

THE RELATION OF COMMON AND NATIONAL AGRICULTURAL POLICY

DR. HABIL NAGY FRIGYES PHD
fmr. minister of agriculture

If we are speaking about the interdependence between common and national agricultural policy, we have to concern our moving possibilities in this particular branch. At the first sight we can reveal that narrow is the path to balance our actions. If one asks about proportions, it can be estimated that about 30-40 % of our agriculture is determined by the world market, another 30-40 % by the common agricultural policy, and perhaps 20-30 % remains for us to enforce our wish and imaginations. Is it reasonable to pool our national sovereignty in this extent after joining the EU?

The Common Agricultural Policy has particularly high importance in agriculture and rural development, because this is the area where comprehensive regulation for supports, and market relations exist. But because agricultural policy is created in Brussels, have we to do nothing else but to keep the common rules? No! Even we oblige to enforce our own particular interest in the legislation. The main question is: do we have any possibilities for national arrangements within the frame of Common Agricultural Policy, in which area, and in what extent?

WHAT ABOUT SINGLE MARKET?

First of all, one has to emphasize that the target of Common Agricultural Policy is to operate a successful single market first of all for the sake of consumers. Beside this it endeavours to ensure market stability for farmers to escape disturbances by influencing the output of goods by means of market instruments. Parallel by the operation of the single market, the long term sustainability of production plays more and more growing rule. From the point of view of the worldwide lack of energy, nowadays the attention is directed also to the fuel gained from agriculture. If we approach the theme one-sidedly, unbearable burden can stress the natural environment, which has to be escaped.

We take part in the decision-making actions of the EU, so we have the chance to influence the legislation procedures, especially if we cooperate with other member states having similar interest. For example it had been carried through successfully in the course of the budgetary negotiations. It has to be underlined, that mutual agricultural policy can be realised above all through national approach. Beside the possible influence of common decisions, the areas, which stood in national competence, have to be treated prominently. Taking these areas one by one we find out, that we are facing very relevant elements. The common and national agricultural policy has to be harmonised. This is the condition and guarantee to develop and sustain our agriculture for long term. That needs continuous cooperation with farmers, mostly in the frame of extension service. A well-organised advisory system, including well-accomplished experts can be a pawn to close up successfully for earlier member states in agricultural production.

Which are the most frequented branches of policy that remained in national authority? We have to regard one by one the most stressed areas, for example the cooperatives, land-policy, tax-mechanism, national support possibilities, tailoring agricultural structure, international relations, vocational teaching and training, scientific research work, just to mention the most distinguished topics. In each case we have to find out and elaborate how to organise proper consultative system, in which geographical distribution, by what type of experts. It is not an exaggeration to accentuate the importance of advisory management. That means new perspectives for the existing regional extension service centres, but those have to renew and rejuvenate themselves, according to the challenges of the continuously changing CAP reforms.

THE CONSUMER-MARKET OF THE NEW MEMBER STATES IN THE CENTRE OF INTEREST

It is not correct to attribute to the accession an appearance, as if after historical storms our country finally arrived into a safe harbour, and this was our mean target. It has to be underlined, that the enlargement is fundamental interest for the EU, too. Our continent is constrained to launch into competition with the overseas powers, for the time being not with a lot of success. For that it is insufficient to start from the present situation, but strategical thinking is needed. Europe is not Europe without the integration of the twelve new, and the future members. If those would have been remained outside the EU, their closing up falls behind, so they would become a withdrawal power. In the lack of solvency they do not enlarge the market of the EU, and have less chance for tailoring themselves to the procedures of globalisation. Their closing up can be realised only by integration with the other EU countries. The fate of globe is determined by the big powers, and Europe cannot be a big power without Middle and East-Europe.

Consequently, the EU is in a position of necessity. Statistical data reflect obviously its backwardness in the area of economic growth, and this seems to be a long-term phenomena. Accordingly, the enlargement for the EU is not a noble gesture, but basic interest, even historical liability from certain point of view. West-Europeans don't hear this pleasantly, but there is no reason for us to be modest, because we do not wait allowances, but fair treatment. The standpoint, that we were, who desired to join the EU, and a result of this our obligation is to adjust ourselves completely, can be accepted only by sustenance. Surely, we have to tailor ourselves, but not on the account of our agriculture. In this line we expect mutuality, with right. The Roman saying, that „if one intends to go to Rome, has to behave as a Roman”, but it is not a Bible.

Concerning that the industrial and food products of the most developed countries of Europe can stream unhindered to the market of the new member states, it is obvious, that the realised extra profit compensates abundantly the rich member states for the money, paid into the EU budget. This is approximately 1 % of their GDP, which appears to be symbolic, especially if we count it pro capita. An important part of our EU support derives from the Hungarian taxpayers' pocket, because we don't get much more payments from the EU, as much we pay into the EU budget. So only the surplus derives from the taxpayers of other member countries. From the above-mentioned follows some relevant issue. If the EU represents and enforces the interest of its taxpayers stone-hardly, so we can not be condemned, if we do the same. We are not allowed to underestimate our national

agricultural policy, even we have to attribute more importance to that. One commits failure if considers the agriculture neglectable, turning money only according to the proportion of the national economy. At the same time the EU has recognised already that the rural sphere is not only economical but at the same time sociological question, the importance of which cannot be always expressed in figures.

THE ROLE OF THE ECOLOGICAL BACKGROUND OF AGRICULTURAL REGULATION

The EU has been founded by countries which have predominantly oceanic climate. Accordingly they lay high weight for the pasturing cultures and ruminants. They consider poultry and pig keeping almost as industrial activity, and comprehend it as „processed cereals”. That sounds attractive, but it is not true! They forget and neglect the genetical and multiplicative background of that particular branches. Perhaps we would convince them, that if they need the markets of ten countries having continental climate, the special interest of them can't to be neglected. We are not able to base our animal keeping on pastures, because the Hungarian pastures are not suitable for that. We tried that many times unsuccessfully. We have to utilise our cereals in the first place by pigs and poultry, otherwise because of absence of sea harbour, and the limited transport possibilities we lose our comparative advantages. The position of the crop-consumer animals have vital importance for us, therefore we must concentrate similarly, as the EU does for its own specialities. It is intolerable, that Hungary is forced to export its cereals uneffectively, because of the absence of direct payments for the pig and poultry branches. As a result of this, rural areas, small regions can go down, which is contradictory to the cohesion policy of the EU, targeting the closing up of the backward areas. We have to find solution for our neglected branches, not by protectionism, but through improving natural figures, and by stronger competitiveness. This is an important obligation of the national agricultural policy.

Do not misunderstand, we are ready to keep the directives of the Common Agricultural Policy, being basically interested in the uniformed, transparent roles, and honest behavior on markets. Simultaneously we have to enforce the possibilities, which promotes the position of the crop-consumers without going against the principles of the EU.

HAVE WE TO ACCEPT THE FREE STREAM OF CAPITAL AND COMMODITIES?

Some people think that national agricultural policy is nothing else, but to refuse all, which is not home-made, and they step with particular intensity against the import of agricultural commodities, and against foreign investments into agriculture. Instead of a technical approach, for instance the food import led often into demonstrations, and the land market became political battlefield, the economical standpoint of which induces furious opposition in many people.

Hungary can be proud of being a netto food-exporter. If we want other countries to buy agricultural goods from us, we can't lock ourself to purchase things from abroad, despite injuring the interest of some producers. „Interest protectors” demand for example, not to

bring pork into the home market, but expect for other countries to buy their corn surpluses. The world market does not operate in this way. Who doesn't wish to keep the rules of the game, disqualifies itself from the international division of labour. It doesn't mean, that to protect our market is not allowed. The western countries do that, introducing very sophisticated technics to prevent their market from the import of goods, as we have experienced bitterly so often. However, we have to see that the import-limitation causes unfavorable consequence to our export. The lack of competitiveness cannot be compensated by administrative prohibitions.

We pay foreign working power in each imported goods. It can be equalised, if we let other countries pay more and more Hungarian working power. This system has been operated up to our accession. But after, in the last years, we could notice opposite tendencies. The proportion of the export-import decreased dramatically. This phenomenon must be turned back. It is fundamental interest that all the food, which can be manufactured in Hungary, possibly must be produced here, paying local working powers instead of foreigners. It happens then, if Hungarian farmers can close up on the area of competitiveness.

We have to consider that the basic element of market economy is to ensure the free streaming of capital. If it doesn't operate, we can't speak about market economy. Hungary undertook to ensure the preconditions for that. To invest capital into agriculture testifies mainly purchasing arable land, and this action as negative discrimination, can't be prohibited for companies and the citizens of other EU countries. This is one of the basic principle composed in the „aquis communautaire”, but the member countries are allowed to issue the national preconditions of land market liberalisation. This is also a part of the national agricultural policy. The big reformer Széchenyi in 1830 in his book „Credit” spoke about the lack of capital, caused by the limitation of land market. We are wrestling with this particular topic since those time. As after 2014 to buy land by companies and EU citizens will be legal, we have to find public agreement to prevent land turnover from speculation. The interest of agricultural investors has to be harmonised with the rightful demands of rural people.

One of the reason of declination of our animal husbandry is, that for our big companies dealing with livestock is not allowed to have land, wich would be necessary to produce green feed and to deposite manure. The land leasing system is not a reliable guarantee for that. The disappearance of livestock from numerous Hungarian farms can be disasterous also for crop producers because there is no livestock to feed. This topic has to be particularly emphasized in the national agricultural policy.

THE CORRECT MONETARY AND FISCAL POLICY AS NATIONAL OBLIGATION

An important part of financial support and national resources can be found in the Hungarian budget. The experiences reflect that to reach these resources is not easier than to be able to get them at EU cash-desc. The forever floating, parking, postponing and pulling out payments and terms by the government causes losses and unsatisfaction in farming and decreases the reliability of public institutions. The sums and conditions owe to farmers „have to be graved into stones”, and fulfilled in time, instead of uncertain and foggy explanations. When required, political decision is needed. It is not lucky, that in the case of matters having vital importance for the society, administrative circles make decisions about

financial resources. It is not necessary to wait, that the decisions will be forced by demonstrators. Because the payments derive from public money, it would be a natural demand to publish the preferentiated persons or companies and the assigned sums. In a country, where the allocation and tax payment is not public, we hardly can speak about transparency. It would be also a part of national agricultural policy.

We can't disregard from the fact that among the twelve new member states Hungary is a net exporter of agricultural products. Therefore the government is somehow responsible to help preserving this heritage. The strong national currency took out many billions of forints from the pocket of food industry, ultimately from the pocket of farmers. We often forget to speak about losses and impacts caused by unfavorable monetary policy for the agriculture, however they are independent from the will of farmers, like drought or hailstorm, but can induce bigger troubles than those. Export-oriented, drawing branches went to floor, perhaps finally. The strong forint is unfavorable fore exporters. A responsible national agricultural policy would be able to concern about it.

NO CHANCE FOR US WITHOUT COOPERATION AND INTEGRATION

The spreading supermarkets brought decisive change in food industry. The market is operated more and more by these multinational firms, reaching decisive share of the food market, and dictating all the objectives, mostly the prices for the food industry, despite it is mostly in the hand of multinational firms. On the other side thousands and thousands of small-scale farmers are fighting lonely, with lost hopes, without perspective. They have no chance to be equal partners for the supermarkets and money-world. Their societies are divided, often discuss with each other, instead of understanding and elaborating mutual strategic imaginations. Their main task would be to stop dividedness of agrarian-world.

In western countries the political and economical interest of producers are represented by cooperatives, in most cases successfully. In our case political mistake led to the present stage, the lack of cooperatives. Some politicians interpret the former Hungarian collective farms as kolkhozes; causing big damages in the heads, removing small-scale farmer's mentality from the chance of survive. Some years ago the Hungarian Parliament created a new "Cooperation Law". That can be a frame, but it has to be fulfilled with content by the farmers themselves.

NO RESULT WITHOUT TECHNICAL KNOWLEDGE

The value of up to date knowledge is increasing everywhere. Consequently to restructure and re-tailor our educational system to the always changing requirements has vital importance. We need not old-fashioned farmers, but competitive, constructive, well accomplished managers. It isn't enough only to harmonize the educational scheme with the EU. One has to estimate the demand of the particular professions, and adjust the proportion and level to the practical demands. One has to shape the desirable share of teaching and research activities within the higher education, considering that we are operating in market economy. The vocational teaching and training is also a part of the national agricultural policy.

Hungary can appear in the single market with particular products having local characteristics to increase the choice. To realize that it's necessary to have plant and animal varieties, bred especially for our local ecological conditions. The research work has to be targeted into this particular direction instead of the present diversification. We have to mention, that regional extension management will be built up within short time. The practical knowledge has to be forwarded to farmers.

Though we repeat continuously that the best investment is education and research, unfortunately we neglect to enforce that particular principle in the practice. Our educational and research institutions are fighting with every-days financial disturbances. To support that area is not prohibited in the EU, so the national policy has the task to discover possibilities to improve the situation. The Bologna-process alone is not able to do that. We have to reorganize the system of vocational education, maybe on market-basis. We have to make clear for students that their future living standard and life-quality depend on their efforts and spiritual-economic investments. All that must encourage students and scholars alike for higher achievement. Remember that the educational policy remained in the competence of member states.

THE INTEREST OF THE FOOD ECONOMY IS INDEPENDENT FROM DAILY POLICY

We prepared ourselves more than ten years to be member of the EU. The chance to gain supports is given for every ruler of the production, but the illusions of easy money disappeared slowly. Only the possibility is given, the utilization needs a rank of new knowledge at home, and hard advance in the European Parliament. Two different types of agricultural policy can't be represented simultaneously. In the question of agriculture we would rise above the egoistic political interest, because we have only one agriculture, which is quite vulnerable, and because agriculture is the fate of rural areas. The discussions have to be placed to practical basis involving the touched people, and to create a situation near to consensus for the sake of the future of inhabitants in the countryside.

As a matter of fact, well-articulated and strong agricultural and rural policy at national level is not only a chance, but also an obligation for us. That's what we have to serve!