Beyond the economic dimension – the social and environmental impact of a Producer Organisation

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The case: Szentes Producer Organisation

The Hungarian retail sector got restructured after the regime change. Supermarkets, hypermarkets and discount markets got opened through Foreign Direct Investments (FDI). By 2008, foreign capital accounted for a share of 49.4% of the total retail investments (Nagy et al. 2016, 157). In the same time, the number of domestic enterprises declined by one-third (over 56,000) in the retail sector in the 1997–2008 period (ibid.). The trend hit mostly individual entrepreneurs: the number of stores run by this group shrank by more than 18,000 (ibid.).

Vegetable producers needed to fit their strategies to the polarising power distribution in the retail sector. Competition grew with the EU accession for vegetable producers. The pressure became high on vegetable producers to produce large quantities on low prices. The idea of cooperation among producers emerged in the context of oligopolistic market mechanisms. Cooperation seemed to be the only way for vegetable producers to survive in increasing competition.

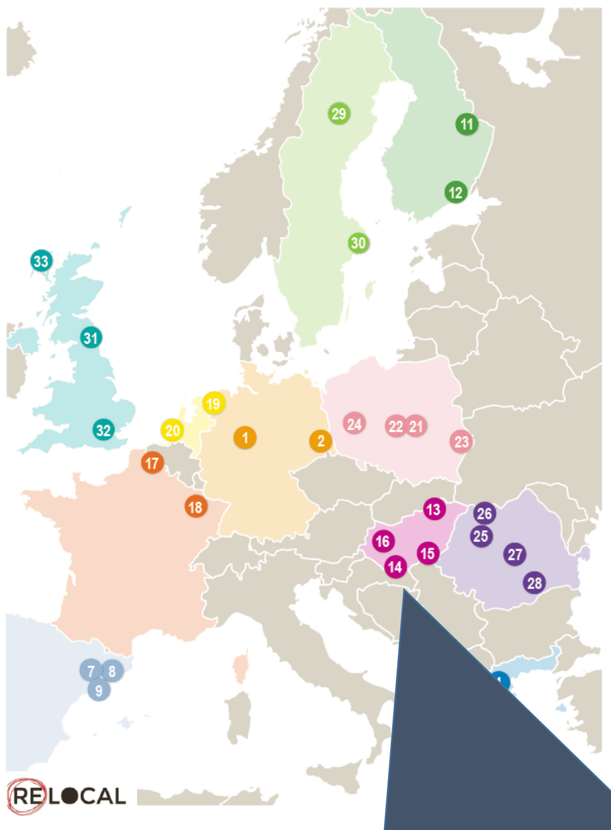
Case study location: Szentes and neighbouring settlements

Historical legacy: Bulgarian gardeners introduced **intensive vegetable production** in Szentes 150 years ago. The early plant production system (**KZR**) built on the intensive vegetable production tradition of the town. The KZR functioned as part of the socialist agricultural cooperative integrating small scale backyard farming. The producer organisation of Szentes grew out of this integrated plant production system. European agricultural policy had an important role in the emergence of the Szentes producer organisation (PO). Our case study PO utilized European sources in its emergence.

Geothermal energy is an asset within the locality , that provides energy to heat the glass houses on a low cost. Intensive vegetable production benefits from geotermal energy since 1960s.

RELOCAL

EU Horizon 2020 research project '**Resituating the local in cohesion and territorial development**' – **RELOCAL** (https://relocal.eu/) aims to identify factors that condition local accessibility of European policies, local abilities to articulate needs and equality claims and local capacities for exploiting European opportunity structures. It is based on case studies of local contexts (cities and their regions) that exemplify development challenges in terms of **spatial justice.** Case study locations are chosen to allow for a balanced representation of different institutional contexts.



	action location	action name	
1	Ostwestfalen-Lippe region	Smart Country Side	D
2	Görlitz town	Youth Centre	
3	Western Macedonia region	Post-Mining Regional Strategy	GR
4	Thessaloniki region	Alexander Innovation Zone	
5	Volos city	Overcoming Fragmentation	
6	Karditsa region	Cooperative Ecosystem	
7	Monistrol de Montserrat town	Local Tourism Strategy	ES
8	Neighbourhood of Premià de Dalt	Segregated Neighbourhood	
9	Barcelona province	Barcelona Province Deputation	
(10)	To be discussed	to be discussed	
11	Lieksa town	Vitality Strategy for Lieksa	FI
12	Kotka town	CLLD-Initiatives in Kotka	
13	Encs district	Give Kids a Chance	HU
14	Neighbourhood of Pécs	Social Urban Rehabilitation	
15	Szentes town and Szentes district	Producer Organisation	
16	Balaton Uplands	LEADER Balaton	
17	Pas-de-Calais Mining Basin	Euralens	FR
18	Lorraine-Luxembourg border region	EPA Alzette-Belval	
19	Groningen region	Economic Development Groningen	NL
20	Neighbourhood of Rotterdam	Rotterdam South on Course	
21	Łódź city	Participatory Budget for Łódź	PL
22	Brezeziny town	Social Cooperative	
23	Maslomecz village	Goth Village	
24	Domachowo, Potarzyce, Stara Krobia villages	Rural Public Spaces	
25	Neighbourhood of Cluj	Pata Cluj Project	RO
26	Maramures region	LEADER Mara-Natur	
27	Neighbourhood of Codlea	Housing Legalization	
28	Neighbourhood of Bucharest	Regenerating Plumbuita	
29	Västerbotten region	Digital Västerbotten	SE
30	Stockholm city	Stockholm Commission	
31	Northumberland Uplands	LEADER NULAG	GB
32	Borough of London	Ladywell Project	
33	Highlands and Islands region	Strengthening Communities	

What impact can place-based local actions have on a fair and equitable distribution of resources – and opportunities to use them – within a locality?

Theoretical debates

The Szentes PO is referred to in the Hungarian literature as a *best practice* for producers' cooperation. However, cooperation is mainly defined through the neoclassical approach in Hungarian scholarship. The neoclassical economic approach avoids defining cooperation on an ideological basis (Kispál-Vitai 2011), it understands their emergence as a „natural process". This approach is in contrast with the normative assumption of the authors of the special issue of the Journal of Rural Studies (The more-than-economic dimensions of cooperation in food production). Steven, Forney and Wynne-Jones argue that if cooperation is valued as a process rather than a means to fixed-ends can carry its own emancipatory potential, given the ways in which this can work to counter the compartmentalising tendencies of capitalism (Steven, Forney and Wynne-Jones 2017, 229). In contrast with this neoclassical and institutional economics utilizes the transactional cost analysis to better understand market and organizational coordination (Kispál-Vitai 2011, Szabó 2011). Based on this logic the main role of producers' cooperatives is economic integration and not necessarily the fulfillment of social (employment) and environmental aims.

A mixed methodology

The locality and its relations form the unit of analysis, where spatial (in)justice is studied. The local area under investigation, is the agrarian space dominated by the Szentes PO. Mixed methods (descriptive statistics, semi-structured interviews and participant observation) help to reveal the inner tensions between the economic, social and environmental dimensions of the PO.

Provisional results

The producer organisation of Szentes managed to stay alive in free market capitalism through the cooperation of producers, but on a systemic level it fails to hinder uneven development and the reproduction of socio-spatial inequalities. The PO is under high pressure to lower its costs of vegetable production and therefore it is characterised by various conflicts:

Economic vs. environmental aspects:

Integrated plant protection: better monitored plant protection, but chemicals are still used (Economic reasons), biological plant protection is also applied → a conversion to organic farming would not bring enough returns financially survive in the current model **intensive vs. extensive farming**

- Geothermal energy: lower production costs→←environmental risks (reinjection)
- Climate change, invasive species→increasing plant protection costs

Economic vs. social aspects

- Employment→←risk reduction through technological development
- Risk: high taxes on employment, HIPA: highest cost category: employment, but does not deduct the tax base
- Governance: efficiency vs. democracy

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