

Agricultural Reform in Slovakia: Changing Institutions and Structure

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1. Historical Setting

Historically, a dual farming structure was typical in Slovakia, by which there were a large number of small peasant farms and at the same time a significant portion of land was held by huge estates – latifundia. Land reforms, which started after WW I, did not significantly change this pattern, nevertheless they managed to reduce the size of large holdings and to upgrade peasant holdings. In 1895, close to 50 per cent of the total land was occupied by holdings larger than 100 hectares (52 per cent of the total number of holdings were peasant farms smaller than 2.9 ha, altogether occupying only 5.8 per cent of the total land). After the first land reform, the share of holdings over 100 hectares diminished to 23.5 per cent of total land.

Just before the beginning of collectivisation, the structure of farms looked as follows:

Table 1

Size distribution of Slovak farms in 1949

	Size in hectares of UAA					
	0,5 ha and less	0,51-2 ha	2,01-5 ha	5,01-10 ha	10,01-20 ha	Over 20 ha
Number of farms	74824	156308	156073	106270	40056	11950
Share (per cent)	13,9	28,6	28,5	19,5	7,3	2,2
Area (per cent)	0,7	6,9	19,5	26,9	17,8	28,2

Source) Vojáček, A.: Development of the Socialist Agriculture in Slovakia (In Slovak). Príroda, Bratislava 1994

After the completion of collectivisation, which started in 1949, a dualist pattern of farming was maintained. Along with large collective farms, very small farms, mostly household plots, survived and produced a significant share of the total agricultural output.

The farm structure at the start of the transition process (1989) was as follows:

Table 2

Farm structure in 1989

Farm type	Average size in hectares	Number
Co-operatives	2667	631
State farms	5186	70
Family farms (1990)	2.6	2437
Household plots	0.31	300000

Source) Ambróziová, M.: Analysis of Structural Changes in Agriculture (in Slovak). Project Report, RIAFE, Bratislava, 1998.

In 1989, co-operatives accounted for a 64 per cent share of total agricultural output, with state farms (public sector) accounting for 21 per cent and family farms and household plots 15 per cent. These figures may better express the importance of private agricultural production under the former system than data on farmed land, especially since household farms often specialised in animal output and other high value added produce (e.g. greenhouse vegetables).

2. Reform of the legal base

The restoration of property rights

After 1989, a new legal base was created in order to re-institute the Slovak farming pattern. Fundamentally, this process was based on privatisation (of state owned farms), the so-called transformation of co-operatives (which meant co-op owned assets were divided into individual property shares and then allotted to co-op members and other eligible persons), and the reinstatement of former owners. During this process, old ownership rights (original or inherited) were restored and new ownership rights were created (e.g. co-op property shares).

Briefly, the following legal acts have coincided with this process:

Act No 403/1990 Digest „On conciliation of some property related injustices“.

Act No 87/1991 Digest „On non-judicial re-habilitations“.

Act No 229/1991 Digest „On conciliation of property rights to land and to other agricultural property“

Act No 330/1991 Digest „On land consolidation, on acquiring title rights to land, on land offices, and on land associations“.

Act No 282/1993 Digest „On conciliation of property injuries imposed on churches and religion communities“.

Act No 427/1990 Digest „On state property transfers on other legal and physical bodies“ (the so-called Small Privatisation Act).

Act No 92/1991 Digest „On requirements for state property transfers to other bodies“ (the so-called Large Privatisation Act)

Act No 42/1991 Digest „On settlement of property rights in co-operatives (the so-called Transformation Act).

The core issue was the settlement of land rights ownership. Due to the fact that in the former Czechoslovakia, also during the communist period, legal titles to land remained untouched, the renewal of property rights had its own specific traits, and was different to what was going on in other post-socialist countries.

When assessing Slovak “land reform“, it is important to distinguish between three separate issues:

restitution

This meant the restoration of full titles for persons (or their descendants), who were deprived of their property during the period 1948 –1989 by administrative or judicial decisions of state. In other words, land that was confiscated by the state during communist rule was subject to restitution. It must be stressed that the issue at stake was land title, and not land use. The restitution procedure was governed by the provisions of Act. No 229/1991. Eligible persons had to submit their claims by 31st December 1992, at the latest. 38,329 claims were submitted by individual people with a further 2,254 from land associations.¹ By the end of 1998 over 80 per cent of claims were settled, representing some 166,407 hectares of land (99,321 hectares of agricultural land and 67,086 hectares of forests). Why has the process been so sluggish and has still not been completed? One factor was that many claimants were unable to produce enough valid

¹ Landed property associations (Urbariate) had been re-established by Law 330/1991. This historical form of community ownership (Gemeinschaftliches Eigentum) used to concern mainly forests and pastures and meadows. Urbariate had been generated in the history. After the abolishment of serfdom (1848), according to regulation of 1853, peasants had been compensated for the loss of utilisation rights against landlords' land they had before by pieces of land, which were given to peasants in the form of shared property. (Source: *Encyklopédia Slovenska VI.*, p.192, SAV Bratislava 1982) In 1949 this community land was attributed to farming co-operatives by law.

proof, such as documents, original title deeds, confiscation decrees, etc. Land associations were especially in trouble, because since they were historical creations the number of co-owners within them ranked in the thousands. Such associations' co-owners do not have title to a specific piece of land, but only to an ideal share, without physical boundaries. Those shares were gradually diminishing with each generation.

In many cases the land could not be returned, because in the meantime it had been used for construction purposes. In such cases compensation, in the form of alternative land or financial compensation was offered. Unfortunately, not every claimant was satisfied with the land they were offered as compensation, making the procedures lengthy.

Land use rights

From the figures shown above, it is obvious that reinstatement was a procedure with limited scope, with regard to the total land acreage involved. The vast majority of landowners had preserved their legal land titles during communism. They were only deprived of the right to use their land, as the legal provisions adopted prioritised collective land use.

This changed after 1990 when all owners became free to use their land in whatever manner they wished, or to lease their land to a different body to that of before. A new law was adopted (Act No 330/1991), which was later much amended, which provided for the settlement of claims of this nature. Since it was extremely difficult to detach a small piece of land from the middle of a large plot (during the previous period the natural boundaries of historical lots had mostly disappeared), in the majority of cases a substitute plot was given to the claimant. Between 1991 and 1998, Land offices, which are responsible for settling such issues, made available for the use of legal owners 39,216 hectares of originally owned land, and 216,906 hectares of substitute land allotments. At the start of the proceedings there was a plan to launch a land consolidation programme, which would bring land use in line with land ownership. This turned out to be a very protracted procedure, and very labour and cost intensive to boot. It progressed at a very slow pace. For this reason, land consolidation has not yet contributed much to the settlement of land use patterns.

Refurbishment of landed property registers

There are thousands of actual land users who cannot present legally approved deeds for

land that they believe they own. Also thousands of lots which are registered in land registers exist, they do not have owners simply because a claim for registration of title has not been submitted yet. This is possible because in the past many descendants neglected the official recording of attained titles in cases of inheritance or for other transactions.

For this reason, since 1991 many attempts have been made to put title registers in order. The most recent legal instrument for this was Act No. 180/1995, which provides a so-called simplified procedure for correcting title registration. It would be too complex to explain the procedure in great detail here. Basically, two types of proceedings have been established: one type is conducted in townships (villages), where the historical register of titles has been preserved, and another in townships where the historical register was lost (destroyed by fire or by other unfortunate events). In the second case, proof must be given (e.g. by witnesses), that the claimants are the authorized holders of the specific piece of land.

Briefly, principles of renewed land ownership rights in particular include:

- Restitution of the original legal structures, i.e., restoration of most of the land ownership rights to the original owners and a quashing of the former free-of-charge and unlimited time land use of privately-owned land by collective farms.
- Setting up simplified procedures for proving ownership rights and their subsequent entry into a land register.
- Establishment of a state information system on immovables (a Land Register).
- Implementation of land consolidation procedures.

The upper limit of restituted land was decided at 150 hectares of agricultural land, and 250 hectares of all other land; however, these limits do not apply to land acquired by other means, e.g., by purchase or through inheritance.

3. Changing farm types

Transformation of co-operatives

This was accomplished following the 42:1992 (Digest) Transformation Act. In December 1992 there were 927 agricultural cooperatives in the Slovak Republic, averaging 1,942 hectares of agricultural land per unit. After the legal transformation procedure was completed on June 1, 1993, the number of co-ops reached 968, on average each being 1,775 hectares. Between 1989 and 1993 the number of co-ops

significantly increased, mainly due to larger units comprising of several villages being split-up, which had been merged in the seventies following official policies.

The core to the transformation of co-operatives can be seen as follows:

All co-op assets (in terms of value) were divided into three groups:

- assets that were subject (or possibly, expected to be subject), to restitution claims, and maybe assets that were used by co-ops without any legal title as well,
- assets, which had been contributed to by the members,
- assets accumulated by the economic activity of the co-op.

All participants of the transformation such as:

- members with property contribution and land title,
 - members without either land or property contribution,
 - absentee owners with land title and property used by cooperatives,
- were entitled to be assigned property shares, the value of which included:
- the absolute value of assets and inventory that contributed to the cooperative,
 - the absolute value of assets successfully claimed in the restitution procedure or of the assets of non-members,
- a share of the co-ops' own property, with respect to:
- acreage of land owned
 - total value of assets under a) and b)
 - number of years worked in the coop.

From the total amount of the co-ops' own assets, which were detailed, in the form of shares, and named, three baskets were divided-up: The first basket (50 per cent of the total assets owned) was distributed among land owners, the second (30 per cent) among non-landed property owners, and the third (20 per cent) among those, who could only prove their labour contribution.

Property shares allotted to individuals could be withdrawn from the coop, if somebody wished to farm privately and not become a member of a transformed cooperative or any other succeeding legal body. In that case, the aforementioned share was considered as a membership deposit. The new transformed cooperatives membership was comprised in principle of their former members, most of whom owned no land. They obtained 'naming' property shares on the basis of their past labour activities in the co-op. A large percentage of 'named' cooperative property - ranging from 3 to 80 per cent of individual

enterprises, and averaging 41 per cent of the whole Slovak Republic - was acquired by non-members. The ratio of land-owning members was 37.8 per cent, and 15.3 per cent for those with only proof of labour participation. More detailed information about the various outcomes of co-op transformation can be seen in Table 3.

Table 3
Transformation of co-operatives - Base information

Number of co-operatives before transformation	946	
Number of farming units after transformation	1009	
From which: co-operatives	988	
joint stock companies	12	
other business companies	9	
Number of authorised persons*	687703	100.0 %
Of which: non members	344625	50.1
Members	343078	49.9
Of which: contributing land and property	135940	19.8
With only labour contribution	207138	30.1
Land area operated by co-operatives before transformation (hectares)	1692047	

Source: Databank of RIAFE

*Data on authorised persons have been calculated from RIAFE survey results.

Approximately 50 per cent of co-operative assets landed in the hands of absentee owners. Most of them were urban dwellers pursuing off-farm professions. The original wording of the transformation act had a provision, that the co-operatives were obliged to dispose of the property shares in kind or in financial terms to their owners, if they were to submit such a claim. The disposal of shares during the seven-year period after transformation (which matured in 1999), had been limited by the condition that the claimant had to start a private farm business. Pursuant to this provision, 3.5 per cent of the total amount of property shares had been withdrawn from co-ops, (according to the Association of Farming Co-operatives - AFC data), until the beginning of 1995. On the other hand, the transformation act provision stated that this condition expired after seven years and that the co-operatives would be obliged to meet any claims regarding withdrawing assets. If this became reality, according to an AFC assessment from 1995, only 40 per cent of nominal claims could be fulfilled, when the actual state of available

co-op owned assets was considered. In any case co-ops would lose their ability to operate.

To avoid such a menace, an amendment (No. 264/1995 Digest) to the Transformation Act was approved by the Parliament, which enabled the conversion of property shares into equity bonds i.e. tradable securities. In this way, co-ops attained certain traits of capital companies, e.g. bond holders, which could cash dividends, but their participation in co-op governance remained limited.

Privatisation of state farms

State enterprises had been privatized following the provisions of the "Large Privatization Act" (Act No. 92/1991 Digest). Breaking them down into smaller, more viable, operational organizational units preceded the privatisation of state farms. For this reason, the number of state farms between 1989 to 1994 continuously increased (from 70 in 1989, to 108 in 1994), along with a stepwise decline in their size (from 5,186 hectares to 3,564 hectares of UAA on average).

Unresolved restitution claims were primarily responsible for the initial slow pace of state farm privatisation, but also frequent alterations to official policies concerning privatisation methods and procedures contributed. By the end of 1995, the privatisation of 23 state farms had been successfully concluded. Several state farms wound-up and filed for bankruptcy. During 1996 and 1997 the pace of privatisation of state farms accelerated. This was largely due to the change of privatisation methods used (direct sales to appointed investors instead of public tenders), and granting significant price discounts to investors. In 1996, the total purchase value of all farms privatised by the Slovak Land Fund in the form of direct sales (27 cases) represented only 20 % of their book value. The same indicator for privatisation cases settled by the National Property Fund (28 cases in 1996, and 42 cases in 1997), accounted for only 17 per cent.² Several state farms had been privatised by converting them into shareholding companies and then selling the shares to investors. By the end of 1998 the privatisation of state farms had been completed (apart from 4 farms ear-marked for closure). The new owners' social background is unknown, but many of them have been recruited from managers of former state farms. The legal form of the new farm businesses, which emerged from

² The entire privatisation process was lacking transparency. Also the fact, that some farms were privatised by the Slovak Land Fund and some other by the National Property Fund contributed to this. No clear criteria existed for the appointment of this or that privatisation agency. Source: *Analysis of the State and Development of Agriculture and Food between 1990 and 1997*. MoA and RIAFE Bratislava, 1999, p. 173-176.

the privatisation process, mostly chosen by the new owners was either a joint stock company or a limited liability company. *The new business entities have prevailingly the legal form of a limited liability or shareholders' company.*

Business companies

Among “post transformation“ business entities the significance of limited liability companies and shareholders companies has been permanently increasing.³ The dynamic evolution of business companies was the most typical feature of the restructuring process in agriculture. As a result of the co-ops' legal transformation, nine limited liability companies and twelve joint stock companies were established at the beginning of 1993. Since then, the number of business companies has continuously increased. 1995 statistical census data listed 98 limited liability companies and 29 joint stock companies. The average acreage of limited liability companies was 650 hectares of farmland, and 1270 hectares⁴ for joint stock companies. The total area operated by these companies represented four and half percent of the country's farmland (but 6.5% of arable land). Their share of total farm output was higher, since many of them specialize in animal production, which, especially in the case of pork and poultry enterprises, does not require a cropping area.

Limited liability companies operate, with a few exceptions, exclusively on rented land (representing 97 per cent of farm land and 98 per cent of arable land⁵). By the end of 1998, business companies already operated over 600,000 hectares of agricultural land (25 per cent of the total), with an average area of 1,154 hectares, and employed over 26,000 people (with co-ops employing 70,000⁶).

Only a few of them are green field establishments, with the majority based on privatised state farm assets and assets from co-operatives. In general, four categories of access to assets can be distinguished:

-Purchase under the terms of state farm privatisation. This mode was not very frequent

³ The entire privatisation process was lacking transparency. Also the fact, that some farms were privatised by the Slovak Land Fund and some other by the National Property Fund contributed to this. No clear criteria existed for the appointment of this or that privatisation agency. Source: *Analysis of the State and Development of Agriculture and Food between 1990 and 1997*. MoA and RIAFE Bratislava, 1999, p. 173-176.

⁴ Figures on land represent information on land use, not land ownership. Business companies mostly rent the land under operation, with some few exceptions of individual owners who prefer to run a business company rather than physical persons' business due to specific (e.g. taxation) reasons.

⁵ Source: *Farm Census 1995*

⁶ Source: *Analysis of the State and Development of Agriculture and Food Sector between 1990 and 1998*. P. 140

until the second half of 1995, due to the slack pace of state farm privatisation in the previous period. At the end of 1995 and later the pace significantly picked up.

-Lease of assets from co-operatives.

-Placement of assets by co-ops into the company as a material equity contribution.

-Withdrawal of assets from the co-ops in compliance with the legal provisions on restitution or on the transformation of co-ops by individuals or groups of individuals.

Business companies' profitability has turned out to be better than that of the co-operatives. They invest more and are more likely to be served bank credit than cooperatives. Aggregate statistical data does not distinguish between specific types of companies. So it may be quite a significant divergence between companies that comprise entirely of former co-operatives and companies based on singled-out assets or production units. The success of the later is obvious, when taking into account that they operate singled-out (mostly efficient) assets, the simplified management incurs lower overhead costs and their labour hiring policy does not need to follow social considerations, as is still the case with co-ops.

Case studies reveal that motivation for co-op managements to switch over to company based farm operations may be different. Strong and well motivated senior managements, who were already in the early stages of social turn-around, revealed that production co-operatives - which operate on principles of functional hierarchies of executive power and hired labour - presented a contradiction to the stated co-operative rules and stated rights of its members. Their assumption that the restoration of property rights would serve to enhance this contradiction - which proved to be true, by the way - led them to try to switch to a business form which would allow for less interference with executive management from the owners governance. We know of a few cases of this type of conversion, which had already taken place before the start of economic reform and transformation. Case studies show that shareholders' companies were targeted by an innovative, successful, partially authoritarian, but productive management, who were strongly motivated to preserve large scale corporate farming. They managed to overcome the particular interests of large owners who had gained power by transformation - if any had occurred - or who enjoyed the benefits of low participation from owners.

Co-operatives with satellite limited liability companies arose as a result of two or three types of motivations:

1. Top management realised that continuing with a centralised management was beyond their capacity, so they attempted to decentralise in order to establish genuine economic interest among middle and bottom level managers. Often was this enforced from the top down, against the will of those involved.

2. The “companisation“ of co-ops was realised as a rescue operation to allow the viable parts of co-op property to survive and continue operating and maintain employment, in a situation of overdue debts, an inability to pay them, and the numerous claims of landowners and property shareholders.

3. Hypothetically, it can be assumed that some co-op managers recognized the opportunity to privatise co-op property, and through advantageous contracts managed to channel it step by step into businesses of their own.

In several cases we have been studying, after a certain period of time the collectives of land and co-op property share owners started to disregard relations between co-ops and tenant companies. They may have started to realise that they had been deceived and an empty shell was being left behind for them. As a matter of fact, contracts established between co-ops and companies have been more disadvantageous for the former, which only became apparent after a certain period of time. Co-op boards' attempts to remedy this situation through court appeals proved unsuccessful.

Individual private farms

Since different options regarding the legal status of private farmers exists, all with different statistical reports, it is extremely difficult to get a precise picture of the exact number of, size and economics of private farmers.⁷

The size distribution of surveyed farmers evidently showed a heterogeneous picture. Approximately two thirds of farms (61.5%) operate 5 hectares of land or less. It is difficult to assess their socio-economic status, but in general it can be assumed they are part-time and subsistence farms, if they specialize in cropping. Nevertheless, they occupy a minority share in the total acreage of individual holdings (approximately

⁷ Individual private have been emerging from 4 sources: - person who were already farmers, (mostly part time, retired person's households. 2) Households that owned and operated land before, but it was not reported officially as „farming“. 3) Those who made restitution claims and started farm operations. 4) Those who had withdrawn their own land from collective farms. For this reason, the number of farmers shown by statistical register must be higher than the number of successful land claimants

7.6%).

Table 4

Individual private farms according to size

Size of holdings in hectares of agricultural land											
		0.01 - 1.01	1.01 - 2.01	2.01 - 5.01	5.01 - 10.01	10.01 - 20.01	20.01 - 50.01	50.01 - 100.1	100.1 - 500.1	500.1 - 1001	1001 plus
Number	7581	1674	1101	1888	1116	861	578	193	145	18	7
of holding											
Share of holdings in %	100	22.1	14.5	24.9	14.7	11.3	7.6	2.6	1.9	0.2	0.1
Share on land in %	100	0.6	1.5	5.5	7.0	10.4	15.8	11.8	23.4	11.3	12.7

Source: Agricultural Census 1995, Statistical Office of the SR. Data relates to 31st December, 1994

Farms operating land between 2 and 5 hectares represent the most frequent (modal) size group. The dominant portion of privately operated land is held by farms of over 50 hectares (59.2%). This field of size distribution is made up of family farms and larger estates resulting from reinstatement and leased farm units formerly run by co-ops. It can be suggested that, in particular, farms of over 100 hectares are based on lease, considering the high proportion of leased land in the total of privately operated holdings.

According to the 1994 Agricultural census, conducted by the Statistical office, individual farmers totaling 7,581 cases operated 5.27 per cent of agricultural land. The average area operated by farmers was 15.1 hectares for agricultural and 11.9 hectares for arable land. The share of owned land amounted to 30% of the agricultural and 34% of the arable area operated. The few farmers who had Commercial Register entries operated 66 hectares of land on average (65 for arable), and reported a high rate of leased land – 85 per cent.⁸

⁸ The Agricultural Census 1994 collected information as of 31 March 1995. Data collection comprised 24,181 reporting units. The register of respondents incorporated two statistical registers: a) The farm

The number of small farms run by rural households is far higher than shown in the 1995 census. Recent surveys indicate about 16,000 operations by people (on individual private farms), farming about 200,000 hectares of land. This represents approximately eight per cent of the total UAA (Data for 1997). A large proportion of these could be classified as subsistence farms.

4. Outcomes of the process

Many of the conclusions presented above were drawn from data dating back to 1994. Unfortunately, the farm censuses have not been updated since. Some estimates, based on surveys organized by MoA and RIAFE in 1999, indicate that in 1998 individual private farmers numbered 16,000 and that the volume of land operated by them was 193,000 hectares. As there is no methodological link between the MoA/ RIAFE survey and the 1995 farm census, this information cannot be used to evaluate structural changes between 1994 and 1998. Other sources of information may well suggest that during this period there was no increase in commercial individual private farming.

Overall structural development during the period 1990-1998 can be shown by using some basic indicators, which have been concentrated into the following two tables:

The first shows the relative importance of individual legal forms of farming in terms of indicators describing the size of operated land and numbers employed, whilst the second makes use of gross agricultural output for the same purpose.

The table's figures are self-explanatory. During the transition process, the share of co-operative farms output, according to each sector, declined by approximately one third. At the end of the observed period state-owned farms only participated in farm output to a negligible extent, while companies managed to raise their share year by year, amounting to a quarter of all output in 1997. Individual private producers managed to attain significant annual increments between 1990 and 1994, but later this development

register (comprising entities of primary agricultural production, b) The register of organisations (from which private farmers had been singled out according to base sector). The Statistical Office included into processing 21,402 farm records. Among them were found:

10,108 entities with operations (47.2%)

311 entities, which started operations only in 1995

837 entities, which have been planning their operations only in the future

1,102 entities that already stopped or were before stopping their operations

10,146 entities without any operations (47.4%)

slowed down.

Table 5
Comparison of the 1990 and the 1998 Farm Structures

		Number	Agricultural land in hectares	Average scale 000	Labour force ^{1/}	Labour per farm	Share on land (per cent)
<i>Co-ops</i>	1990	681	1 691	2 484	242 920	357	69.1
	1998	831	1 315	1 583	69 616	84	53.8
	Change	+150	-376	-901	-173 304	-273	-15.3
State farms	1990	73	371	5 083	43 050	590	15.2
	1998	4	14	3 546	845	211	0.6
	Change	-69	-357	-1 537	-42 205	-379	-14.6
Business companies	1990	0	0	0	0	0	0
	1998	529	611	1 154	26 188	47	25.0
	Change	+529	+611	+1 154	+26 188	+47	+25.0
All farms	1990	754	2 062	2 735	285 970	379	84.3
	1998	1 364	1 940	1 422	96 649	69	79.4
	Change	+610	-122	-1 313	-189 321	-310	-4.9
Index 98/90		180.9	94.1	52.0	33.8	18.2	94.2
Private farmers	1990	2 437	6	2.6	-	-	0.3
	1997	16 909	193	11.4	-	-	7.9
	Change	+14 472	+187	+8.8	-	-	+7.6

Source: Analysis..., Statistical Office (for 1990), MoA-RIAFE survey as of 31. 12. 1998.

Note: Number of employees (permanent workers), 1998 for all farms (incl. with no land).

Table 6
Gross Agricultural Output Breakdown by Farm Types (per cent)

Farm type	1989	1990	1991	1992	1993	1994	1995	1996	1997	97/89	97/90
Co-operative	63,8	63,7	61,7	57,7	55,5	49,8	48,3	46,4	43,6	68,4	68,4
State owned	21,1	21,5	19,0	18,7	17,6	14,4	11,0	6,7	1,6	7,4	7,3
Ltd., PLC	0	0	0	0	0	7,4	12,7	17,1	25,4	-	407,8*
Individ.	15,1	14,8	19,3	23,5	26,9	28,4	28,0	29,9	29,5	194,8	199,4

Private+ household plots

GAO total 100,0 100,0 100,0 100,0 100,0 100,0 100,0 100,0 100,0

*1997/1994

Source: Statistical Office (inofficial estimate)

Several conclusions can be drawn from the development of Slovakian farm structure to date. Neither the restoration of full ownership rights to land or the creation of new ownership rights to agricultural property (dividing co-op property into shares), yielded the emergence of owner operated family farms to a significant extent. Some reasons for this may be that the majority of owners were absentee owners and their property was scattered among a hundred, thousand of them. During the period of collective farming agricultural workers were specialised workers, with no experience of farm management. Also, loan capital was lacking during the entire period of transformation and the profitability of farming was in decline.

Larger landlords, who regained their holdings under the reinstition scheme, established viable farms right at the beginning of transformation. Later, very few new entrants appeared.

Privatisation of state farms resulted in a continuation of large scale farming run by privately owned companies. Co-operatives underwent a process of detaching viable parts of their assets into newly created companies, whilst continuing to farm with the considerably reduced former workforce.

Subsistence farming increased in terms of the volume of operated land and number of holdings. Subsistence farmers used the right to withdraw their land from corporate operations, but most claimed only small plots of land leaving the remainder of their land leased to corporate farms.

The main effects of structural change in Slovak agriculture can be called “companisation“. Also, due to legal changes in 1995, co-ops gained some of the traits of capital companies. (E.g. Capitalisation of outstanding transformation liabilities, withholding the right for holders of those securities to participate in corporate management, extending the option for members to acquire co-op equity bonds along with their membership deposit, etc.)

Restructuring was accompanied by mostly adverse economic conditions, like:

- Little reward for doing business in agriculture due to unfavourable terms of trade,
- Restricted availability of loan capital and liquidity problems,
- Fragmented ownership of land and undeveloped markets for land,
- Highly ineffective laws relating to bankruptcy procedures,
- Growing unemployment in rural areas,
- Comparatively high levels of social dependency of the rural population on joining collective farming as their main source of subsistence.

Earlier suggestions dating back to 1990-1992 (that reassessment of ownership relations would lead to a rapid change in farming structures, i.e. that West-European style family farms would be the prevailing method of farming), have not been confirmed by further developments. Possibly due to the objections raised rather than the actual policies applied, a system of corporate farming with shared ownership of assets and leased land emerged.

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