

Janusz Gudowski

Prof. Hab, PhD., University of Economics and Innovation, Lublin, Poland

Agrarian transformation in Poland. Post-accession experience under EU conditions

Аграрное преобразование в Польше. Опыт пост вступления при условиях ЕС

Summary

The purpose of this research was, first, to define the change of rural areas after the collapse of centrally planned economy and its adjustment to the market economy, next to study the preparation to accession and finally to estimate the impact of accession to EU on the shape of the rural sector. Material is taken from the selected areas in Eastern Poland. Recent observation prove that total area of small farms decreased but after 2004 it was stopped due to the payments from the Common Agricultural Policy. Instead of losing the land due to concentration processes small farms keep it either for own use (subsistence) or they rent the land to big holders for the return of land tax plus direct payments from EU

Keywords: agriculture-transformation-micro study-Eastern Poland-Common Agricultural Policy.

Резюме

Целью этого исследования было, во-первых, определить изменение сельских районов после краха централизованной плановой экономики и ее адаптации к рыночной экономике, а затем изучить подготовку к присоединению и, наконец, оценить влияние присоединения к ЕС на формы сельского сектора. Материал берется из выбранных районов Восточной Польши. Недавнее наблюдение доказывает, что общая площадь мелких ферм уменьшилась, но после 2004 года она была прекращена из-за платежей из Общей сельскохозяйственной политики.

Ключевые слова: преобразование сельского хозяйства, восточная Польша микро исследование, Общая Сельскохозяйственная Политика.

Introduction

The paper presents the results of field studies carried out in villages of Drełow district in Lublin Voivodeship (Eastern Poland) since 1992. This is clearly isolated area far from municipalities and major roads. The research shows the changes in agriculture in the first years after the political turn of 1989, next in pre-accession period and finally after the accession of Poland to the EU.

The first stage of research (1992) was based on interviews conducted in approximately 200 farms, representing nearly 25% of the total households in the selected villages. In addition, the statistical data was used in cross-section of villages, coming from census in 1988 and 1990 (5% random sample).

The second stage (1997), five years after the previous one, was to reveal the farm adaptation to the requirements of a market economy, taking into account the coming perspective for accession to the European Union. This section was limited to the sample representing 10% of the original sample and the material was supplemented by interviews with the heads of the villages. Statistical data were obtained from the census in 1994.

Third stage (2010–2012, supplemented in 2016) aimed at defining the situation after more ten years of our membership in the European Union. Visits to the farms were supplemented by interviews with the heads of villages as well as with selected farmers, while the auxiliary material was derived from the District Statistical Office as well as from General Agricultural Census in 2002 and 2010 (provisional).

Discussion of the results

1. Demography and labor resources

In 1990, the number of inhabitants of the municipalities of Drełow amounted to 5800, which made it a population density of 26.2 persons per sq km. Population growth was low, at just 0,34%, which should have lead to the growing-old society. At the beginning of the 1990s the age pyramid was developed correctly, as the young or relatively young farmers represented a large proportion of the population. 37% of the farmers concerned in 1992 was in the age group 20–40 years old, and 30% in the range 40–50 years, the oldest group, above the 70 represented 17% of the sample, but in this case, every second farmer had a successor at the age of at least 30 years.

At the end of the 90s and in the beginning of XXI century some demographic changes can be seen, since rate of population growth fell to a negative value. As a result, there was a decrease in the number of inhabitants from 5800 to 5572 in 2004 due to emigration. The latest data coming from the district from June 2009, shows that the number of inhabitants is now, however, greater than at the last census, and increased to 5696 people.

Interviews of 1992 showed an unexpectedly high level of education of farmers. Half of the sample was represented by the farmers with the secondary education or professional secondary agricultural education, mainly the young people of the age group 20–30 and 30–40 years. Meanwhile, the agricultural census 2002 indicates a surprising change of human capital in the past decade. At total 1132 holdings in the district, only 54 farmers graduated from the secondary schools (plus 14 university graduates). You can specify three possible reasons for that huge drop in the number and share of educated farmers. The first is the effect of winding-up of vocational education in Poland. The second is the migration to the cities in search of better paid jobs. Finally, the third reason, which cannot be excluded, is known well in social studies, when interviewed persons want to improve their social status and give false answers. Anyway, basing on the Census of 2002, 53% of farmers in the District had no any agricultural education, 41% had elementary education or completed the agricultural course, and only 6% were graduated from secondary or higher schools – these number show that the situation is improper.

However, we are currently witnessing a very profound transformation of the rural environment. First of all, as in September 2010, the interviewed farmers claimed “youth looks for work everywhere, may not only in agriculture”. Youth seeks employment mostly in large cities, because in nearby townships the possibilities of finding work are limited. Some go abroad for three-four or more months in a year. Secondly, it should be pointed out, that there is a very strong pressure on the acquisition of education. Local education ends at primary or secondary level, Youth continues education in larger centers, also in Lublin, the province capital, where a number of universities exist. Figures are not known, but the phenomenon to continue education at university level is increasing.

2. Agrarian structure

Comparison of long-term data on agrarian structure on the basis of the censuses of the end of the 1980s and 2002 shows a slow concentration of land in larger farms. Even the average area of the farm has not changed so much, oscillating between 8-9 ha, one may notice a gradual disappearance of marginal and small farms of area less than 1 ha. In 2002, in Drelow district these farms operated on 66 ha only and were practically like plots with an average surface area 30 ars (0.3 ha). In principle, they should not be called farms, although their owners depended more on part-time work outside farm than on agriculture. Adding the farms with an area of 1–5 ha, it appears that both groups constituted 36% of all farms in the district. In 2002 they operated only on 7.6% of the agricultural area, while still in 1988 this indicator was close to 20%. Poverty concerns this group to much extent. This is why the target of current local strategy is to alleviate poverty basing on multifunctional rural development. As *Local development strategy for the period 2008–2015* (Office of district Drelow, 2008) says, the main source

of living of the population comes from non-salaries sources (44% of all households), of which 18% lived on retirement fund. In 2006, the level of the average income in the district amounted to 72% of the average income at country level.

The second group of interest, after small farms, consists of farms with a relatively large area, in Polish conditions. These are the farms between 10–20 ha (an average of 14.2 hectares) and 20–50 ha (an average of 27.5 ha), together constituting 37% of all farms. They possess 71% of the total agricultural area, while in 1988 it was 48%. Thus the concentration of land visibly accelerated in the period preceding the accession to the European Union. Unfortunately, land fragmentation makes their situation worse than it comes from the censuses. Current status is in this respect similar to the conditions for agriculture in less developed countries. The typical farm operating on 10, 20 or more hectares consists of often even more than 10 plots, distant from each other even a dozen or so kilometers! This is why the real costs of production and land maintenance are high.

This is what says the official statistical data. The actual and current status of the agrarian structure is slightly different and generally more positive. The flow of the land to stronger farms, on the basis of changes of legal owner, is very limited and probably will remain low as long as the present system of agricultural subsidies from the EU exists (to every hectare, no matter the size and current status of the farm). However, as interviews conducted in 2010 reveal, a significant proportion of the land owned by small farms, is utilized on the basis of a lease by large farms. Leasing of land is therefore complimentary process to land concentration. This is why the actual average size of large farms is in fact bigger than official data says. Big farmers pay land tax of rented area (about 20 euro per hectare) while – paradoxically – official owners (small farmers) get EU payments (even 220 euro per hectare). As a result of a tenancy, although none of the farms in the district exceeds 50 ha, in fact, some farms operate on bigger area.

3. Land use and the structure of production

Land use reveals less changes comparing to agricultural structure. The area of orchards and plantations slightly increased and percentage of arable land augmented from 49.8% in early 90s to 54.7% in 2002. The latter, however, includes fallows. Small farms operate mostly on arable lands while large farms possess meadows, as well.

Already before the accession to EU local agricultural production changed to much extent. Specially cattle number declined by 30% while the decrease of a number of dairy cows and pigs was slight. In 2002, nearly 40% of all farms had no any livestock. The drop of livestock was mainly visible in small farms.

Interviews carried out in 2010 confirms the trend in the concentration of livestock production in large farms. Dairy cows are now bred almost exclusively in large farms (a number of 80 to 100 cows per farm). The same concerns pig-

sties, which are now led only by big farms. In some villages there are also a poultry farms. So, the process of concentration of production and increasing scale of production was visibly initiated and is on the right road also in poorer regions of Poland.

The orientation of production on livestock affects the structure of plant production since own forage and cereal concentrates are necessary. This is why cereal mixtures (wheat-rye-barley) are now the common crops including *triticale* (specie of wheat crossed with rye), which shows growing popularity.

The second crop are potatoes, grown mainly for feeding pigs. Industrial plants disappeared (oilseed rape and sugar beet). In recent years, however, the cultivation of organic "ecologic" willow expands due to UE program of alternative energy sources.

Clearly improved the yields of cereals. In the early 90s an average yield of cereals amounted to 18–23 q/ha, in 2009 (good weather conditions) 28–30 q/ha, while 34 q/ha only for wheat and triticale. The best farms produced more than 50 q/ha.

4. The functioning of local economy under UE conditions

The main challenges for structural policy for agriculture in the investigated area concern two issues: the creation of conditions for the development of agriculture at sufficiently large scale and to find out suitable alternatives for the small farms, which in the longer term will cease the activity.

One of the objectives of the strategy for the district is to change the agrarian structure. The experience of many countries, as well as Poland, reveal that administrative pressure to change agrarian structure is ineffective. It takes years, costs a lot while the farmers oppose, and the final result is negligible. Better results in this respect is the concentration of land, which results from the market pressure. It already has occurred in the district, though it currently faces a serious obstacle due to the impact of EU direct payments. As long as the payment will be applied irrespective of the area of the farm and no matter an actual professional status of the legal owner, small holdings will keep the land, and the rotation of the land will be limited mainly to lease. In this situation direct payments, rather than become the instrument supporting development, act as a supplement to consumption. Worse, if in a larger scale it is applied also in case of fallow land.

In 2011 the EU direct payment per hectare in the district was as follows:

- the general payment to cereals, potatoes etc cultivations (170 US\$ per ha)
- payment due to inconvenient natural conditions (60 US\$ per hectare; practically every farm);
- supplementary payment to cereals (120 US\$ per hectare; every farm);
- supplementary payments to animal production (170 US\$ per ha of meadow).

In addition, there is a payment to grow organic willow as the source of eco-energy, which for now is cultivated in small-scale.

As a result the small farm of, for example, 2 ha, growing on one hectare wheat and keeping the next one as the meadow, received total about 600 US\$ (1 hectare of cereals: 170+60+120; 1 hectare of meadow: 170+60; total = 580 US\$). If it leaves this area into a lease, it saves additionally around 70 US\$ due to land tax that is paid by the farm which rents the land. In this situation it is difficult to expect that there is the chance to change agrarian structure effectively.

The program for small farms includes multifunctional rural development schemes. Creating local enterprises specialized in various services (agrotourism) or in processing is obviously a very valuable initiative and makes the chance for small farms. EU programs offer many possibilities, including training and financial support. There are also various programs to introduce intensive agriculture at small scale, in some selected profiles (breeding some animal races, production of specific seeds, herbs production etc.). The problem is only few farmers from the small scale sector are able to start the new challenge. Many others live for a long time on social assistance plus in recent years – as already mentioned – on EU direct payments, and if they cultivate some land, they do it only due to own consumption.

The final conclusion concerning the desired changes is to some extent pessimistic. In current shape European funds do not support the flow of land from weaker to bigger farms. Surely developments towards a modern and competitive agricultural economy will continue, but it'd be more self-development which may achieve expected results in a course of long period.

Conclusions

Research carried out in the selected district in Eastern Poland reveals a complex picture of the transformation of the agricultural and rural environment in recent years.

In terms of the spatial organization of agriculture one may observe a slow concentration of land in larger farms. Unless the average area of the holding is not changed much, oscillating between 9–10 ha, however, one may notice a gradual disappearance of the smallest farms. Supplement trends is the leasing of agricultural land. Participation of a large farm in land use, and not in the ownership, is bigger than the official data from the censuses show.

In large farms, there is a concentration of livestock production. Dairy cows are now bred almost exclusively in large holdings. It is likewise in case of swine breeding. The orientation of the production on livestock affects the structure of agricultural production, since large farms specialize in cereals and in the cultivation of potatoes for the purposes of animal nutrition. Industrial plants cultivation, like sugar beet, diminished.

Current direct payments to agriculture from European funds (per hectare of the farm, regardless of size) does not assist the structural transformation

of agriculture in accordance with the provisions, since part of it becomes in reality the social security fund, and does not support production. It is highly likely that, in view of the 2013–2020 prospects of EU budget the system of direct payments will be changed and adapted to the actual professional status of the land holders.

Bibliography

Agricultural censuses: 1988, 2002, 2010, GUS, Warsaw.

Gudowski J., *Regeneration of Polish agriculture. Trends in the 1990s*, “Studia Finansowe” no 65, Institute of Finances, Warsaw 2003.

Strategy for local development of Drelow commune for the period 2008–2015, Office of the Municipalities of Drelow, 2008.