

DEVELOPMENT OF RURAL SPACE IN POST-COMMUNIST SOUTHEAST EUROPE AFTER 1989: A COMPARATIVE ANALYSIS

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Abstract

Development of rural space in post-Communist Southeast Europe after 1989: A comparative analysis

This paper investigates the reasons for the current state of rural space in Southeast Europe, as well as its current structure. It is confirmed that pre-Communist structures, as well as divergent Communist systems and policies, contributed as much to current structures as have divergent post-Communist approaches and developments. Thus, we meet today very different situations in the rural space of Yugoslavian successor states on the one hand, and of other post-Communist countries of Southeast Europe with a planned economy (Romania, Bulgaria and Albania) on the other. But even the countries of former Yugoslavia show many divergences, mainly due to divergent demographic development in the wake of the Yugoslavian dissolution wars.

Key words

structure of rural space, communist systems, transformation, agricultural policies, Southeast Europe

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1. Introduction

Rural space in the transformation countries of Southeast Europe (in the sense of the countries Bosnia and Hercegovina, Serbia, Kosovo, Montenegro, Macedonia, Albania, Bulgaria and Romania) was already in the Communist era a zone burdened with socio-economic problems, low quality of life, and unfavourable economic and demographic development. After the political turn in 1989/90 and during transformation the situation has almost everywhere become even more critical, except for rural areas with more intensive tourism, rural areas located along development axes between larger urban centres and rural areas along borders towards countries in a more prosperous economic situation.

2. General reasons for the socio-economic decline of rural space

General reasons for the at least relative, but frequently also absolute and accelerated, socio-economic decline of rural space were and are that:

a. Rural space receives less investment than urban and especially metropolitan regions. This means less innovation and modernisation in rural space (Musil, in print).

b. Rural space in Southeast Europe receives much less, if any subsidies from European or national sources, much in contrast to rural space in Western Europe in general and especially to Alpine regions in Austria, Germany, Switzerland, Italy and France (Benedek 2000, Dräger 2001, Froberg and Hartmann 2001, Greif 2001, Grosskopf and Thiele 2005/06, Noll 2001, Schneider 2001, Zahrnt 2009).

Apart from national public funds, the Common Agrarian Policy (CAP) of the European Union (EU) invested from its beginning a lot of money into the agriculture of "old member states". Since 2000 ("Agenda 2000"), CAP has no longer pursued the goal of subsidising agricultural production, but of promoting rural space in general with an emphasis on ecological aspects. This has been especially true for the programme period 2007-2013. Today, mountain farmers in the Alps can rather be regarded as subsidised "landscape gardeners" than market producers. In West Balkan countries (Southeast Europe minus Romania and Bulgaria), such support is almost absent up to the present day. Romania and Bulgaria, however, have profited from EU structural funds of the programme SAPARD (Special Accession Programme for Agriculture and Rural Development) since 2000, and as EU members since 2007 have enjoyed some of the benefits of the Common Agricultural Policy. These benefits are, however, still much smaller for the new member states than for old EU members (European Commission 2009). The rural economy in Southeast Europe is therefore much more, and in some cases almost exclusively, determined by market prices and income in agriculture and agricultural income is usually low compared to income in other branches of the economy.

c. Agricultural markets of transformation countries were forced to open themselves towards the world market. This resulted in the intrusion of powerful competitors from the EU and from overseas, not only with agricultural production in the narrower sense, but also with foodstuffs produced on the basis of agricultural products. Prestigious global brands were preferred by consumers and replaced domestic offers (Grimm and Knappe 2001). This also resulted to some extent in selling agricultural surplus production from old EU countries at dumping prices (e.g.,

potatoes, sugar beets), since it is cheaper to bring certain agricultural products to Southeast Europe than to liquidate them in western Europe. This has detrimental effects on local price levels.

d. The average agricultural enterprise is small and economically weak, due to the fact that restitution to former owners and their heirs has been the main method of post-Communist land reform (Benedek 2000, Knappe and Ratčina 2004). Much in contrast to old EU members, administrative, social and economic supportive structures also are missing (Greif 2001).

e. Migration flows are directed towards better economic prospects. In general, this means selective migration from rural to urban space, leaving older, less qualified and less active (and politically structure-conservative) people behind. Nevertheless, the absolute number of people active in agriculture has grown in all Southeast European countries during the 1990s (Knappe and Ratčina 2004, see also Fig. 1). Where the economic situation in the cities is not much better or even worse, migration may be mainly directed to the countryside, where people at least can find a living or earn money by offering services. Under these circumstances rural space assumes a social buffer function. Such a situation occurred, e.g., in Romania in the years between 1997 and 2000 (Heller 2006).

Factors d. and e. result in an additional issue: declines in market production in favour of subsistence and a further reduction of potentials for innovation (Knappe and Ratčina 2004).

2. Reasons for the socio-economic decline of rural space specific to groups of countries, individual countries and subregions of countries

Besides common characteristics, the situation of rural space in Southeast Europe varies between individual countries, and also within countries. This variation is mainly due to divergent structures already existing before the Communist period, divergent impacts during the Communist period and divergent transformation policies after the turn of politics.

This paper will not deal with pre-Communist divergences (for more see Krauss 2009), although their impact must not be underestimated – not the least, because they also influenced policies in the Communist and post-Communist period. The focus here is on divergences caused by the Communist period and divergent transformation policies after the fall of Communism.

2.1 Divergences emerging from different policies in Communist times

The impact of Communist systems on rural space varied significantly. The main divide existed between Socialist self-management in Yugoslavia and centrally planned economies in the other Communist countries of Southeast Europe. There also were further differences among the last group of countries, however (i.e., between Romania, Bulgaria and Albania). There were, in addition, regional differences between mountain districts on the one hand and plains and uplands on the other. Differing policies related to the extent and intensity of collectivisation, Stalinist collectivisation in Albania and Romania, Neo-Stalinist collectivisation in Bulgaria, and divergences due to the extent of settlement concentration in rural space (A comprehensive survey can be found with Wädekin 1982).



Fig.1: Agricultural labour 1990-2000

Areal colours indicate the share of agricultural labour in total labour force in 2000 (darkest shade: 67%, palest shade: <3%). Columns express by their height the growing or declining share of agricultural labour in total labour force: while the left, pale column represents the year 1990, the central column stands for 1995 and the right, dark one for 2000.

Source: Knappe and Ratčina 2004a.

In Yugoslavia collectivisation ended in 1948 after the break between Tito and Stalin. What had been collectivised (mainly the most fertile plains in the Pannonian Basin; pastures, but also tobacco and rice fields in Macedonia; see Fig. 2) was converted into self-managed enterprises. What had not been collectivised remained with small private farmers, in total 67% of the agricultural area (Taschler 1989). Their size was limited by law (to 10 ha) and they were not supported by public measures. Farming was usually performed for subsistence and the small farmsteads were viable only

when additional income was available (from commuting to industrial work or from tourism). In association with migration to cities there was widespread farmsteads abandonment and depopulation of large regions. Starting in the 1960s, rural space became a major source of guest workers to West European countries (Büschfeld 1999).

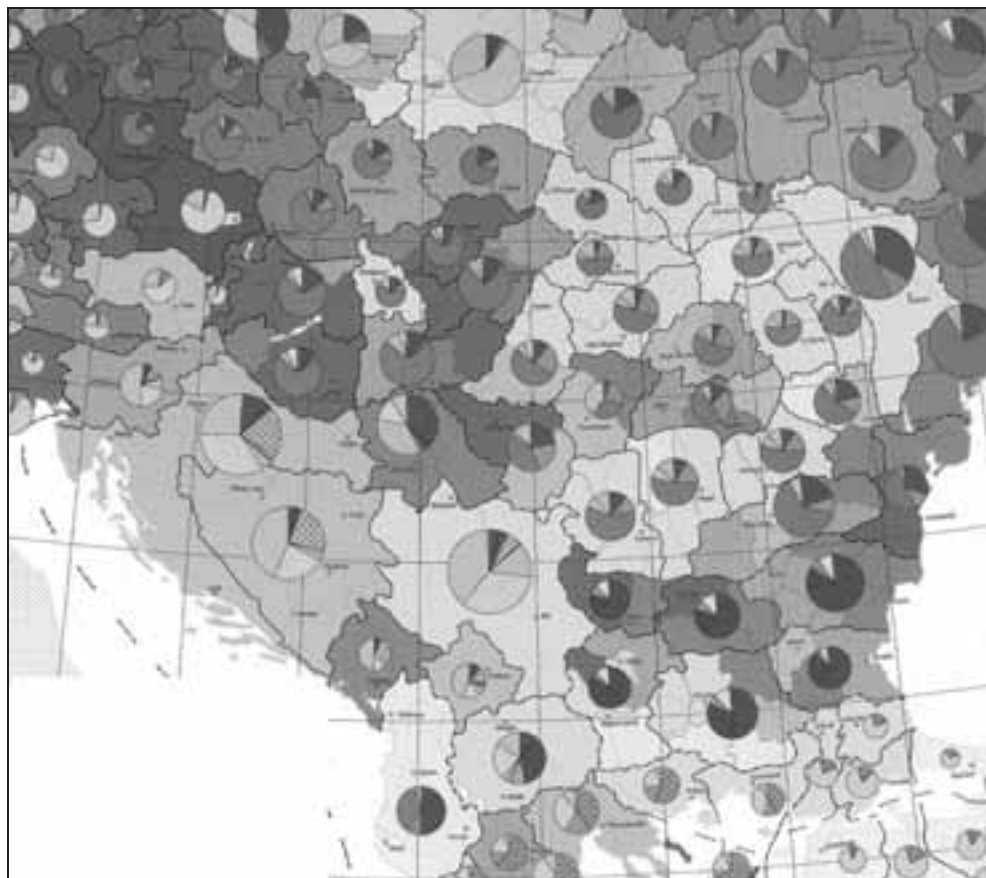


Fig.2: Tenure at the end of the 1980s.

Colours of circles and circle sectors: reddish colours = state farms, violet (confined to Bulgaria) = „agroindustrial complexes“, green = co-operatives, yellowish colours = private farms.

Source: Taschler 1989.

Both Albania and Romania had small-scale agriculture in pre-Communist times (Müller 2000). Farmers were partly motivated, partly forced to join agricultural co-operatives, mainly in the 1950s (Wädekin 1982). Later, and mainly in fertile plains areas, agricultural co-operatives were transformed into state farms. By the end of the 1980s, 95% of the agricultural area in Albania had been collectivised; the rest was in personal plots for the private use of workers at collective farms (Taschler 1989). In Romania the share of collective land reached 85%, but mountain regions remained private (Taschler 1989). Today, the latter present themselves in the state of traditional, demographically balanced farming structures. Collective farms were

generally strong market producers of huge size and heavy mechanisation. However, the workers at these farms usually felt to be forced and did only the unavoidable. They invested much more effort into their private plots, which turned into a stronghold of food supply.

Bulgaria also had a predominantly forced collectivisation, but in contrast to Albania and Romania collective farming was promoted by heavy financial support from the state (Wädekin 1982, Taschler 1989). Collective farms were able to pay high wages and farm workers had a better living than the urban population. In the 1970s the collective farms were transformed into "agroindustrial complexes" characterised by very large farm sizes (the largest in Southeast Europe and comparable only to farms in the Soviet Union) and a vertical interweaving of agriculture and industrial food production (Wädekin 1982, Taschler 1989). By the end of the 1980s, 90% of the agricultural area was collectivised into state farms (not co-operatives) (Taschler 1989). As in Romania, small private farms had been preserved only in the mountains. Bulgaria was the only Southeast European country fully integrated into the Council of Mutual Economic Assistance (COMECON), the economic alliance of the Eastern Bloc. In the framework of this alliance, in agriculture Bulgaria had the specialized role of an animal producer and of fruit and vegetable production. Bulgaria produced in these sectors a large surplus for export to other COMECON countries. Due to the dry climate, irrigation was necessary. The irrigation systems, however, were not adequately maintained and were partly dysfunctional when Communism collapsed (Ilieva and Iliev 1995, Ilieva and Schmidt 2001)

Where agriculture had to a high extent been collectivised in the Communist period (all Southeast European countries except Yugoslavia), the administrative centres of large state and co-operative farms had not only acquired economic, but also educational, health care, social and cultural functions. The dissolution of large enterprises after the fall of Communism meant the loss of these extra-economic functions, very often with no adequate replacement by villages and communes (see Grimm 1995, Greif 2001). This contributed to a reduction in the quality of life in rural space.

Except for Yugoslavia, all Communist countries in Southeast Europe pursued a policy of settlement concentration in rural space, abandoning small traditional villages in favour of larger agro-industrial villages or towns. Small traditional villages received no investment into all kinds of infrastructure (Schmutzler 1977). In consequence they fell into decay and lost population. In some cases this decay became irreversible. In Albania and Bulgaria many small traditional villages were also actively destroyed. When Romania started with such a policy in the later 1980s under the title of "systematization" (sistemizare) and, among others, villages of ethnic minorities were in danger of being destroyed, this aroused international protest and Romania gave up these plans (Sauberer 1990).

2.2 Divergences emerging from different transformation policies after 1989

Transformation policies in rural space varied as regards velocity of system change, extent of maintaining larger agricultural enterprises, privatisation methods of agricultural ownership and accompanying measures (e.g., financial support, development programmes) (see Lukas 2001, Knappe and Ratčina 2004, 2004b, Maurel 1994, Schulze and Netzband 1998).

As regards velocity of system change, transformation policies ranged from very slow and careful (as in Bulgaria) to very fast and radical (as in Romania and Albania, immediately after the fall of Communism in 1991).

As regards the extent of maintaining larger agricultural enterprises, very much in contrast to East Central European countries (Czech Republic, Slovakia, Hungary), larger farm sizes remained only (concentrated in some regions) of Bulgaria and the Serbian Voivodina [Vojvodina]. In Romania and Albania almost all land was split up into very small farms.

As regards privatisation methods of agricultural ownership, restitution to former owners and their heirs prevailed, especially in Romania and Albania, while in Bulgaria, Serbia and Macedonia state and co-operative farms very also transformed into private companies (stock companies or shared liability companies) without having been fragmented. By restitution pre-Communist patterns of land ownership were at least partly restored.

None of these transformation policies affected Yugoslavia to such an extent as other countries in the region; due to its predominantly private agriculture throughout Communism, not very much had to be transformed.

Resulting from these divergent structures and policies in pre-Communist, Communist and post-Communist times, we meet currently in Southeast Europe the following typical situations.

First, for Bosnia and Hercegovina [Bosna i Hercegovina], Montenegro [Crna Gora], Kosovo [Kosova/Kosovo] and Serbia proper [U a Srbija] (without Voivodina), the predominant small-scale agriculture has persisted throughout the Communist period and is continuing. It is no longer limited by law. However, small-holding farmers usually have no money to invest, to enlarge their plots or to buy new machines. They do have, at least, small tractors and other small machines – very often still from Communist times, while in Romania and Bulgaria the huge tractors and other machines have become useless with small farms. However, young people migrate to cities, the remaining population is over-aged and maintains agriculture mostly just for subsistence (Dahlman 2006, Knappe and Ratčina 2004, Todorović 2007).

In Bosnia-Hercegovina and Kosovo, material and immaterial war damages, in addition political and legal insecurity function as additional push factors, mainly for emigration. Extensification of agriculture is proceeding quickly. In Montenegro, tourism at the coast functions as a pull factor with a similar effect on rural areas in the hinterland: they lose population, since it is easier to find a job or a better earning at the coast, and every investment promises more and faster returns there (Jordan 2005). In Serbia proper, however, rural space shows hardly signs of extensification in agriculture, not even conversion from farmland to pasture. Rural areas convey the impression of a functioning farming landscape. Local initiatives stimulate locally even intensification, e.g. in Central Serbia (Guča), where a juice producer stimulated raspberry production in his surroundings.

In Voivodina [Vojvodina], the dominant group of large, productive and efficient self-managed agricultural enterprises was converted into private companies, mainly after the era of Milošević (2000). They are today efficient producers and very successful on the market. Mechanisation, use of fertilizers and number of employees

have not declined, but partly increased compared to the late 1980s (Todorović 2007).

In Macedonia [Makedonija/Maqedoni], many self-managed agricultural enterprises in the fertile basins were privatised in the middle of the 1990s (Gruber 1998). Macedonian farmers cultivate tobacco, rice and vegetables and market these products very successfully in Western Europe. Agriculture is the most prosperous branch of Macedonian economy.

In general, for the former Yugoslavian territories it can be stated that between 1990 and 2000 crop production increased almost everywhere, while animal production remained stable except for Bosnia and Hercegovina, where it has heavily declined (Knappe and Ratčina 2004, see Fig. 3 and 4).

Much in contrast to the successor states of Yugoslavia, the other former Communist countries of Southeast Europe (Albania, Bulgaria and Romania) experienced radical restructuring of rural space in economic and social terms due to privatisation after 1989. Restitution was the main variant of privatisation in agriculture (Schulze and Netzbänd 1998, Tillack 2001). In this way a symbolic, social and popular gesture was given precedence over economic aspects. Land was split into very small units, where it was impossible to produce economically. Many people, inexperienced in farming and agricultural marketing, received land. They also did not have enough money to invest in machines and other means of production. Consequently, most farms produce just for subsistence. Animal stock was significantly reduced, since the large stables of the collective farms had been closed down and adequate food supply became impossible. This resulted in a significant decline in crop, as well as animal market production (Knappe and Ratčina 2004, see Fig. 3 and 4). Legal insecurity (related to ownership) is an obstacle for investment, economic co-operation and private initiatives even two decades after the fall of Communism. Where they had not completely been destroyed, traditional settlement structures revived, but could only insufficiently replace extra-economic (educational, health care, social, cultural etc.) functions of the former central units of co-operatives and state farms (Greif 2001).

In Romania [România], immediately after the fall of Communism (1991) the land of collective and state farms has been returned to its former owners and their heirs. Almost every fifth Romanian citizen received a plot and most of them accepted it. The land was cut into about four million tiny farms with 2.5 ha at the average (Knappe and Ratčina 2004). This caused (along with an unfavourable economic situation in cities) a positive migration balance in favour of the countryside between 1997 and 2000 (Heller 2006). This migration must also be seen against the background of an urban population that had only a decade or two earlier migrated to the cities, and was thus not fully urbanized in the sociological sense. In the meantime, among the millions of farmers a smaller group has evolved who enlarged their farms, invested and produce for the market. Also the limits for restitution have been extended to 50 ha. Partly also a new type of co-operatives has emerged. Such co-operatives buy (at reduced prices) means of production for their members and sell their products in a professional way. But there is still a mixed situation, and intensity of agricultural use continues to decline right in most fertile areas, since agriculture proves unable to compete with other branches of the economy.



Fig.3: Crop production 1990-2000.

Areal colours indicate grain yield in 2000 (darkest shade: 70-95 dt/ha, palest shade: 14,7-20 dt/ha). Diagrams represent development types of grain yield 1990-2000: strong growth, weak growth, stagnation, weak decline, strong decline.

Source: Knappe and Ratčina 2004a.

In Bulgaria [Bulgarija], as well, restitution to former small farmers and their heirs was practised. But most of them were (in contrast to Romania) not willing to return to the villages. High specialisation in Bulgarian agriculture (on animal husbandry based on large stables, fruit and vegetable cultivation) also made splitting into small farms much more difficult. The formerly export-oriented agriculture had lost all former markets. Irrigation systems (necessary in the dry climate) had mostly collapsed and would have needed major investment. Dissolution of agro-industrial

complexes – typical for Bulgaria – meant the closing down of processing industries in the countryside, in turn a loss of local markets for agricultural products and a loss of workplaces. Former managers of agro-industrial operations frequently succeeded in acquiring land, but did not cultivate it and used it just for speculative purposes (Ilieva and Iliev 1995, Ilieva and Schmidt 2001). In consequence rural space in Bulgaria is characterised by a great deal of abandoned land, an extreme distortion in age structure, a high share of subsistence farming, a decline of animal stocks almost to a half (Fig. 4), a decline of crop production to 60% (Knappe and Ratčina 2004, see Fig. 3).

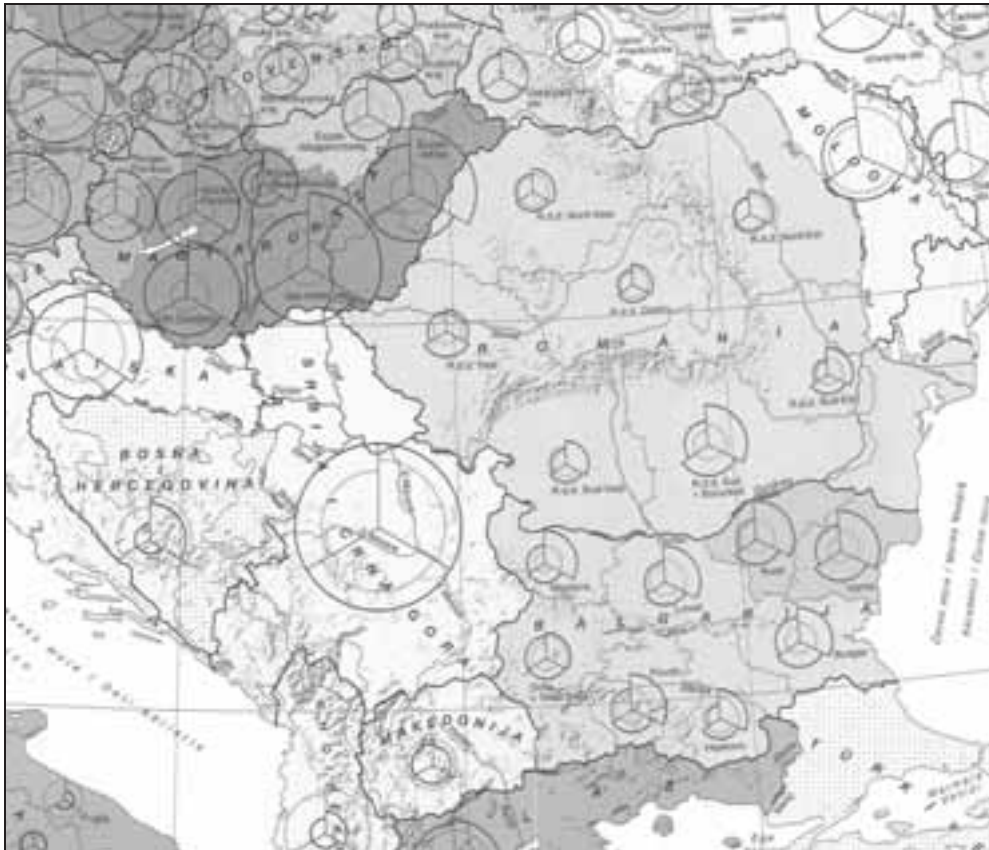


Fig.4: Animal husbandry 1990-2000.

Areal colours indicate milk production per cow in 2000 aus (darkest shade: 6500-7104 kg/cow/year, palest shade: 1405-2500 kg/cow/year). Circle sectors represent livestock in 1990 (right upper sector), 1995 (lower sector) and 2000 (left upper sector), whereby the dark brown circle stands for pigs and the green circle for cattle.

Source: Knappe and Ratčina 2004a.

In Albania [Shipëri], restitution to small farmers occurred as fast (in 1991) and radically as in Romania, but in contrast to Romania much less regulated and almost out of state control. The state was – especially in the first 1990s – not in the position to gain control over the very strong clans and local communities. Workers

of collective farms distributed the land almost as they found it appropriate. Up to the present day considerable legal insecurity exists and even violent quarrels for land ownership are frequent. A very high rural population density due to migration restrictions to cities in Communist times as well as still high fertility rates had resulted in an extreme splitting of land (even more than in Romania): 1.2 ha at the average split into 4-8 plots (Knappe and Ratčina 2004, 23). In contrast to Romania, but similar to Bulgaria, restitution caused a flow of migration to the cities, predominantly to Tirana, the only economically prosperous city, which tripled its population since 1989 (Doka 2005). But agriculture and rural space has still also a social buffer function, more people are active in agriculture than before the fall of Communism (Knappe and Ratčina 2004, see Fig. 1).

3. Conclusion

After the fall of Communism, rural space in Southeast Europe is except for urban hinterlands, tourism regions, areas along major transportation routes and occasionally also western border regions in socio-economic decline. But situations vary by countries and regions. The agriculture of Serbian Voivodina and of Macedonia had to undergo only some changes in tenure to be compatible on the European market, with positive effects on rural space in total. In Serbia proper traditional small-scale private farming has well persisted throughout Communist times and provides a still dense rural population with a reasonable living. In Montenegro the dominance of tourism at the coast had a detrimental effect on the same kind of rural structures in the hinterland. In Bosnia-Hercegovina and Kosovo the war events of 1992-1995 and 1999, respectively, as well as emigration resulted in a lot of abandoned land and in depopulation of rural space.

Where agriculture had predominantly been collectivized during Communism, i.e., in Albania, Bulgaria and Romania, transformation of rural space meant a profound restructuring and the replacement of a large-scale and highly centralized system by small-scale and decentralized structures. Since economic aspects were more or less neglected, this process resulted in heavy economic and social decline frequently accompanied by depopulation.

It is questionable, whether under the auspices of the European Union (all the countries of South East Europe have at least an accession perspective, if they are not already EU members as Bulgaria and Romania) this development can be reverted or at least smoothed down. Having proclaimed the "Lisbon Strategy" in 2000 with the aim of becoming "the most dynamic and competitive knowledge-based economy in the world" and having also adopted the position that the objectives of growth and disparity equalisation were not compatible, the EU objective of macro-economic growth overrules now the equalisation objective. This means that EU structural funding will also in Southeast Europe favour rather the centres than the peripheries. Taking into account that also regional policies of national governments follow the same direction, prospects for rural spaces in Southeast Europe do not look bright.

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Summary

Rural space in the transformation countries of Southeast Europe (in the sense of the countries Bosnia-Herzegovina, Serbia, Montenegro, Macedonia, Albania, Bulgaria and Romania) was already in the Communist era a zone burdened with socio-economic problems, low quality of life and unfavourable economic and demographic development.

After the political turn in 1989/90 and during transformation the situation has almost everywhere become even more critical, except for rural regions with a more intensive tourism and rural areas located along development axes between larger urban centres as well as along borders towards countries in a more prosperous economic situation.

As general reasons for the at least relative, but frequently also absolute and accelerated socio-economic decline of the rural space the following may be mentioned:

- Rural space receives less investment than urban and especially metropolitan regions. This means less innovations and modernisation in the rural space.
- Much in contrast especially to Alpine regions in Austria, Germany, Switzerland, Italy and France, but to rural space in Western Europe in general, rural space in transformation countries receives much less, if any subsidies from European or national sources. Rural economy is therefore almost exclusively determined by market prices and income in agriculture as compared to income in other branches of the economy.
- The agricultural markets of transformation countries were forced to open themselves towards the world market. This resulted in the intrusion of powerful competitors from the EU and from overseas not only in the sector of agricultural production in the narrower sense, but also with foodstuff produced on the basis of agricultural products. Prestigious world trade marks are preferred by consumers and replace domestic offers.
- Due to the fact that restitution to former owners and their heirs has been the main method of post-Communist land reform, the average agricultural enterprise is small and economically weak. Much in contrast to old EU members, also administrative, social and economic supportive structures are missing.
- Migration flows are directed towards better economic prospects. This means in general selective migration from rural to urban space leaving older, less qualified and less active, also politically structure-conservative people behind. This means a decline of market production in favour of subsistence and a further reduction of potentials for innovation.

Where agriculture had to a high extent been collectivised in the Communist period (all countries to at least 85%, except Yugoslavia at only 32%), the administrative centres of large state and collective farms had not only acquired economic, but also educational, health care, social and cultural functions for the rural population. The dissolution of these large enterprises meant also the closing down of these extra-economic functions and very often no adequate replacement by central functions of villages and communes. This contributed to a reduction in quality of life in rural space.