

Multifunctional farming as one of perspectives in Latvia countryside

M. Kruzmetra
Ass. Prof., Dr. hist.
Latvia University of Agriculture
sala@cs.llu.lv

Abstract: Agricultural census of 2001 shows that at the beginning of XXI century there are 194.1 thousand farms with more than 1 ha land property in Latvia. Most part of farms is small size, low working efficiency and basically they are kind of natural economy. There are only two development possibilities for our rural areas in the described situation: the first is to enlarge farms that are possible to make profit, the second is to change to multifunctional farming.

Key words: farming, multifunctional farming, part time farming

Introduction

Agriculture has been a traditional occupation in Latvia already for many centuries. Even in the thirties of this century 65% of the all state inhabitants lived in the country. 91% of them were agriculturally employed. The situation actually changed in the circumstances of the soviet period, because urbanization was promoted maximally. In 1990 only 31% of all the state inhabitants lived in the country and 55% of them were agriculturally employed.

Regaining of Latvia state independence, rights on private property, including land, brought the idea of rebirth of traditional agriculture on the basis of family farms. In first half of 1992 more than 200000 families brought requirements to regain or to give them rights on having land. Basically two indicators characterize the place of agriculture in the state economics. They are percentage of the employed and part of the common product of the branch. It is important to evaluate the number of the agriculturally employed together with the common product of the agriculture: as bigger the last indicator and comparatively small the number of agriculturally employed, as more developed is the state. During the 90ies these indicators go worse in Latvia - agricultural part within the GNP decreases faster than the percentage of the employed.

Table 1
Agricultural situation in Latvia

Years	% of the employed in the agriculture, hunting and forestry	% of the agriculture, hunting and forestry in the IKP
1995	18,0	9,0
1996	17,8	7,6
1997	18,0	4,9
1998	17,1	3,5
1999	15,3	3,4

Source: Report of the Year of the Agriculture of the Ministry of Agriculture. Riga, June, 2000.

The incomes of the agriculturally employed are also considerably less than in the other branches of economy. By research of CSB in the October , 1999, the average wage in the agriculture, hunting and forestry was 70% from the average in the country. But if we except forestry, were the situation is comparatively better, then the wage per month of the exactly agriculturally employed occurs even lower- only 56% of the average state salary.

Reasons for the agricultural situation

There are both objective and subjective reasons for such an agricultural situation.

Objective reasons, to our mind, are three.

1. Division of the production. There were more than 500 active collective farms during the soviet period here. About 1/3 of those farms worked with bigger or smaller income. Production, especially milk production, in smaller ranges went on at so called family farms(0. 5 ha for family) , too. Latvia could provide quite wide export of cattle-breeding production to other regions of the Soviet Union.

Land and agricultural reform performed the situation: agricultural census of 2001 shows that at the beginning of XXI century there are 194.1 thousand farms with more that 1 ha land property in Latvia. Most part of farms is small size, low working efficiency and basically they are kind of natural economy. Only 9.4% of the farms sell more than 50% of their agricultural production and 23% of the farms in last year gained their main income from agriculture.

Table 2

Grouping of farms by the land area, %

Groups of farms by land property	% of farms by total land area	% of farms by area of agricultural land
1.0 – 20.0 ha	72.6	87.6
20.1 – 50.0 ha	20.2	9.5
50.1 – 100.0 ha	5.3	1.8
100.1 – 500.0 ha	1.8	0.9
500.1 and more	0.1	0.1

Source :Provisional results of agricultural census 2001, Riga, 2002, p. 13.

The calculations made during this period show that only the farms starting from 50 ha agriculturally usable lands(AUL) had pure income, but it was normal in the farms over 100 ha AUL (Latvia agriculture 1998..., 49) .

2. Change of market. Many years sale market of Latvia agricultural production was East. Disintegration of the Soviet Union, forming of independent Latvia state brought change of market of agricultural production. East market was familiar, but unsafe; West market was full and it was a great problem to squeeze in it.

3. Disability of the state to support the agriculture materially. There is hardly to solve dilemma in Latvia- should we support this huge number of farms, the largest part of which work non- effectively , with small work production, or only the part of the

farms that works for the market, increases the production and agricultural perspectives. A part of farms is growing- the data about the land market show it. So in 1999, 202 land owners (families) obtained additional 5868 ha . The land was mostly bought in districts where the most productive lands in Latvia are concentrated. It means that stratification of the peasantry has started on the basis of the new market economics. Exactly Zemgale is admitted to be the main region of the agricultural development in the perspective program of the regional development of Latvia. Farms able to compete within agricultural market of the EU could develop there.

Also two **subjective reasons** influence the agricultural position:

1. The age structure of the employed. Although 82 % of all the employed in agriculture, hunting and forestry are aged 20 to 59, there is higher percentage of employees over 60 than in other branches of economy, correspondingly 13, 8% and 7, 7%. Especially it is in private farms – more than 30 %.

Table 3

Persons employed in agriculture by age group, % of total number

Age groups	All farms	Of which	
		State farms and statutory companies	Private farms
15-29	13.6	11.4	13.7
30-59	56.9	79.8	55.7
60 and more	29.5	8.8	30.6

Source :Provisional results of agricultural census 2001, Riga, 2002, p. 37.

2. Educational level of the employed. Considering movement of the society to knowledge based economy, we have to assume that the rural working forces of Latvia are not ready enough for such economic activities yet because of their low general educational level, that makes difficult possibilities of professional knowledge mastering. There are few people with the higher education among the employed in agriculture, hunting, forestry. More than one third of them are only with primary education or even less.

Table 4.

The educational level of the employed in agriculture, hunting and forestry

Level of education	In the economics at all	Including agriculture, hunting and forestry
Higher	20,6	4,8
Special secondary	25,5	23,9
Technical secondary	13,3	10,5
Secondary	24,0	20,7
Vocational	4,2	5,8
Primary education	10,6	26,9
Less than primary	1,8	7,4

Source: Survey of Occupations Latvia. October, 1999. Statistical bulletin. Riga, 2000.

It is necessary to note that 74 % of the explored farm owners are without special agricultural education (Provisional..., 15)

As far as education is more important factor as age, we have to assume that the quality of the subjective factor is one of the agricultural development hampering factors.

Perspectives of farming in Latvia

There are only two development possibilities for our rural areas in the described situation.

The first is to enlarge farms that are possible to make profit.

The started land market, as already mentioned, witness about forming of such farms. So in 2000 AUL in 5. 0% of farms of local territory of Jaunsvirlauka were enlarged per 50,0 ha, Vircava- even per 8,6 % at average 2,0% in Latvia at all from the common number of the farms. The previous practice shows that they can be farms with wide areas of crops breeding, with sufficient number of cattle, or that are realizing very specific production in small areas. They are usually full time farming units when all adults of the family are full-time employed in the farm. This variant is usually possible when the farmers have high professionalism, good knowledge, readiness to supplement it and wish to go with the spirit of time.

Such farms can consequently take part in the common market of agricultural products in the Europe.

The second is to change to multifunctional farming

It means that, still being a farmer and processing his own land area, the land owner seeks some additional job and salary. Following variants are pointed out in West Europe:

- procesing of the produced agricultural production into cheese, yoghurt, bread etc. in the same farm;
- nonagricultural activities in the farm like tourist entertainment, landscape making, trade;
- possibilities to work some additional paid work within the farm in agriculture or some other field of economics as education, transport etc. (Post J., Terluin I., 1997)

Such farming way was known in Latvia already before World war II when almost 15% of the farmers were connected with additional work beside agricultural activities: 4% gained their main income from agriculture, but to the others , agriculture was just additional occupation. (Ceihners A.,1937) A. Ceihners has called first variant "additional occupation of farmers", but „second- farming as an additional occupation.” Fishing, craft, trade, work at state and local government institutions were the most common additional work for the farmers during this time. But farming was an additional work for teachers, transportation and traffic workers, employees of department of forestry, merchants, craftsmen, persons of free professions, etc. (Ceihners A. , 1973: 73)

Agricultural census of 2001 gives a glance in the p-resent situation of multifunctional farming , although the information is deficient. After the dates of the counting, in the summer of 2001, 12, 3 % of all the farms gained additional income from other

branches of economy. 40, 1 % of state farms and statutory companies and 11, 9 % of private farms had involved in this model. (Provisional..., 38) Country tourism, homecraft, proceeding of agricultural production, forestry and woodworking , as well as taskworks with farm technic were mentioned as the most common variants of the additional work. Unfortunately, according to the published provisional agricultural census data, we still cannot divide the involved in the multifunctional farming into two groups by A. Ceihners. It is also impossible to state number of the farms which owners are working at state or local government institutions mainly or additionally, or are making money on the side mainly as day or season workers at other land owners. We can just assume that the number of such farms is not smaller than included in the agricultural census. Latvia has come closer to European level by currency of this farming model. In the EU states, as research witness, 32% of all the land owners realise part time farming, in Netherlands- up to 80 % and more- in Portugal, Spain, Greece and Italy(Esposti R. , 2000)

There is different attitude observed towards the multifunctional farming as one of perspective variants of Latvia rural regions. It is demonstratively reflected by the view of future specialists of regional development(*). They predicted clear percentage of agricultural farms from 10- 12% to 70- 72% from common number of farms. Only , if there will be 70- 72% of such farms, it is clear that they will be with small area and few cattle in each. Accordingly, they predicted varifying of farming from 90- 88% to 28- 30%.

By the examined variants of multifunctional farming, the future specialists predicted the division of the farms as follows:

Paraagricultural farming	- 32, 7%;
Non traditional farming	- 28, 3%;
Paid job in or within agriculture	- 39, 0%.

To get more information for for analysis and prediction of the process, exploration of multifunctional farms and deepened interviewing of owners and managers of these farms, to get answers on several questions:

1. what does mainly influence(economical or other factors) choice of this farming models;
2. what farmers (age, education, sex, etc.) choose this farming model;
3. does the geographical position of the farm influence the choice of the multifunctional farming model;
4. what new knowledge was necessary for passing to multifunctional farming;
5. what perspective for the multifunctional farming are seen by the farmers that are already realising such model etc.

In present circumstances, several factors preclude faster development of multifunctional farming:

1. Soviet system has left consequences in the thinking of people that it is a task of state or some other institution to supply any land owner with sufficient incomes

* 33 last year students of speciality of Regional Development of Faculty of Economics of LLU are interviewed in April, 2002.

nowadays, too. So people are waiting for activities from the state, but are fence – sitting themselves.

2. The society of the countryside is still widely characterised by traditional view that agriculture is to produce milk, meat, grain, potatoes, sugar- beet, but the rest activities offered by non- traditional view are not to take serious.

3. Innovatives in farms are also limited by actually old age of the people working and living in the farms, especially small farms.

4. Involving into non- tradicional activities is always connected with necessity to adopt new knowledge and skills. Regretfully, as witnessed by investigations of educational level, the activity of the countryside citizens to their knowledge development is insufficient. The less part of the country inhabitants are studying hard, but the most part is passive because of both objective and subjective reasons.

5. Social capital is working insufficiently: - lack of trust to the governmental structures and largely to the surrounding people is observed. That is why co- operation , local credit societies and professional social organizations are developing extremely slowly. As a result, synergy effect is not used for surmounting of difficulties and promoting of development.

The task of the nearest years, basing on the proceeded and supplemented program of rural development, is to reduce these negative expressions and to gain break in the rural development of Latvia.

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