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**Local System and Spatial Change  
– The Case of Bóly in South Transdanubia**

**by  
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## 1 Introduction: change issues

Along with the political, economic and social transition, spatial differentiation processes that are spreading out in Central Europe raise the issue of spatial change's own timetable. Urban polarization process, reactivation of the East-West asymmetry, industrial restructuring and economic depression of rural peripheries, are all parts of a new spatial differentiation process (Hajdú, 1999).<sup>1</sup> Since the beginning of the 1990s, rural areas have experienced massive scale transformation (Gorzalak, 1998). What are the forces at play in the differentiation process and what are the territorial reshaping patterns? Our research project intends to look at the ongoing spatial reorganization in rural areas in three Central European countries, Hungary, Czech Republic and Poland (Maurel, 1998, 2000).<sup>2</sup>

Research began in the early 1990s, based on regularly repeated observation since that date of transformations occurring in selected local communities. Field work studies were designed for data collection. Case studies were selected in order to give an overlook of the structural diversity (cooperatives and state farms). Each observation place was studied in a monograph according to the same methodology (interview guidelines and survey questionnaires) in a comparative approach (Maurel, 1994). Set in their geographical context, these monographs examined both the effects due to a place's integration in a specific national system and the effects proper to that place (given his social history).

The first surveys were carried out in State farms or agricultural cooperatives, involving areas of several thousand hectares and populations in the hundreds. This scale was justified at the time by the strong social integration taken to exist in the basic framework of agrarian collectivism. During the crucial years of land and assets restructuring, the selected observation areas were monitored for their procedures of structural transformation (Maurel, 1992, 1994).<sup>3</sup> As the changes occurred and field surveys were repeated, the choice of the State farm or the collective farm as spatial framework became less meaningful. At the same time, decision-making power was passing from the headquarters of the former collective farms to the offices of the newly elected municipalities. The relevant observation

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<sup>1</sup> HAJDÚ, Z. (ed.) 1999: *Regional Processes and Spatial Structures in Hungary in the 1990's*. Pécs, Centre for Regional Studies.

<sup>2</sup> MAUREL, M.-C. 1998: Decollectivization Paths in Central Europe. Towards Which New Models? – *Eastern European Countryside*. 4. 19–36.

MAUREL, M.-C. 2000: Patterns of Post-Socialist Transformation in the Rural Areas of Central Europe. In HORVÁTH, GY. (ed): *Regions and Cities in the Global World. Essays in Honour of György Enyedi*. Pécs, Centre for Regional Studies. 141–158. p.

<sup>3</sup> MAUREL, M.-C. (dir.) 1992: Les décollectivisations en Europe centrale, tome I. Autopsie d'un mode de production. – *Espace rural*. 30. 270 p.

MAUREL, M.-C. (dir.) 1994: Les décollectivisations en Europe centrale, tome II. Itinéraires de privatisation. – *Espace rural*. 33. 190 p.

unit was changing. On the one hand, the land controlled by the state or collective farms was being divided among enterprises of varying size and type. On the other hand, the common people's councils uniting several villages inherited from the communist era were being split up in Hungary (especially in the South Transdanubian region), where each village wanted to become independent with its own local self-government (Pfeil, 1999).<sup>4</sup> From this point on, our empirical research focused on the new structuring of the local scene by relatively autonomous actors (local political elites, new entrepreneurs, associations, NGO's, etc.) (Kovách, 1998, 2002).<sup>5</sup> Within fifteen years or so, the reference areas changed. Freed from a bureaucratic administration, local communities are resetting their everyday framework of life. It is the main fundamental result of the institutional change brought about by decentralisation.

Empirical data which had been regularly collected from fieldwork are used to assess social and economic changes and to analyse how the spatial forms that shape rural areas are being reworked. These changes occurred in two main steps: dismantling of state and collective structures, and diversification of economic functions and social uses of rural areas. By observing the Post-Socialist transformation at the local level, the study intends to establish a comprehensive understanding of the territorial trajectories.

To describe functional reshaping, we use a method trying to identify the potential for change, local development strategies, and types of economic diversification. Various reshaping pathways may be distinguished according to the type of socio-demographic trend (from growth to decrease) and the degree of specialization or diversification of functions and uses. Some rural areas are moving along a path of integration into the Global World, while others are sliding into socio-economic decay and marginalization. The first type of trajectory concerns economically active, restructuring areas that develop new specializations and host new inhabitants (tourism, leisure, residential). These areas are strongly integrated into society as a whole (both national and European). The small Hungarian town of Bóly illustrates this first type.<sup>6</sup> As agriculture consolidated, economic activity

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<sup>4</sup> PFEIL, E. 1999: Co-operation among local governments as the foundation for regional subdivision. In HAJDÚ, Z. (ed.): *Regional Processes and Spatial Structures in Hungary in the 1990's*. Pécs, Centre for Regional Studies, 1999. 77–98. p.

<sup>5</sup> KOVÁCH, I. – GRANBERG, L. (eds.) 1998: *Actors on the changing European Countryside*. Budapest, Institute for Political Science.

KOVÁCH, I. 2002: Leadership, Local Power and Rural Restructuring in Hungary. In HALFACREE, K. – KOVÁCH, I. – WOODWARD R. (eds): *Leadership and Local Power in European Rural Development*. Aldersot, Ashgate. 91–144. p.

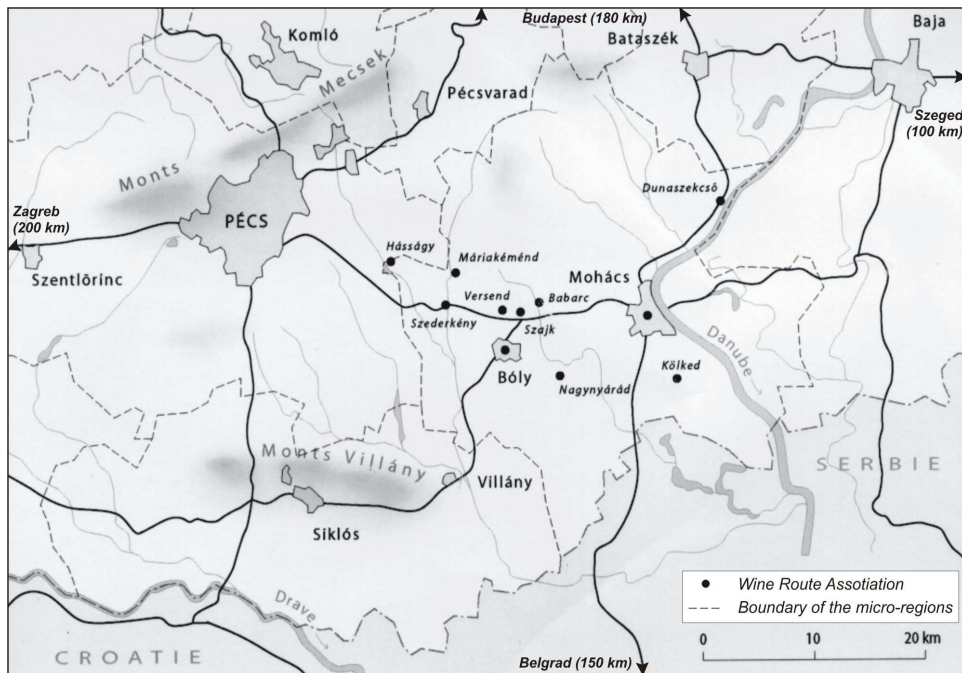
<sup>6</sup> The main results of our research project were presented in MAUREL M.-C. 2006: The Resetting of Rural Areas in Post-Communist Central Europe. *Pécsi Politikai Tanulmányok III*. Pécs, Pécsi Tudományegyetem. 191–204. p.

The field research in Bóly had extended on seven expeditions: in 1991, 1993, 1995, 2002, 2003,

was extensively diversified into industry and tourism based on the local vineyards and countryside. This growth trend corresponds to the local development strategy started off by the new mayor in 1990. In a town with a population of German-speaking Swabians (*Donauschwaben*) and Hungarians, he sought to overcome the divisions between the two communities by making use of local entrepreneurship and attracting foreign investors (especially from Germany). More recently, he has begun to take advantage of the local heritage of landscapes and culture by applying for funds from the European pre-accession programs. The Mohács–Bóly White Wine Route, created in 2000, contributes to the development of tourism. (See figure 1).

Figure 1

*Bóly in Baranya County*



Edited by J.-C. Raynal (EHESS).

2005, 2006. The first two were conducted with the help of Katalin Kovács, the third with the help of Dezső Kovács. The four last expeditions were carried out in close cooperation with Péter Póla.

## 2 Bóly at the dawning of a systemic change

### 2.1 A socio-spatial system representative of the collectivised countryside

The village of Bóly clusters just off the road between the county seat Pécs and the town of Mohács on the Danube. The extensive farmland abruptly gives way to the village buildings. Its houses line the roads that form its structure around the leafy grounds of the former stately home of the Batthyány-Montenuovo family opposite the Baroque Catholic church completed in 1746. The well-kept fronts of the 19th-century Swabian (German settler) houses open directly onto the roadway behind the rainwater gutters. The wealth of the Swabian community that lived in (német)Bóly (German Bóly) before the Second World War still shows in the architectural style, the ochre facades, stucco bordered windows and wide gateways onto inner courtyards (*Kovács*, 1990). The dilapidated state of most of the buildings adds to the nostalgic charm of the settlement centre, troubled only by a few pedestrians and cyclists. Once the shops and offices shut in the early afternoon, the village slips into a torpor that it does not leave until the following morning. On the road to Villány a two-storey modern office block houses the headquarters of Bóly's large agro-industrial kombinat, which owns over 20,000 hectares and controls production units up to 70 km away. Next door, the head office of the farm cooperative in an old peasant's house is more modest. On the edge of the village centre, new housing estates have sprung up, evidence of the relative improvement in the town's living standards. The plots around these new detached houses look like gardens (*hobbykert*). In the older sections of the built-up area (*intravilan*), the small plots around the traditional peasant houses are still highly productive. This food-producing function, a key element in the lifestyle of small farmers, is of great importance, as we saw in our first surveys in autumn 1990. Retirees, cooperative members and state farm employees grow plants and rear animals that provide significant extra income. Near the village centre these small-holdings are scattered among the properties owned by the cooperative, the machine repair shop on a large plot on the road to Töttös, and the Sziebert family's old winery opposite the cemetery and Batthyány-Montenuovo mausoleum. Towards the neighbouring village of Szajk, the old wineries are strung out along hillsides that still bear a few vineyards overlooking the valley of the Versend stream (*Versendi vízfolyás*).

The collective system confiscated all the property of the former land-owning classes, whether aristocrats or peasants, and left its mark on spatial structures, some of which dated from the end of Ottoman occupation in the 18th century. Most of the pre-Communist buildings were integrated into the new spatial structure. This particularly included manor-houses, breeding stables and wineries, confiscated in the late 1940s, which are now state property held by the kombinat.



Local names preserve the trace of this former pattern (Békáspuszta, Sziebertpuszta, Trischler-puszta). The division into large arable fields, the new farm buildings, livestock units and grain processing units left their mark on the countryside. Before the system changed, all these properties were the pride of the kombinat directors and cooperative officials. In a region of exceptionally rich farmland, the countryside was the perfect expression of Communist agriculture on the grand scale.

Bóly is the largest settlement in the region (3,500 inhabitants) and houses the offices of the joint council that since 1973 has administered the villages of Töttös (500), Nagybudmér (160), Borjád (400), Pócsa (180), and Kisbudmér (130). At the start of the 1990s, Bóly presented the image of a relatively egalitarian society of workers and smallholders enjoying a fair standard of living. Most of the villagers worked for local farm companies or in retail and public services (post office, school, surgery, disabled orphans' home). Some worked in the county town Pécs, which offered a wider range of jobs.

## **2.2 Post-war shocks and the shift to collectivisation**

### **2.2.1 *Disappearance of the peasantry***

Beneath this pleasant picture lie the just discernible traces of a cruel past. The Baranya region was repopulated by German settlers after the end of Ottoman occupation and possesses a multicultural profile. The main minorities were Germans, Croats and Roma. The proportions varied from place to place. Some villages were seen as German by local people. The Germans were expelled in September 1946 and returned a while later.

The descendants of the German settlers established in the 18th century formed a hierarchical society speaking a Swabian dialect, Catholic, and highly structured by social organisations (guilds, age cohorts and sex). Craftsmen and rich farmers were the upper stratum, living in petty bourgeois style. The values of work, frugality and authority that governed the ethos of the German community affected all social relations. A number of tragic events put an end to this form of social organisation in the years following the Second World War. In the early 1990s, no one would volunteer the facts. Once confidences were exchanged, there emerged the history of local society comprising different ethnic groups: Swabian families expelled on 3 September; "Slovak" families displaced from Upper Hungary (villages of Negyed and Csallóköz) arriving on 17 September and housed in the Swabian peasants' empty homes. The expulsion of the Swabian peasants<sup>7</sup> and the

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<sup>7</sup> Some never left. In the village of Liptód, for example, far from the main roads, the German families hid in the surrounding woods for a few months.

confiscation of their property and land was the first stage in a process leading to the complete destruction of the peasantry and its way of farming in two waves of collectivisation at the start and end of the 1950s. The entire period was marked by sharp labour disputes fomented by agrarian reform and collectivisation at the initiative of the Communist Party. In twenty years, social structures and the peasant way of farming were completely overthrown. This destruction led to a waste of resources, know-how and skills that the farm sector took a long time to recover from.

In Bóly and the neighbouring village of Töttös, the first farm cooperatives were established in the autumn of 1949 at the initiative of social groups from a proletarian background.<sup>8</sup> Most of these cooperatives were Hungarian. The farms were given land that had been nationalised (particularly property confiscated from the German-speaking peasant families refused residence permits in 1946–47). When some of the Swabian peasants returned in 1949–52, they joined one of the two cooperatives, *Árpád*, which had merged with *Haladás* to form *Kossuth* cooperative. In 1951, another cooperative, called *Rákóczi*, was formed by peasants from the village of Csallóköz in Upper Hungary (present-day Slovakia). The history of these early cooperatives was marked by purges carried out to eliminate the better-educated peasant elites (known as kulaks), and the effects of the October 1956 uprising, which caused some of their members to withdraw. The final phase of collectivisation in 1959–62 saw the merger of the *Kossuth* and *Rákóczi* cooperatives in 1961, and in 1965 it joined the Töttös cooperative. By that time, the cooperative had just over five hundred members and covered 2,500 hectares.

The key features of this chaotic collectivisation process were the violence of social conflict, the desire to expropriate or even eliminate the peasant elites and the exacerbation of ethnic divisions as a result of population displacement. The economic and social patterns of pre-war peasant society disappeared. The holdings of the *Kossuth* cooperative of Bóly and Töttös are made up of former peasant land. During the 1960s, land consolidation gradually removed all traces of the earlier peasant holdings.

### 2.2.2 *From noble estates to state property*

Alongside the land farmed by peasant communities, after the end of Ottoman occupation the Austrian imperial authorities granted extensive estates to aristocratic families. After the Second World War, the largest landowner in this region was Archduke Albrecht of Habsburg, who owned the Károlymajor *majorat* (entailed estate), managed from Sátorhely, some ten kilometres from Bóly, with an area of 10,293 hectares. Archduke Frigyes owned 460 hectares at Ormánypuszta,

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<sup>8</sup> The first cooperatives were called *Árpád* and *Haladás* in Bóly, and *Szabadság* in Töttös.

the bishopric of Pécs held 2,170 hectares, the Batthyány-Montenuovo estate covered 632 hectares, and the Zsolnay-Mattyasovszky property at Bár 115 hectares. All these estates had introduced farming methods that were highly productive for the time. Under the agrarian reform pushed through after 1945, this land was confiscated and used for the first state farms. At that time, “state reserve fund” property comprised land that large landowners were not allowed to keep (above a 115-ha threshold) and land confiscated from other types of owner (Swabian families expelled in 1946–47, and, later, land transferred to the state by peasants unable to keep up compulsory crop deliveries). After a period of confusion following the agrarian reform, the Bóly state farm was created in 1949 on an area of 3,000 hectares, two-thirds from peasant holdings, and one-third from the Montenuovo estate (632 ha) and land confiscated from two rich Swabian families (Sziebert 287 ha, Müller 172 ha). From 1949 to 1956, the holdings of the state farm were reorganised several times. In 1957, the farms in Bár, Babarc and Bóly merged to form an area of approximately 6,322 hectares; in 1961, those in Sátorhely, Károlymajor (Kislippó) and Ormánypusztá joined them to form a farming area of 13,800 hectares, with the addition a year later of the state stud farm at Békáspusztá (466 ha), and the experimental farm of the Mohács agricultural technical school (575 ha). In 1977, the state farm became the Bóly kombinat. Just before the next set of changes in 1991, the kombinat comprised a dozen production units including six farms, livestock production units, farm produce processing plants and harbour installations at Mohács on the Danube. With over 2,000 staff, the kombinat was the largest employer in the region. It was considered to be the national agricultural champion and was top of the list of most productive kombinats in Hungary.

### 3 Initial changes after 1989

The first changes came as part of the general transformation of the system. Reform involved the creation of democratic institutions, the shift to market regulation of the economy and the restoration of private property. The disappearance of the Communist regime meant a radical change in the political system. Reform of local administration in 1990 introduced the principles of the Western institutional model, based on political democracy and local autonomy (Pálné Kovács, 1999).<sup>9</sup> This replaced a unified system of public administration that held the monopoly of state property and financial monopoly of the budget. The change caused a reshaping of the system of local action and a new structuring of the political scene.

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<sup>9</sup> PÁLNÉ KOVÁCS ILONA 1999: Regional development and local government in Hungary. Hajdú, Z. (ed.): *Regional Processes and Spatial Structures in Hungary in the 1990's*. Pécs, Centre for Regional Studies. 53–76. p.

### 3.1 New municipal management

Let us follow the stages of change in the local system of Bóly. Fairly rapidly, following the municipal elections in the autumn of 1990, power changed hands. The local political scene was reorganised, older political and social forces re-emerged and new parties were created.

For some years there had been increasing signs of forthcoming changes. The system of plural candidacies introduced in 1985 had allowed a non-Communist to become council chairman. At that time a new association was founded by a small group of young engineers and technical staff from the state farm. Originally there had been a movement to defend urban heritage, which spread to villages, and Bóly was one of the first to form this type of association. Its name, *Községvédő*, means “community defender”. Its leaders developed an alternative way of thinking. They formed a sort of free-market opposition with quite separate preferences from another association, *Kolping Család*, which was more Catholic and traditional.<sup>10</sup>

In addition to these associations, which each put up a candidate for the local elections in the autumn of 1990, there were three political parties standing for office. The Smallholders’ Party, the reconstitution of an older party, put up three candidates, the Alliance of Free Democrats another three and the Democratic Forum two. A large number of other candidates had the combined support of more than one association or party, up to four, as in the case of the candidate standing for mayor, who was supported by the Alliance of Free Democrats, the Smallholders’ Party and the two associations. Of the twelve members elected to the town council, two had stood as independents, and a third on behalf of the German-speaking minority. In practice, voting was highly personalised, and candidates’ name-recognition counted for more than their political affiliations. Some representatives of the local intelligentsia, close to the previous authorities without having belonged to the Communist Party, made a point of standing for office. The new council members were relatively young educated people open to entrepreneurship and occupying enviable social positions in the town. They included four doctors, two teachers, the bank manager, three engineers and two technical staff. This enlightened elite reflected the structure of local groups and the most important institutions. A new leader, formerly an employee at the kombinat, with a reputation as an opponent of the old regime, became mayor in the autumn of 1990.

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<sup>10</sup> In the late 19th century, the *Kolpingwerk* charity was based in Augsburg, Germany. It worked with young apprentices and the Hungarian branch was founded in 1889. It was active during the inter-war period, suspended in 1946 and only re-established in 1990 after the regime change.

In May 1991, the new mayor agreed to an interview in which we learnt about his previous career, his political views and his vision of local society. He was born to a mixed German-Hungarian family in the village of Szajk. After qualifying as an engineer, he moved to Bóly and built a house. As a member of *Községvédő* he was politically passive, “a way of expressing [his] disagreement” with the regime, as he put it. He said that he did not belong to any party: “I am not a politician”. He explained how he saw the management of local affairs and his priorities: the primary school, wastewater treatment in the unconnected part of the town, help for older people. The long list of tasks undertaken by the municipality included health services, street lighting, parks, the cemetery and roads. The young mayor was not short of projects but pointed out his constraints: insufficient resources and the lack of financial independence.

During the interview he returned several times to ethnic issues to declare his determination to overcome ethnic differences and any emergence of conflict between different sections of local society. As he saw it, Swabians were in the majority even if many of them said that they are Hungarian, and Hungarians were a *de facto* national minority. Aware of these identity problems, especially the risk of backlash after decades when these matters were taboo, he intended to avoid any revival of the “old traditions”, an implicit reference to the social organisations there had been during the inter-war period. From various hints, we understood that he distrusted the power games associated with *Kolping Család*. He was more interested in another cultural activity, the choir, which had over 80 members and a tradition going back centuries. Choral activities might act to bind the local community together.

Local government now had the task of coordinating and integrating citizens’ action within the legislative framework defining its responsibilities. Local elected officials, social organisations and new entrepreneurs had greater autonomy than before. These local stakeholders were going through a collective learning process in new ways of managing local affairs and raising resources. The whole local system was changing shape. With the introduction of local autonomy, the centres of power had shifted away from the farm kombinat and agricultural production cooperative, which now only had productive functions.<sup>11</sup> As the town’s main employers and providers of public services, the two agricultural units were faced with the challenge of decollectivisation.

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<sup>11</sup> From the start of the 1990s, the kombinat and the cooperative, which had always made a major contribution to the local council’s development programmes, cut back on the services it had previously given free of charge.

### 3.2 Minimal decollectivisation

With the shift to a market economy, the way in which economic and social activities were regulated underwent a complete change. Privatisation, i.e. the establishment of property rights over all assets, applied in agriculture to land and production equipment. It caused an overhaul of the old collectivist structures (state farms, cooperatives) and of social relations within them (Kovács, 1998).

#### 3.2.1 Re-appropriation of land

A prerequisite for adopting the arrangements to reform the cooperatives and privatise the farms was to re-establish property rights over the land. In the vast majority of cooperatives, cooperative members had remained the formal owners of their land, even if they lost the right to use it. The case of former landowners whose land had been confiscated or taken from them when they left the collective farm was a harder one. It took three “compensation” laws.<sup>12</sup> The legislature opted for a compensation of confiscated property that enabled it to be voluntarily re-appropriated by the former owners. Part of the land belonging to the cooperatives as their joint estate could be auctioned off. Only the holders of compensation vouchers could bid in the auctions.<sup>13</sup> On the basis of information collected by the Compensation Office and transmitted to them, cooperatives were obliged to divide up their land and decide what area would be put up for sale, not exceeding 50% of the joint estate.<sup>14</sup> Since the state was also due to sell off part of its land, state farms were required to follow the same division procedure. In the Bóly area, the compensation procedure particularly concerned the former German-speaking landowners expropriated when they were expelled in 1946–47. Because of the delay in passing the second compensation law, they were only able to apply in the summer of 1992, one year after the first claims were filed at the Compensation Office and used to indicate to cooperatives the total of land claims.<sup>15</sup> In this specific situation, the cooperative and the kombinat divided up their land in the winter of 1992. The total valuation of the cooperative’s land was 92,100 Gold

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<sup>12</sup> The first, passed in June 1991, provided for the compensation of the former landowners deprived of their property by the Communist regime after 8 June 1949. The second, passed in March 1992, extended this to those who had suffered material loss at the hands of the Hungarian government between 1 May 1939 and 8 June 1949. The third concerned the victims of political persecution.

<sup>13</sup> In addition to the former landowners, local residents and cooperative members could bid if they had vouchers (which could be bought from their original holders).

<sup>14</sup> At the *Kossuth* cooperative, the joint estate was made up of compulsory purchases from former cooperative members or their heirs (1,160 ha) and land transferred by the state (350 ha).

<sup>15</sup> These claims, filed in the spring of 1992, could only be used for the last auctions in 1993, when the supply of land available was already reduced.

Crowns.<sup>16</sup> Of this total, some land, valued at 35,503 Gold Crowns (38%) had remained the property of the members, but most of these members had joined the cooperative after being expropriated. The cooperative reserved 8,444 Gold Crowns' worth (9.1%) for its employees and landless members and only 5,913 Gold Crowns (6.4%) for the compensation fund. The rest, 42,238 Gold Crowns (45.8%), was available to be shared among members on the basis of their "business shares" (i.e. non-land assets). At the kombinat, compensation claims were eligible for approximately 4,800 hectares valued at 104,000 Gold Crowns (one-fifth of the kombinat area) scattered among 46 villages, and the rest remained state property.

### 3.2.2 *A neo-collective farm*

The reform of the cooperative farm took place under arrangements laid down in the laws passed in January 1992 providing for the "personalisation" of assets, modification of structures, voting for new by-laws, and the appointment of managers for the reformed cooperative. The Bóly cooperative, with an area of 2,489 hectares, was traditional in its organisation and production mix of cereals, fodder, cattle and pigs; its conversion was representative of the Hungarian collective sector. When the management consulted the cooperative members in October 1991, those who were resistant to the changes opted massively for maintaining collective farming (241 out of 448). As on all collective farms, the cooperative divided up the land and then allocated "business shares" by name. On 29 April 1992, a general meeting of members was held to decide on the criteria for adapting the way of sharing the non-land assets among those eligible. Most (57.2%) of those present were retirees, and the meeting opted to give most weight to length of membership and working life. Following the share allocation, 42.8% of shares were held by 270 retired members, 36.2% by 176 members and 21% dispersed among 248 former members and their heirs. Once the by-laws were changed, 120 working members and 250 retirees renewed their membership. The cooperative now rented the land from its members and other smallholders for a land rent. The area farmed fell to 1,970 hectares and the farm sold two-thirds of its livestock. The cooperative's business and financial position became critical,<sup>17</sup> and new management was needed. The new managing director, an agronomist, attempted to rectify the financial management (repaid the debts) and succeeded the following year. The production mix remained virtually the same, and the cooperative merely

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<sup>16</sup> The Gold Crown [*aranykorona*] is a traditional measurement that expresses both the area and fertility of land.

<sup>17</sup> Operating losses and debt came to half the book value of the assets.

sold off its machine repair shop. It could barely afford any investment in changing strategy.

### **3.2.3 Continuation of the agricultural kombinat**

Because of its crucial importance for the production of high-quality seeds, the kombinat escaped from the decision to privatise state farms.<sup>18</sup> This did not prevent it having to reform its structures on the basis of a business plan submitted to the Ministry of Agriculture in April 1992. The management team was kept on.<sup>19</sup> The kombinat was reorganised as a joint-stock company, Bóly Co., whose majority shareholder was the State Holding Company (ÁV, later ÁPV) set up in October 1992, which held 90% of the capital. In 1991, a small amount of the capital (7.5% of asset book value) had already been distributed to the employees as shares according to seniority and salary. A small number of free shares were allocated to local self-governments. The kombinat began to refocus its business on seed production, and sell off some of its units (machine repair, abattoir) and most of its housing.<sup>20</sup>

The two main farm production structures came through the initial phase of de-collectivisation unscathed at the cost of minor adjustments to the structure of their production assets and by-laws. The size of their land holdings, their business potential and the “social relations of production” remained untouched. Both managements opted to keep virtually identical structures. In practice, the two enterprises entered the restructuring phase without having undergone any essential changes in their social relations of production. At both of them there was a strong social consensus to preserve vested interests and employment. At neither the cooperative nor the kombinat did anyone surveyed at that time express a preference for returning to the peasant farming model<sup>21</sup> (Maurel, 1994).

On the basis of the changes made in 1992, the kombinat and cooperative pursued the same course without major changes for over ten years. Their relative importance in the economic life of the local community tended however to decline as new businesses set up and helped to diversify employment. In the early years after 2000, a second wave of reform swept over the former structures of collectivised farming.

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<sup>18</sup> Of the 120 state farms, the state decided to maintain a controlling interest in 24.

<sup>19</sup> The director, J.K., remained at his post until his retirement in 1998.

<sup>20</sup> Interview at the kombinat head office on 13 May 1992.

<sup>21</sup> See the results of our inquiries made in 1992. MAUREL M.-C. (1994), *La transition post-collectiviste. Mutations agraires en Europe centrale*. Paris, L'Harmattan, coll. Pays de l'Est, 366 p.



## 4 New economic and social trends as globalisation looms

### 4.1 Privatisation of the kombinat

The major turning point came in 2003–2004, when the government decided to privatise the last state farms. A brief overview may be given of the situation just before privatisation.<sup>22</sup> Now an agricultural and commercial company (Bóly Co.), the kombinat still had almost the same area, just under 20,000 hectares of excellent farmland suitable for wheat, maize, soya beans, peas and sugar beet. The land was rented from the state (12,500 ha) and on five-year leases from private landowners. To maintain such a large landholding, the company had to evade the legal requirements that prohibited a joint-stock company from renting more than 2,500 hectares by creating a number of wholly-owned limited liability companies (Ltd.). Part of the crops was used for seed production (Törökdomb unit), which remained the main business. One-quarter of this tonnage was exported (to Japan and other European countries). Another part was processed as concentrated cattle fodder. Investment doubled the kombinat's processing capacity. Livestock presented greater difficulties. The capacity of the Sátorhely dairy-breeding complex was increased from 2,200 to 2,700 head of Holstein-Frisian. Its production barely turned a profit. The pig section, with a capacity of 2,300 sows, did better. One of the two huge pig units, at Újmajor, was renovated. The poultry factory farm at Bár was in a poor situation. Horse breeding (an aristocratic heritage of pre-war days) made the reputation of the Békáspuszta stud farm and racecourse. Bóly Co. also managed 34,000 hectares of hunting grounds between the rivers Danube and Drava. The harbour storage, processing and shipping installations on the Danube at Mohács also belonged to this agro-industrial complex, marked by its vertical integration. Each production branch now had profitability as an imperative, and the profits from seed production could no longer be counted on to make up for the losses in other areas. There was talk of selling off the engineering services workshop.<sup>23</sup> Labour productivity required a stricter management of the labour force. Employment was gradually reduced by not replacing retiring staff (1,620 employees in May 2002, 1,540 in September 2003), but that was not enough.

In 2003, a new director, P.V., took over. He was an agronomist who had worked for over twenty-five years at the kombinat and had belonged to the management team since the late 1980s. In September 2003, his anxiety for the company's future was perceptible. He said that both the purchase of the kombinat by its staff and the arrival of a foreign investor were equally likely. The decision was a political one, to be taken by the government. The director considered that "agri-

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<sup>22</sup> Interview with the new director, P.V., at the kombinat head office on 11 September 2003.

<sup>23</sup> It was sold in the summer of 2005.

culture is at the heart of rural development and management of the environment and countryside”. This attitude was well received by regional stakeholders, the county council and fifty or so municipalities involved. A year later, the kombinat was privatised and transferred to the management and staff, following an extremely complex financial arrangement that it is difficult to shed full light on.<sup>24</sup> The capital of the agro-industrial enterprise is now held by local shareholders (managers, employees, integrated agricultural partners) and Hungarian financial investors. The kombinat has escaped control by foreign investors. The director now talks in terms of the free market. Staff has been cut by one-third and salary levels are no longer subject to the controls that restrict the public sector. A handful of managers appear to have succeeded in keeping the enterprise alive at the cost of adaptation (labour downsizing, divestment of loss-making units, abandonment of welfare activities, etc.). At the end of 2005, this careful financial arrangement was threatened by the main financial investor, who took control of the capital.

#### **4.2 Survival of the reformed cooperative**

In 1999, the former cooperative adopted the legal status of a joint-stock company (Rt). The chairman explained that the political risk to cooperatives had forced him to restructure the capital to ensure the continuity of the estate. Company law offered more guarantees, since it also concerned other sectors of the economy. The cooperative at that time had approximately 300 members and the concentration of “business shares” was limited. As part of the legal process, a few outside landowners joined Bóly-Töttös Co., and 60 to 70 former members sold their shares. At present there are approximately 300 members.

Since the 1992 reform, the cooperative’s area has stayed the same, 1,900 hectares of land rented from 700 landowners who are paid a land rent. Bóly-Töttös Co. only owns 23 hectares. The production mix has hardly changed. Plant production is mainly seeds, maize and oilseed rape (for cattle fattening). The cooperative works with the kombinat to produce seeds and soya-beans, but it also trying to develop its own processing capacity. Livestock farming specialises in pigs (capacity enlargement at Töttös pig farm), and dairy farming has been dropped. The former cooperative vineyard has been sold and is now entirely private property. The cooperative is barely profitable. The land rent paid to the owners is a heavy imposition and it is hard to pay dividends to the shareholders. The management prefers to invest in modernisation (pig farm, seed processing unit, new machinery). The cooperative employed 77 people in 2005, a reduction

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<sup>24</sup> Interview with the director at the kombinat head office on 22 September 2005.

of 48 since 1994. As the years pass and the chances of improving performance recede, the director is under no illusions.

### **4.3 Industrial developments by foreign investors**

Recognition of the principle of free enterprise and the opening up to foreign investors have given an impetus to the creation of small and medium-sized enterprises. The arrival of new businesses has occurred as the local economy has opened up to the international world with industrial developments by foreign investors. From 1993 to 1995, three companies set up in the new business park (*Ipari park*) just outside Bóly on the road to Töttös. An industrial estate created by the Bóly council together with the neighbouring villages of Szajk and Versend, covers 20 hectares in Szajk (bordering on Versend) and 31 hectares in Bóly. Local government paid for the infrastructure, made professional grants and offered lower taxes for the first four years. In 2002, business turnover tax accounted for 15% of local budget resources in Bóly and approximately 8% in Szajk. In Bóly, the new companies have created 600 jobs, absorbing almost all local unemployment. The main businesses include :

- construction of modern technology industrial buildings (Italian and Hungarian capital, 130 jobs);
- manufacture of power window mechanisms for the German automotive industry (German-Hungarian capital, 400 jobs);
- stove assembly (German-Hungarian capital, 80 jobs);
- motorcycle assembly (Hungarian capital, 40 jobs).

Interviews with factory managers revealed the factors behind the choice of site. In three cases, the initiative came from German investors who had adopted a strategy of outsourcing their manufacturing to areas with lower labour costs. The presence of a Swabian minority was a determining factor. The use of the German language and the working ethos of the German-speaking minority were mentioned by the factory managers. Furthermore, this potential in skills is made more effective by relationship factors. Contacts going back some years had been established between the German entrepreneurial community and the project sponsors. The parent company, based in Germany, provided some or even all of the start capital, trained managers and retained technological control over manufacturing. These companies are classed as small and medium-sized enterprises, began modestly and gradually raised their production volumes and number of staff. The local factories operate as subcontracting units receiving orders, raw materials or components from the parent company and shipping finished or semi-finished products after assembly.

Most of these factories enjoyed particularly favourable installation conditions granted by the Bóly and Szajk councils, namely the offer of developed plots in newly laid out industrial estates and start-up tax exemptions. Most of them have modern premises with efficient equipment. The availability of local labour is the main competitive advantage over the German labour market. Workers are bussed in from neighbouring villages and accept the constraints of shift work for average monthly salaries of 80,000 forints in 2005 (approximately €320, one-fifth of the rate in Germany).

The Bóly region has been relatively successful in positioning itself in the competitive process following the opening up of the Hungarian market to foreign investors. Local society appears to be able to meet the challenges of globalisation by using specific skills and the presence of a labour force prepared to integrate into production chains managed from outside that for cultural reasons are not perceived as totally foreign.

#### **4.4 Rebirth of the vineyards**

Winegrowing, traditional in this region, was significantly reduced during the collectivist period. In 1987, the cooperative cultivated 58 hectares of vineyard on an industrial basis. It had a capacity of 450,000 litres in a winery that once belonged to the Szieberts, a rich Swabian family. The plots allocated to cooperative members as side businesses (officially “auxiliary economy”) and those that still belonged to individuals, in all just over 20 hectares, were cultivated by individual winegrowers. They delivered some of their grapes to the cooperative, which marketed the wine under an agreement with the Villány state kombinat. After 1989, the cooperative began to transfer the cultivation of its vineyards to the small winegrowers, first under a sharecropping lease arrangement (22 ha in 1989), and then by distributing the vineyards among its members. With the loss of markets in the former Soviet bloc, sales collapsed and the cooperative sold off its winegrowing business.

In Bóly and neighbouring villages (Versend, Szajk, Nagynyárád, Babarc, etc.) the vineyards cover the well-drained hillsides and ridges. The wineries that remained the property of residents are located in a district hard to reach along steep narrow lanes. Most of the winegrowers cultivate their vineyard as a leisure activity (*hobbykert*)<sup>25</sup> and the wine harvest is a time when extended families and neighbours help each other out. Vines and wine are a major feature of country life, a form of sociability that collectivisation did not stamp out. During the 1990s, a handful of small winegrowers attempted to relaunch the business as a main or secondary source of income. They are now supported in this diversification by the White Wine Route Association, founded by the mayor of Bóly, him-

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<sup>25</sup> There are said to be some 400 hobby winegrowers along the white wine route.

self a winegrower. These winegrowers' income comes from a mix of sources that depend on the size of the vineyard (from a handful to over twenty hectares), type of production (craft or professional), markets (local, national or European), and the presence of local tourist accommodation.

To help the winegrowers promote the sale of their wines, the mayor of Bóly founded the White Wine Route Association in April 2000 with 13 municipalities and 80 private members, a viticultural centre (with an elected wine authority for quality control), winegrowers,<sup>26</sup> and hotel and restaurant owners<sup>27</sup>. The idea came from the Villány wine route, which began in 1994. The European PHARE programme was interested in developing a partnership with a chain of wine routes in Transdanubia. The four existing associations in the region cooperate. The aim is to contribute to tourist development, and a brochure for tourists has been produced with an explicit acknowledgement of PHARE financing.<sup>28</sup> A house of wine with a tasting cellar receives visitors in the Bóly museum building in the town centre. The association covers 700 hectares of vineyards. Its chairman is the mayor of Bóly, a winegrower who cultivates 17 hectares. The White Wine Route Association employs a publicity manager who attends wine shows and arranges festive events, such as the "white wine, white roast meat" festival held every year in the *Bóly park*. This winegrowing region is not yet very well known in Hungary and needs to be promoted at wine industry fairs. But the association has few resources, its members' subscriptions are small and it has few assets of its own.

#### 4.5 Enterprising local self-government

The municipality has pursued an active infrastructure policy, from its own resources and with specific subsidies. The budget for 2002 was 900 million forints. Half its income comes from state grants and 15% from local taxes. To that is added the income from municipal property. Expenditure comprises salaries (363 million forints) and the operating costs of local institutions (166 million forints). Grants and welfare aid are given to cultural and civil associations, the church and apprentice workshops. In 2003, the proportion of own resources rose (52%) and compulsory state grants were reduced. Various infrastructure projects have been completed in the last ten years: mains drainage (with two other villages), internet connection, and road maintenance. Housing and public facilities have been

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<sup>26</sup> For winegrowers cultivating small vineyards returned after the privatisation of collectivised land, wine is only a secondary source of income. They lack the capital and technology.

<sup>27</sup> The wine route has 81 members: 14 municipalities, 4 winegrowers' unions, 26 quality winegrowers, 13 hotel-restaurants, a hunting association, and German-Hungarian and Austrian-Hungarian friendship associations.

<sup>28</sup> There is a district in the town with over 400 wineries. Many have been turned into second homes and are occupied by German tourists.

erected that contribute to the town's new attractiveness. Properties have been converted into flats for young couples with a grant from a state-financed social housing programme.

Grants from the European PHARE and SAPARD programmes have been used to renovate the school and dentist's surgery. The old parish mill is being converted, with a shop on the ground floor and rooms for civil organisations and welfare activities (such as professional training) on the upper floors. The town park has been renovated, trees planted and pavements laid out along the streets. A rainwater drainage system has been built and car parking spaces have been built over the old ditches. Two new streets have been connected to mains services. The new building plots have been bought by young couples and newcomers from the surrounding villages. The roads to the winery district have been surfaced.

The municipality is also concerned about the conservation of the environment. The wastewater treatment issue has been solved by building a plant with a capacity of 4,000 tonnes per year. An application has been made for cofinancing for an animal carcase-processing unit to produce odour-free compost. Bóly intends to build a biogas factory (capacity 7MW) at Lajos-major. Geothermal power has not been a great success, and the water is used to heat the school, municipal buildings and swimming pool. The mayor plans to present the town's candidacy for Norwegian funds to aid in developing alternative energies.

The mayor is considering developing the tourist function in the near future together with the reception of disabled children. The town has had a home for disabled children for fifty years. To meet demand from the families of disabled children (in Germany and Austria), the idea would be to offer therapeutic tourist packages. The municipality intends to develop tourism as part of a clear local development strategy of a scope that goes beyond the town's boundaries.

The proven results of this active urban renovation and infrastructure policy have greatly enhanced the mayor's authority and role as leader of local society. He has been re-elected four times and works with a municipal council that has been almost entirely replaced since his first election. Compared with then, there are more entrepreneurs on the council, alongside engineers, teachers (school headmaster) and the former director of the kombinat (1998–2002), who was already a councillor in 1990. In 2002, two councillors did not stand for re-election and the two new entrants are a woman horticultural engineering graduate who worked at the town's cultural centre and an engineer in charge of an estate agent's. The business elites are gaining in influence, seeking access to financial resources and power in local politics. A new connection is being made between political and business interests on the local scene, where the mayor is the key player. As his authority has increased over the years, he has become a local development entrepreneur. His action is no longer restricted to his own town. In

recent years he has sought to extend his influence within the micro-region by taking a number of initiatives for local development.

## 5 A new spatial system

### 5.1 Bóly's confirmation as microregional growth centre

Population changes between 1994 and 2002 have been favourable for the town of Bóly<sup>29</sup> and its surrounding villages within the statistical micro-region (*kistérség*). A number of localities have seen their population increase, a sufficiently rare development in rural Hungary to be worthy of note. Versend, Bóly, Borjád, Szederkény and Sátorhely have increased their residential population. Szajk's figure is virtually stationary. Töttös and Nagynyárád have lost 10% of their population. These trends reflect differences of attractiveness between the localities. Only the town of Bóly and the villages not far from the Pécs–Mohács road have gained new residents. All the localities except Versend post a negative natural increase, as deaths are more numerous than births in aging rural villages (*Figures 2–3*).

These demographic trends can be compared with the economic data. Bóly is one of the localities where the number of enterprises per thousand inhabitants is the highest in the entire statistical micro-region (*Figure 4*). The neighbouring villages of Szajk and Szederkény also have high ratios. This is due to the three localities' policy of welcoming new enterprises. They attract workers from a travel-to-work area that comprises the surrounding villages. The unemployment rate is relatively low, below 8%, in most of these places. An example is the village of Szajk (786 inhabitants). In addition to the agricultural cooperative that extends over six villages (3,000 ha) and the motorcycle factory, the village has forty or so small firms (restaurant, bakery, grocer's and a number of self-employed builders). The mayor explains that unemployment is low (6%) because the village is well placed on the main road to the urban employment centres. The unemployment rate tends to rise in the remoter villages such as Liptód, with only 267 residents, at the end of a bad road. Among these villages, Versend is an exception: high population growth due to positive natural and migratory increase, few enterprises and a high unemployment rate (24.5%) with a large proportion of long-term unemployed. It is also the place with the highest proportion of residents identifying as Roma, almost the majority.<sup>30</sup>

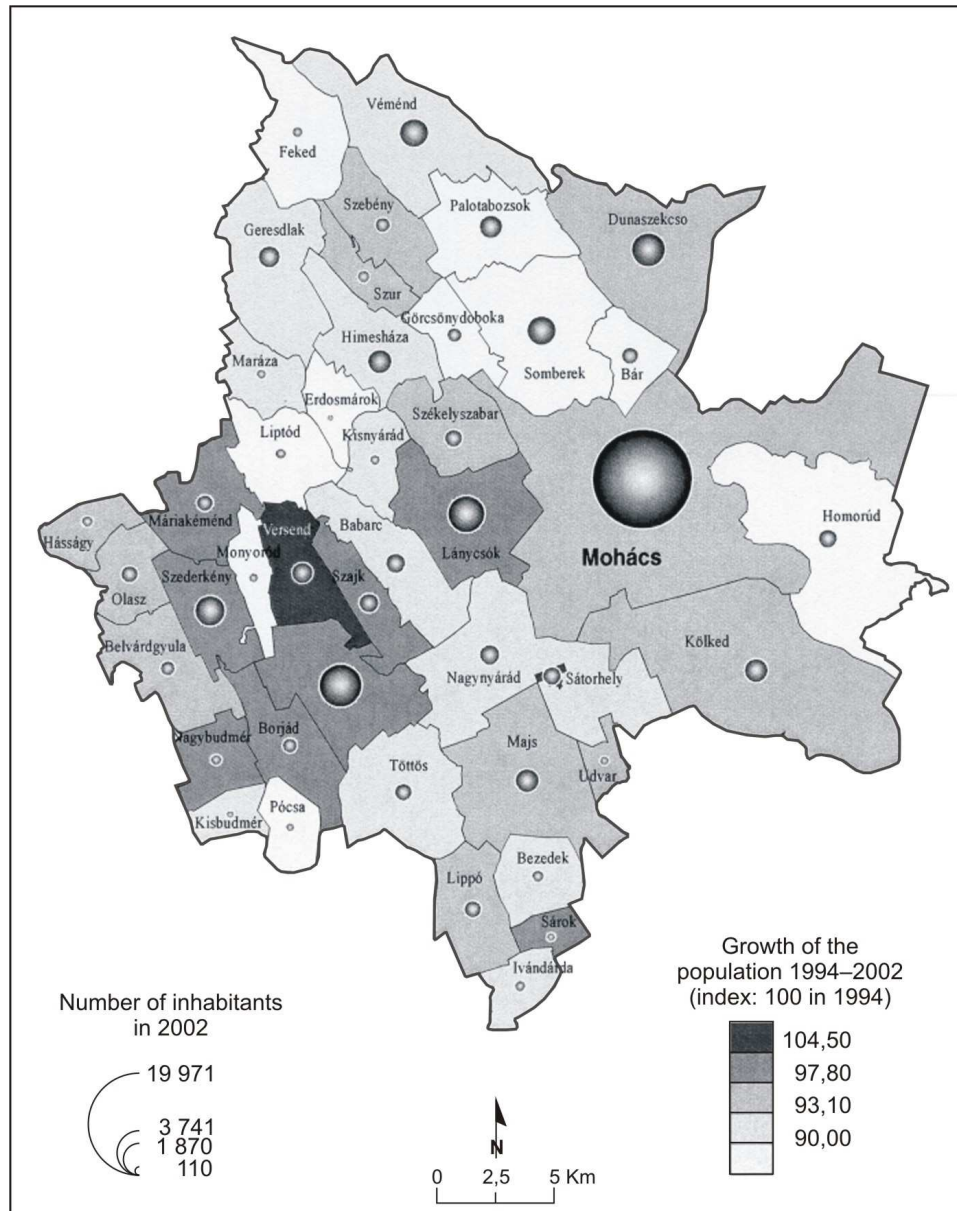
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<sup>29</sup> Bóly was granted the status of town in 1996.

<sup>30</sup> Interview at the village council on 6th September 2006.

Figure 2

*Population increase in the Mohács micro-region*

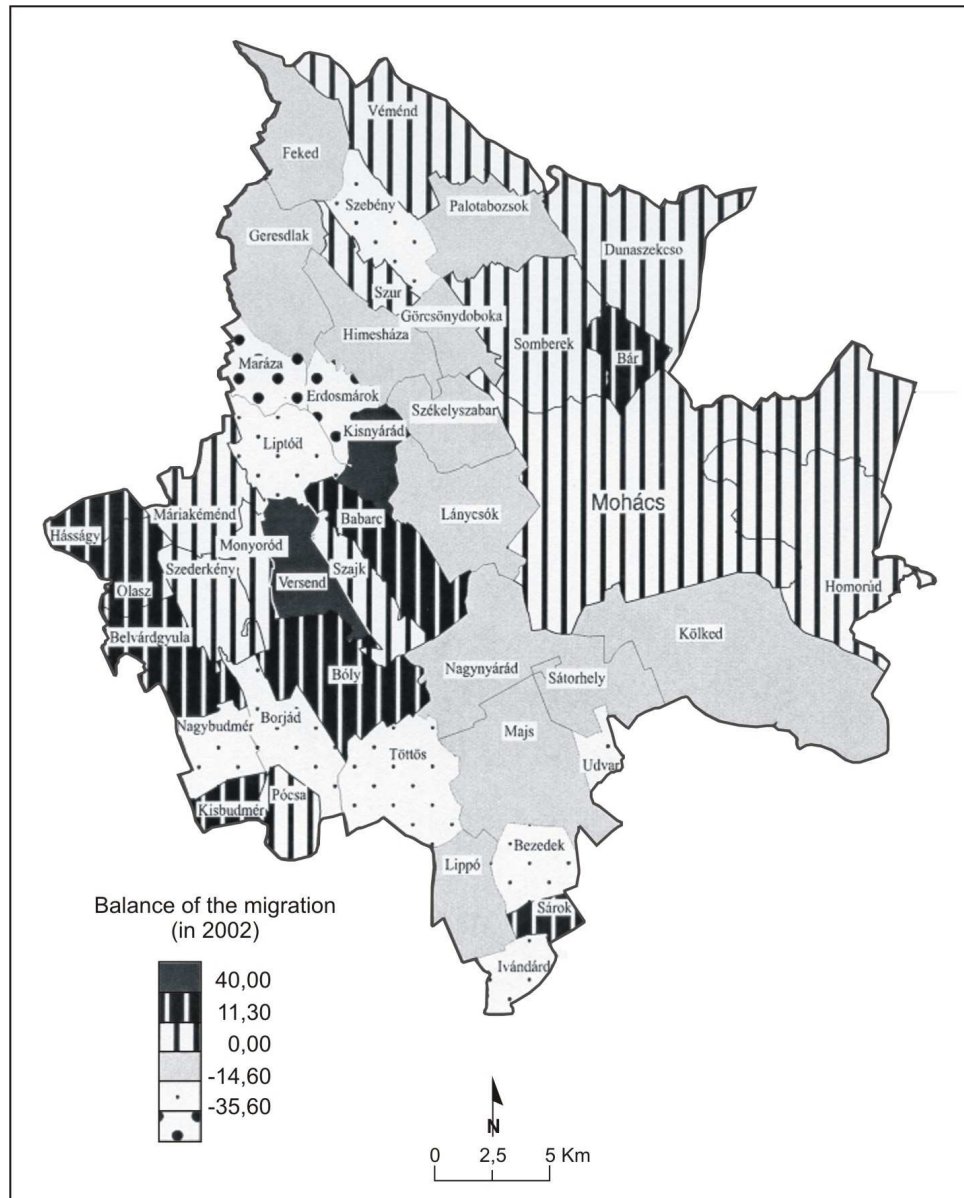


Source: HCSO, 2004. Edited by J.-C. Raynal (EHESS).



Figure 3

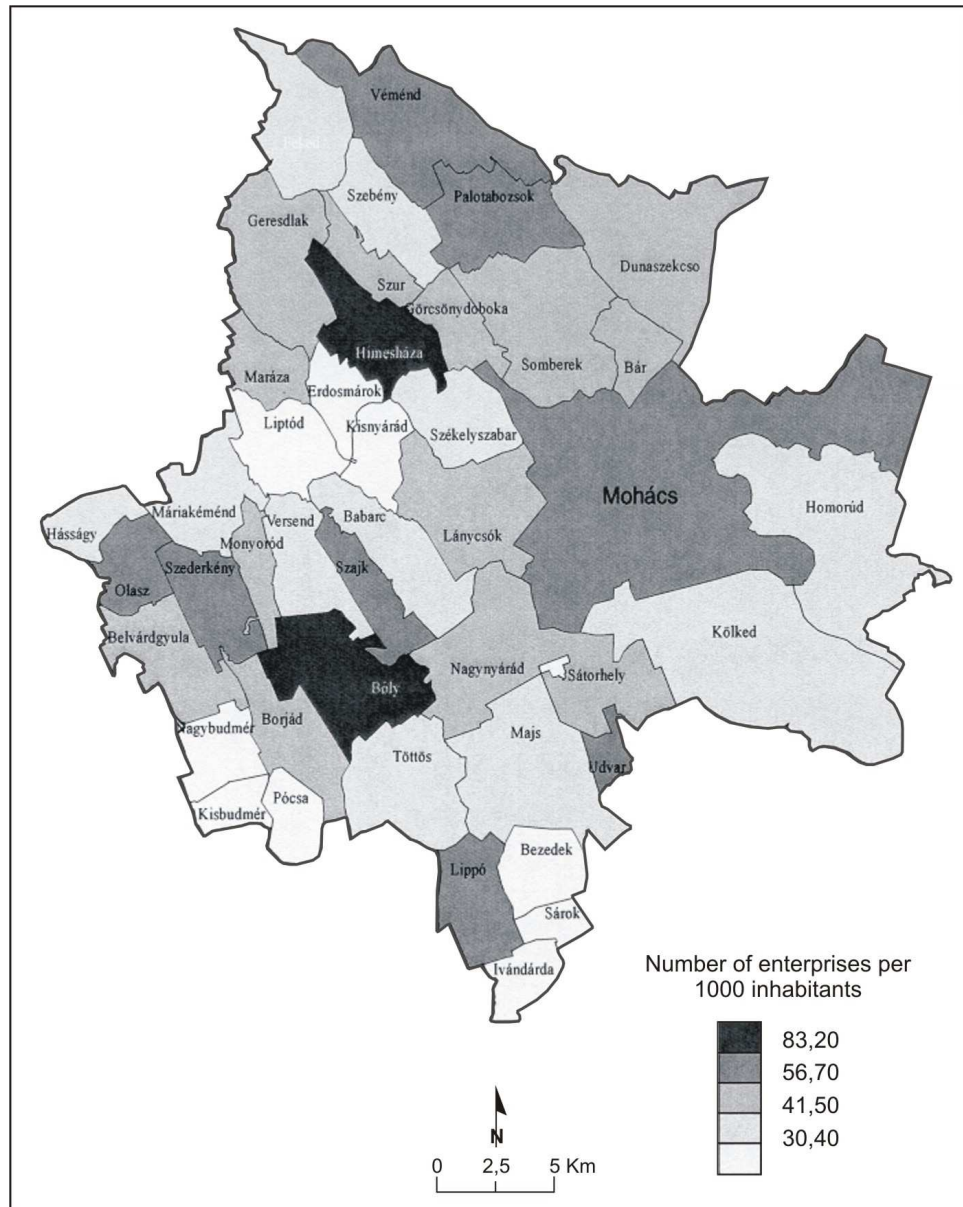
*Migration rate in the Mohács micro-region*



Source: HCSO, 2004. Edited by J.-C. Raynal (EHESS).

Figure 4

*Number of businesses per 1000 inhabitants*



Source: HCSO, 2004. Edited by J.-C. Raynal (EHESS).

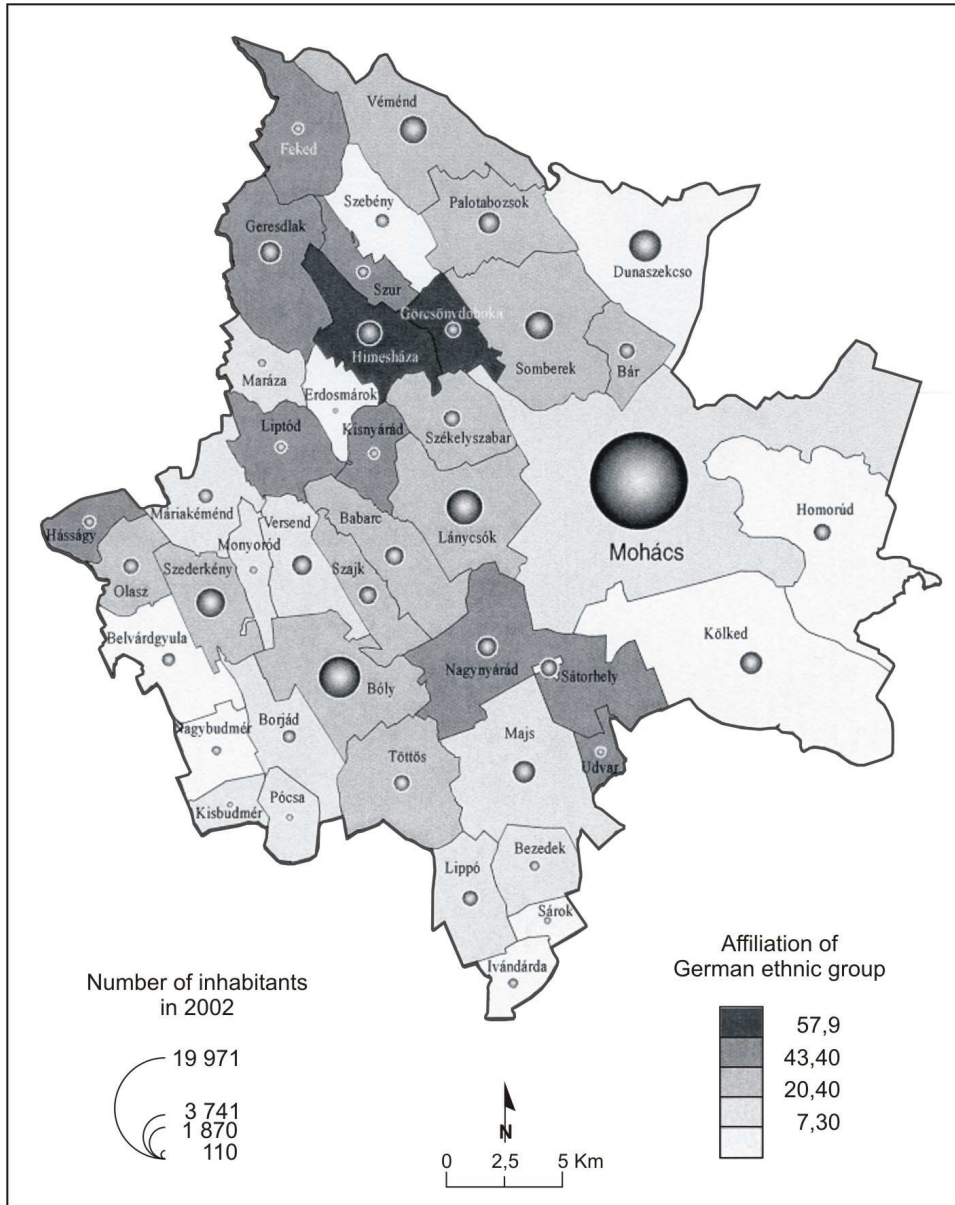
## 5.2 New structuring of local relations via joint projects

The former local councils imposed by the Communist regime were dissolved in 1990. The smaller villages distanced themselves from what they saw as subordination to the local small town. The village of Töttös, belonging with four other villages to a single council based in Bóly, broke away to remain independent, while the other four opted to have a joint notary's office, a less constricting solution than the former local joint councils. Usually it was two or three villages that adopted this form of administrative cooperation. This is the case for Liptód (267 inhabitants), which depends on Babarc (818 inhabitants), and for Monyoród (207 inhabitants) with respect to Szederkény (1,870 inhabitants). The most successful cooperation has been in school premises. All the school pupils from Töttös, the upper primary pupils (years 5 to 8) from Szajk and Borjád, and some from Babarc and Liptód attend school in Bóly.

The communities around Bóly practise consultation and partnership. The mayor of Bóly's energy has set an example for neighbouring villages. The mayors of Szajk, Szederkény and Babarc have joined him for joint projects. The mayor of Szajk points out that cooperation with neighbouring villages is excellent and encourages enterprises to tender for expensive infrastructure (waste management, selective waste collection, mains drainage). It is mostly local infrastructure and development projects that lead to combined initiatives by local leaders. Wine tourism is an obvious example. The White Wine Route Association has 13 villages with vineyards, most of which were planted by German settlers in the 18th century. Most of these villages have retained intact the traditions and know-how of craft winemaking, with wineries where the grapes are pressed after the harvest and the wine is aged in old wooden barrels. Most of the small winegrowers who own the wineries cultivate their vineyards as a hobby. People make their own wine to enjoy with friends. Only a few slightly larger firms buy grapes to market the wine. The mayors of Babarc and Szederkény agreed to join the association although winegrowing is not a significant economic activity in their villages. Bunches of grapes are to be found symbolically in the coats of arms of Babarc and Liptód, but winegrowing is more to do with acquiring a new image than any real lucrative business (*Figure 5*).

Figure 5

*Proportion of the German minority in the Mohács micro-region*



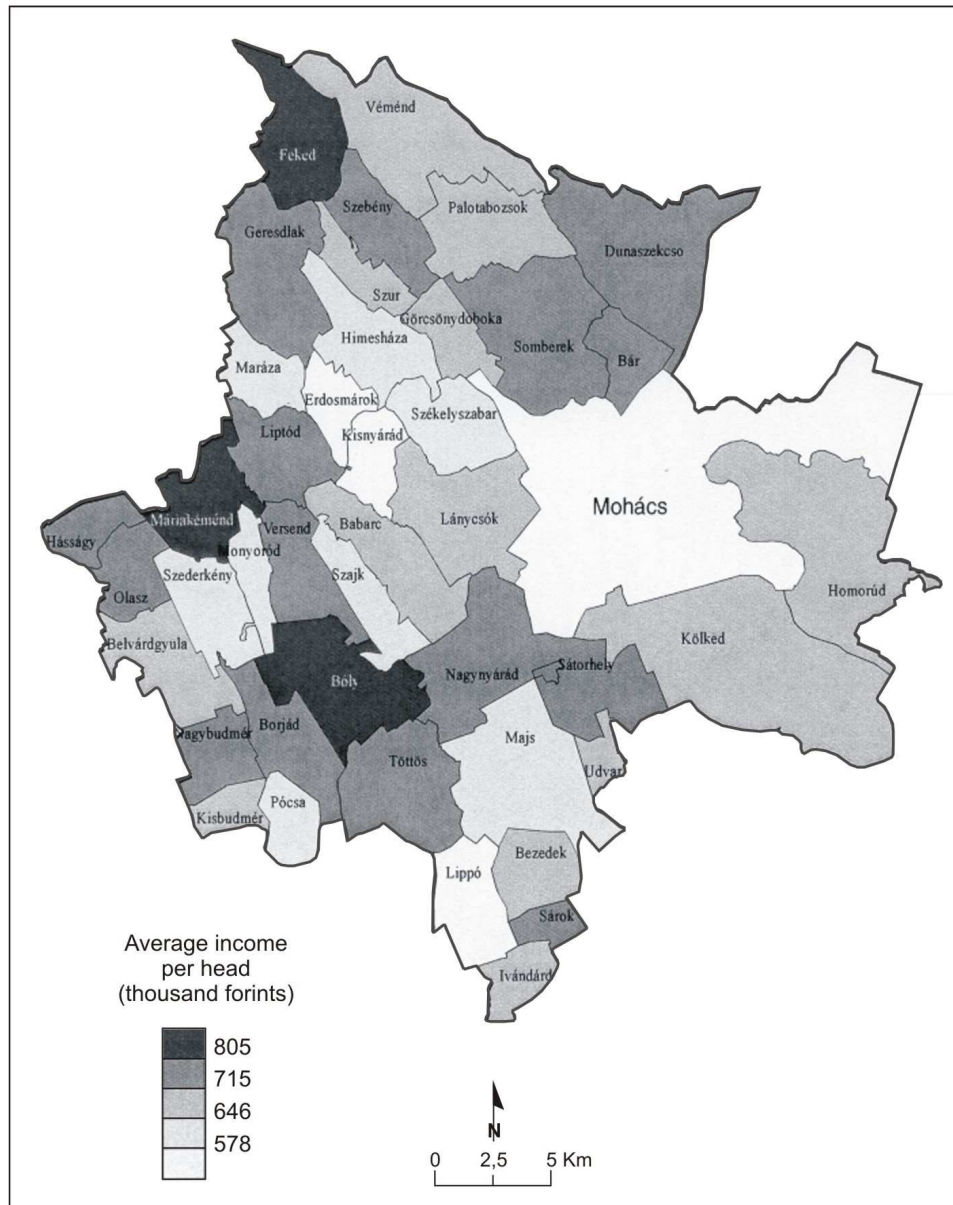
Source: HCSO, 2004. Edited by J.-C. Raynal (EHESS).

The revitalisation of social relations is an important aspect of the local development policies that each locality seeks to promote. Endeavours are made to re-discover and promote all types of heritage. The Catholic and Protestant churches that had not been maintained for forty years have been restored (Szederkény, Babarc, Töttös, etc.). The same is being done for cemeteries, war memorials and public squares. Each community seeks to preserve the relics of the old peasant way of life brutally eradicated by the Communist regime. It may be a museum (Bóly) or a room in the town hall (Babarc), or an old peasant dwelling bought to serve as a museum (Liptód). All the locals join in to collect old items (household utensils, tools, festive costumes, looms, etc.) to be displayed in these modest shrines to the old peasant life.

In this region where there is a large German-speaking minority, institutional autonomy has the crucial role of preserving Swabian identity and culture, and organising programmes and events to save its traditions. The Swabian communities are particularly committed to what is presented to their children as a duty of memory. To weave links with the traditions of former community life, festivals are held throughout the year. The Swabian community both asserts its cultural traditions and participates decisively in the region's economic growth. This is an essential component in a social memory that is spatially anchored in the structure of the villages settled by Germans in the 18th century. This structure of rural housing is a factor for stability in the socio-spatial system. It is a permanent feature that has been only marginally affected by the demographic processes that tend to increase the population density of the villages closest to the main roads and accelerate the depopulation of the aging communities in the north of the statistical micro-region (*Figure 6*).

Figure 6

*Average income per person in the Mohács micro-region*



Source: HCSO, 2004. Edited by J.-C. Raynal (EHESS).

### 5.3 Resilience of large-scale farming

The stability of the field structure established by collectivisation raises questions. How is it that large-scale farming has been maintained virtually identically here in the region of Baranya? What is the role of medium-term farming heritage (dating from the Communist period), compared with the longer-term heritage of the manorial estates?

Two overlapping hypotheses may be put forward:

- 1) The officials at the Chamber of Agriculture of Baranya County<sup>31</sup> cite the exceptional soil quality (among the highest Gold Crown valuations in Hungary), and the high degree of productivity and profitability achieved during the Communist period. This point of view hypothesises a sort of continuity between large-scale collective farming and large-scale post-collective company-owned farming. The quantity of equipment and high productivity, it is argued, helped absorb the shock of transition and maintain productive structures while making necessary adjustments.
- 2) A complementary hypothesis stresses the importance of early technical modernisation in this region in the first half of the 20th century (technical advances introduced on the large manorial estates and the prosperous farms of the Swabian peasantry). This raises the question of the transmission of this modernity to the state farms organised immediately after the Second World War. How did it occur? As far as the peasant farms were concerned, the structures were largely destroyed by expulsions and successive waves of collectivisation. The former peasant elites were sidelined. However, some of the descendants of these peasant families opted for education (technicians, engineers) and subsequently found work on the cooperative and state farm.

The transmission of long-term agrarian heritage operated differently for the manorial estates and the peasant farms. Locally, there has been no attempt to return to the peasant model. At no stage during the land reappropriation process in the early 1990s were any of the owners of small individual farms or the former owners tempted to try family farming. Land divisions were removed in a largely virtual manner, and the large-scale collective plots remained to be farmed by the post-collective owners. Collectivisation's mark is still visible in the farm landscape while farming has adapted to the new demands of the free-market economy. This has been successful to varying degrees. The process may be described as the resilience of large-scale farming, its ability to integrate a disturbance to its operations without changing its qualitative structure. The state kombinat, and to a lesser

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<sup>31</sup> Interview at the Chamber of Agriculture of Baranya County on 23th September 2005.

extent the cooperative farms (Bóly-Töttös and Szajk), have behaved resiliently by absorbing the effects of the transition crisis and adapting their productive structure to the new conditions on the farm produce market. This behaviour is no doubt a function of the context, namely a natural environment favourable to large-scale farming. However, it would appear that the powerful agro-industrial foundation constructed by the kombinat and the strong relations of integration previously established with its partner cooperatives also played a role in maintaining the structure of the agro-industrial system.

#### **5.4 A complex local system**

The local economy is more diversified than it was fifteen years ago, and is now largely open to the outside world via investors' capital flows, tourist visits, and daily commuting to the regional employment centres. The spatial structure of the local system at the end of the phase of change has been partly reshaped. Few features of its inherited spatial structures have disappeared, and the collectivist field division remains virtually unchanged. Older spatial structures, once seen as residual, have regained importance, as winegrowing, for example, has prospered. Structures dating back to various periods have interacted successfully. From the heritage of landscape and architecture, a few enterprising stakeholders have created a new resource, rural tourism. These tangible structures in the form of spatial markings have been reshaped and reintegrated as active components of the system.

Other more abstract structures, not immediately visible or perceptible, have also played a determining role. This is another dimension of memory, which may well be based on a territory and place, but belongs more to the residents and their daily lives. With the buried, repressed memory of the expulsions and expropriations and the collective memory of the ethnic communities a slow and delicate rehabilitation is being done. The acceptance of the other within a multicultural society, as urged by a handful of representatives of the local elite, will remain an empty dream unless it involves policies to integrate the unemployed and the Roma. Such policies are far from enjoying a consensus, to judge from the remarks of most mayors.

The local system in Bóly has changed not only its structure, but also its scale. Despite its modest size, it was granted the status of town in 1996. This promotion recognised its socio-economic energy based on enterprising municipal government. Bóly has become a business centre for the entire western part of the statistical region, including in its direct area of influence the villages of Liptód, Babarc, Nagynyárad and Sátorhely. Thanks to the cooperative links it has formed with these villages, the small town of Bóly is a direct competitor to the town of Mo-



hács, which is the administrative seat for the new multiple-purpose micro-region. A number of indicators illustrate this new prosperity: income levels and car ownership. The mayor of Bóly's leading role with respect to the mayors of the surrounding villages is the sign of an intercommunal system that is voluntarily accepted because it is successful (Csatári, 2005).<sup>32</sup>

## 6 Conclusion

The example of the changes that have affected the local system in Bóly reveals the importance of the relations between social stakeholders in institutional arrangements both political and economic. Although the path taken appears to depend on the manner in which the stakeholders emerged from collectivisation, it belongs even more to the long history of settlement and improvement of this territory by the Swabian rural communities. A long process of accumulation of know-how has produced a set of specific resources.

These are, first, modern large-scale farming, which has come through vicissitudes at the cost of structural adjustments, namely the shift from the large collectively farmed estate (state farm) and from the kombinat to the major agro-industrial company Bóly Co. The resilience of large-scale farming has been ensured by the existence of a localised agro-food system (kombinat and partner network) creating external economies as a result of the density of productive infrastructure and proximity between stakeholders.

Second, winegrowing is the example of an activity that has been reborn thanks to the impetus of a handful of entrepreneurs with the technical know-how and concerned to make use of their heritage (a component of the local community's social capital). An effective strategy of adaptation has enabled the stakeholder system to identify the assets of winegrowing to construct the foundation for wine tourism as part of the diversification of the local economy.

The local stakeholder system's successful shift to the market economy is based on processes of collective learning, a work ethic, know-how, and entrepreneurship that owe much to the culture of the Swabian communities. This adaptation has been supported and coordinated by the municipal council, which has always sought closer integration between the productive sector and institutional support.

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<sup>32</sup> CSATÁRI B. 2005: Major changes in the Hungarian micro-regions. In: Rural Development Capacity. In FLORIANCZYK Z. – CZAPIEWSKI K. (eds.): Carpathian Europe. Warsaw, European Rural Development Network. 79–94. p. (Rural Areas and Development, 3.).

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