

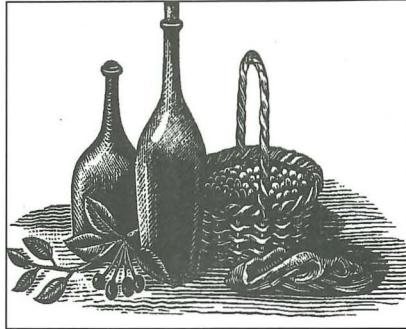
Hungary and the EU

by Gusztáv Nemes

It is sometimes argued that the biggest obstacle in the way of the European Union (EU) extending itself eastwards lies in the field of agricultural and rural policy. In 1996 agriculture accounted for 48 per cent of the EU's budget (through the Common Agricultural Policy, or CAP). Another 31 per cent of the Union's total financial commitments was devoted to (mainly regional) structural and social operations; most of this money was spent in underdeveloped rural areas and decayed de-industrialized areas. Add to these two areas of expenditure the subsidies for similar projects, and at least 85 per cent of the EU's total budget - quite a tidy sum - is spent on agricultural and mainly rural development programmes. If the East-Central European countries are accepted as new members of the EU, the number of rural areas in need of financial aid will increase several times.

Obviously the EU cannot subsidize the modernization of the rural sector in East-Central Europe. There are two possibilities for the future: either these countries will not be accepted as members of the EU until they are able to develop their own rural areas to a higher level (which means they will probably never be accepted); or the EU will change

its system of financial subsidies. If the latter course is adopted, East-Central European countries may join the EU, but of course they will not receive the aid that has been given, for example, to Ireland, Greece, or Spain. At the same time, if these countries become EU members, they would have to open their markets to other



members' agricultural products. Consequently, the peasants of East-Central Europe - who have neither capital, traditional market connections, nor financial support - would have to compete with French, German and Italian peasants, who have had all these for a long time. It is not difficult to guess the end of this story. . .

The situation in contemporary rural Hungary is bleak. At the end of the socialist era most people in small villages were commuters and had two main incomes: a salary from industrial work (in factories or mines), and the profit they made from farming household plots (for which they received strong support from the large state-run socialist cooperatives). As a result of the economic and political changes of 1989 most of these people lost both sources of income. The collapse of agricultural cooperatives, the end of commuting opportunities, the woeful condition of local infrastructures, and the lack of intellectual and financial capital produced a crisis, which can still be felt in every area of life.

Many of those who have stayed in rural areas suffer from lack of jobs and live from hand to mouth on very low state benefits. They survive only because they have virtually fallen back on self-sufficiency, producing food for themselves and trading a little in

the local market. Most of these people would not be able to compete with the West right now, but if they had to meet the health and market regulations of the CAP, they would lose even the chance of being self-sufficient.

The problem is not only lack of money. Present difficulties are rooted in the history of the country. There have already been several development programmes in Hungary in which lots of money was spent without conspicuous success. This was mainly because plans were badly conceived, or because they did not require the participation of the local people affected by them.

Hungarian Eurosceptics have sometimes claimed that we should not be too desperate to join the EU. We should, rather, find an alternative path for our country. But this is not a serious alternative. The die is cast: Hungary must join the European Union. But *how* we do this is what matters. We Hungarians must prepare ourselves for the EU if we want to be not just a market, not just a colony-like region on the periphery, but, once again, a country in the centre of Europe.

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