

**The CAP and national priorities
within the EU budget
after 2020**



INSTITUTE OF AGRICULTURAL
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The CAP and national priorities within the EU budget after 2020

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3. Economic and social features of contemporary development of the Czech agriculture and rural areas

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Abstract

The paper is focused on rural development in the Czech Republic. The contemporary situation is influenced by global megatrends as well as by inner factors. Lifestyle of the Czech rural population has been reshaped, recently. Because the factors are changing every decade, it brings a lot of challenges in rural development. This article is based on secondary data and shows social and economic situation of the Czech rural areas with reference to agriculture, labour market, consumption, quality of food, etc.

Keywords: rural development, rural population, social farming, quality of food, consumer behaviour of household, food autarchy concept

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3.1. Introduction

Globalisation has reshaped the condition of economic and social development in the worldwide framework, including that of the Czech Republic. The European CAP (Common Agricultural Policy) is reacting to these processes and trying to create a comprehensive concept of co-operation and solidarity, linked by mutual ties. Co-operation and solidarity primarily have a social feature, which cannot continue without the massive support of economic tools. Certain European countries are on a different level of economic development. This concerns, above all, the old and new EU Member States. The development of rural areas and agriculture is determined by the relevant economic tools, as well as by their social impacts. The Czech Republic is at a stage of economic growth at present, with a record low rate of unemployment, and also with changes in the consumer behaviour of the population. Considerable accent is put on the frugal usage of natural resources and the improved quality of life of the population. The role of social farming and its significance for the sustainable development of the Czech countryside is increasing.

3.2. Globalisation and its effects (consequences)

The features of the optimal development of rural areas have gradually changed during every decade. Since the beginning of the 1990s, exogenous theories of rural development have been replaced by theories of endogenous development. A leading role is focused on mobilisation of inner territorial potential and the strengthening of bottom-up impulses, which implies the activation of the human, social and cultural capital of the regions. There are two conflicting concepts in the discussion on the European future – one can scarcely discern to what degree they are compatible and, above all, viable.

The first concept concerns the ideas (constructs), such as tradition, patriotism, identity, territorial rootedness, local cultural symbols, neighbourly solidarity, etc. This concept features the endeavour to utilise all factors which have their roots in the past, towards the stabilisation of the contemporary village in such a way as to be viable under the changing economic and social conditions. It stands to reason that these factors partly have a different form as well as content, but also remain as a symbol with their own significance and meaning for the contemporary generation of the rural population.

The opposite concept is closer to the ideological interpretation of the common Europe. Nevertheless, these concepts do not otherwise refute each other. In addition, the pressure of the pending question of migration gives them content. Modernisation of the regional development paradigm is seen in the minimalisation and unification of distinctions among the characteristic signs of particular national and social groups.

It could be stated that positive and negative patriotism exists simultaneously. On the one hand, the relationship of humans to a certain territory is stressed and the historically created approach of this territory to defend itself and its offspring is accepted. On the other, patriotism is perceived as being egotistical. There is a refusal to share territory, its rooted identity is preserved by the demands of the original population's privilege to appropriate the conditions and factors of future territorial development. Nevertheless, it is evident that, without a certain form of frankness towards the outside world, stabilisation will change itself through the non-viable conservation of the economic and social environment.

To determine the level of change and to create a balance between the need for stabilisation and the need for change is very difficult. Above all, political and ideological arguments are purposefully introduced into the discussion. Contemporary theories of regional development [e.g.: Bock, 2016; Neumeier, 2016; Haan et al., 2017], thus far do not reflect the economic and social implications of recent years at a sufficient rate. It rather seems that they linearly extrapolate the impacts of a previous transition from the exogenous to the endogenous view. Nevertheless, there is agreement on stressing the importance and meaning of human, cultural and social capital. People are builders and users of the environment in which they live.

3.3. Characteristic features of contemporary development

Antagonistic dissent of social development is the subject of discussion within the context of the incidence of global megatrends. Global megatrends (GMT) were popularised by J. Naisbitt in the 1980s. Since that time, many and varied definitions have existed, which differ in some aspects. However, it is possible to deduce that they are identical "...in the long-term processes of transformation influencing our thinking, activities, social organisation as well as future world reality in long period. Their mutual dynamics are usually induced by the common incidence of inner driving forces, which represents a new paradigm of change with the probable impact on the political decision, economic relations, environmental processes, future strategy creation, innovation and technology" [Naisbitt, 1982].

M. Havránek and O. Pokorný, authors of the study, itemise 29 main megatrends, which can be divided into five principal categories: social, technological, economic, environmental and political. In short, there are five main ranges in which their effects markedly manifest themselves. Division is, however, only for orientation purposes, because a megatrend, as a collector of many fractional trends, very often cross over these categories [Naisbitt, 1982; Havránek and Pokorný, 2016].

On a general level, we may mention other significant conceptual changes where global and local interests are antagonistic. Examples could be democracy versus censorship, freedom versus safety, multiculturalism versus nationalism, economic globalisation versus neoprotectionism, and the growth of expectations from international institutions versus seeking prospects in national governments [Kuž, 2018].

A classic model of rural areas, where the crucial role is played by agriculture, is changed step by step by the many different kinds of rural ways of living and employment. The lifestyle of the rural population is also evident in the way of life. Employment in agriculture is gradually decreasing, the structure of agricultural enterprises is changing. This process is naturally long-term and shaped by the most important milestones of the last century (agrarian crisis, collectivisation, privatisation in the 1990s, transition to a market economy, and membership in the EU). Implications of globalisation create an environment out of which antagonistic discrepancies between global and local interests also develop.

Almost all the above-mentioned megatrends affect the Czech rural areas and agriculture directly or vicariously. The most significant changes are represented by decline of workers in the basic agricultural industry, growing competition on the labour market, a change in the food autarchy concept, a change of household consumer behaviours well as a change in lifestyle.

Economic and social factors are mutually implicated. At present, there is a very low rate of unemployment in the ČR (about 3%). It is the lowest rate in the EU as well as in the OECD. It is the result of long-term marked economic growth. Unemployment is also reduced by the share of seasonal work in services, agriculture and the building industry. On the one hand, the demand on the labour force (especially qualified) is growing. On the other, a certain percentage age of the population remains unemployed. There are different reasons – some unemployed people have no interest in accepting the offered jobs, because they do not want to forfeit their claims to a job title and salary; others have no interest in requalification, they do not want to commute or have no intention of working at all and depend on social benefits (often in combination with the grey economy sector).

Rural areas concern, above all, a lower willingness to commute and a lower interest in requalification. The offer of vacancies for employment is limited by the physical demand and seasonal character. Possibilities of other jobs are connected with the size of a village. Small localities indeed suffer from an inferior offer or a lack of facilities. However, at the same time, the number of customers is insufficient to use them and they are unprofitable. The inferior quality of life in these villages, a lower interest in residency, the increasing average age of the population and, thus, inferior conditions of active local development are, therefore, the social impacts.

3.4. Change of food autarchy concept

Before 1989, the goal of almost all socialist countries was to achieve a food autarchy. It was presented as one of the main arguments of the socialist regime autarchy and, at the same time, the expression of independence from the capitalist countries. This model was developed, above all, by the ideological publicity campaign, because all socialist countries, including USSR, more or less struggled with a lack of foodstuff supply, as well as of consumer goods. A classic example in the ČR was the persistence of small farming. On the one hand, since collectivisation in the 1950s, they had been presented as an anachronism of ownership, but on the other, until 1989, without smallholdings, the country would have been unable to supply the market especially with meat, fruit and vegetables.

After 1989, the concept of the food autarchy receded. Agricultural enterprises were transformed, merged into a market economy and searched for optimal economic methods. A considerable number of agricultural producers ceased their activities, because they could not beat the competition of the non-profit plants.

At present, agricultural enterprises are in the situation of being bound to search for a certain balance between the pressure of the European (and global) market and national interests. Consumers of course prefer an adequate combina-

tion of food quality and price. In the framework of an integrated European market, the achievement of the food autarchy is essentially impossible. Nevertheless, the majority of European countries try to support local production by various marketing activities and capital subsidies (i.e. advertising of regional products) [Retail News, 2015]. After accession to the EU, in the ČR the food autarchy declined and was maintained by only a portion of products. The autarchy in the production of pork in 2017 was about 47%, poultry 58%, and beef 79%. In milk production, it was 117%, and in eggs 78% [Lidovsky.cz, 2018]. There are swings in fruit and vegetable production, connected with climate impacts. The Czech Ministry of Agriculture advanced the opinion that autarchy could not drop under 80% and, above all, that basic agricultural products (i.e. milk) could not be exported, and commodities with higher added value (i.e. yogurt, cheese, etc.) could not be imported.

3.5. Consumer behaviour of households

The Czech economic development in recent decades is reflected in the consumer behaviour of households. The relatively good economic situation contributes to buying more high quality foodstuff, putting the accent on healthy nutritional principles and affecting also the fashion trends and marketing strategies of producers. The consumption of fruit and vegetables is increasing, including that of imported products.

In the ČR, the long-term consumption of meat is approximately 80 kg per person/year. In comparison with 1950, it has increased two-fold. Nevertheless, since 1989 the consumption of all types of meat, with the exception of poultry, has declined. The consumption of poultry has increased. The production of mutton and goat meat has increased, but this production accounts for about 0.04% of the total meat production in the ČR. The structure remains similar – pork is most favoured, the popularity of beef has been replaced by poultry, while other kinds of meat (including fish) remain at relatively low rates [Bureš, 2018].

Prices do play a major role. Although fish is propagated as being conducive to health, its price discourages shoppers.

The National Health Institute of the ČR is engaged in the EU project (HORIZON 2020 programme), which intends to formulate the basic dietary recommendations for the population of specific EU countries. The consumers' choice of foodstuff is accentuated, combined with the market accessibility.

From the current partial results, it follows that the ČR lags behind other EU countries in the consumption of vegetables, fruit and fish. On the contrary (similarly to France), there is a high consumption of beef, meat products and sweet beverages. This diet is not ideal and makes itself felt in the health status of

the Czech population. Together with other influences (lack of sporting activities, consumption of alcoholic drinks, increasing overweight among ever younger people, etc.), we may mention an unhealthy development trend.

The consumption of foodstuff and its structure also depends on the financial situation of households. However, almost 30 years have passed since 1989. The difference is slowly being eliminated among countries of the former socialist block (new EU members) and the old Member States of Western Europe. Average hourly earnings in the ČR are far behind the average of the EU countries.

From the perspective of minimum wages, European countries are divided into three major groups, which also imitate the relationship between the old and new EU Member States. The ČR is about midway in the first group (Bulgaria, Romania, Lithuania and Latvia are worse off). But then there are higher minimum wages in Hungary, Croatia, Slovakia, Poland and Estonia. The difference in both previous groups in comparison with the third group (with the highest minimum wages) is marked.

3.6. Dual quality of food

Among the criticised practices of producers and sellers is the dual quality of food in some old and new EU Member States. Such debatable goods appear identical at first sight, due to the same brand and packaging, but their composition is different from that in other (often Western) countries [Vilhanová et al., 2014].

The European Commission is now also realising the importance of an equal approach to importing food for all European countries. The Policy area for Justice, Consumers and Gender Equality, started to investigate this issue at the end of 2017. The publishing of the Commission's guidelines should help national authorities of the EU countries to be better equipped to deal with unjustified dual standards. In accordance with the main rules, new requirements which should help in the practical application of the existing EU laws were settled and also would assist businesses with their marketing strategies, so as not to be in conflict with the EU Directive on Unfair Commercial Practices (UCPD).

In April 2018, a proposal for the better enforcement and modernisation of the EU consumer protection rules was published, with some changes put forward. Rules which concern the dual quality of products were clarified; the Fitness Check detected a few gaps which inhibited its effectiveness. Traders and consumers are not aware of these rules and consumers have insufficient opportunities for enforcement and consumer redress. For this reason, the Fitness Check recommended an increase of penalties for breaches of consumer law and introduced consumer remedies for consumers who have been victims of unfair commercial practices infringing Directive 2005/29/EC [EC, 2017].

The steps of the EU Commission are in conformity with global social trends, and have led consumers to become more aware of the importance of food quality, which also affects their quality of life. There is an emphasis on the respect for public health, quality of life, protection of natural resources and biodiversity, resulting in food choices of increasingly marked orientation towards sustainability and the generation of new demand dynamics.

3.7. Social farming

The logical effect of the endeavour to improve the living conditions of the population is the growth of interest in all social groups, including disadvantaged persons. The social dimension is the primary economic aspect, which echoes with all European countries. However, each country is on a different level of development. The theme of social farming is not new. It has also appeared in a certain form in the past (i.e. in connection with various educational and church activities). The theme of social farming is only in its early stages in the Czech Republic.

Social farming is defined as the complex of activities which uses agricultural sources, plant as well as animal, with a view to creating an adequate environment for healthy or socially handicapped persons, as well as the general public. The goal is to provide the possibility of training at work, to assist the integration of people into society and, by means of education and leisure time activities, contribute to their relationship to the countryside and Nature. In this sense, its aim is to create the conditions within the framework of agricultural enterprise or agricultural activities, which make possible the involvement of persons with specific needs in mutual agricultural activities aimed at their development and support and improving their wealth [Chovanec, 2016].

Common elements of social farming are activities with a close link to agricultural activities or agricultural enterprises. They are directed at persons who have some specific temporary or permanent needs. This means that, in comparison with the rest of the population, they are disadvantaged in some ways. They may be either physically or mentally handicapped, people returning from imprisonment, migrants, people undergoing therapy for drug or alcohol dependence, etc. [Chovanec et al., 2015].

The participation of the general public (children, youth, adults and seniors) is an important precondition for taking part in the social activities within the framework of the cultural or educational process or leisure time activities. Only if social farming is not an isolated activity of a few interested persons, but a shared experience of a rural community, can it have a permanent nature and contribute to local development. In the Czech Republic, the problems of social

farming are dealt with by four ministries: Agriculture; Work and Social Affairs; Education, Youth and Physical Training; and Local Development.

The Ministry of Agriculture is the architect and gestor of agricultural policy in the ČR and, in the concept of social farming, enacts the regulations for farmers, through Law No. 252/1997 Sb., on Agriculture (§2e the relevant law establishes who is an agricultural entrepreneur and is also concerned with their activities).

The Ministry of Labour and Social Affairs is the creator and administrator of connected social policies concerned with the concept of social farming. The realisation of these policies is important regarding the goals of social farming. Their practice arises, above all, from Law No. 435/2004 Sb., on Employment, above all § 67 on Employment of Persons with a Health Handicap and §104 on the active policy of Employment. Further from Law No. 108/2006 Sb., on Social Services, above all § 32-96, which encompasses the types of social services.

The Ministry of Education, Youth and Physical Training applies the goals of education and other activities in the framework of the social farming concept. It deals with the accreditation of educational institutions and educational programmes according to §25 and §26 Law No. 563/2004 Sb., on Pedagogical Workers and the change of some laws, focused on activities, education and enlightenment of the general public in the sphere of the preservation and sustainability of Nature, food sources, etc. These activities are determined by framework and school educational programmes, determined by Law No. 561/2004 Sb., on School Law.

The Ministry of Local Development within the framework known as the Common Strategic Framework, co-ordinates social farming programmes. Specific support programmes are created and governed by the relevant ministries for 2014-2020 programme period. These are, above all, programmes of the European Fund for Regional Development, the European Social Fund, the Cohesion Fund and the European Agricultural Fund.

Social farming programmes are, thus, supported by European as well as national sources. In 2017, a total of 121 projects were supported.

3.8. Summary and conclusions

The cohesion of particular elements of the economic and social environment of the Czech countryside implies that development towards the protection and sustainability of the living environment is an urgent precondition to increase the quality of life. The contribution by the European structural funds is indispensable. Without this, the majority of rural development projects could not be realised. The institutional procurement of a development programme is created by the government on the basis of experience of the old EU Member States and the implementation is continuously controlled. The institutions of civic society in

the ČR are gaining experience and self-confidence step by step. The difference between the old and the new EU Member States is always evident in many economic and social indicators.

The Czech Republic ranks among those countries which are at present in the stages of economic growth. There is trust that the economic, social as well as environmental sustainability is of a long-term nature and rather compensates for the global megatrends which express themselves negatively in the development of society.

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