

SOME QUESTIONS OF THE REGIONAL DEVELOPMENT OF THE HUNGARIAN FOOD INDUSTRY

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At the present time it is becoming increasingly recognized that the food industry plays an important role in the national economy, and hence economic and political interests are attached to its dynamic development. The increase of the degree of "hardness" of the foodstuffs market runs in parallel with the rise in importance of the complete, high-standard satisfying of the foodstuffs demands of the population, and the increase of Hungarian food exports to both capitalist and socialist countries.

Due to the restriction of the production factors, in the present stage of development of the Hungarian national economy attention is turning to the revelation of the reserves. Interest is therefore becoming focused on the logical regional location of the productive forces, and the rational macro and microstructures of the various spheres of the economic life.

In the new situation arising with the completion of the extensive developmental phase, efficiency is playing an increasing role in the making of decisions. Simultaneously with the transformation of the internal conditions of economic growth, the situation is also changing in the field of international economic connections. There is an upswing in the division of labour among the socialist countries, which has characteristic regional projections from a Hungarian aspect too. Accordingly, extra attention is due to the various forms of the division of labour, and particularly to the questions of specialization, concentration and complexity.

Basic information that can be utilized for analysis of the state of the production structure and for determination of the trends of future development is provided by an analysis of the processes occurring in the past and by the revelation of the trends of development, the main criteria and the regularities manifested. A review of the processes of the past is indispensable, therefore, to establish the conceptions for the future.

Development in time of food-industrial productive forces

At the end of the Second World War, the regional distribution of the food industry was essentially more uniform than that in other industrial groups, but nevertheless it displayed a great areal disproportion. It was especially unhealthy that Budapest participated to an extent of almost 50% in the overall productive value of the food industry, but the distribution of the remainder within the country was also unfavourable.

Since the Second World War, the production volume of the food industry has roughly quadrupled, while the number of newly created working places has doubled, and the regional disproportions in the food-industrial productive forces decreased; in the selection of the sites for new establishments there has been a greater accommodation to the demands of the consumer market, and in the branches with a raw material orientation to the occurrence of the raw material. Further important tasks after the war were the reduction of the overdimensioned branches left from the past, the development of capacities corresponding to the realistic needs by a decrease of the narrow cross-sections, the application of up-to-date technology, and the attainment of economical production and of competitiveness on the world market as regards both quality and price. In Hungary in a characteristic way the concentration and the decentralization proceeded in parallel. While on one hand there was an increase in site dispersion, on the other an enhancement occurred in the extent of concentration with the establishment of large base plants on a high international level.

In a review of the dynamic and multidirectional changes that have taken place in the field of the regional development of the Hungarian food industry, our possibilities are limited by the restricted amount of data available and by the varied branch system. In our view, however, even so the events can be realistically reflected by a presentation of the changes apparent in the field of the live and dead work ensuring the food-industrial production. Accordingly, in the account of the development we shall concentrate in the following on the changes in the number of those employed in the food industry, and on the investments in the industrial main group.

The main tendency of the development in time and area of the food-industrial labour force after the war was primarily that the participation of Budapest decreased considerably, that of the industrially developed counties increased to a lesser extent, and that of the industrially more backward counties increased to a greater extent. Consequently, at a county level there has been a tendency towards an evening-out of the number of employees in the food industry (1). However, the general tendency emerging in the course of this development was manifested in modified forms as regards the individual counties. The increases in the working force in the industrial groups in the extensive stage of development of the Hungarian economy pregnantly reflect the differing dynamics in the regional units as regards the branchwise differentiated development.

In connection with the distribution of those employed, noteworthy differences are to be observed between the industrial structures of the industrially developed counties, Budapest, the industrially underdeveloped counties and the country as a whole. While the proportion of industrial workers employed in the food industry in Budapest is 6,7%, the corresponding figure for the industrially developed counties combined is 9,7%, for the country as a whole is 10,8%, and for the industrially more backward areas is 16,9%. This appreciable scatter arises primarily from the fact that in the economically, and in most cases simultaneously industrially developed counties the raw-material oriented branches of the food industry and agriculture are of lower importance.

A very interesting and varied picture is exhibited by the regional differences in the number of those employed in the food industry per 1000 inhabitants. One reason why it is important to examine this question is that the outlined regional

differentiation, besides the food-industrial branches more or less situated in proportion to the population, points to the nature of the regional distribution of the processing capacity based on the raw material (for understandable reasons the value of the index displays a rising tendency).

Although the high value of the number of food-industrial employees referred to the number of inhabitants stands out in those counties in which the processed agricultural products contribute on a large scale to satisfying the home demand, while an appreciable quantity is produced for export too, it must nevertheless be noted that the regional location of the processing capacity is still not rational everywhere, and the average transport distance in the raw-material demanding branches too is still unjustifiably high (2, 3).

In the extensive stage of the development the main source of growth was the inclusion of a new labour force into the production, which created an investment need. In the intensive development stage, enhancement of the productivity became the main source of growth; the lasting elevation of this is similarly based mainly on technical development achieved via investments. For this reason, in an examination of the regional development of the food-industrial productive forces the questions of the volume, rate and distribution of investment deserve particular attention (4).

It may be stated that from 1955 till the present day the distribution of industrial investments between the heavy, light and food industries has shown a heterogeneous picture. The distribution within the industrial main groups as regards investments in the food industry moves in a wide interval from county to county. (Whereas the total food-industrial investment of Komárom County comprises only 2,9% of the overall industrial investment, in Bács-Kiskun County the figure is 29,6%.)

In general, the outstanding counties in the field of accumulated food-industrial investments are among the industrially underdeveloped counties. The food-industrial investment is outstandingly high in the cases of Bács-Kiskun, Békés, Hajdú-Bihar, Szabolcs-Szatmár, Tolna, Szolnok and Vas Counties. At the same time, these counties are highly or moderately-highly developed in the field of agricultural production (5).

In the period in question the scatter of the food-industrial investments from county to county was very high, and the data show that the situation has not become more balanced since 1955.

To summarize, in connection with the regional differentiation of investments in the food industry it can be stated that:

- the proportion of the accumulated investment of the food industry within industry as a whole was outstanding in the industrially underdeveloped and agriculturally moderately highly or highly developed counties;
- the investment policy has displayed a sharp disproportion in that the level of development of the food industry from county to county has tended to even out.

Specialization and concentration

Solution of the involved task of the logical regional location of the industrial productive forces demands a complex, multi-featured, deep examination. With regard to the complexity of this group of problems, it is necessary to deal with hal

determination of the levels of development of the productive and the non-productive spheres at several points of time, with the measure of the dynamics of the development, and with the degree and variation of the specialization and the concentration (6).

From a study of the specialization and concentration, a result may primarily be expected if the question is approached from such an aspect that we can give an answer to the rate of development of the differentiation between the counties, and to the nature of its connection with the level and rate of development of the food industry; if, with the help of this, we can disclose the unutilized reserves; and if we can denote those regions the specialization of which would be most desirable in the interest of accelerating the economic growth.

Of the various approaches to specialization (company, plant, branch, sectoral etc.), we shall deal merely with questions of the regional division of labour.

If a comparison is made of the food-industrial branch specialization index values for the counties for 1963 and 1970, it is observed that in that period the lower limit moved lower, and the higher limit higher. The increase in the extent of specialization from county to county shows that there was an increase in the differences manifested in the field of the internal, branch specialization of the individual regional units.

It must also be pointed out here, however, that in the above period the county average of the specialization index values decreased to a small extent. This decrease arose from the fact that the development of the Hungarian food industry was characterized by a striving for the performance of multidirectional activity, and hence at a county level too the enhancement of the extremely desirable specialization is still awaited. In determination of the tendency of regional development and in the ensuring of the available material and technical facilities, therefore, extra attention must be focused on those branches in which a faster rate development is necessary, and for this the raw material is given as regards the agriculture, and the demand and labour force are given as regards the consumer market. In our opinion, a marked change in a favourable direction will occur when the industrial-like production fortunately becoming more widespread in agriculture (separately regionally too) gains ground, this is followed by the regional location of the processing capacity (in the raw-material oriented branches), and if the integration of the main elements of the food economy (turnover of agriculture, the food industry and foodstuffs) becomes more intense than at present.

It is interesting that a parabolic regression exists between the specialization of an internal branch in the food industry and the main factor determining the developmental level of the food industry (measured by factor analysis); this expresses the fact that the value of the branch specialization index of the food industry is high in those counties where the developmental level of the food industry is very low (Nógrád, Veszprém, Somogy and Komárom Counties), or very high (Bács-Kiskun, Békés, Pest and Szabolcs-Szatmár Counties) (7).

The regional concentration of the food industry has decreased from 1963 to the present day, but to a substantially lower extent than that of industry as a whole. Consequently, its lag with respect to the concentration of industry has become smaller.

To summarize, in connection with the regional concentration and specialization

of the food industry it may be stated that the values of the intensity indices calculated for the areas and populations of the counties have risen because of the dynamic development of the industrial main group, while at the same time the branch specialization of the food industry decreased in the period in question. Encouraging signs are emerging, however, with regard to the fact that the change will take a favourable direction. In his address at the 3rd congress of agricultural cooperatives, JÁNOS KÁDÁR emphasized the following points in this respect as regards agriculture: "The main task is for the cooperatives to survey their characteristics thoroughly, and to develop their long-range profiles, by utilizing their forces in the most reasonable way. In place of the plant amalgamations, in the future the specialization of the production, should continue, the cooperation between the cooperatives should be extended, and the striving should be enhanced for the development of common undertakings and associations of the cooperatives, the state farms and the food-industrial companies."

Economic development strategy and structure policy

The currently accelerated world-economic changes motivate the development of a structure policy accommodating to the new situation. With the narrowing of the production factors in the altered world-economic situation the economic growth is connected in a characteristic way to the structure change, as it were forming the resultant of it. Perfection of a structure designed to increase productivity demands very great circumspection.

Since the labour force is the main deficiency factor, it is justified to examine the manpower-management from several aspects (in order to reveal the reserves), as the developmental sources are barely available, and rational manpower-management arises as a necessity.

Marxism—Leninism teaches that the main productive force is live work. Thus, the carrier of the development of any national economy is man himself, with his knowledge, his productive experience and his productive activity. Accordingly, in the selection of the labour force from the two circumstances of the productive force special attention should be paid to the level of training of the employees, and to the proportion of skilled workers. A regional analysis of the differentiation of the employees, with regard to sex and branch would be of interest. In the absence of the relevant (appropriately broken down) complete data, however, we can rely only on the national data.

Although the skilled worker demands of the individual industrial branches are different, it appears that the large difference observed as regards the food industry and industry is not justified. (Of the workers employed in the food industry, 30,7% are unskilled and 34,0% are skilled, whereas for industry as a whole the corresponding figures are 13,7% and 46,6%, respectively.)

With the completion of the period of a "labour force abundance", one of the key questions to the further development of the Hungarian national economy will be not only the increase of the technical and technological level in the interest of more efficient management, but also the improvement of the quality of the labour force. (It is undoubted that the changes in the proportions of skilled and semi-

skilled workers in the food industry during the past decade have been positive, but in the future there will be a need for even faster progressive changes.)

In order to satisfy the ever increasing demands made of it, the food industry requires a labour force of increasingly higher and appropriately differentiated special training. As a result of the development of technology, the needs of the industrial main group with regard to a speciality structure are modified and in addition the contents of the individual professions become more up-to-date. In this field there are still unexploited reserves, the revelation and utilization of which are justified (when the further expansion of the number of workers is strongly limited); it is necessary, therefore, that the question of the improvement in quality of the labour force be followed with special attention.

In the development of the food industry we must strive to attain the first-quality technical and technological level of our products (or at least a certain group of these). This necessitates the modernization of the existing plants and the establishment of new ones outstanding with their favourable technical parameters and of a quality corresponding to the demands of the present age. The economical operation of these naturally requires a logical concentration. Although the need for concentration arises in a particular way in the field of the food industry, we nevertheless consider that the counter-arguments are outweighed both by the advantages originating from the increase in productivity, and by the attainment of a higher-level technology.

In connection with enhancement of the concentration of the production, the question arises of the consideration of the resulting transport costs. It is beyond doubt that enhancement of the concentration entails a greater volume of the raw material to be processed, but this is not accompanied by a linear proportional increase in the average transport distance. In a favourable case it is just at this time that a many-fold advantage may be enjoyed from the still insufficiently manifested specialization in the field of agriculture.

The effective development of the food industry (promoting economic growth) requires a modification of the structure of the individual regional units (economic areas) which results in a decrease in the structural disproportionateness of the region. Nowadays, when the postwar rapid industrialization facilitates the creation of a modern structure extending to every part of the producing and non-producing spheres even in the individual economic areas, the dynamic development of the food economy and the infrastructure too come into the foreground (8). Those marked differences which developed between the levels and rates of development of industry and agriculture can not be maintained in the long run, for these two important areas of the Hungarian national economy are characterized by a mutual interdependence, in which the attribution of the primary role can be considered from various aspects.

It is a very complicated and involved question to decide what the structure of the industry or agriculture is that corresponds to the optimum growth of the national economy (what the optimum structure is, the establishment of which is necessary for the efficient development of agriculture, and what intensity of characteristically non-agricultural cooperation and development is demanded).

On the above basis, a special role must be attributed to the harmony of the food-economic vertical structure. In spite of the comparatively dynamic and structurally favourable tendency of the food-industrial development, it has still not proved possible to create the desired harmony. On one hand the food-industrial ca-

capacities even today are characterized by their strained nature, while on the other hand the lack of exploitation of the capacity increases the overheads. Accordingly, to a greater extent than the other two industrial main groups, the food industry requires the development of a flexible product structure also suitable for the carrying-out of several-directional activity in the interest of efficient management.

The other very important problem, the solution of which will promote the development of the food economy too (and within this the food industry), is the dynamic development of the infrastructure. Within the system of distribution of the goods scantily available following the war, a disproportion arose between the producing and the non-producing spheres. However, the relevant examinations draw our attention to the fact that the further undisturbed functioning of the economy is also endangered in part by this disproportionateness, by the lack of appropriate replacement and renovation of the worn-out infrastructural reserves resulting from this, and by the partial satisfying of newer demands arising in the course of the development. The prolonged lag of the infrastructural supply compared to the level of development of the producing sphere becomes a barrier to development in the long run, and leads to a drop in efficiency. Further, since the backward regions in the infrastructural field are in fact mainly just those counties which play a more important role as regards agriculture and the food industry, the actuality of the question is particularly justified. At the same time, the importance of this group of problems is further increased by the fact that the infrastructure does not exclusively ensure the conditions of production, but also plays a very important role in determining the living standard of the population, which again draws attention to the need to decrease the unjustified and unhealthy regional differentiation.

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