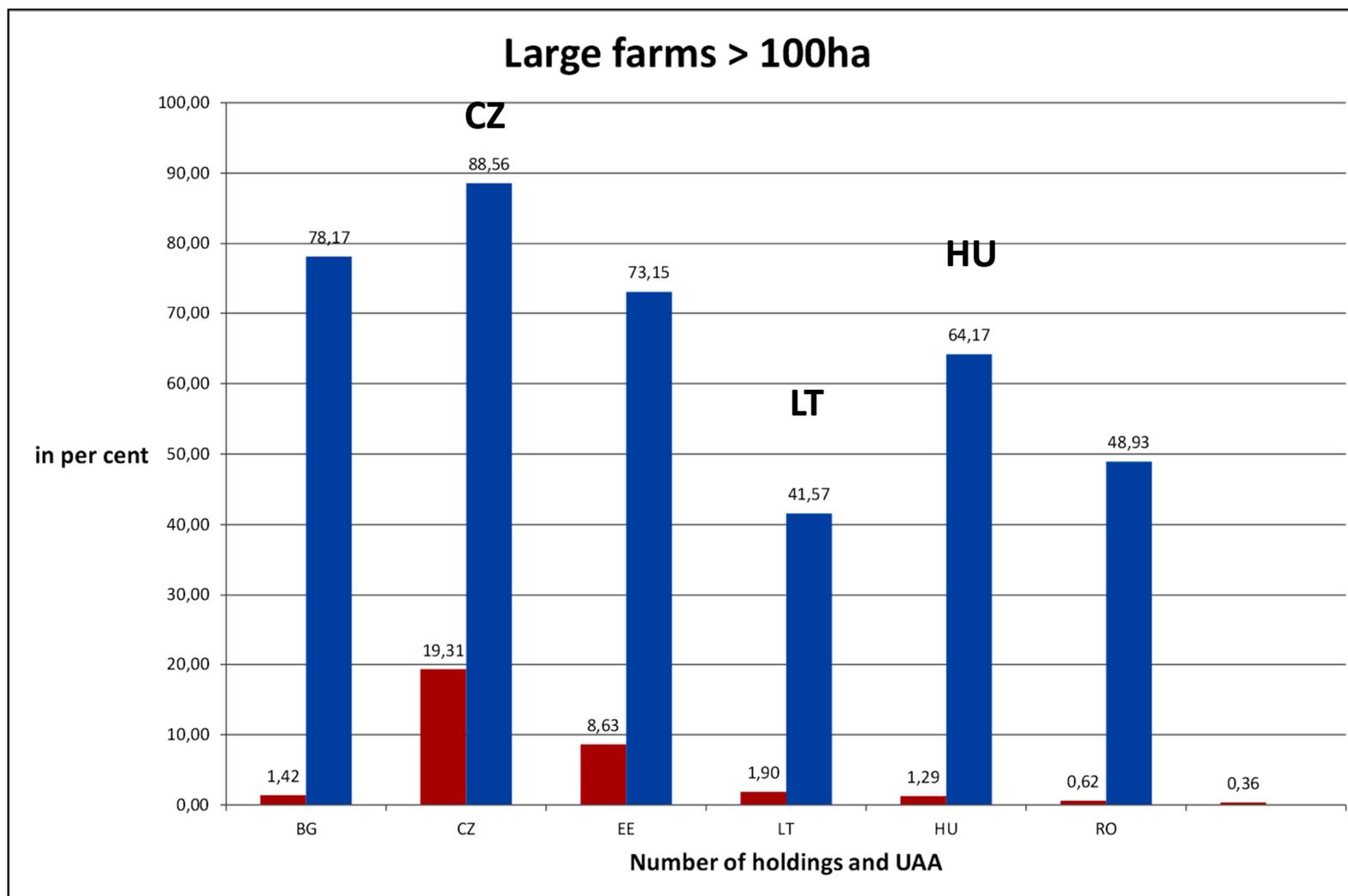
For statistical and conceptual reasons none of these criteria are fully operational or relevant

It proves hard to identify family farms in most CE countries

Large structural differences between EU-15 and NMSs (Central Europe)

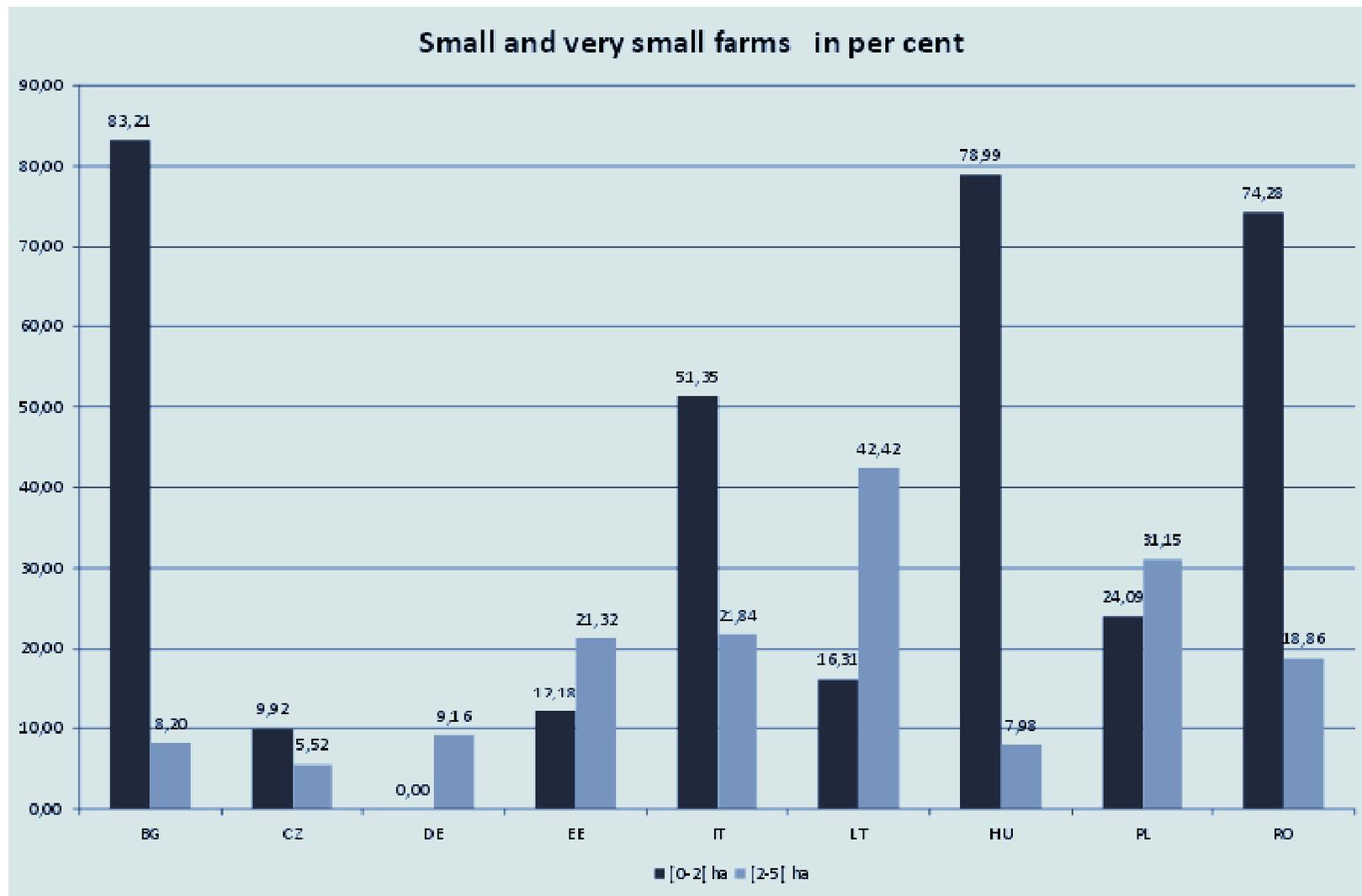
- **In the NMSs of Central Europe over three-quarters of the land is operated by non-family organizations**
- **Non-family farms are more than twice larger in land area than those in the EU-15 but slightly smaller in economic size**
- **Family farmers are far smaller in economic size than their EU-15 counterparts**
- **SSF and small farms are overrepresented**
- **Large scale commercial family holdings are nearly missing**

The distinct importance of large farms



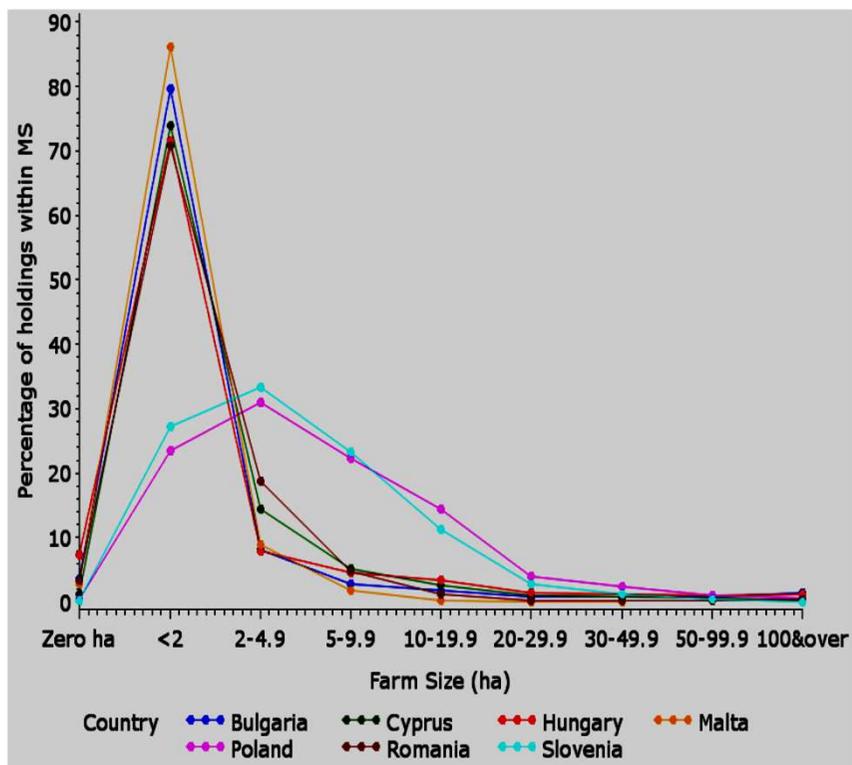
 Number of Holdings  UAA

The relative importance of small farms in CEECs

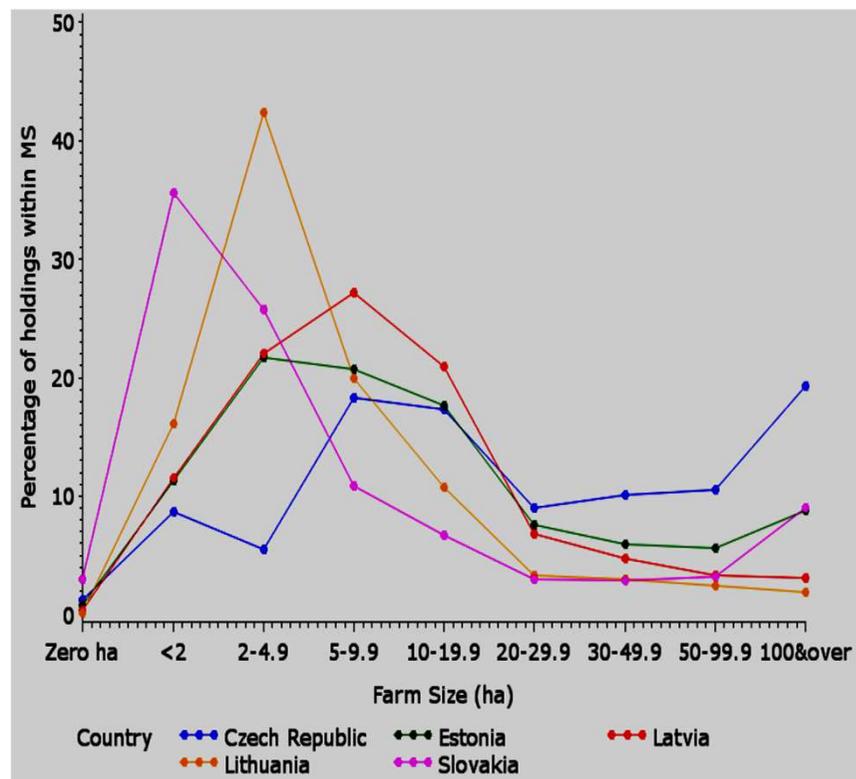


Agrarian structures in the New Member States Similarities and Dissimilarities

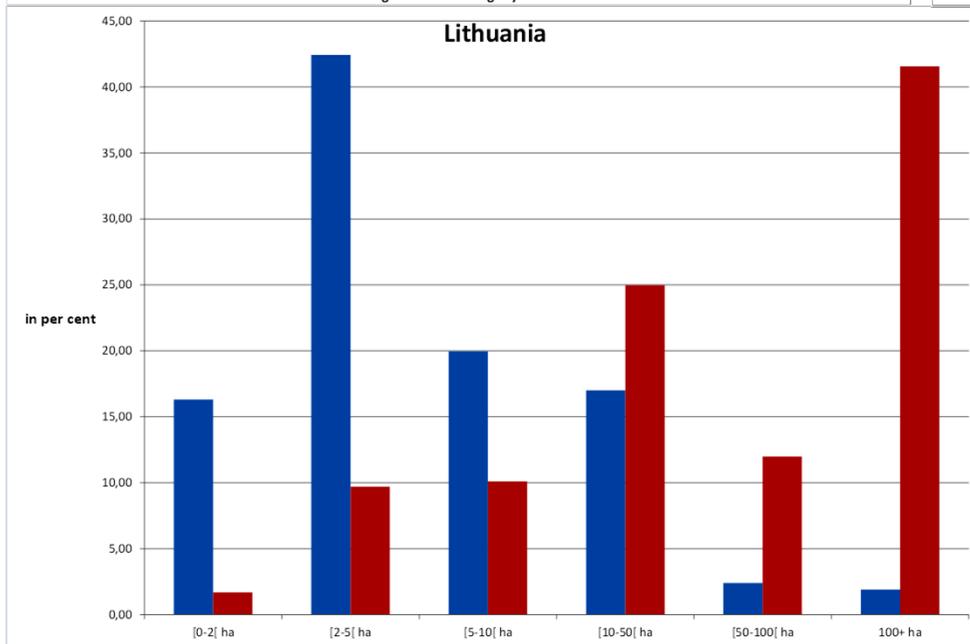
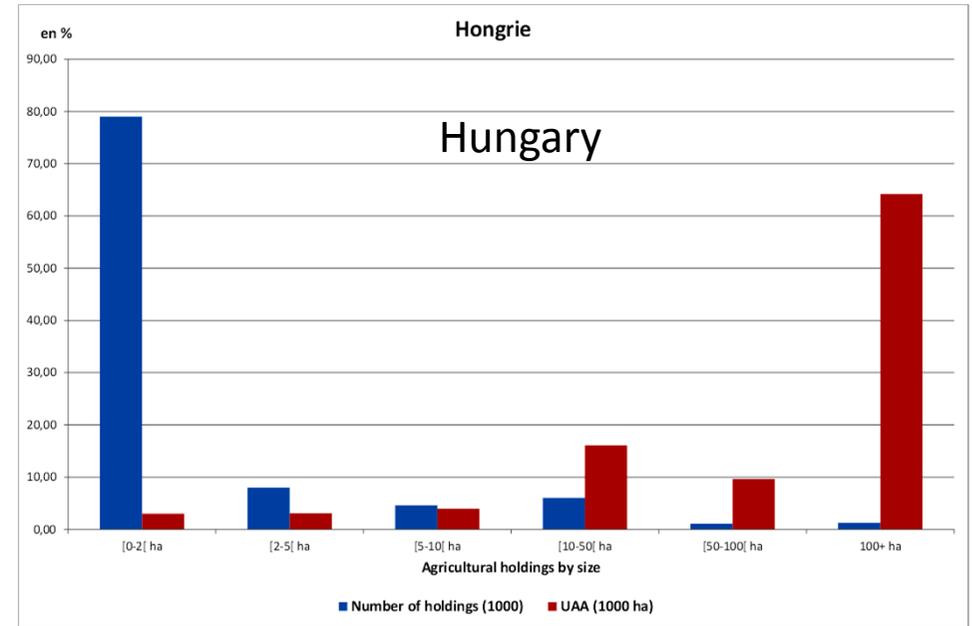
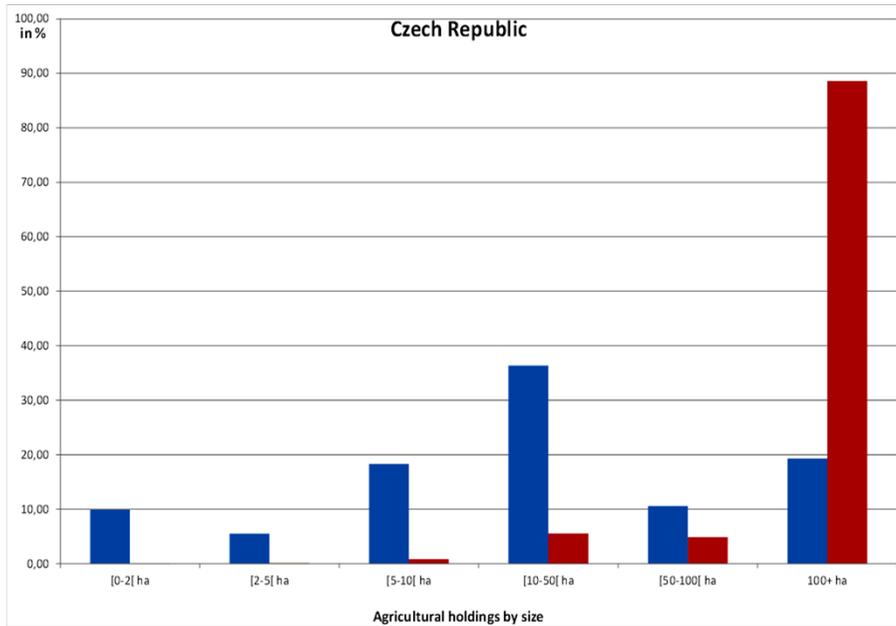
Percentage of holdings within NMS



By farm size, 2010



Three distinct profiles



 **Number of Holdings**
 **Utilized Agriculture Area UAA**
by UAA size classes

Dependent pathways : the limitation on family farming

- **With the break-up of collectivist structures, the process of converting State and cooperative farms took multiple paths via transitional forms**
- **A set of legislative measures aimed at re-establishing property rights over land and farm assets and thus their privatization, were adopted**
- **The new legal mechanisms fully transformed the relations between land property, capital and labour on which could be based the new organizations**
- **Through the institutional mechanisms that worked in favour of structural continuity or discontinuity, the hypothesis of path dependent dynamical process has to be questioned.**

Institutional change as a time of gradual elimination of the collectivist legacy

Collectivist legacy

- **Collectivist attitudes embedded in mental models**
- **Collective ownership of means of production**
- **Collective Organizations**
(Cooperatives, State Farms, auxiliary plots)

Sequences of causally related events

- **A minority of stakeholders ready to take up the challenge**
- **Changing land property relations**
- **Allocating active assets**
- **Building Institutional framework (policy and economics)**
- **Making up Transitional Organizations (from Neo-cooperatives to Corporate holdings, etc...)**



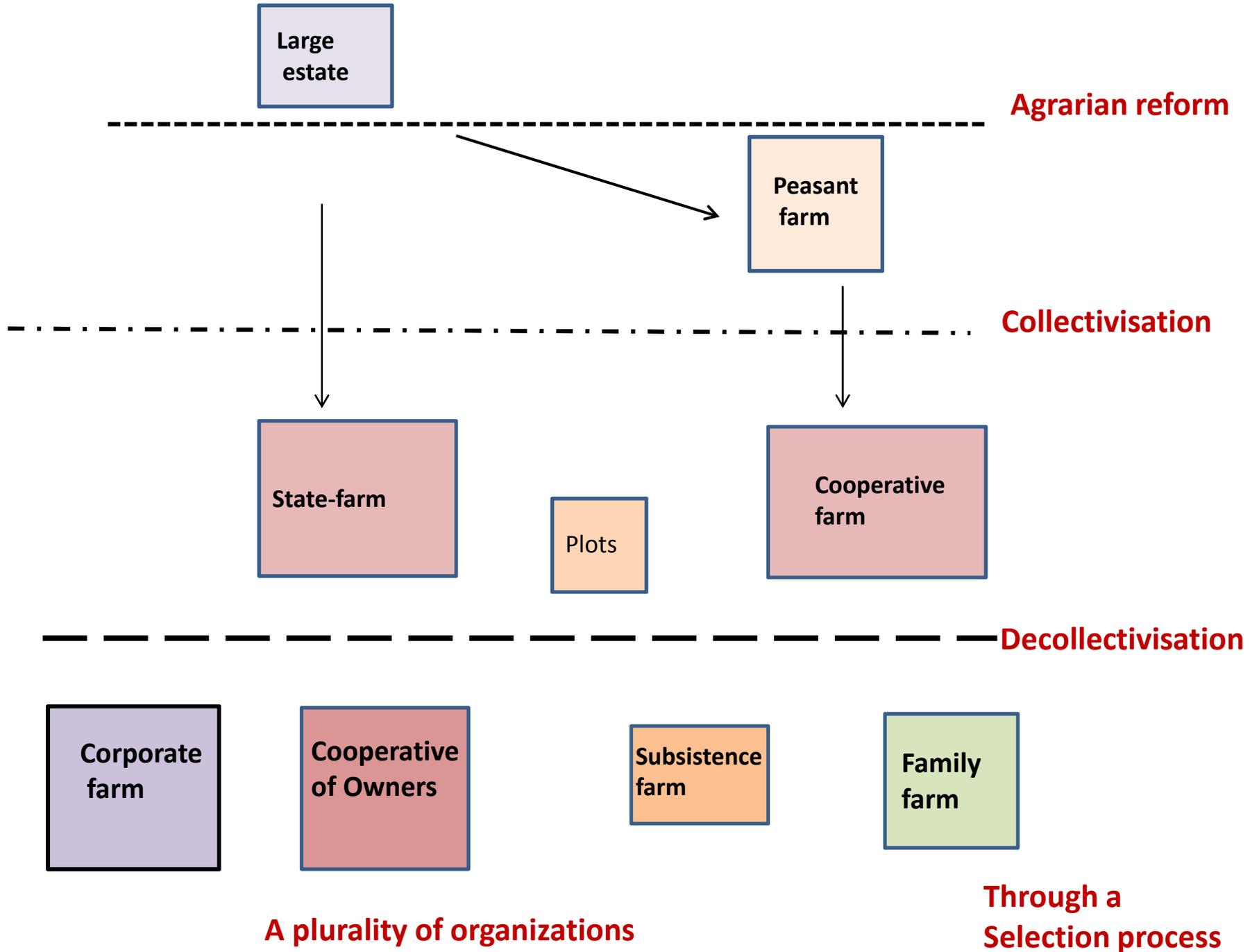
Mental models

Shaped by collectivist ideology, mental models have influenced the attitudes of farm workers concerning the transformation of property rights either on land or assets, and the strategy they have to think about in a new and uncertain institutional context

A few numbers were ready to act as independent producers. Required attitudes and abilities to bear the risk of commercial family farming were missing.

Privatising land and assets

Procedures of Land Privatisation	Czech Republic	Hungary	Lithuania
Appropriation or re-appropriation	Cooperatives Members are allowed to withdraw their land if they are ready to cultivate it (1990-1989)		Allocation of land to independent “peasant holdings” (1989)
Restitution or compensation	Restitution to landowners dispossessed of their land and assets after February 1948	Former landowners had to be partially compensated for the value of land lost, converted in vouchers. Land auctions for getting land with vouchers	Restitution to the former landowners of land and assets that were nationalized
Allocation		Allotment of a plot to cooperative members and employees without land	Allotment of 3 ha to every rural household
Procedures of assets privatisation	Transformation of agricultural cooperatives. Dividing capital shares between beneficiaries according to contribution in land, assets and work.	Cooperative Transformation law defined those who had the right to participate in the “naming” of cooperative property (members, heirs of members), distribution of shares according to length of membership and to the value of the property contributed to the cooperative	Law about Privatization of state-owned farms regulating the ways and methods of dividing large farms into smaller units and their sale to groups of people (with vouchers).
Legal transformation	Cooperatives of owners or corporate companies		Agricultural partnerships



Plurality of social forms

Social forms of production	Legal entity	Land assets	Assets Farm capital	Labor	Relation to the market
Neo-cooperative	Cooperative of landowners, agricultural association	Leased from a large number of small landowners	Members' ownership stock	Wage workers (employees and members of cooperatives)	Dominant market orientation
State-owned enterprise	Dependent on State agencies	State ownership (lease)	State is the major stockholder	Wage workers	Dominant market orientation
Corporation	Joint-stock company, public limited liability company	Majority leased, possibility of purchase (depends on country)	Stock (with a majority held by management)	Wage workers (permanent and seasonal)	Exclusive market orientation
Family or non-family-managed farm	Sole holder	Owner and tenant farming	Buildings, machinery, livestock	Mainly family	Dominant market orientation
Small semi-subsistence farm	Not registered	Mainly in Ownership	Work tools, few heads of livestock	Exclusively family Part time and full time	Subsistence main orientation

A selection process not in favour of family farming

- **Many informal institutions stand in the way of restoring independent or family farming such as reluctance to take credits and being indebted, lack of trust**
- **Land and assets privatization might not be the conclusive advantage for family-based farms being successful**
- **Adequate policies in favour of family farming were missing (deficit of training, technical assistance and financial support, badly operating markets, weak enforcement of contracts, difficulty to sell or lease the land,...)**

A path-dependency in transforming the agrarian structure

- **The absence or the weakness of modern family farms is the result of an unfavourable mix of both informal and formal institutions that put pressure on the revival of family farming**
- **The political and economic environment existing during the transition period has given an obvious comparative advantage to large-scale farms (and to managers)**
- **The same institutional context had no limiting effects on the survival of small subsistence farms**

Towards a plurality of productive configurations

- **Path dependent mechanisms are not absolute and policies implemented by reformers tend to lead to path diversion (or path shifting) creating a plurality of structural arrangements**
- **New structural dichotomy has appeared between agricultural systems based on high concentration of land and the use of wage labour, and agricultural systems with more dual configurations that combine family and non-family labour.**

Path-shifting towards a slow consolidation of family farming?



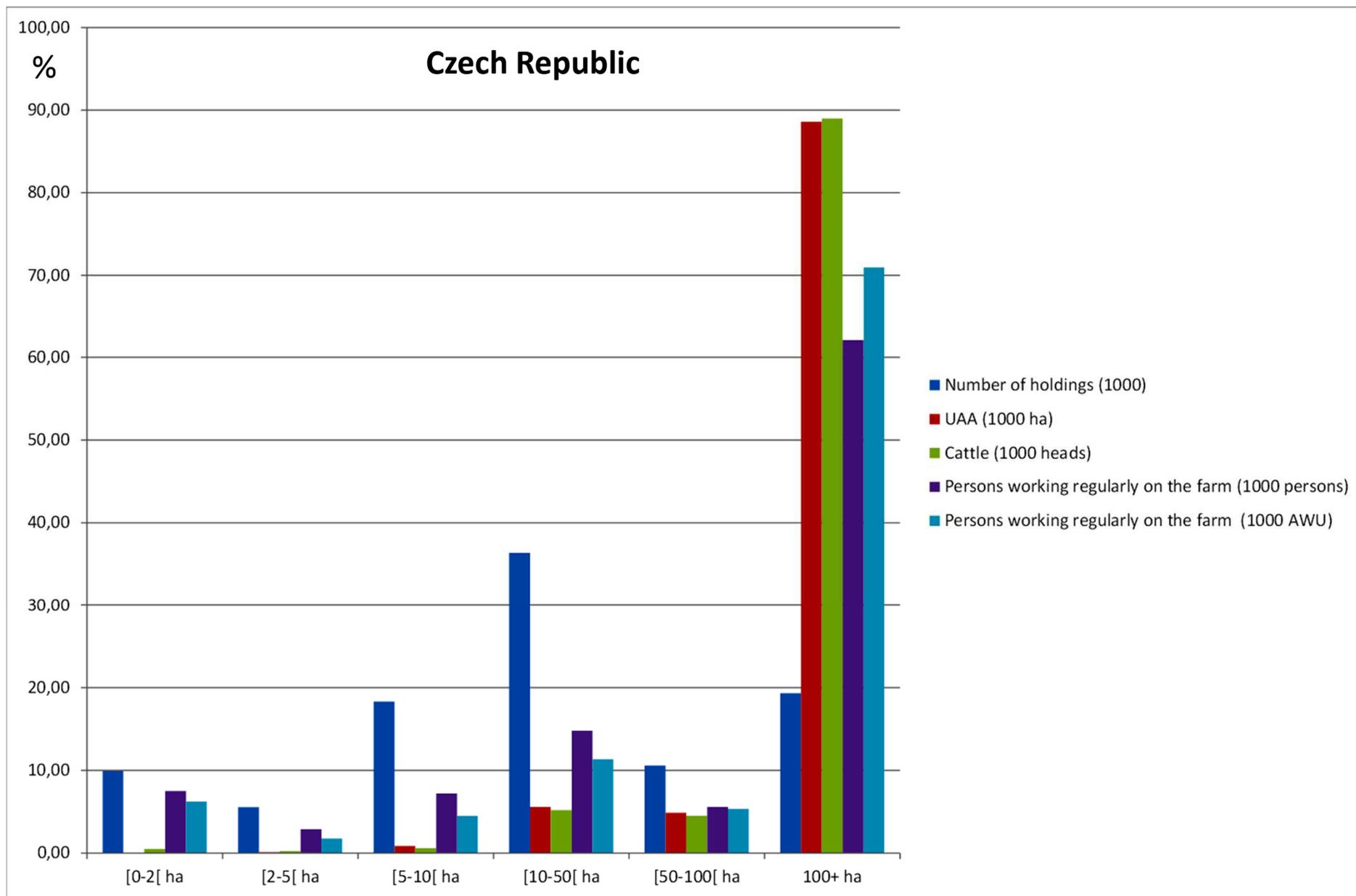
Czech Republic : dominance of very large farms over UAA



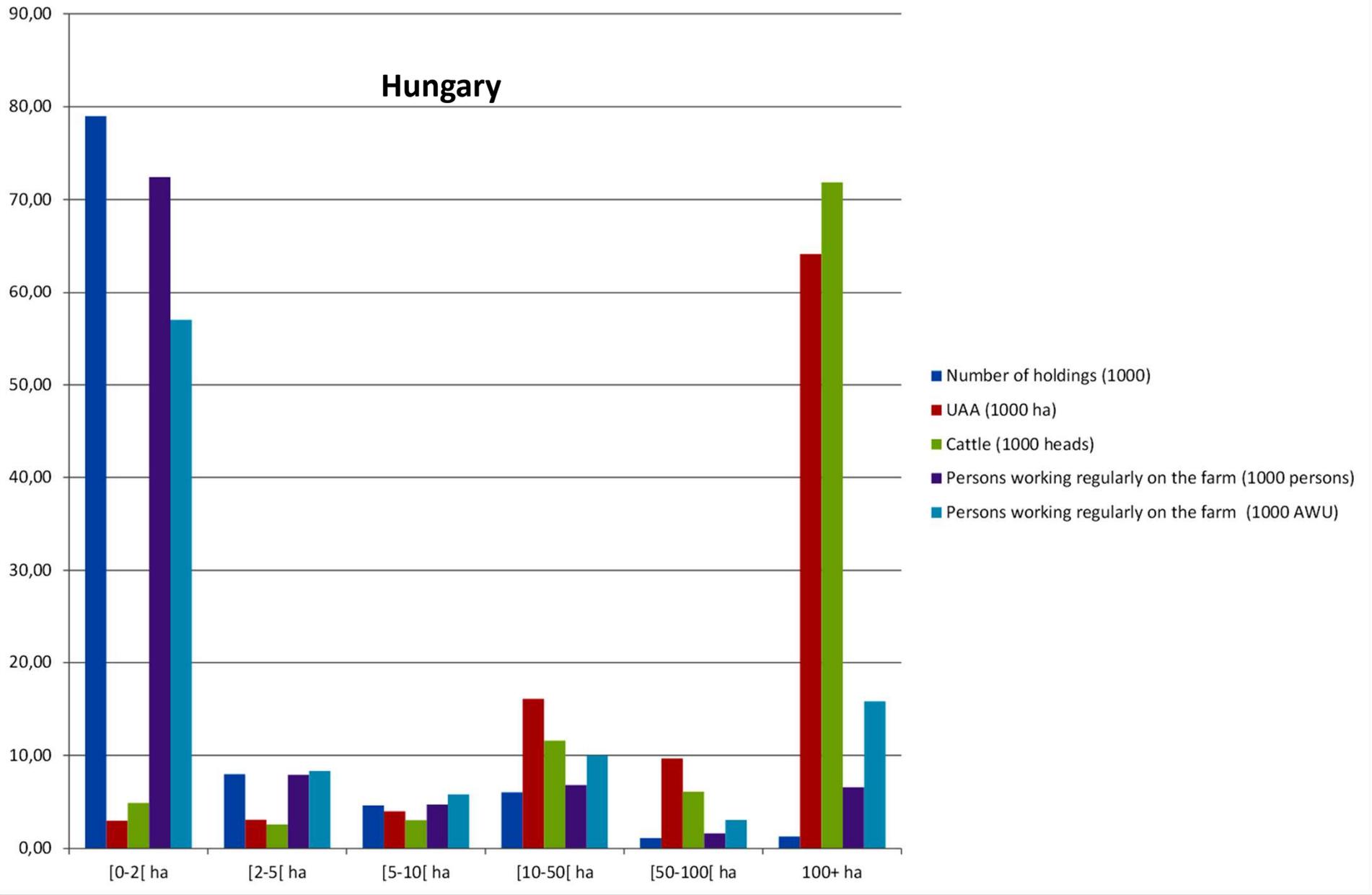
Hungary: farm size categories are more diverse



Lithuania: numerous small and medium family farms



Hungary



Hungarian agrarian dualism

Boly ZRT: 20 000 ha, South
Transdanubia
Belonging to the agroholding
Bonafarm



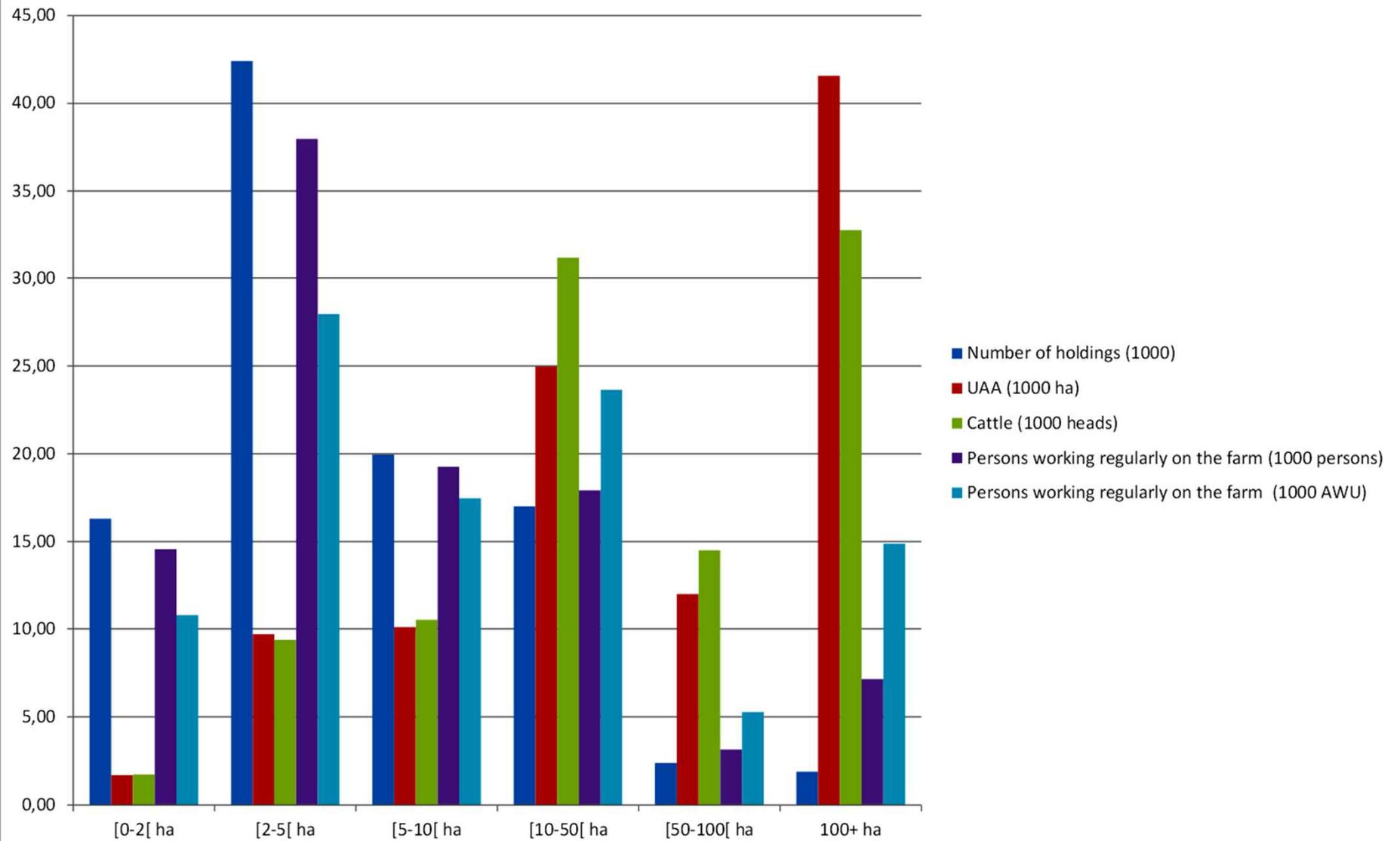
Village subsistence farming

in Markoc, Sellye Jaras, South Transdanubia



Lithuania

LITUANIE



Semi-Subsistence Farming in the three countries

Size categories	Czech republic	Hungary	Lithuania
% of SSFs in total no. of farms	9	79	57
% of SSFs in total no. of farms less than 2 ha	0	89	75
% of SSFs in total no. of farms less than 5 ha	33	86	70
% of SSFs in total no. of farms Less than 2000 euros SO	0	90	67
% of SSFs in total no. of farms less than 8000 euros SO	25	85	64

Source: Semi-Subsistence Farming: Values and Directions of Development

Distorted consequences of the CAP on Subsistence Farming

Minimum levels for direct payments by MS

Member state	Farms less than 2 ha		Minimum payment	Minimum Eligible Area
	Share of total no. of farms, 2010	% change in no. of farms less than 2 ha, 2003 to 2010	euros	hectares
Bulgaria	80	-50	200	0,5
Czech Republic	9	-88	200	5
Estonia	11	-71	100	3
Hungary	72	-27	200	0,3
Latvia	12	-69	100	1
Lithuania	16	-6	100	1
Poland	24	-62	200	0,5
Romania	71	-11	200	0,3
Slovakia	27	-84	200	2
Slovenia	36	+17	300	0,3

Source: *Semi-Subsistence Farming: Values and Directions of Development*

Family farm: a key element or an unlikely model in Central European Member States?

- **Path dependence mechanisms have been in favour of the continuity of large farms being transformed into corporate holdings or partnerships**
- **They also consequently have prevented the setting up of a sustainable family farming model**
- **The concept of family farming as the “most common operational farming model in Europe” is not adapted to the current organizational forms in most Post-Collective agricultures**

Complexity of Agrarian Change

- **Change can be simultaneously radical and protracted**
- **Dismantling collectivist farming might open different pathways, and ...**
- **These pathways from Collectivism to Post-Collectivism are not straightforward**
- **Identifying the direction of causation is complex**

End

Thank you for attention!
Thank you for invitation!
Thank you for 35 years
of friendly cooperation!

“Family farming covers a wide range of farm types and sizes, with both full- and part-time farmers, and farmers with and without other gainful activities. The objectives of some family farms are focused on commercial farm business operations, while others produce mainly to satisfy household food needs, the so-called semi-subsistence farms (SSFs).

Commercial farmers have different sizes expressed in area or in Standard Output¹ (SO); they can be large, medium or small. The majority of SSFs are very small in land area and often output. Often, but not always, they are run by pensioners.

Many family farmers and members of their households are working part-time on-farm, or have other gainful activities. In such cases, family labor may play a minor role, at least in terms of income returns to the household”

Davidova S. , Thomson K. (2014), *Family farming and prospects : challenges and prospects*,
http://www.europarl.europa.eu/RegData/etudes/note/join/2014/529047/IPOLAGRI_NT/282014/29529047_EN.pdf