Eastern European Rurality in a Neo-Liberal, European Union World

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Abstract

The article first argues that we live in a neo-liberal world in that neo-liberalism has become the economic orthodoxy which informs policy-making, but that the commitment of the European Union and its Common Agricultural Policy to neo-liberalism is somewhat ambiguous. It then examines the impact of that ambiguous Common Agricultural Policy on Eastern European rurality in the decade or so since the New Member States joined. In many respects it has resulted in scenarios similar to developments in western Europe, but in one respect a phenomenon that is present throughout the European Union has been amplified dramatically in its eastern half. Overall, the weaknesses that many have identified in the Common Agricultural Policy have been reproduced in the east, but in a more extreme form.

This article assesses the situation of the countryside and the impact on it of the Common Agricultural Policy (CAP) in the new member states of Central and Eastern Europe (CEE) approximately a decade after their accession to the European Union (EU). It is based, mainly, on an extensive reading of secondary sources in the English-language literature, reference to some Hungarian sources, and a tiny amount of original research. It is therefore almost entirely dependent on the work of others, and any patchiness in coverage results from gaps encountered in the literature. It follows three earlier attempts to produce a regional vision of the state of CEE rurality at key points in its post-1945 history – the creation of collectivised agriculture (Swain 2013b), the nature and functioning of collectivised agriculture (Swain 2007), and the early stages of the post-socialist transition (Swain 2013c). It argues that the impact of the CAP has been mixed and not uniform between countries, but that in particular it has proved itself inadequate in addressing the ‘under urbanisation’ or ‘over ruralisation’ of the post-socialist legacy. Since the CAP is the central policy instrument affecting the EU’s rural sector, the paper begins by discussing the nature of the policy in the context of neo-liberalism, a doctrine which, many argue, underpins it.

**Neo-liberalism and the CAP– Ambivalence towards a Hegemonic but Challenged Orthodoxy**

Neo-liberalism is a contested term, more recognised by its detractors than its supporters (Peck, Theodore and Brenner 2009, p. 96). Neither the *Oxford Dictionary of Economics* (Black, Hashimzade and Myles 2009) nor the *Routledge Dictionary of Economics* (Rutherford 2002) has an entry for the term; but the *Oxford Dictionary of Sociology* (Scott and Marshall 2015), the *Oxford Dictionary of Social Work and Social Care* (Harris and White 2014) and the *New Oxford Companion to Law* (Cane and Conaghan 2009) do. Martin Wolf, in his enthusiastic defence of liberal globalisation, is sufficiently confident to dismiss it as ‘an incomprehensible piece of neo-Marxist jargon’ (Wolf 2005, p. 95). From a different perspective, James Ferguson has noted that it has become a ‘sloppy’ term which means little more that modern capitalism (Ferguson 2009, p. 171).

This article takes the position that, in an important sense, neo-liberalism is indeed just ‘modern capitalism’ in that economic orthodoxy (‘common sense’) and policy-making since the ‘oil shocks’ of the 1970s has been increasingly informed by (neo-)liberal principles. The history of the revolution in economic orthodoxy from post-war Keynesian demand-management and a concern with full employment to a post-1970s focus on controlling the money supply (in its early, monetarist phase) and maintaining currency stability and internal and external balances is a familiar one (Steger and Roy 2010, pp. 5-10). The advantage of viewing neo-liberalism as a new dominant ethos and conventional wisdom rather than a hegemonic doctrine or Foucauldian form of governmentality (Larner 2000; Barnett 2005) is that no one should be surprised that its impact has been neither uniform nor all-embracing. It can allow for different national or regional variants, and for areas of ambiguity. For example, neo-liberalism informed the post-socialist transition in CEE countries, and the domestic origins of neo-liberalism in these countries contributed to the ease with which it was adopted. The same ‘oil-shocks’ crisis that had triggered the neo-liberal revolution in economic orthodoxy in the 1970s also sowed the seeds of economic collapse in Eastern Europe, in that it revealed the inflexibility of predominantly state-owned economies and their weaknesses at achieving anything other than mobilising resources for post-collapse growth (Swain 1992; Maier 1997). Some ten years later CEE socialism collapsed, and, unsurprisingly, neo-liberal principles inspired the indigenous economists who sought an alternative to Marxism, such as Václav Klaus in Czechoslovakia, Leszek Balcerowicz in Poland, and a slew of economists attached to Hungary’s Financial Research Institute (Fabry 2014, pp. 120-45). In Estonia, it was the very absence of economic expertise in combination with the pressing requirement for ‘freedom’ that resulted in neo-liberal policies so extreme that the World Bank and IMF advised reining them in (Mikecz 2011, pp. 202-42). But this did not mean that post-socialist neo-liberal policies created a clone of western capitalism. The form of capitalism that emerged under neo-liberal tutelage had sufficient common features for it to be described as post-socialist capitalism: neo-liberal orthodoxy informed its economic institutions and regulations, but the market actors that emerged in a post-socialist context were very different from those in western Europe, reflecting a form of dependent capitalism (Swain 2011).

Neo-liberalism was the economic orthodoxy of the victors of the Cold War and it dictated the contours of post-socialist change in CEE, yet doubts can be raised concerning its achievements. David Harvey, a vociferous critic, cited World Commission on the Social Dimension of Globalisation data which revealed that growth rates in the 1960s averaged 3.5 per cent but fell to 2.4 per cent in the 1970s, 1.4 per cent in the 1980s and have hovered around 1 per cent ever since (2005, p. 154). Ken Coutts and Graham Gudgin who, as Cambridge economists, referred to ‘liberal’ rather than ‘neo-liberal’ policies and restricted their analysis to the UK, argued that GDP and productivity had grown more slowly since 1979 than before, and that financial liberalisation was the only aspect of the liberal market reforms which materially increased the rate of economic growth; but that this had the dubious benefit in 2008 of contributing to the banking crisis and longest recession for over a century (2015, pp. 5 and 9). More generally, ‘controversial’ academic economists, such as Ha-Joon Chang (2010), Paul Krugman (2008) and former chief economist of the World Bank Joseph Stiglitz, point to alternative approaches, and students have questioned (neo-)liberalism’s dominance of the academic curriculum (Post-Crash Economics Society 2014). Speculating as to why an economic doctrine continues to be dominant despite consistently generating lower rates of growth than other approaches goes beyond the remit of this article. However convincing the challenge, and however severe the recession it triggered, neoliberal assumptions continue to underpin the economic orthodoxy of the early twenty first century.

If neo-liberalism became *the* economic orthodoxy in the three decades following Keynesianism’s own three decades of ascendancy, the EU has nevertheless retained a degree of ambivalence towards it; but only a degree. Commentators usually refer to the European social model and its distinctive welfare state traditions, yet, as Christoph Hermann has argued, these can be overstated (2007, p. 61). Despite the existence of a strong lobby for ‘neo-mercantalist’ policies to create ‘European Champions’, he argues that ever since the passing of the Single European Act in 1986 and the adoption of the principle of ‘mutual recognition’, supporters of free-trade have won out with strong support for liberalisation and privatisation of utilities and public services (Hermann 2007, p. 71: see also Neven 1992). He concludes that:

‘the Single Market strategy, European competition policy, Economic and Monetary Integration, and even the European Employment Strategy, have enhanced ‘free’ trade and ‘free’ capital mobility, monetary restraint and budgetary austerity, the flexibility of labour markets and the erosion of employment security.’ (Hermann 2007, p. 85)

The Treaty of Lisbon further reinforced the neo-liberal ethos;yet there remains the Social Chapter; and employment and welfare policies are determined by member states, glimmers of ambivalence about neo-liberal assumptions.

There is similar neo-liberal ambivalence within the CAP, Europe’s biggest policy tool, still representing 40 per cent of the total budget (European Parliament 2015). Even though it is, at its core, a protectionist vehicle in defence of European farmers, which struggles to make that protection acceptable to World Trade Organisation and international competitors by massaging subsidies so that they fit into ‘green box’ rather than ‘blue box’ categories (Cardwell 2004; Garzon 2006; Swinnen 2008; Cunha and Swinbank 2011; Pirzio-Biroli 2008; Swain 2013a), the bulk of its policy elements are geared to ‘efficient’, commercial farming – the ‘neo-liberal’ agenda. Very crudely, these policies represent the ‘first pillar’ of CAP. But the CAP’s ‘multifunctional’ view of agriculture provides a ‘second pillar’ of agricultural and rural support which counters market concerns. The funding available is dramatically smaller at roughly a quarter of the total CAP budget (European Parliament 2015), yet it permits some rural diversification, addresses some rural poverty and focuses on some environmental issues. As Clive Potter and Mark Tilzey noted before the introduction of the single payment scheme,

‘[w]hile the dominant policy trend may be towards the decoupling of agricultural support in line with WTO disciplines, the rolling out of government-funded rural development programmes under the CAP’s Pillar 2 appears to be designed to safeguard what can only be described as postproductivist enclaves…’ (2005, p. 595).

In both its general policy-making and the CAP, then, the EU both embraces neo-liberalism and yet exhibits a degree of ambiguity towards neo-liberal principles.

**The Impact of the CAP on Conventional Commercial Farming in CEE**

The dualism of Eastern European agriculture, its high concentration (when compared with western European standards) of extremely large and extremely small farms, together with the extent to which large-farms in the post-socialist countryside benefited disproportionately from CAP subsidies when compared to smaller farms have been noted elsewhere (Swain 2013a). As Csaba Csáki and Attila Jámbor note, ‘[j]oining the EU had a fundamentally positive impact on the agriculture of the new member states’ and ‘resulted in a more transparent and reliable agrarian policy’ (2012, p. 903). In addition to the new market opportunities that accession provided, ‘mainly as a consequence of agricultural subsidies, … producer incomes increased…’ (Csáki and Jámbor 2012, p. 903). Between 2003 and 2011 real incomes from agriculture by labour force unit increased by a factor of two to three in Lithuania, Hungary, the Czech Republic, Latvia, Poland and Estonia, and by around 50 per cent in Slovakia, Slovenia and Bulgaria. Romania was the exception, where they stagnated, as they did in the EU27 and the EU15 (Csáki and Jámbor 2012, p. 902). Péter Szabó has written of a dramatic increase ‘in leaps and bounds’ of incomes from agriculture for agricultural produces as result of joining the EU (2007, p. 35). Other impacts noted by Csáki and Jámbor included a decline in the weight of agriculture in national economies, a reduction in the productivity shortfall when compared with western Europe (but not sufficient to negate the latter’s advantage), an increase in extensive production and a move away from animal husbandry, a dramatic increase in international trade but no improvement in the balance of trade or quality of trade (raw food exported, processed food imported), and increased conditionality imposed on producers by vertical integration. In addition they pointed to the inappropriateness of the ‘one size fits all’ CAP to address in particular the growing rural poverty in the region and the problem of ‘small farms’ being exceptionally small, the other side of the coin of the dualism of Eastern Europe’s agriculture (2012, pp. 898-89 and 903-4), topics to which this article will return.

By and large, the Csáki and Jámbor data suggest that large farmers enjoyed many benefits from EU accession, despite being challenged by western European competition and ever more dependence on the food industry (the realities of commercial farming in Europe). Data from individual countries appear to bear this out, although it has not proved possible to obtain directly comparable data. In the Czech Republic for example, Christoph Sahrbacher, Ladislav Jelinek, Konrad Kellermann and Tomas Medonos found that even though subsidies were initially set at a level of only 25 per cent of the western norm, this represented an 80 per cent increase in subsidies for Czech farmers (2009, p. 495). They also reported that subsidies were a reason for people to stay in or enter farming and that farm incomes were more clearly linked with subsidies than with output prices, although they also noted that ‘subsidies were rather quickly capitalised in other production factors like land and current assets’ and that land rental also increased by 200 per cent between 2001 and 2007 (2009, p. 504). In Hungary, József Tóth calculated that the increases in subsidies following EU-accession resulted in a roughly 10 per cent increase in profits before tax in every year from 2005 to 2007 (2009, p. 61). In Slovakia, Z. Chrastinová and V. Burianová found that the increased subsidies since accession had resulted in 32 per cent higher profits and a 50 per cent increase in the share of profitable enterprises (2009, p. 69).

Matthew Gorton together with colleagues further noted the continuance of productivist mindsets. This was true of farmers and politicians alike. With Elodie Douarin, Sophia Davidova and Laure Latruffe, he observed that the ‘vast majority of farmers in the enlarged EU retain a productivist mindset’ (Gorton, Douarin, Davidova, and Latruffe 2008, p. 322); with Carmen and Lionel Hubbard, he commented that ‘productionist mindsets still dominate most Ministries of Agriculture in CEE’ (Gorton, Hubbard and Hubbard 2009, p. 1314). Somewhat earlier, with Davidova and Hannah Chaplin, he reported survey evidence revealing low levels of diversification away from agriculture in the Czech Republic, Hungary and Poland (Chaplin, Davidova and Gorton, 2004, p. 61). Yet, as in western Europe, the productivist mindset did not dominate entirely. As will be discussed below, a significant organic sector has developed. Furthermore, Irina Râmniceanu and Robert Ackrill examined both SAPARD and then post-accession take-up of EU rural development policy instruments, comparing ‘competitiveness measures’ and ‘multifunctional measures’ (2007). They found that, partly reflecting EU guidance, SAPARD programmes had exhibited a strong competitiveness bias, while the first plans of the countries as new members were much more balanced. Five of eight countries had a balanced approach, two were moderately pro-multifunctionality and one, Poland, was moderately pro-competitiveness. EU15 countries at roughly the same time were slightly more oriented towards multifunctionality and varied from six balanced countries through three moderately pro-multifunctionality to six strongly pro-multifunctionality ones (2007, p. 428).

A related feature of EU-membership and its CAP, is the increasing attractiveness of agricultural land to non-farmers. Anna Szumelda, in a discussion of the future of small farms in Poland, noted an increased interest on the part of non-agrarians in land ownership in Poland since the introduction of the CAP, a factor which she considered impeded the development of a land market (2013, p. 241). In Hungary, non-agrarians have been interested in acquiring farming businesses and land on both the large and smaller scale. In 2001, during the dying days of the first Fidesz administration, a number of former state farms were privatised to a ‘dirty dozen’ individuals, mostly close to prime minister Viktor Orbán, but also to others embedded in socialist party networks, who were awarded fifty-year rental agreements on vast swathes of state farm land (Matkovich 2013; Tamás 2013). Recognising the business opportunities offered by farming on this scale, the head of the National Savings Bank and richest Hungarian in 2015 (Hvg.hu 2015) surprised many by purchasing one of these farms and diversifying dramatically into agricultural production and processing over the next decade (Tamás 2013). By the end of 2015, the 16th and 23rd richest Hungarians also farmed on 50,000 hectares between them (Hvg.hu 2015; Nagy-Huszein 2014).

As 2014 approached and Hungary’s ten-year derogation from EU law was coming to an end, the focus of legislation switched to regulating the purchase of agricultural land. Strict limits were set on the size of individual holdings, national and local bodies were to vet land allocation and only qualified farmers were permitted to purchase land. This prompted the creation of private training companies which provided the necessary farming qualification to thousands in return for a fee and minimal participation in the training course (Szabó 2015; Hargitai 2015). Setting to one side the question of whether only those close to the ruling party benefited from these schemes (Juhász 2014), it is clear that both prosperous businessmen and local speculators saw economic advantage in acquiring land and the subsidies associated with it.

Farming developments in Poland merit separate consideration because of that country’s atypical structure of socialist and post-socialist agriculture. With its sizeable agricultural sector based predominantly on small-scale farming, Poland became one of the largest beneficiaries of the CAP following accession in relation to its first pillar, and the largest in terms of its second pillar (Baer-Nawrocka and Poczta 2014, p. 86). In the final pre-accession year and the first three years of accession, 2003-6, farmer household incomes grew by 45 per cent (Wilkin 2014, p. 16) and in the post-accession period up to 2013 the incomes of agricultural producers increased by 120 per cent (Wilkin, 2014, p. 19), although this was partly due to the low level of agricultural support in the preceding years (Wilkin 2014, p. 13; Csáki and Jámbor 2012, p. 905). At the same time, land prices, which between 1996 and 2005 had increased by 7.9 per cent per annum, started to increase by almost 40 per cent per annum (Wilkin 2014, p. 24). In addition, there was a slow but marked movement towards bigger farms. From 1988 to 2002 the proportion of farms in the one to two hectare size category increased, but thereafter they fell (Baer-Nawrocka and Poczta 2014, p. 96). Between 2003 and 2010 there was a 60 per cent reduction in farms of zero to two hectares (Wilkin 2014, p. 20), while between 1996 and 2012 the number of farms in the 20 to 50 hectare category increased by 50 per cent, from 14 per cent to 22 percent of the total, while those over 50 hectares doubled, from 10 per cent to 22 per cent of the total, accounting for 30 per cent of land (Baer-Nawrocka and Poczta 2014, pp. 96-97). Nevertheless, only five per cent of farms (producing 63 per cent of national agricultural production) corresponded to 16 and more European Size Units, which was considered the minimum for viability (Wilkin 2014, pp. 20&23). In an earlier study, Wilkin and his colleagues noted that only 15 per cent of total incomes among the rural population came from farming and the proportion was constantly declining (Gorlach, Klejotko and Nowak 2014, p. 17). The share of the rural population employed in agriculture fell from 30.4 per cent to 28.3 per cent between 2011 and 2013, with those engaged in individual farming falling from 28.6 per cent to 26.3 per cent over the same period (Frenkel 2014, p. 56), although later in the same publication a study of census data recorded that the share of the rural population who earned a living from self-employment in agriculture fell from 10.2 per cent in 2002 to 7 per cent in 2011 (Nurzyńska 2014, p. 128).

Poland remains a country characterised by a relatively large number of relatively small farms. The consequence is that many more rural individuals are linked to more or less commercial farming and are thus able to benefit from CAP largesse, a largesse which is extremely skewed elsewhere in the region towards a very few, very large farmers (Swain 2013a). It is not surprising that the Polish countryside experienced increased optimism of a kind which, as will become clear, is less apparent elsewhere in the region (Wilkin 2014, p. 16). It is not clear from the recent literature what impact this newfound affluence has had on the former workforces of the former state farms. Prior to accession it was widely acknowledged that former state farm settlements with their urban-style housing and mass unemployment constituted islands of extreme rural poverty. Arkadiusz Karwacki identified an extensive range of publications confirming this negative vision in the 1990s by authors such as Tadeusz Samulak, Elżbieta Tarkowska, Jerzy Wilkin and Elżbieta Psyk-Piotrowska. Writing in 2002 and focusing on a case study of Lesk, he also described in detail the emergence of a ‘culture of poverty’ in former state farm settlements including not only participation in the black economy but also wife and child beating (2002). The CAP is unlikely to have had much impact on such impoverished, non-farming communities.

Overall however, EU membership has been associated with positive impacts on Polish rurality. Barbara Fedyszak-Radziejowska reported that in 2008 farmers were four times more likely to express their trust in other people than they had been only two years earlier (2010, p. 80). Piotr Mikiewicz and Krystyna Szafraniec in their study of social capital in the Polish countryside reported that, while there were few enthusiastic supporters of system change and civic attitudes were not highly developed, nevertheless levels of social trust were much higher in villages than in towns and social capital activity was much higher than in towns, in particular in the least developed villages (2009, pp. 117-21).

Research in Hungary in the early 2010s indicated that EU accession and the subsidies associated with it were making profitable family farming of relatively large-scale dimensions similar to those in Poland and attracting a younger generation to the profession. Farming on what those involved described as a ‘modest’ scale, but which exceeded dramatically the just under EU 15 hectare average (Eurostat 2014), had become possible. Qualitative interviews conducted in Baranya County in 2014 as part of the much larger project revealed four new or newly profitable family farms, three run by young couples with young children, the other by an elder couple with grown-up children.1 The husband of one of the younger couples, with only 20 hectares of land, farmed part-time in a business taken over from his father who had been made redundant by the transformed agricultural co-operative; he expressed the view that he would need 50 to 100 hectares to become a ‘smallholder’. Twenty five hectares of vineyards, on the other hand, some of them in a prestigious area, gave a near neighbour of the same generation a profitable full-time business with three full-time employees and a dozen seasonal ones, although his wife retained her job as a teacher. In a nearby village, a pensioner, who had reared chickens and gradually accumulated land since 1992 when he left the co-operative, realised in 2007 that, in the era of EU subsidies, there was a future in arable farming. He already farmed on 80 hectares in 2014 and hoped to expand this to 100 hectares. A younger farmer in another nearby village also benefitted from the new subsidy scheme, although in his case a more or less failing business was kept going by the subsidies. He felt that in a good year he could just about survive from agriculture as a business, but years had not been good, and only subsidies had made survival possible.

A casual glance at the former occupations of these family farmers and their predecessors might suggest that they were outsiders to the universally very ‘closed’ profession of farming. They did not come from smaller-scale, ‘peasant’ farming backgrounds. On the contrary, most had professional backgrounds of one sort or another. But they had been professionals within the co-operative farm sector, and participated actively in the opportunities for small-scale private farming that this sector encouraged. All had had a background in the particular kind of private agricultural entrepreneurship that Hungarian collectivisation had made possible.

**The Impact of the CAP on Non-Commercial Farming and Rural Development in CEE**

Organic farming was never a priority for socialist regimes which, in the countries that had collectivised at least, melded industrial styles of work organisation with extensive mechanisation and high levels of reliance on chemical inputs. In the ensuing approximately quarter of a century (and a decade of the CAP), organic farming in the region underwent a development from nothing to a level almost on a par with Western Europe. As data produced by Organic World (and reproduced here with permission) makes clear, the commitment to organic farming in Western Europe by 2013 varied dramatically. This differential commitment was reflected in Eastern Europe too by the same year, and in broadly similar orders of magnitude. Just as in the West, some countries were much more committed to organic farming than others, but the level of commitment rarely exceeded 12 per cent in terms of share of agricultural area (Table 1).2 The degree of commitment to organic farming in a given country bore little obvious relationship to the nature of its agricultural sector; rather, as network analysis of the organic sectors in the Czech Republic and Poland by Heidrun Moschitz and Matthias Stolze suggests, these different degrees of commitment stemmed from more or less chance factors which enabled supporters of organic farming to influence policy-makers from early in the post-socialist transition in the Czech Republic (2010).

[Table 1 about here]

Dramatic yet ambivalent development is a theme in the sociological analysis of CEE organic farming. A decade ago Anastazja Pilichowska not only showed the dramatic increase in the number of organic farmers since the end of socialism, but also highlighted the role of an external agent, an incomer from Switzerland, in instigating organic farming her case study village (2003). Eszter Kelemen and Boldizsár Megyesi used the experience of seven organic producers on Hungary’s Great Plain to illustrate a new type of bottom-up marketing initiative in contrast to massive integrator companies and new-style co-operatives (2007). Diana Mincyte highlighted the paradox that for Lithuanian planners, small-scale subsistence farmers who supplied 50 to 70 urban households with milk were seen as a ‘problem’ (2011). Guntra A. Aistara for Latvia (2009) and Agnieszka Pasieka for Poland highlighted conflicts which emerged over different understandings of what organic and ecological farming entailed; in the latter case the language that villagers used to describe the bureaucrats was tantalisingly reminiscent of that used to criticise socialist planners of an earlier era (2012). Lukáš Zagata argued that early Czech governmental support for organic farming was associated with a weaker commitment on the part of some farmers to a vision of organic farming as part of an alternative food regime; rather it was seen simply as adherence to alternative commercial regulations (2010). Moving to the marketing of organic products, Wojciech Goszczyński and Wojciech Knieć reported the emergence of an alternative agro-food network in the lower Vistula valley of Poland for the sale of locally produced plum jam (2011), and Jana Spilková and Radim Perlín claimed that the first such networks had emerged in the Czech Republic and that, by October 2011, 255 such markets were in regular operation in the country, mainly on a two-weekly basis (2013). Zagata stressed earlier that such markets had been a spontaneous consumer rather than producer initiative (2012), and, together with Michal Lošťák, argued that trust in organic food quality was a matter of fairth more than objective knowledge about organic standards (Zagata and Lošťák 2012).

A key aspect of the ‘second pillar’ of the CAP has been LEADER-type rural development programmes. In this context, it is important to note that post-socialist Eastern European society generally is seen to be characterised by high levels of corruption and a generally ‘weak’ civil society (Swain, 2011; Rose-Ackermann 2005; Sajó 1998; Miller, Grodeland and Koshechkina 2001; Wallace and Latcheva 2006). Ferenc Miszlivetz and Jody Jensen in particular noted the ‘pseudo-existence’ of regional NGOs (1998, pp. 84-85). It is perhaps not surprising therefore that a number of articles have suggested that the sorts of ‘active citizens’ that are required by LEADER and similar policies of the ‘second pillar’ of the CAP have been absent from the region, leaving initiatives open to ‘capture’ by existing elites.

In Hungary, András Csite and Imre Kovách argued in the late 1990s, on the basis of a comparative study of actor networks of regional and rural development in Hungary, that networks associated with such initiatives were in reality hierarchical and dominated by a small number of power-holders and the state (Csite and Kovách 1999, cited in Kovách 2000). Gustáv Nemes, Chris High and Farah Huzair described a complex set of interrelationships between central government, local government and a development agency, where there was overdependence on a single individual together with a ‘lack of trust in central institutions’ (2007). On the other hand, Katalin Kovács showed that on matters of pressing concern such as schooling, effective local action groups could emerge, even if it was in the context of racially motivated anxieties about the Roma population (2012).

In Poland, Wojciech Knieć identified extensive ‘clientelism’ in relation to these projects particularly in relation to local authority control over interest groups, and estimated that some 20 per cent of funds found their way into the wrong hands (Szafraniec 2014), while Jerzy Wilkin and Iwona Nurzyńska similarly maintained that local authorities dominated LEADER programmes (2010, p. 76). Katarzyna Zajda refered to low levels of participation in local action groups, their domination by a small number of people, a growing trust deficit and their municipalisation and colonisation (2014). Elite domination and fear on the part of local officials that partnerships may create alternative decision-making centres were also found in Jan Fałkowsky’s research which focused on the relationship between LEADER adoption and political accountability (2013, pp. 76-7). Marek Furmankiewicz, Nicola Thompson and Marta Zielińska’s work confirmed this picture of elite domination by local authorities and a concomitant failure fully to engage a range of community and private sector actors; yet it also identified weaknesses and misgivings on the part of the central state. In particular, their empirical research demonstrated ‘how central government’s lack of trust in the ability of the local state and the voluntary sector to initiate and manage projects successfully … created an environment where the majority of Polish partnerships are heavily reliant on the local government for access to financial and human resources’ (2010, p. 57). They concluded:

‘The primary explanation for local government dominance in the case studies was not only the lack of capacity in the community or voluntary sector.’ … ‘[I]nstead the explanation seemed to stem from the impacts of the perception of ‘the rural’ in the minds of civil servants and politicians at the Polish national level … the whole concept of endogenous, community based development is alien to those constructing the detailed rules under which LEADER in Poland was delivered in the 2004–2007 period. Non-governmental organisations and local enterprises were regarded as high-risk institutions with regard to their abilities to make decisions on public spending’ (2010, p. 60).

In the case of the Czech Republic, Imre Kovách and Éva Kučerová, citing a Czech article by Helena Hudečková and Michal Lošťák on SAPARD implementation, identified a power play between larger agricultural companies and applicants as part of their analysis of the new project class (2006, p.14), while a pair of studies by Aruna Juska, Aruna Poviliunas and various collaboratorsin Lithuania revealed dependence on key individuals and patron-client relationships related to the collective farm and Culture House (Juska, Poviliunas, Ziliukaite and Geguziene 2008; Juska, Poviliunas, Pozzuto, 2005). Similarly for Lithuania, Áine Macken-Walsh and Christopher Curtin’s fieldwork research in the Ukmerge district discovered that the majority of the partnership board in the village where they investigated did not represent local organisations but was recruited by the local council or Chamber of Commerce (2013, p. 252). Using social network analysis, Doris Marquardt, Judith Möllers and Gertrud Buchenreider came to broadly similar conclusions about Romania, although they identified as a particular Romanian specificity the ‘conscious avoidance of information dissemination’ on the part of mayors and others (2012, p. 421) In the former German Democratic Republic, Lutz Laschewski argued that LEADER did not mobilise local participation in the face of paternalistic post-socialist structures (2009, p. 103), while Rosemarie Siebert and Axel Dosch in a study of the LEADER plus-like ‘regional action’ programme identified a desperate need for capacity-building for ‘passive citizens’ (2005), and Lorna Dargan and Mark Shucksmith, in their review of LEADER programmes as part of the CORASON project, observed that the ‘post-Soviet legacy cast a dead hand’ over a LEADER initiative in Mecklenburg-Vorpommern (2008, p. 284).

There is clearly some truth to the idea of there being a relative absence of ‘active citizens’ in Central and Eastern Europe. But, as Kovács’s study revealed, citizens in rural Eastern Europe could be active on matters that directly concerned them. The ‘active citizens’ of western Europe too generally emerged from struggle and local conflict, from community action groups of one sort or another formed to defend immediate interests. Citizens are rarely active simply because they see it as an intrinsic part of modern citizenship, they are active when their interests are threatened and when there are mechanisms for realising their interests. Middle-aged and older citizens of CEE countries grew up in societies where there was no possibility of influencing policy, through formal channels at least; and many remain to be convinced that the small-scale policies made possible by pillar two of the CAP are really central to their concerns. It is important too not to compare the CEE realities to an abstract democratic ideal. Approximately ten years ago, Sally Shortall questioned the democratic legitimacy of LEADER-type initiatives, noting the poor representation of women within local action groups and their domination by small, articulate groups with sufficient time for unpaid work (2004, pp. 117-18). Some years earlier Shucksmith had warned that ‘the more articulate and powerful individuals and groups were better able to engage with programmes and apply for grants (2000, p. 210); while, with Dargan, in the research noted above, he identified the importance of single key individuals in Portugal and Scotland, early dominance of the schemes by mayors in Spain, and subsequent attempts in Spain and Italy by regional governments to re-establish their clientelist power which had been challenged by the new project class (2008, pp. 285-7). Inactive citizens and policy capture are not unique to CEE countries.

A further feature of the non-commercial farming rural sector in CEE is the extent of out migration to older member states. Research in northern and southern Europe into the impact of migration from CEE to rural areas suggests an ambiguous picture. In Greece, Spain and to some extent Italy, but not Portugal, its impact can be interpreted positively in that, despite ethnic tensions, it is helping to reduce rural depopulation in remote, agriculturally marginal areas, although more labour is absorbed in areas of more commercial farming (Collantes, Pinilla, Sáez and Silvestre, 2014; Kasimis and Papadopoulos, 2005). In northern Europe, migrant labour experiences ethnic tension too, but is more concentrated in areas of commercial agriculture and has become the main source of seasonal labour for commercial farming, enduring relatively harsh employment and living conditions with little support (De Lima, 2012; Coakely and Mac Éinri, 2009; Green, de Hoyos, Jones and Owen, 2009; McAreavey, 2012). From the CEE side, these findings are replicated to some extent. Friedhelm Streiffeler and Elwira Piszczek studied the motivations of 60 Polish illegal workers in Germany and listed high local unemployment, poor pay and the desire to supplement incomes on the part of farmers and students as reasons for working illegally, noting too difficult working conditions and often substandard accommodation (2006). Izabella Bukraba-Rylska reported on research in villages in three Polish regions between 2005 and 2007 and noted ‘mobility from both the topographic and social peripheries, toing and froing as opposed to permanent departures, departure strategies determined by family considerations rather than individual decisions, undertaken with the idea of returning and continuing the former way of life and finally a total lack of modernisation or even re-traditionalism being the most important results of international circulation’ (2009, p. 13), findings which echoed those of Andrzejewska and Rye (2012). Research by Lois Labriandis and Theodosis Sykas into Albanian migrants in two northern prefectures in Greece, by contrast, found that 96.7 per cent of those employed in agriculture in Greece felt that ‘their stay in Greece helped them develop their Albanian holdings’ (2009, p. 408). CEE migration to southern Europe, it seems, has both reduced depopulation in the South and made possible some knowledge-transfer to the East.

**The Unresolved Issue of Amplified Post-Socialist Polarisation**

In the post-socialist years, rural communities in Eastern Europe underwent dual processes of suburbanisation and increased polarisation and poverty. The former, of course, is well known throughout the developed world, and the CEE variant was similar in its fundamental aspects, as documented by Judit Timár and Monika Váradi for Hungary (2001) and in Poland and Latvia by Jarosław Domalewski (2014, p. 236). For Hungary further nuances were added. David Brown and his colleagues reported that ‘positive net migration is highest among the 118 municipalities located in Budapest’s suburban ring … although net migration gain in towns was minimal’ (Brown, Kulcsár, Kulcsár and Obádovics 2005, p. 349), while Zsuzsanna Bihari and Kovács constructed a hierarchy of settlements which differentiated between the capital, strong regional centres and their commuting zones, a variety of different regional centres with industrial, touristic or market town characteristics, crisis zones and regions undergoing segregation (2005, pp. 370-75). Martin Šimon confirmed general suburbanisation processes and added further nuance by his 81 interviews in four Czech micro-regions which revealed that in the case of counter-urbanisation, the motivations of Czechs were mainly post-productive and differed from the economic driven counter urbanisation described on other post-socialist countries (2014, p. 136).

Reviewing an extensive literature on regional development trends, Jiří Blažek and Pavlina Netrdová noted first the increasing primacy of the capital cities in the region and then that ‘one of the most striking features of post-1989 socioeconomic development in CEE has been a rapid increase in regional disparities which are higher than those in most of the EU15 states’; these included a widening of the gap between urban and rural areas and the declining performance of old industrial regions (2011, p. 45). Maciej Smętkowski in his study of regional disparities in CEE between 2000 and 2008 reported that, while in 2000 there were 66 NUTS3 CEE regions with development levels lower than 75 per cent of the respective national average, by 2008 their number had increased by almost 50 per cent to 90 of a total of 211 NUTS3 regions (2013, p. 1537). The existence of polarisation and pockets of rural poverty is not unique to CEE of course, and is an inevitable concomitant of rural support that is sector-based, production-oriented and congruous with neo-liberal principles. Bettina Bock, Katalin Kovács and Mark Shucksmith noted on the basis of 2009 Eurostat statistics that the ‘share of the population at risk of poverty is higher in the thinly populated areas (21 per cent) compared with intermediate (14 per cent) and densely populated areas (15 per cent)’, the risk of material deprivation following a similar pattern (2015, p. 203). CAP funding is poorly targeted in CEE too. Kovács noted that in Hungary it did not go to the most impoverished regions (2010, p. 109), a finding replicated in Poland by Wilkin who found that the biggest shares of EU funds went to areas with well-developed agriculture (2014, p. 17). Mistargeting creating polarisation and poverty was, however, especially true of CEE. The Eurostat values for both risk of poverty and material deprivation were worse for the new member states, especially in the case of the latter: ‘in thinly populated areas, the deprivation rate was 23 per cent for the new member states and 5 per cent in EU15 countries’ (Bock, Kovács and Shucksmith 2015, p. 203). The eastern part of the continent dramatically amplified a pan-European trend.

Building on the earlier publication with Bihari noted above, Kovács’s research on Hungary elaborated this trend with the help of a ‘complex poverty index’. She noted that while the situation in settlements in progressing regions, such as big city agglomerations, along highways and in Central and Western Hungary, was improving, between 1995 and 2005 there had been a doubling and even tripling of settlements at ‘high poverty risk’, especially in the North East and South West. Such villages at ‘high poverty risk’ had, compared with the average: 175 per cent more unemployment, only 50 per cent of the number of enterprises per capita, 60 per cent of employment, and 63 per cent of the average monthly income (2010). The west-east slope of polarisation in Hungary was reported for Slovakia too by Katalin Kovács, Gyöngyi Schwarcz, and Gergely Tagai, who noted that 80 per cent of those who had been job-seekers for longer than three years in 2012 had been registered in four eastern NUTS3 regions (2014, p.16). Blažek and Netrdová also noted a west-east gradient in the level of socio-economic development which endured following the 2007-8 crisis (2011, pp. 45&57). Krzysztof Gorlach, Marta Klejotko and Piotr Nowak, referring to a work in Polish by Monika Stanny, reminded us of Poland’s continued inability to overcome inequalities inherited from its partition in the eighteenth century (2014, p. 17). Veska Kozhuharova and Stanka Dobreva for Bulgaria did not mention suburbanisation and polarisation specifically, but noted reverse migration to villages which was associated with the increasing age of rural populations and their declining birth rates (2007). Brown, Kulcsár, Kulcsár and Obádovics questioned this to an extent in the context of urban-rural migration in Hungary. While not denying polarisation, their ‘survey data indicated that rural Hungary’s human capital stock has been enhanced by migration’ (2005, p. 354). Urban-rural migration itself did not exacerbate polarisation. Where peripheralisation was associated with national borders, some studies have identified smuggling as a longer or shorter-term option for overcoming disadvantage. This was the case for peripheral communities on the Poland-Lithuania border (Swain 2013c, pp. 274-6), the Serbia-Bulgaria border (Valtchinova 2014), and the Romania-Serbia border (Stewart 1998).

Polarisation and peripheralisation in the countries of the region with a significant Roma minority (Bulgaria, the Czech Republic, Hungary, Romania and Slovakia) was also an ethnicised process. The work of János Ladányi and Iván Szelényi has been criticised for reviving the problematic concept of the ‘underclass’ (Stewart 2002), but there could be no debating their claim that ‘post communist deindustrialisation led to the emergence of rural ghettos’ (2006, p. 195), which, in the Slovak case were clearly reflected in the *Atlas of Roma Communities in Slovakia* (Ministry of Labor, Social Affairs and Family 2013). Ladányi and Szelényi’s research revealed Bulgaria to be a country of extreme social exclusion for the Roma, where even the better-off were spatially segregated (2006, p. 195). Christian Giordano and Dobrinka Kostova also noted for Bulgaria that Roma were three times more likely to be long-term unemployed than ethnic Bulgarians (2006, p. 43). Kovács referred to the formation of rural ghettos and a rural Roma underclass in Hungary (2010, p. 90) and noted that 50 to 60 per cent of the Hungarian and Slovakian Roma lived in segregate residential units (2015, p. 784), while Schwarcz identified a ethnicised discourse in Hungary about rural lazy Roma, who did not cultivate vegetable gardens, were professional aid-claimers, had poor parenting skills, and for whom theft was an ethnic trait (2012, pp. 100-106). Michal Ruzicka noted the poor quality of housing on Roma settlements in Eastern Slovakia which lay outside the official settlement structure, but commented too that their Czech relatives in the urban setting of Kladno were jealous of the relative ease with which they could build (shanty) dwellings (2012, p. 86).

In the spirit of neo-liberalism, the policy response to this phenomenon of polarised and ethnicised poverty was to introduce workfare-type job-creation schemes, with mixed degrees of enthusiasm and mixed results, but everywhere high levels of Roma participation (Messing *et al* 2013; Messing 2013). Romania’s scheme was only short-lived, 2008-2010; Bulgaria alone did not include an element of compulsion; Slovakia focused mainly on street-cleaning and maintenance work, while Bulgaria and Hungary involved a wider scope of public works (Messing 2013, pp. 17-18). Hungary stood out, however, because of the size of its commitment to rural workfare: over ten times more people were involved than in Bulgaria, Romania, Slovakia or Spain (Messing 2013, p. 50; see also Scharle 2014; Köllő and Scharle 2012, p. 137). Although none of these initiatives were found to be good at creating new jobs (Kureková, Salner and Farenzenová 2013, pp. 46-7; Cseres-Gergely and Molnár 2014, p. 221), evidence from Slovakia and Hungary indicated that they had become strongly embedded in local communities. Furthermore, despite the elements of compulsion associated with them, they were appreciated by (often carefully selected) beneficiaries and representatives of local authorities alike (Kureková, Salner and Farenzenová 2013, pp. 46-70; Kovács etc forthcoming; Váradi 2015, p. 85). Generous-hearted mayors often accommodated the beneficiaries’ labour obligations around other calls for their labour on the seasonal labour market (Hamar 2010, p. 69; Váradi 2010, pp. 84 & 91; Váradi 2016 forthcoming; Vida and Virág 2010, pp. 114-15).2

Messing reported how such schemes were integrated into social economy initiatives in Spišský Hrhov in Slovakia (Messing 2013, p. 27). In Hungary, the development of local authority-run schemes, some based on earlier social land programmes (Váradi 2015, p. 17), into social co-operatives which provided cheap fruit and vegetables for local social institutions, became a policy *desideratum* of the ‘Start’ programme. These prompted concerns about the market-distorting impacts of the schemes on their market competitors (Fekete and Lipták 2014; Váradi 2015, p. 87-88) and complaints from some mayors that they were having to become collective farm chairman (Váradi 2015, p. 87). There is not a little irony in the fact that the solution to the rural poverty of post-socialist capitalism was seen in some quarters as the recreation of state-supported producer co-operatives. One farmer in an interview with Monika Váradi talked darkly of a ‘return of goulash communism’, a popular description of Hungary’s rather soft late communism (2015, p. 88).

One of socialism’s ambitions had been to overcome the ‘contradictions’ between town and country and, in a somewhat perverse way, it partially succeeded in this task. From the early 1970s it was recognised that Eastern European countries were ‘underurbanised’ in as much as their level of industrialisation was greater than what might be expected from their level of urbanisation: town-building had not kept pace with industrial development (Konrád and Szelényi 1972; Hegedűs 1974). The consequence of this was two-fold: first, the emergence of large numbers of commuting workers, who lived in villages but who commuted on a daily, weekly or monthly basis to industrial work, mainly located in or near urban centres; and, second, extensive attempts on the part of planners to provide industrial employment in rural settings, both in the form of diversification on the part of producer co-operative farms, or the location of industrial plants in rural settings. As a result, by 1970 in Hungary for example, 50 per cent of workers and 51 per cent of all active earners were domiciled in villages (Andorka 1979, p. 83). In addition to this, collectivised agriculture never became efficient in its utilisation of labour and provided extensive employment for rural populations. All of this changed when socialism collapsed. Co-operative farms divested themselves of between a half and two-thirds of their labour forces; non-agricultural employment opportunities which had been viable for planned economies proved uneconomical in market environments; and when urban-based enterprises also started to shed labour, among the first to be dropped were commuting workers whose travel costs they had mostly subsidised (Swain 2013c). Socialist industrialisation had created both an urban workforce and an ‘artificially’ large rural one; with socialism’s collapse, this rural proletariat was not only jobless but unlikely to find new employment in a market economy that saw no reason to direct investment to rural areas. Villages were replete with large numbers of unemployed from a wage-labour background, who had plenty of experience of agricultural work as a vehicle for supplementing industrial incomes, but had neither the land nor the resources to become even subsistence farmers.

If socialism created ‘underurbanised’ societies with high levels of overemployment, post-socialism’s introduction of the market and unemployment created societies that were ‘over ruralised’ in that more people lived in rural areas than could be sustained from the local economy. Socialism’s labour-hungry national economies and diversified local economies, offering extensive sources of non-agricultural employment disappeared. In their place came national economies characterised by high levels of unemployment and local economies which lacked socialism’s economic diversity and employment possibilities, but where agriculture no longer provided pre-socialist levels of employment.

**Conclusion**

This article has argued that CEE rurality is part of a world dominated by neo-liberal economic orthodoxy and subject to EU policies which are strongly informed by that orthodoxy but nevertheless somewhat ambivalent about it. Ten years after accession, CEE rurality broadly mirrors that of western Europe: big farmers do well from the first pillar of the CAP; land is attractive for the subsidies it offers; there is a considerable amount of organic farming, but national commitment is extremely variable; and regions are polarised with considerable rural poverty. A novelty, perhaps, is the evidence of newcomers to farming from agricultural, but not necessarily ‘peasant’ farming, backgrounds. There is also a perceived absence of ‘active citizens’ to run the LEADER-type rural development policies which characterise the second pillar of the CAP, but this can be exaggerated given the evidence of policy-capture in western Europe and evidence of effective initiative-taking in CEE when deeply-felt interests are threatened. That said, the CAP appears to be mistargeted to address the biggest problem of CEE rurality: its amplified and in many countries ethnicised polarisation and poverty, which is a legacy of the socialist pattern of industrialisation. The CAP is often criticised because it is poorly targeted with, conventionally, 80 per cent of benefits going to 20 per cent of beneficiaries (Cunha and Swinbank 2011, p. 6; Garzon 2006, p. 55; Jambor and Harvey 2010, p. 5) and because it is overwhelmingly sectoral rather than territorial. These short-comings are even more dramatic in CEE where subsidies are even more skewed to a few large farmers (Swain 2013a) and non-farming poverty is dramatically more extensive. Pillar 1 directs funds to the wrong places, while pillar 2 is too small to be more than a sticking plaster. Local solutions to ethnicised polarisation focus on neo-liberally inspired rural workfare schemes, which are mainly restricted to routine cleaning and maintenance chores, except in Hungary where some social producer co-operatives have been developed, echoing institutions of an earlier era. These schemes have little impact on unemployment but are appreciated locally for offering something when the alternative is nothing.

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Notes

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2 For an extensive literature on organic farming, see Organic eprints at: http://www.orgprints.org/

3 The topic of changes in the market for seasonal labour since the fall of socialism was addressed in the research project noted in note 1 and is discussed by Hamar (2015).

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| Table 1: Share of Organic Farming in 2013 | | |
| Country | Area Share of Total (%) | Number of Producers, Operators |
| Bulgaria | 1.85 | 3854 |
| Czech Republic | 11.16 | 3910 |
| Estonia | 16.01 | 1553 |
| Hungary | 3.10 | 1673 |
| Latvia | 11.04 | 3473 |
| Lithuania | 5.74 | 2555 |
| Polanda | 4.28 | 25944 |
| Romania | 2.06 | 15315 |
| Slovakia | 8.79 | 365 |
| Slovenia | 8.37 | 3049 |
| Austria | 19.40 | 21810 |
| France | 3.86 | 25467 |
| Germany | 6.35 | 23271 |
| Italy | 10.29 | 45969 |
| UK | 3.30 | 3918 |
| a No data for vegetables.  Source: Organic World (http://www.organic-world.net/statistics/statistics-data-tables) | | |