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PANEL 11: THE TRANSFORMING ECONOMIES (FORMER SOCIALIST): FOOD SECURITY, DIVERSIFICATION AND RESOURCE MANAGEMENT

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This panel dealt with food security, diversification and resource management in transforming economies, each of them looking at their home country. A common thread through all presentations was the issue of food security, which is still of relevance in all of the areas in transition. All panellists agreed that in the transforming economies the degree of food security does not depend on the level of agricultural production, but on food availability and the income of the population. Therefore one cannot conclude that countries in transformation have experienced a decrease in food security during the 1990s because of a reduction in production levels. Instead the opposite has occurred: ineffective policies of food subsidies combined with compulsory sales to the state were changed to more efficient, market-oriented policies. As the potential for food production in the region is substantial, from an economic point of view those structural changes could result in a more sustainable development of the agricultural sector and in a more rational food policy. On the other hand, from a social point of view, the socialist policy approach not only included providing for cheap food, but also helped to maintain full employment of the rural population. This led to a debate on the type of economic theory that could be used as a base for a new agricultural policy in transition economies. It was emphasized that only such policies (and theories) that take into account the local economic, social and political circumstances could provide sustainable agricultural development.

Policies for future development

Floor discussants were critical, suggesting that, although the panellists had shown a strong agreement in their assessment of the past, their attitude towards future diversification and resource management in rural economies was not clear. Since the further development of the agroindustrial sector depends heavily on investments, the promotion of new technologies (one of the dimensions of diversification) is a question of great importance. Other aspects should also be taken into account. Food and ecological security deteriorates through environmental pollution (through animal waste and chemicals utilization) and price fluctuations affect food availability. Risk-avoiding sets of sanitary norms and regulations common in developed countries should be adapted in transition countries. The question of how to avoid ineffective policies employed in the past is still acute.

Necessity for reforms

From the answers of panellists it was obvious that some five to 10 years ago national and foreign economists were not equipped with the tools needed to solve specific problems of transition. Changes are not the result of a revolution but of a collapse of the system. In most of the former socialist countries, agrarian reforms are only just beginning to be implemented, because policy makers are unwilling to move swiftly. Proficiency levels of policy makers, in general, are very low.

On the other hand, it is difficult to solve social and economic problems of the agricultural sector without a revitalization of the stability of the sector. Even more important is the stabilization of the macroeconomic sector, as investment and rural diversification will take place only in a benign environment. This is still lacking in some countries, such as Russia, where property rights in land are not yet clearly defined and a system of land collateral does not exist. Government policies, so far, do not indicate favourable conditions for investment. Apart from that, countries in transition use the agricultural sector as a pool for cheap labour resources, so productivity improvement is not gained by technological innovations.

Rural unemployment

As far as rural unemployment is concerned, a considerable share of the population in countries in transition live in rural areas (from 15 to 30 per cent). Because of this, structural changes in the agrifood sector should be supplemented by employment policies, and new jobs in alternative non-agricultural spheres should be created. Through this kind of diversification the transformation process could be mitigated and access to food be provided to a bigger proportion of the population. The experience of Poland (where Gminas – small rural units – were revitalized through a state programme) shows that small and medium business promotion could contribute greatly to rural prosperity.