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Some factors responsible for reductions in employment on farms in Hungary

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Abstract

A decline in the number of people working on farms and in the Annual Work Units per unit area was typical of the second half of the first decade of the 21st century in the member states of the European Union. Hungary is one of the countries where this reduction is twice as high as the average. This can be attributed to a number of factors. Of these, the present paper is concerned on the one hand with farm concentration, the low level of farm diversification and pluriactivity and the desire of farmers to expand their farms, and on the other hand with various aspects of the support policy in Hungary aimed at the economic competitiveness and the diversification of the rural economy. The database on which the work was based was taken partly from the digital and printed publications of EUROSTAT and the Hungarian Central Statistical Office (KSH) and partly from surveys of 104 farmers in three microregions of Hungary. Even before the global economic crisis, the factors in question tended to result in a decline in farm employment in Hungary, especially on individual farms. The means and measures embodied in the agricultural and rural policies proved too few and too weak to counterbalance this trend.

Keywords

on-farm employment, farm diversification, farm concentration, support policy

1. Introduction

During the first three years of this century, the number of Annual Work Units (AWU) per 100 hectares of agricultural land stagnated in the EU-15 countries, while there was a decline of less than half a percent in the number of employed. Between 2003 and 2007, however, these indexes started to decline even in this group of countries, with reductions of 9.4 and 10.4%, respectively. After the new accessions to the Union, the decrease in these indexes in the EU-27 countries amounted to 12.3 and 12.4%, while the figures for the EU-8+2 group of ex-Socialist countries were 16.3 and 14.4% (see database and methods).

The AWU index per 100 ha agricultural land dropped in all 27 countries of the European Union between 2003 and 2007, but there were great fluctuations (1.9-41%). Below-average values were reported for Austria, Belgium, Denmark, the Netherlands, Ireland, Poland, Luxembourg, UK, Malta, Spain and Sweden, average values for France, Greece, Germany, Italy and Slovakia and values that were above average, but less than twice the average for the Czech Republic, Cyprus, Romania and Slovenia. The decrease was more than twice the average for Bulgaria, Estonia, Finland, Latvia, Lithuania, Hungary and Portugal (Eurostat, 2010).

According to data from the Hungarian Central Statistical Office, the AWU index per 100 ha agricultural land decreased by 34% in Hungary between 1998 and 2008, with a reduction in farm employment corresponding to the loss of 307,000 full-time workers. Within this 10-year period the

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figures for the period before EU accession (1998-2003) were 13%, or 162,000 full-time workers, while a further 24%, or 145,000 full-time workers were lost after EU accession (KSH, 2009).

The decline in farm employment and in the Annual Work Units per unit area can be regarded as a characteristic process in member states of the EU in the second half of the first decade of the 21st century. As stated above, Hungary belonged to the group of countries where this reduction was more than twice the EU average, despite the fact that between 2000 and 2008, three Hungarian governments gave priority to an increase in rural employment.

According to the ex-ante evaluation of the New Hungary Rural Development Programme (NHRDP), the average farm size will increase by 68%, the number of farms will decline by 30% and the number of people employed on farms will drop by the equivalent of 140,000 AWU between 2005 and 2013. (The plans also foresee a decrease in those working in the food industry.) An expansion of 38,000 workers is planned for the secondary and tertiary sectors of the rural economy, which will clearly not be sufficient to absorb those laid off by farms or to improve rural employment (New Hungary, 2007).

So why is on-farm employment decreasing at such a high rate in Hungary? Among the numerous reasons, various authors have examined the radical changes in the ratio of different sectors (with the reduced significance of vegetable and fruit growing and of animal husbandry), the simplification of production structures, the decline in labour-intensive sectors, and reductions in domestic food processing and demand (Hamza et al., 2002; Fehér, 2005; Tóth et al., 2006). According to Szabó (2008:77) „during the past 15 years Hungarian agricultural literature has given prevalence to the issue of competitiveness, allowing it to overshadow agriculture’s role in sustaining and retaining the rural population... Agriculture still has an important employment role. ...After EU accession, horticulture and major animal husbandry sectors were pushed into the background, and employment opportunities in agriculture plummeted”. The present paper will concentrate on a number of background factors, which have been given less attention, but which exert a considerable effect on farm employment figures. It is hoped that this will help to answer the question and suggest measures that could reverse the process.

2. Database and methods

The database used in the current work was taken partly from the digital and printed publications of EUROSTAT and the Hungarian Central Statistical Office (KSH). Among the databases to be found under the title “agriculture” on the EUROSTAT website (<http://epp.eurostat.ec.europa.eu/portal/page/statistics>) use was made of several tables from the Farm Structure Survey (AGRI-YEARBOOK-FSS, FSS_2007, K_AWU, OGA_WT, WD_OGA_L07). The designation EU8+2 refers to the eight ex-Socialist countries that acceded to the EU in 2004, plus Bulgaria and Romania, which acceded later. Digital data on the agricultural sector in Hungary were downloaded from the website of the Central Statistical Office at http://portal.ksh.hu/portal/page?_pageid=37,592051&_dad=portal&_schema=PORTAL). In the paper individual farms and agricultural companies will be referred to as farms or holdings. Data from a survey on 104 farmers from three Hungarian microregions (Karcag, Tarna-menti and Tisza-Tarna-Rima-menti) were also used as a database. The methodological aspects of this survey were discussed in a previous paper (Fehér et al., 2010a). The data will now be considered from a different point of view. As only 5% of the respondents represented agricultural companies, the results mainly reflect the nature of individual farms.

Simple statistical methods (grouping, comparison, concentration analysis) were used to process the data, and most of the results are also presented in the form of graphs.

3. Farm concentration and on-farm employment

There was a 16.4% decrease in the number of farms in the EU-15 countries between 2000 and 2007, while the average hectareage of each farm (or holding) increased by 17.5% and the size in terms of European Size Units (ESU) by 27.5%. This process continued after the expansion of the European Union: between 2003 and 2007 the reduction in the number of farms was 9.2%, with a 9.4% rise in the average farm area or 14.2% in terms of ESU (Eurostat, 2010). It can be seen from Figures 1 and 2 that there were considerable differences in farm area and income concentration between individual countries and country groups.

Not only did the relationship between the individual indexes differ from one country to the other, but *in most cases countries with higher average farm size had a lower value of work units per 100 hectares of agricultural area*. To examine this phenomenon the countries were divided into four groups. The first group included countries where the average farm size in 2003 was less than 50% of the EU-27 mean (Bulgaria, Cyprus, Greece, Hungary, Malta, Romania). In the second group the average farm size was up to 50% smaller or larger than the EU-27 mean (Poland, Latvia, Lithuania, Italy, Portugal, Slovenia). The countries in the third group had an average farm size 1.5-2.5 times the EU-27 mean (Austria, Belgium, Estonia, the Netherlands, Spain), while the remaining ten countries, with an even higher average land area per holding, were placed in the fourth group. The EU-8+2 countries were not equally represented in the four groups (30-40-10-20%). The main parameters are listed in Table 1.

Table 1

Indicators for farm concentration and labour force in the groups of EU-27 countries in 2003 and 2007

Denomination	AWU/UAA 100ha		ESU/holding		ESU/AWU		UAA/holding	
	2003	2007	2003	2007	2003	2007	2003	2007
Group1 < 5.75 ha	18.43	14.64	1.98	2.25	2.89	3.63	3.72	4.24
Group2 5.76-17.25 ha	12.82	11.67	6.10	7.74	6.62	8.62	7.19	7.69
Group3 17.26-28.75 ha	4.50	4.32	20.93	26.82	21.25	26.12	21.87	23.78
Group4 > 28.76 ha	3.33	2.97	41.73	41.76	27.79	29.08	45.11	48.30
Mean EU-27	7.73	6.78	9.78	11.27	11.10	13.20	11.50	12.59

Source: Own calculation and composition from Eurostat data

Table 1 and Figures 1 and 2 not only confirm the process of farm concentration and its effect on employment figures, but also indicate the following:

- An increase in average farm size is characteristic of all four groups, with the highest absolute increase in Groups 3 and 4.
- The decrease in the number of annual work units per 100 hectares agricultural area (both in absolute and relative terms) was the most rapid in the first group, which includes Hungary, between 2003 and 2007. (The percentage increase in the land area per farm was also the greatest in this group.)
- The value of European Size Units per farm, calculated on the basis of the Standard Gross Margin, rose most rapidly in groups 2 and 3. At the same time, the difference between the average farm sizes in groups 1 and 4 in terms of ESU dropped from 21 times to 18 times.

- Although the difference in the standard gross margin per annual work unit decreased slightly between Group 1 and the other groups, this was associated with a reduction in those employed in agriculture in the countries in Group 1, amounting to the equivalent of 969,000 full-time jobs (20.8%), between 2003 and 2007.
- Further comparisons between the individual countries and country groups would require more complex analysis, involving a survey of production structure, labour productivity, level of mechanisation, ratio of agricultural companies to individual farms, trends in paid and unpaid labour, and numerous other factors, which exceed the framework of the present work.

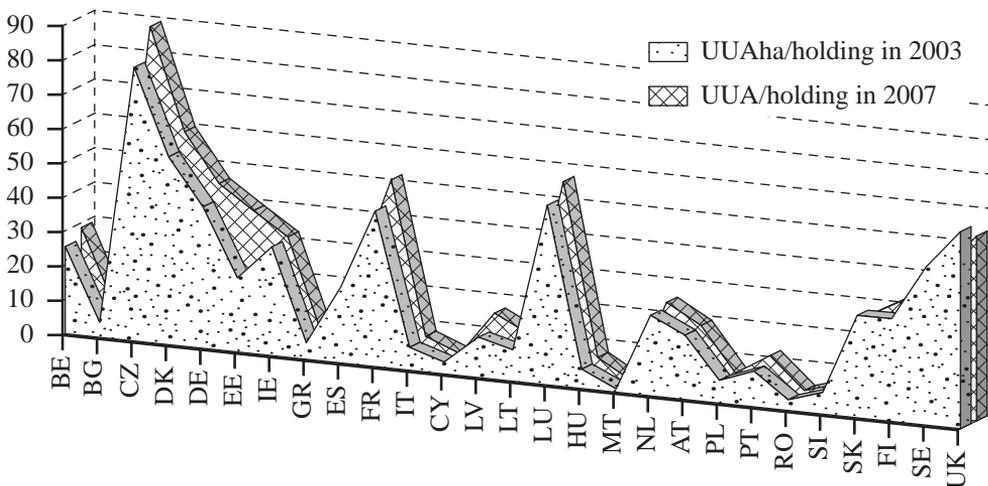


Figure 1: Concentration of Utilized Agricultural Area in EU-27 countries in 2003-2007

Source: Own calculation and composition from Eurostat - Farm Structure Survey

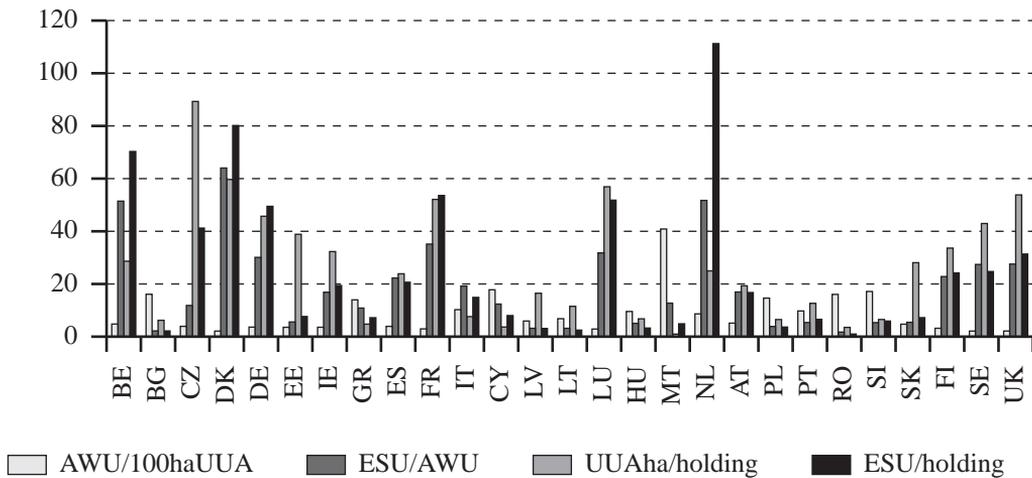


Figure 2: Indicators for farm concentration and labour force in EU-27 countries in 2007

Source: Own calculation and composition from Eurostat - Farm Structure Survey

Based on data from Eurostat for 2010, the number of farms in Hungary declined by 35% between 2000 and 2007, while the land area per farm increased by 43%. The 20% rise in the average area of Hungarian farms from 2003–2007 and the 42% rise in ESU per farm considerably exceeded the growth rates for the EU-8+2 and the EU-15 countries. In connection with the data depicted in Figure 2, it should be noted that the size of Hungarian farms was 75% smaller than the mean for the EU countries in terms of ESU and 46% smaller in terms of hectares, while the labour force employed per 100 hectares was 41% higher (Eurostat, 2010). A number of parameters indicative of land area concentration, suitable as a basis for comparison, are presented in Table 2.

Table 2

Indicators of land use concentration in 2000 and 2007

Denomination		EU-15				Hungary				EU-27	
		2000		2007		2000		2007		2007	
		No	UAA	No	UAA	No	UAA	No	UAA	No	UAA
Distribution of arable land utilised by farms, %	0-5 ha	57.7	5.2	54.5	4.4	90.7	12.0	89.5	6.8	70.4	8.4
	5-10 ha	12.3	4.6	12.9	4.1	4.1	5.9	3.9	3.9	11.4	6.3
	10-20 ha	10.2	7.7	10.5	6.8	2.7	7.9	2.7	5.5	7.2	8.1
	20-50 ha	10.9	18.6	11.2	16.4	1.6	10.6	2.0	9.0	5.9	14.7
	50- ha	8.9	63.9	10.9	68.3	0.9	63.6	1.9	74.8	5.1	62.5
	Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Own calculation and composition from Eurostat data

The figures in grey cells indicate the class range (category) into which the average area for the various groups fell in 2007. The strong bipolarity of the Hungarian figures is clear from the table. The farm structure is illustrated in Figure 3.

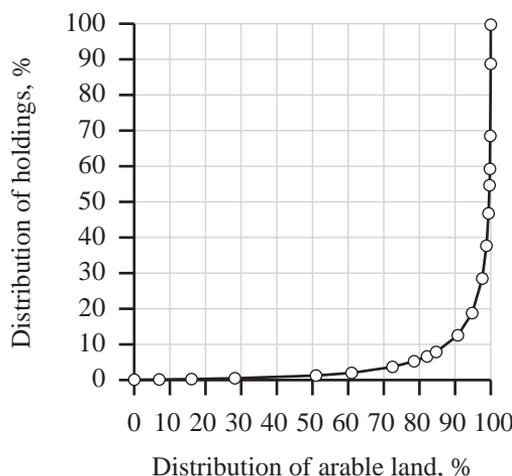


Figure 3: Lorenz curve of Hungarian farm concentration in 2007

Source of data: Own calculation and composition from data of KSH (Hungarian Central Statistical Office)

According to HCSO (KSH) data, the farm area concentration between 2005 and 2007 involved a reduction in the arable land utilised by farms of less than 50 hectares and an increase in that utilised by larger farms. This process was more intensive for individual farms. Earlier research

(Fehér, 2005) suggests that this could be attributed partly to the fact that *the work force per unit area was smaller on larger farms, which means that they could not employ those from whom the land was rented or purchased*. A survey carried out on individual farms exhibited a similar relationship between farm size and the labour force requirements (Burgerné et al., 2006). Attention should, however, be paid to the following:

- In the EU-8+2 countries, including Hungary, a high proportion of the work force is made up of family members (88.1% in 2007), while in the EU-15 countries this averaged only 71.7% (Eurostat, 2010).
- In Hungary a high proportion of the work carried out by family members was classified as unpaid labour. This was particularly true of family members associated with individual farms, and made up 75.8% of AWU in Hungarian agriculture in 2007. The rate of decline in this type of labour is quite different from that for paid work. Between 1988 and 2003 it dropped by 21.2% in terms of AWU, with a further 24% decrease from 2003-2007. During the same periods, the equivalent figures for paid labour decreased by 24.3% and 10.2%, respectively (KSH, 2009). This also included family members who had become too old to work. *After EU accession a large number of family members of active working age were also forced onto the labour market in Hungarian agriculture, making it very difficult for many rural families to make a living*. In reality, the number expressed in equivalent values (AWU) represents a far larger number of people.
- From the point of view of employment, individual farms and agricultural companies behave differently. The former employ mostly family members and occasional or seasonal workers, while the latter also have a larger regular work force. In 2007, 59% of the regular, seasonal and occasional work force in agriculture was employed on individual farms, and the remainder in companies (GSZÖ, 2007).

4. Farm diversification, multifunctionality, non-agricultural (other gainful) activities

The terms farm diversification, pluriactivity and multifunctionality are often used together in the literature (Brouwer et al., 2008). The synthesis of these terms at farm level and a classification of their similarities and differences were carried out, based on the literature, in earlier papers (Fehér, 2003; 2005). The Eurostat data often include the category “other gainful activities” (OGA), in which farm diversification and pluriactivity become almost indistinguishable. So when this source is utilised, it is impossible to differentiate between the two expressions in the present work.

In the 27 member states of the European Union as a whole, both farm diversification and pluriactivity increased substantially between 2003 and 2007. In 2003 some form of non-agricultural activity was carried out in only 6.2% of farms, and the diversification index³ was only 0.89%. This

³ Comparative analysis between spatial units can be performed using the *aggregated agricultural or non-agricultural diversification index* (Fehér, 2003). The latter is calculated as follows: The number of farms involved in each non-agricultural activity in each farm group or spatial unit as a whole is summed, and the value obtained is divided by the total number of

farms in the given group. This can be expressed as:
$$\frac{\sum_{i=1}^n A_i}{\sum F}$$

where A = the given non-agricultural activity; 1...n = the frequency of the activity within the group; F = the number of farms in the group. This index is particularly suitable for taking into consideration the various types of non-agricultural activities carried out in any given farm, which is not expressed by indexes expressing the percentage occurrence of diversification. With the necessary modification, this index can also be used for the measurement of *agricultural diversification* (ratio of alternative crop production and animal husbandry).

suggested that the ratio of non-agricultural activities was low even on more diversified farms. In 2007 the ratio of farms carrying out non-agricultural activities had risen to 9.94%, while the diversification index was 1.4%. In the case of the new EU member states from Eastern and Central Europe (EU-8+2) the increase in the incidence of non-agricultural activities was 0.1 percentage points higher and that in the diversification coefficient 0.2 percentage points higher than the average. As regards average values, the difference between the two groups of countries in terms of diversification and pluriactivity had narrowed, but there were substantial differences between the countries within both groups (Figures 4 and 5). In the EU-15 group, the agriculture of Austria, Denmark, France, Finland, the UK, Germany and Sweden is relatively diversified, while in the EU-8+2 group the Czech Republic and Romania should be mentioned, though these have much lower values.

It is clear from Figure 4 that – with the exception of Finland – in EU-15 countries with a high ratio of “other gainful activities”, the rate of reduction in the agricultural labour force was much lower than average. According to Eurostat (2010), the average hectare and size in ESU of such farms was more than twice the average values both for the EU-15 countries and for the whole of the EU. It was seen above that larger farms had a smaller labour force per unit agricultural area. The statement by the EU Directorate-General for Agriculture and Rural Development that “an analysis conducted in France also showed that diversified farms occupy more people than non-diversified ones..., thus contributing to employment” (EU Directorate-General, 2008) is particularly important in the light of the special features and trends of this process in Hungary, outlined below.

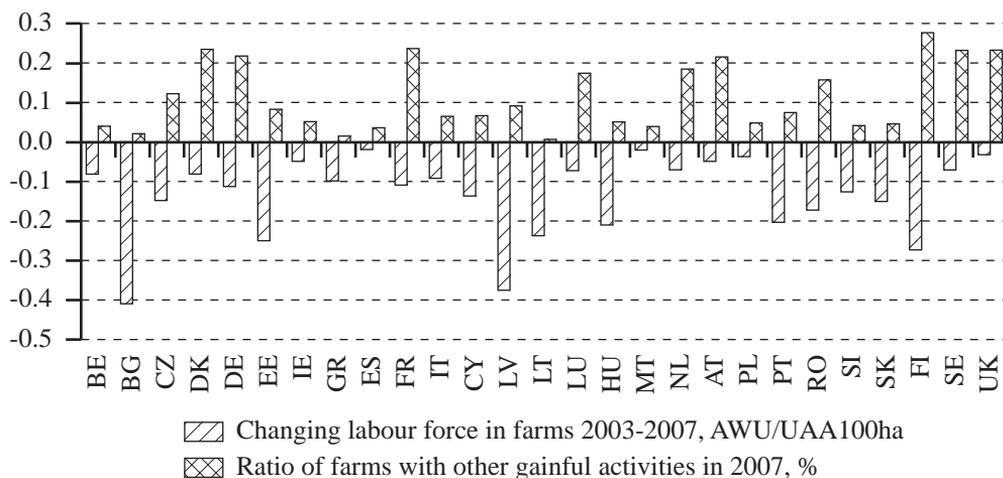


Figure 4: Changes in the annual work units per 100 ha agricultural area and the ratio of farms carrying out non-agricultural activities in the EU-27 countries

Source: Own calculation and composition from Eurostat – Farm Structure Survey

Between 2000 and 2007 the ratio of Hungarian farms involved in non-agricultural activities was around 5%, and this number was declining (GSZÖ, 2007). In 2000 the country would have been ranked in the last third compared with the EU member states, and this position had not improved by 2007. The Hungarian ratio is less than half the average for the EU-15 or EU-27 countries. The gap is biggest for the categories ‘production of renewable energy resources’, ‘contractual work’ and ‘other gainful activities’. However, Hungary had an above-average rate for the processing of agricultural products (Eurostat, 2010). By the end of the period up to 2013, it is planned for the number of farms carrying out other gainful activities to rise from the low value recorded in 2005 (38,500) to 47,000,

representing 9.4% of the farms (New Hungary... 2007). It should be noted, however, that this will still be below the figures for 2003.

Research carried out between 2006 and 2010 revealed new groups of background factors influencing the rate of farm concentration, employment, diversification and multifunctionality (Fehér et al., 2010a, 2010b).

5. Motivation of Hungarian farmers in three LEADER microregions

The survey referred to above has confirmed the correlations between farm concentration and the labour requirements per unit area. Farms of between 50.1 and 100 hectares required a 70% smaller labour force per hectare than those with an area of less than 50 hectares, while those with more than 100 hectares of land employed only a seventh of the labour force per hectare required on farms measuring less than 50 ha (Fehér et al., 2010b).

The following factors provided motivation for farm concentration on the mostly individual farms included in the survey:

1. *The farmers, or the managers of companies, were motivated most strongly by the desire to develop and expand the farm and to provide a better living for the family.* Among the reasons given for farm development decisions, the slow but sure development of the farm and the provision of a living from the farm for as many family members as possible were ranked first and second in absolute terms, and 81% of the 101 respondents put one of these motives in first place. The production of healthy foodstuffs and the maintenance of the environment came much lower on the list.
2. *Among the means available for achieving growth, the farmers considered land purchase to be the most important.* In response to the question, “What type of changes would best serve the interests of the family”, most respondents ticked land purchase in order to increase the area of land they owned. Some 54% of the farmers were planning to expand their farms over the next 5–10 years, and more than half of these farmers were thinking in terms of land purchase. Increasing farm size by renting land was only put in fourth place.
3. *The farm concentration processes occurring in their microregions were accepted by 45% of the farmers, who agreed that these were necessary.*
4. It is worth noting that *creating jobs for outsiders was ranked last.* The desire to increase the amount of income available for spending, and the acquisition of more state subsidies came in the middle of the list. However, in response to a question about the relationship between the family and the farm, the desire for *as many family members as possible to find a full-time job within their own farm* was ranked first. The part-time employment of family members and help in finding jobs outside the farm came in second place.

In the course of structured interviews factors that weakened farm concentration also became evident. Special mention should be made of the restrictions on land purchase by companies and the inadequacy of land mortgage loans. However, the effect of these factors is far less than that of factors that encourage concentration.

Among the holdings surveyed, the ratio of farms carrying out non-agricultural activities was 17%, far higher than the Hungarian average. It should be noted, however, that this could be attributed primarily to the ratio of *non-market-driven activities*. These include landscape management, nature protection and agricultural environment protection.

The *aggregated non-agricultural diversification index* (see footnote 3), was low comparing the average values. This means that relatively few of the activities surveyed were carried out on the given farms. The values of these indexes were influenced mainly by direct sales of farm products as well as by non-market-driven activities. Mention should also be made of agricultural product processing and other non-agricultural services. Some 43% of the respondent farmers are planning to introduce or expand some form of non-agricultural activity in the future.

The survey cast light on the fact that *the farmers concerned did not associate multifunctionality with the creation of jobs for outsiders*. Despite the tensions caused in these microregions by unemployment, the *urgent need to introduce flexible forms of employment was put near the bottom of the list*. In reply to another question, this was *clearly regarded as a state responsibility, in which they had little role to play*.

6. Role of agricultural and rural development payments in orientation and incentives

Even during the previous planning period (2004-2006) it could be seen that, compared with the EU-15 countries, investments and environmental issues made up a far higher proportion of agricultural and rural development payments in Hungary than supports encouraging diversification and alternative sources of income. The majority of the payments for investment resulted in developments that replaced manual labour and contributed, directly or indirectly, to the loss of jobs on farms. Among the agricultural environment protection measures, the support of farming methods that required less manual labour had a similar effect.

In a study on the distribution of rural development payments in the EU-8+2 countries over the 2007-2013 period, Forgács (2010) revealed that measures designed to improve the competitiveness of agriculture (Axis I) had the second highest ratio in Hungary, exceeding the average for the ten countries by three percentage points. At the same time, the ratio of funds earmarked for improvements in the quality of rural life and for the diversification of the rural economy (Axis III) exhibited the second lowest value, 5.6 percentage points lower than the average.

Within the payments for investments, special attention should be given to those for machinery investments. These shift the ratio of machine work to manual work (which is regulated by the market) towards the former. This negative discrimination is aggravated by the high tax on live labour. The relatively high proportion and total sum of machinery investment payments only serves to encourage the endeavours of Hungarian farmers to carry out all farm operations using their own machinery. The extra capacity available as the result of successful grant applications needs to be utilised, but instead of taking advantage of the existing machinery, other farmers prefer to seek support for machinery of their own. The existence of unutilised machinery capacity tends to trigger a further increase in hectareage of the farm, leading both in itself and due to the replacement of human labour in a reduction in jobs.

Payments for the mechanisation of traditional agricultural activities within the Hungarian national rural development programmes accounted for 13.2% of the available resources between 2004 and 2006. Plans for the 2007-2013 period foresee this figure rising to 17.7% (AVOP-PKD, 2006; NHRDP, 2007).

In the three microregions surveyed, *responding farmers put the level of mechanisation in their own farms at medium to good*. Nevertheless, *the purchase of new machinery was given prior-*

ity in their development plans, the aim being to carry out all major farm operations at a higher standard, using their own machinery. None of the farmers surveyed belonged to a joint machinery purchasing and operating group, and there was no attempt to coordinate their plans for improving capacity.

The experience gained in several EU member states suggests that under certain conditions the spread of farm diversification and pluriactivity may help to stop the decline in farm employment and in some cases may even be capable of reversing this process. The means and resources utilised to stimulate such activities in the framework of the national rural development plans are thus of prime importance.

A study prepared by the Agricultural Directorate-General of the EU compared the annual work units per farm on diversified and non-diversified holdings in EU member states on the basis of data for 2005 (EU Directorate-General, 2008). The differences are illustrated in Figure 5. (It should be noted that due to the different mean sizes of the two groups of farms, it would have been more informative to give the number of work units in terms of land area or European Size Units.) It is quite clear from the figure that although the difference in the number of jobs available on diversified and non-diversified farms in Hungary, in terms of annual work units, was already obvious in 2005, the level of payments for diversification, and thus for the creation of jobs on farms, planned in the New Hungary Rural Development Programme, was very modest compared not only with the EU-8+2 countries, but also with the EU-27.

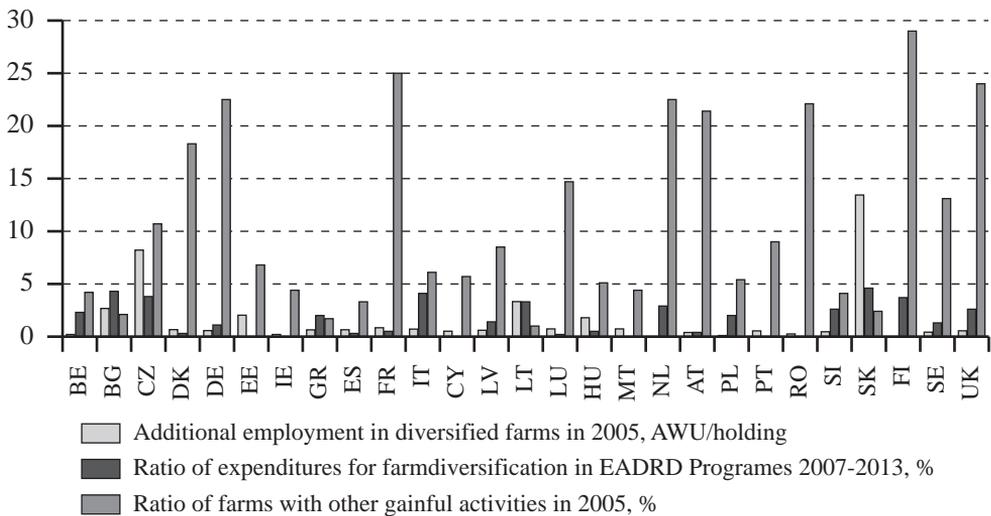


Figure 5: Parameters characteristic of farm diversification in EU member states

Source: Own calculation and composition from Eurostat – Farm Structure Survey

7. Conclusions

1. In the opinion of the authors, *the increase in farm concentration and the decline in the number of people employed in agricultural work on farms, expressed as Annual Work Units, can be regarded as simultaneous, interrelated processes which began well before the current financial crisis, not only in Hungary but in other EU member states.*
2. In terms of average farm size (both in hectare and ESU), Hungary belongs to the group of countries with values well below the EU average. In addition, the country is characterised by a large labour force per unit area and a high rate of unpaid labour. Since EU accession both farm concentration and the rate at which jobs in agriculture are declining have reached a level far exceeding not only the EU average but also the average for the ex-Socialist countries. This appears to confirm earlier predictions that “Hungarian agriculture would soon be laying off more workers than in previous years” (Fehér, 2005:186). At the time the solution was thought to be a radical increase in the rate of farm diversification and the spread of the European Model of Multifunctional Agriculture to Hungary, and this still appears to be the best solution during the current crisis.
3. With regard to farm diversification and pluriactivity, however, Hungary trod a path quite different to that of the European Union as a whole and of the other EU-8+2 countries during the 2003-2007 period, and the proportion of farms carrying out “other gainful activities” dropped to less than half during the first four years after EU accession (Eurostat, 2010). In addition to the increase in land concentration, the low level of non-agricultural activities appears to have played a role in the loss of jobs on Hungarian farms.
4. It seems highly probable that farm concentration can be largely attributed to the desire of Hungarian farmers to expand their farms, primarily by means of land purchase. It would also appear that the endeavour to ensure a better living for their families explains why even farmers who have diversified their farms to include non-agricultural functions are not really interested in creating jobs for non-family members. There is every likelihood that non-market-driven forms of diversification (landscape management, nature protection and agricultural environment protection), which are closely linked to EU payments but make only a modest contribution to creating new jobs, will continue to increase.
5. The reduction in the number of jobs available on Hungarian farms is aggravated by investment supports aimed at improving the competitiveness of farms. Special attention should be given to the increasing ratio and total sum of machinery investment payments. The modest level of resources earmarked for farm diversification and the diversification of the rural economy also plays a role in the unfavourable trend in farm employment.

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