

AGRICULTURAL RESTRUCTURING
IN
SOUTHERN AFRICA

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OPENING ADDRESS: AGRICULTURAL POLICY CHANGES IN EASTERN EUROPE AT THE BEGINNING OF THE NINETIES

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INTRODUCTION

Rapid political and economic changes are occurring in Eastern Europe. The political fermentation, grown out of economic difficulties, has resulted in spectacular, sudden changes in all the countries of the region. The agricultural changes in progress in Eastern Europe are much more profound than the reforms in past years. In fact, the formation of a new agricultural structure based on private ownership, real cooperation and a market economy has started. Today this process is still in the initial phase, but the crucial aspects of the transition are clearly identifiable.

AGRICULTURAL SITUATION AT THE BEGINNING OF THE NINETIES¹

This paper surveys the problems of Bulgaria, Hungary, the GDR, Poland, Rumania and Czechoslovakia, the six "small countries" in the European Council for Mutual Economic Assistance (CMEA). These six countries account for approximately 2,5 percent of the world's entire population (a total of 112,8 million). They do not have any great influence, disregarding some exceptional cases, on the world market for agricultural products. In these countries the industry is a dominant branch of the national economy, and the importance and consequence of the agrarian sector are stronger than in the majority of the well-developed countries (Table 1).

The agriculture of the six countries developed quickly in the first years of the seventies but since then the process has been slowing down. At the beginning of this period the annual growth in production was about three to four percent a year. By the beginning of the eighties it slowed to 1,5 - 2,5 percent with a definite difference in each country. Then by the end of the eighties it slowed to 1,0 - 1,5 percent. In spite of these facts we can say that the agricultural growth of more than 2,0 percent a year, which is characteristic of the whole region in the long run, is a satisfactory result, even in international terms (Table 1).

In all the countries concerned the main agro-political objective was to increase the degree of self-sufficiency and above all **to develop the grain production** (see Table 2). Over past years the area under grain production remained fairly constant. The proportion of grain crops as a proportion of arable area was established at about 54 - 58 percent.

The contradictory development of past years is well shown by the average crop yields. Table 3 shows the average output per hectare of various important products. **Relatively poor outputs and high annual fluctuations in yields** are the characteristic features of the crop cultivation in all the studied countries. Only specific crops in Hungary,

¹ At the end of the 1980s numerous studies and analyses were done on the position of the Eastern European agriculture, including Wadekin (1990), Csáki (1989) and a series of USDA and FAO studies.

the GDR and Czechoslovakia approached the level of yield reached by the agriculture of the Western European countries.

Table 1
Agricultural land, population, contribution to the net material product
and agricultural growth

Country	Arable land (1000 ha)	Economical- ly active population in agric (%)	Share of agric in net material production* (%)	Annual growth rate 1961-1989 (%)	Annual growth rate 1989 (%)
Bulgaria	3 810	14,0	15,0	1,91	-0,4
Czechoslovakia	5 018	10,6	8,0	2,38	1,1
Germany, D.R.	4 717	9,0	8,0	2,08	1 or 2 ^b
Hungary	5 037	13,9	20,0	2,46	-0,1
Poland	14 511	23,7	18,0	1,41	2,0
Romania	9 985	23,8	16,0	3,32	

Source: *FAO Production Yearbook*. 1986, Rome.

CEMA and National Statistics

Figyelő, 21.6.1990, p.14.

Note: ^a 1981-85 average.

^b 1985 data.

Table 2
Production of major crops, 1989 (1000 t)

Countries	Wheat	Maize	Barley	Potatoes	Sunflower seed
Bulgaria	5 402	2 421	1 568	538	447
Czechoslovakia	6 356	1 000	3 550	3 167	62
Germany, D.R.	3 477	-	4 683	9 167	-
Hungary	6 559	6 949	1 339	1 301	707
Poland	8 462	244	3 909	34 390	-
Romania	6 000	11 800	1 800	7 200	1 100
Western Europe	88 515	37 517	53 015	47 097	3 888
World	538 056	470 318	168 964	276 740	21 867

Source: *FAO Agrostatistics*. 1990, Rome.

Table 3
Average yields, 1989 (t/ha)

Countries	Wheat	Maize	Barley	Potatoes	Sunflower seed
Bulgaria	4,7	4,3	4,4	13,5	1,9
Czechoslovakia	5,1	5,3	4,7	18,6	2,3
Germany, D.R.	4,5	-	5,2	21,3	-
Hungary	5,3	6,2	4,7	17,6	2,0
Poland	3,9	4,8	3,3	18,5	-
Romania	2,3	3,8	2,6	22,2	2,4
Western Europe	4,8	5,8	3,9	25,1	1,7
World	2,4	3,6	2,3	15,3	1,4

Source: *FAO Agrostistics*. 1990, Rome.

From the beginning of the seventies, all six countries were continuously trying to develop animal husbandry properly and quickly. This was primarily done by increasing the number of animals and introducing professional breeding technologies. By the end of the seventies and in the first half of the eighties the production of animal products was developing rapidly. The increase in animal products was definitely higher than that of corn and fodder production in all the countries. (Table 4 shows the development of production.)

Table 4
Production of major livestock products in 1989 as a percentage of 1970

Country	Total meat (1000t)	Beef and veal (1000t)	Pork (1000t)	Milk (1000t)	Total meat as % of 1970	Beef and veal as % of 1970	Pork as % of 1970	Milk as % of 1970
Bulgaria	814	121	413	2 126	206	155	281	170
Czechoslovakia	1 635	409	937	7 101	157	130	166	148
Germany (GDR)	1 987	420	1 368	9 300	156	122	168	131
Hungary	1 588	120	1 010	2 812	170	101	177	167
Poland	2 801	660	1 753	15 700	141	130	136	105
Romania	1 628	235	920	4 350	181	109	197	158

In the first half of the eighties, the standard of living of people in most of the countries concerned was still improving, though at a slower rate. But by the second half of the decade this improvement not only stopped, but in almost every country a decline in the standard of living could be observed. This decline is also reflected by the figures for food consumption (Table 5). Despite this fact, in most of the countries concerned the calorie consumption per capita reached or surpassed the Western European standard, with a value of 3 300 - 3 500 calories per day. Compared to Western Europe, the cereal consumption per capita was relatively high. Regarding vegetable consumption, the consumption of cabbage and tomatoes was the highest. Generally speaking the consumption of fruit was low, in particular the consumption of tropical fruit.

Table 5
Per capita consumption of the main food products, 1988 (kg)

Year	Bulgaria	Hungary	GDR	Poland	Romania	Czechoslovakia
Meat and meat products/Converted to meat						
1970	43,7	58,1	66,1	61,2	-	71,9
1980	64,9	71,7	89,5	82,1	45,7	85,6
1985	76,9	76,9	96,2	67,3	-	85,8
1988	79,3	-	100,2	76,1	-	91,3
Milk and dairy products/Converted to milk						
1970	161	110	-	413	-	196
1980	234	166	-	451	132	228
1985	273	182	-	426	-	248
1988	275	194	-	425	-	253
Sugar and confectioneries/Converted to white sugar						
1970	32,9	33,5	34,4	39,2	-	37,7
1980	34,7	37,9	40,6	41,4	20,3	37,5
1985	35,1	35,3	39,6	41,3	-	35,4
1988	35,0	34,0	41,4	46,2	-	40,4
Flour products/Converted to flour						
1970	174	128	97	131	-	113
1980	160	115	95	127	-	107
1985	144	110	99	118	-	111
1988	146	108	99	119	-	113
Vegetables/Converted to fresh vegetables						
1970	118	83	85	111	-	76
1980	125	80	94	101	113	66
1985	127	76	104	105	-	75
1988	136	-	106	115	-	81
Eggs/Pieces						
1970	122	247	239	186	-	277
1980	204	317	289	223	-	316
1985	256	325	305	220	-	344
1988	136	-	106	115	-	345

Source: *CMEA Statistical Yearbook*. 1989, Moscow, pp.68-69.

The participation of this group of countries in world trade has definitely declined in the last decade. In 1988 2,8 percent of global agricultural import was directed to these countries and they provided 2,5 percent of global export.

On the whole, the agro-export structure of these countries did not adjust to the new world market environment of the eighties. Agrarian protectionism affected most of the

countries unfavourably². The declining stability of markets was also reflected by the strengthening autarchic efforts of each country; these efforts had earlier appeared to a lesser degree only.

The balance of agrarian trade in the region is negative on the whole. The negative balance is altogether 1,0 - 1,5 billion dollars per year (Table 6), indicating a self-sufficiency level of about 98 percent.

Table 6
Foreign agricultural trade of the CMEA countries (US\$ million)

Years	Bulgaria	Czechoslovakia	Germany D.R.	Hungary	Poland	Romania
Imports						
1981-83	755	1 766	2 186	856	2 085	1 054
1985	1 010	1 722	1 691	721	1 281	515
1988	1 211	2 233	2 187	857	1 783	529
Exports						
1981-83	1 397	592	509	2 178	698	1 059
1985	1 125	568	409	1 847	901	863
1988	1 783	718	540	2 148	1 291	764
Balance						
1981-83	632	-1 174	-1 677	1 322	-1 387	5
1985	115	-1 154	-1 282	1 126	-380	348
1988	572	-1 515	-1 647	1 291	-492	235

In agricultural trade the six countries can be classified into two groups: the GDR, Czechoslovakia and Poland can be characterized as countries in a strong importing position, although imports have been declining in Poland. In the case of the GDR and Czechoslovakia, the amount of net imports is particularly high. Besides a significant import figure, Poland also exports a considerable amount. During the past 10 years the net agricultural import of that country fell to about a quarter of the 1981-83 level. Hungary, Romania and Bulgaria, however, are exporting countries. Hungary's food production export surplus is especially prominent. In 1988 more than a third of total European agro-export from CMEA countries came from Hungary.

THE LEGACIES OF THE PAST: THE MAIN FEATURES OF AGRICULTURAL POLICIES UNDER SOCIALISM

The socialist reorganization of agriculture was carried out in all six countries in the fifties and sixties. Practically speaking, it amounted to the collectivization of mainly smallholder systems according to the Soviet model. By the mid-sixties, the state estates and

² Agrarian protectionism had an extremely disadvantageous influence on the Eastern European agro-exporting countries, leading them to subsidize exports. It was not accidental that Hungary joined the Cairns Group. Of course, the importing countries here also enjoy the advantages of the relatively low world market prices (see Csáki, 1989).

agricultural cooperatives were dominant in all the countries except Poland (Table 7). The organization of so-called socialist large-scale farms was accompanied by the development of a planned economy system which entailed agricultural production according to centrally prescribed and planned figures. A considerable recession accompanied the reorganization in all the countries except Hungary.

Table 7
Use of agricultural land by various farm types, 1988

Country	Total agricultural area (1 000 ha)	State farms (%)	Cooperative farms (%)	Private use (%)
Bulgaria	6 162		89,9	10,1
Czechoslovakia	6 765	30,2	63,2	6,1
Germany, D.R.	6 182	7,7	82,5	9,8
Hungary	6 497	14,9	70,9	14,2
Poland	18 742		90,5	9,5

Source: *CMEA Yearbook 1989*. Moscow, 1990.

The agriculture of the six countries in many respects functions on the basis of differing historical traditions. It is therefore not surprising that, after collectivization, each country's agricultural policy had special features reflecting special conditions. However, the common ideology and similar economic structure were clearly expressed in the main features of the agricultural policy:

- a) In each of these countries agriculture constituted an integral part of the centrally planned economy. Economic policy objectives which appeared in national economic plans and contained the most important agricultural policy goals were implemented with the help of the interconnected system of sectoral, regional and community plans. In these basically uniform systems the most important differences were the connections of plans on different levels and the means employed to implement economic policy objectives. The traditional method is well known: centrally planned objectives are handed down to lower levels in the form of compulsory directives.
- b) The basic feature of the past agricultural policy of the six countries concerned was the endeavour to achieve self-sufficiency and to satisfy their needs as far as possible with products of their own that could be produced under the given natural conditions. In the net exporting countries, this involved efforts to minimize import expenditure.
- c) After the Second World War, at the time of the socialist reorganization of agriculture, the countries concerned regarded the Soviet "sovkhoz" and "kolkhoz" as their models. Accordingly, the so-called socialist big enterprises, which used most of the agricultural land, formed the basic pillars of agricultural production. The only exception to this was Poland, where the proportion of the country's area occupied by private farms amounted to almost 80 percent. After the initial stages of uniformity, the structure of agriculture became more varied. Today cooperatives play an important role in Czechoslovakia, Hungary and Romania. In Hungary agricultural cooperatives traditionally functioned

with great liberty of decision. In Bulgaria state farms and agricultural cooperatives have become large-scale agricultural industrial combines, more or less similar in character to state enterprises. In the 1970s specialized plant-cultivating and animal-breeding farms were organized in the GDR, which were later reintegrated again.

- d) In all these countries, private or small-scale agricultural production existed and still exists in the shadow of the socialist big enterprises. Its role and importance, and political attitudes towards it, has changed a lot in the course of time. Since the beginning of the 1980s, several measures were taken in the majority of these countries to encourage the development of production on household plots and ancillary farms.
- e) Until the mid-1960s the agricultural management system in the countries concerned was characterized by features typical of a planned economy, such as central decisions and compulsory plan directives. The idea of reform in the management system and other spheres of agriculture developed in the mid-1960s. Since then continuous efforts have been made to open up the agricultural management system. The main objectives of these reforms are well known, and are as follows:
- to improve efficiency and quality instead of simply increasing the quantity of production;
 - to use indirect methods, economic instruments and personal incentives;
 - to increase the role of financial incentives;
 - to give greater powers of decision-making to the enterprise;
 - to widen the possibilities of private agricultural production.

In the second half of 1989, the political change in Eastern Europe also meant the beginning of a new era in the development of the agrarian world. Practically speaking, attempts directed at reforming the socialist agricultural systems were over. Efforts which called for the formation of a new agrarian structure took the place of the reform ambitions. This change is evident today in the GDR, Hungary, Poland and Czechoslovakia³ where the introduction of the multi-party system ended the power of the communist party.

A similar change of direction is occurring in Romania and Bulgaria, though here the position of the communist parties is stable. However, political prospects for the future are still doubtful, which makes it difficult to prognosticate expected developments in agriculture.

CHANGE IN THE EASTERN EUROPEAN AGRARIAN ECONOMY

It is relatively easy to determine the main direction of the transformation of the Eastern European agrarian economy. In every country the objective is to develop an **agricultural structure based on a market economy which gives way to private initiatives, and an economy based on private ownership.** The principal characteristics of the new system and critical points for the future can only be outlined here. But it is obvious that developing a market-oriented and competitive agricultural structure will require the following:

- an unambiguous move to create a market in landed property;
- a farming structure (presently large-scale oriented) consisting of small and middle-sized agricultural private ventures together with state and communal farms and a system of

³ Wos (1989) studies reforms in Poland and Wadekin (1990) analyzes the latest developments in the agriculture of the GDR, Czechoslovakia and Bulgaria.

cooperatives of various types, as well as a governmental attitude which supports the emerging private ventures and attends to the transformation of the cooperative sector;

- an agricultural policy which promotes the efficiency of agricultural production by means applied in the market-oriented, developed countries, but at the same time enforces the equity objective of traditional agricultural policy;
- a real agricultural market which guarantees fair competition by its rules, physical conditions and institutions;
- a basic, fundamental change in state regulations including the redrafting of macro-economic policies for the agricultural economy;
- a fundamental objective of environmental protection and the support of ecologically sound agricultural production technologies.

Each of these tasks is discussed in detail in the five subsections which follow.

Landed property, reprivatization

One of the biggest dilemmas of the present period in Eastern Europe is: what should be done about landed property? It is obvious that the creation of a market for land and the rehabilitation of land as a valuable means of agricultural production is unavoidable. Adjusting the farming structure to market-economy conditions is also necessary. Many possibilities could be taken into account.

First of all it is worth surveying the landed property relations in Eastern Europe. Unlike the Soviet Union, the land in the six countries concerned was for the most part not nationalized after the war. State property and cooperative landed property were created, but private landed property also existed in various forms. In the course of years, proprietary rights came to be a mere formality. With the abolition of the land market, land lost its character as an asset of value⁴. Of course, one of the most debated political and economic questions in Eastern Europe is the issue of landed property, and there are a multitude of opinions, such as the following:

- to keep the present categories of property and utilize the land through leasing;
- to provide land for the use of all those people who want to be involved in agricultural production;
- to give land to all those who want to work in agriculture based on proprietary rights before collectivization, together with financial compensation for earlier proprietors who decide not to take an active part in agricultural production;
- to restore landed property relations as they existed before collectivization without any restrictions.

Although it is not yet clear which decisions to make, it is probable that the process will be considerably different in each country. In Czechoslovakia, Hungary and the GDR the land acts are now being discussed⁵. In Bulgaria and Romania, however, the question has not been formally put on the agenda yet, although the demand for land by private producers is also clearly perceptible in these countries.

⁴ In Eastern Europe, the value of land cannot be found in the registry of agricultural implements, neither is the price of land calculated as a part of various costs of production.

⁵ See Wadekin (1990); Csáki & Varga (1990).

Future farming structure

The agrarian structure of the countries concerned is the product of collectivization during the post-war period. Now the question arises: What is the future of this product of collectivization in the transformation of the Eastern European agricultural economy? It is obvious that these farms in their present form do not meet the requirements of a market-economy. They are gigantic, non-profit centred organizations with no buoyancy. However, the results of surveys in the GDR and Hungary show that a remarkable proportion of the cooperative members do not want completely independent production⁶. They want to satisfy their rights of decision-making and individual ambitions without destroying the protective network offered by cooperation. It is therefore probable that a part of the cooperatives will be abolished and that a smaller, looser cooperative structure will be established on the foundation of the present cooperatives to open the way to individual farming.

Private production will gain strength and will grow everywhere, and the number of private farms will also increase. But the more powerful spread of private production is still impeded by numerous factors, above all:

- the oppressive lack of capital;
- the undeveloped credit system of villages;
- the high interest rate, considering the possible income;
- the almost total lack of private firms engaged in input supply and the manufacturing of products;
- the lack of technical implements used in private farming;
- the lack of knowledge, especially financial and economic knowledge, essential in independent farming.

Agricultural enterprises in state and public ownership which operate a joint stock system will continue their functions. Their role will be important in seed-grain and breeding-stock supply and in providing a consultation service. Some of them will be functioning as diversified agribusiness companies. They can also become the most important starting point for foreign investment in agricultural production. In addition, it is probable that part of the state farm land will be returned to private ownership.

The process described above will fundamentally rearrange the enterprise structure of agriculture in Eastern Europe. It is questionable if this change, amidst political tension and feelings, can be enacted without at least a temporary decrease in agricultural production. However, the peasant people's love for work and their commitment to agriculture are cause for optimism, as historical examples have shown. Temporary disturbances in agricultural production during the transitional period could only be avoided by an extremely wise and well-considered government policy.

To create a real market for agriculture

The new agro-economic structure presumes that a real market system for the food economy can be developed. This market system must support the supply of means of production, the domestic food market and the international markets, and also has organizational, institutional, legal, economic and regulatory implications.

Theoretically, the whole market system of agricultural production is based on

⁶ In this regard see Wadekin (1990); Csáki & Varga (1990).

contractual relations. But in this field, wrong ideas are still in practice. Today the bilateral guarantee of permanent agreements and the sharing of risk that is in the economic interest of permanent cooperation are not valid and effective because of the lack of proper legal sanctions, penalties, impartial quality controlling organs, and proper business ethics. To form and develop all this, a better and clearer understanding of the meaning of competition beyond liberalization of exports and imports is needed. Competition must function within an institutional structure which clearly defines state duties and governmental regulations. The small domestic markets of the various countries cannot establish a permanent balance and develop permanent economic relations on their own. Their difficulties are increased by the market-alien, bureaucratic system of product procurement and distribution inside the CMEA and by the economic crisis which has been going on in the CMEA countries for years and is even getting more serious. There can, however, be no satisfactory solution until an irreversible step is taken toward a market-oriented system.

A fundamental requirement for creating a market is to develop the processes of food production and sale and the production and supply of the means of production in one unified economic system. In all six countries food processing is a bottleneck. The relative backwardness of the food industry is an extremely serious constraint for the enlargement of both domestic consumption and food-export. The interested countries can link with highly developed export markets only through a food processing industry more highly developed than in the past. But improved processing is also extremely important for domestic consumption. In the formation of agricultural markets, the improvement of technical conditions cannot be neglected either. The wholesale trade of agricultural products, their delivery to consumers and the retail trade are all extremely primitive in the countries concerned. The proper infrastructure, organizations, and technical means do not exist. A financial system joined to the agrarian sector and a provincial network of banks and credit institutions must be developed while creating the necessary financial resources.

Today, government reaction to market development is still inconsistent in most countries. In Poland and Hungary in particular, the earlier restrictions were followed by unlimited freedom in the market. There was no attempt to form a logical market-controlling system and set the technical conditions necessary for normal market operation (store-houses, auction halls, product exchanges, market places, a market information network, etc.). The governments are trying to make up for this backwardness with rapid strides. But the conditions for a real competition have not been reached, and the lack of these conditions limits the advantages expected from price liberalization.

The state's responsibility in new terms

The cutting down of the bureaucratic state management system and the rules introduced during the central planning and direction of agriculture has already started. But this work cannot be carried out in a moment. The degree of change is different in each country. The system of central planning has been abolished everywhere, but several bureaucratic practices which restrict the economic progress and decisions on agricultural production are still being followed. In addition, legal barriers and confirmed views and attitudes of the last decade create difficulties both in state management and the management of producing enterprises.

The pivotal question for state/producer relations is the price support policy. The "classical" Eastern European agricultural price system is characterised by the following

features:

- the majority of producer and consumer goods were pegged by government at fixed prices;
- agricultural producer prices were fixed on the basis of domestic production costs (mainly by the big farms), so most prices have been significantly higher than world market export prices;
- the earlier economic policy fixed producer prices of food products at a lower level as a form of subsidy to the consumer.

This field is also changing rapidly. State regulation of consumer and producer prices is getting weaker. The transformation is most radical in Poland and in Hungary. Already, by 1989 and early 1990 the producer and consumer prices of foodstuffs in Hungary and Poland respectively had been almost fully liberalized⁷. Surprisingly, this radical step did not crush the domestic food markets. The decrease of consumption reinforced the supply competition. But a real food market could not yet be formed in these two countries, as their food import was still limited and internal monopolies were still functioning. In Czechoslovakia, smaller changes have been made, although latest indications are that the new Czechoslovakian government formed at the end of June 1990 will probably decide to follow a route similar to that of Poland and Hungary, that is, the way of quick transformation. In both Bulgaria and Romania the reduction of consumer price subsidies has already started.

All the countries concerned apply some kind of agricultural export subsidies⁸. This type of subsidization can hardly be expressed in figures, but is not likely to be abolished totally while protectionism continues to exist in the international agrarian markets.

The global budgetary system regarding agriculture is being transformed. Everywhere an imbroglgio of taxes and all sorts of subsidies can be found, which cannot be surveyed accurately. The agricultural sector has been incurring a deficit in most countries in past years, due in part to state subsidies to certain parts of agriculture and the generally heavy burden of economic difficulties⁹.

More attention to the environment

The protection of the natural environment and the countryside should become a fundamental goal of agricultural policy everywhere in Eastern Europe. Throughout the world the approximation of agricultural production to industrial production resulted in an energy-intensive technology strongly dependent on industrial inputs. This in turn disrupted the ecological balance, giving rise to harmful social and environmental side-effects. The rich countries have attempted to counterbalance these with a system of interventions and supports

⁷ Today, Hungary is the only country where the government has set official prices. Of all the agricultural products, this has only been done for wheat for meal and milk. Within these two categories, only the prices of white bread, croissants, rolls and milk of 2.8 percent fat content have been officially fixed.

⁸ At the end of June 1990 the Hungarian government further reduced this kind of assistance.

⁹ This includes the subsidization of farming in regions of disadvantageous natural conditions, the subsidization of infrastructure development and the subsidization of soil improvements, soil amenities and other inputs.

which the poor countries could ill afford. It should be the task of new agricultural policy to restore the social and environmental damage that has been done in East European agriculture and to promote the development and spread of environment-friendly technologies aimed at the production of "natural" products.

Increased environment protection requirements mean, above all, that:

- greater scope must be given to energy-saving materials and technologies;
- protection of the soil and the safeguarding of its quality must become a fundamental criterion for agricultural production;
- emphasis must be placed on environment-friendly procedures. The principal goals should be the prevention of environmental pollution, the reduction of harmful by-products damaging to the environment, and the promotion of environment-friendly materials and technologies;
- waste-free or recycling technologies should be increased;
- technologies preserving the original properties of basic materials and foods must be given greater emphasis;
- the reduction of the use of chemicals should be an increasingly important consideration.

NEW ORIENTATION IN INTERNATIONAL AGRICULTURAL RELATIONS

The CMEA/Soviet Union-oriented, traditional agricultural system of relations of the Eastern European countries has disintegrated. The future of the GDR is clear. In the immediate future that country will become an integrated part of the agrarian structure of the Common Market. It is already part of the unified Germany and member of the EEC, experiencing the advantages and disadvantages of this position. Similarly, Czechoslovakia with its agro-import orientation, is definitely moving towards the western countries and is gradually opening up its domestic agrarian markets. Hungary and Poland are also moving toward a West-European orientation. The decrease of agrarian trade with the Soviet Union can be observed although a significant part of this relationship endures.

The Eastern European countries can hardly find new markets for their food products. Diverting Soviet oil and gas export into new markets is not an easy task either. In the search for new markets, Hungary, Poland and Czechoslovakia are helped by various favours provided by the EEC, and by the "most favoured nation's" status guaranteed by the U.S. Congress.

The West-European orientation of the three countries concerned is getting stronger by the day. All three have a medium-term strategic objective of strengthening EEC and EFTA relations and obtaining full EEC member status as soon as possible. Conditions in the EEC markets are expected to improve for agricultural products from these three countries. Bulgaria and Romania are also strengthening their West-European ties, but in their case it is much more difficult to predict the future.

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