

# Розвиток сільських територій

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## **Changing of agrarian structure as a factor of agricultural transformations in Poland after political transformation**

*The main directions of changes of agrarian structure took place in two stages: in the years 1989-1993 at the time of adaptation of agriculture to the rules of the market economy, the second stage of changes took place in the years 1994-2002 and was connected with taking over farm properties of the former state-owned sector by the Agricultural Property of the State Treasury Agency as well as single entities. Taken actions by the then governments initiated restructuring and modernization of Polish agriculture, initiated transfer of lands – completely controlled by the state – to individual farms, minimizing the participation of the state-owned sector in general area of lands used agriculturally.*

*Keywords: agrarian structure, market economy, restructuring, farms, public sector, transformation.*

*Introduction.* Land management has always been an important domain in the strategies of socio-economic growth of our country [4]. The concepts of structure and organization have almost unambiguous explanations in literature. The structure is a coherent arrangement of qualitative proportions of given units in their general collectivity. In the analyzed case, the agrarian structure is an qualitative arrangement of different territorial groups of farms [7]. Doctrinal assumptions of a socialist state had a fundamental influence on the process of shaping size structure of individual farms in Poland. Fragmentation of farms «patchwork of fields» combined with the process of stratification of the territorial structure led to technical backwardness and lowering economic efficiency of this sector of agriculture. Adopting competitive rules of market economy and subjection of management to profit maximization brought about the processes of farm production concentration and significant changes within territorial structure in Polish agriculture. The main aim of this paper is to present significant changes in the territorial structure of Polish agriculture after 1989 on the basis of the data from the Central Statistical Office of Poland and studies of literature from the selected subject-matter.

*Restructuring of private sector contribution in agriculture.* The changes taking place in Polish agriculture have often happened in a specific context of ownership and size changes in agrarian structure. The ownership changes taking place in agriculture were, to a large extent, the result of the events taking place on the political scene, especially political transformation. Political changes have put operating agricultural holdings into categories: collective farms and private farms, which were then grouped according to main forms of ownership:

- individual agricultural holdings;
- cooperative agricultural holdings, including farmers' cooperatives (Rolnicze Spółdzielnie Produkcyjne, Spółdzielnie Kółek Rolniczych) and other cooperative entities based on cooperative law;
- private sector partnerships;
- state-owned farms including in the period analyzed the State Agricultural Farms owned by the Ministry of Agriculture, public sector partnerships, agricultural holdings within administration of the Agricultural Property Agency of the State Treasury.

Agricultural holdings classified in this way according to ownership criterion, were then divided according to the acreage structure. The sizes given below are aggregated according to European Union standards and define the developmental possibilities of given acreage groups of farmland:

- small acreage farms of 1 to 14,99 hectares;

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- agricultural holdings of market-oriented production, of 15 to 99,99 hectares;
- large-acreage farms of 100 to 999,99 hectares oriented for contract work; most often their origin was connected with restructuring and privatisation of single State Agricultural Farms;
- large-acreage farms and multiple plant enterprises, which are the highest form of land concentration in Polish agricultural conditions, exceeding 1000 hectares [8].

A breakthrough period for triggering the changes in the input of the ownership form in a specific group of farms in relation to the total area of all farms were the years 1988-1989. In mid-1988, the private sector of the economy used a total of 13,480,000 hectares of arable land, which constituted roughly 70% of the total area of agricultural holdings. Those holdings were mainly concentrated in the size groups ranging from about 0.51 to 4.99 hectares, which accounted for 28.6% of farmland and in groups ranging from 5.00 to 14.99 hectares (which is an average of 11.96% of agricultural land). The smallest percentage of households having at their disposal a higher acreage, was constituted by acreage group of 15 hectares and more (6.9%). In 1988 the sector of collective farms owned just 5,355,000 ha of agricultural land and by far the largest percentage of the farm area of that acreage was represented by State Collective Farms under the Ministry of Agriculture, Forestry and Food Economy, including acreage groups of 1,000 hectares and more (60%) and the largest Agricultural Cooperatives in the same acreage group constituted only 4.1% [5].

The areas of northern Poland are distinguished by a high degree of ownership diversity, where in the hands of private farms there was from 40% (the north-western part of Poland), up to about 95% of agricultural land located in areas of former provinces of: Białystok, Łomża, Włocławek [8]. Significant spatial differentiation of the ownership structure of the northern part of the country is, as Rudnicki proves, the result of «[...] the impact of the historical factor. In the municipalities belonging to the former Russian partition, where the average contribution of the private sector in agriculture constituted 95.5% and was significantly higher compared to the former Prussian partition and Poland during the interwar period (76.6%), and especially to the lands included into Polish territory after the Second World War II (47.8%)» [8].

The release of considerable land resources owned by the state and agricultural cooperatives through decollectivization, created a base for material transformations that occurred in the ownership and use of agricultural land in Poland. That trend also triggered large losses in the socio – economic sphere, occurring mainly in rural areas. State farms co-existed in a kind of symbiosis with the private sector constituting a micro-complex of food economy, where, apart from the plant and animal production, also food processing developed. What was significant was some cooperation with private sector of agriculture in the outwork system, acting as the integrator for agricultural production [2].

Agrarian transformation taking place at the turn of 1989/1999 affected, above all, large farms with an area of 1,000 ha and more. After decades, these farms occupied 10.8% of all agricultural land. The farms in the private sector increased. The massive transfer of land caused a dramatic drop in acreage and state farms by the end of 1997 there was a decrease of 28.5% of the original state. This phenomenon was also visible among a group of individual farms, though definitely due to different reasons. Dominated by a group of private farms, the area of 0.51 ha – 4.99 hectares, constituting 28.6% of agricultural land in total area in 1988, decreased by 5.3% of general state in 1998. Despite this decrease, the position of the group in the area is still decisive among all area groups. The reported decrease in the share of that area group was the result of «promotion» to the group with more area- from 5.00 hectares to 14.99 hectares, whose share increased to 14.8% in the total area of agricultural farms. The changes in the size structure were also reflected in the largest group of the area in 1000 and more hectares, which had been the domain of the public sector before. The ongoing privatization has transformed the proportions of percentages of individual owners of large farms as a result of which 8.7% of the land was in the hands of individual farmers, 4.4%

in the hands of commercial companies, and the remaining 0.8% still remained in the possession of state farms and 1.2% – cooperative farms [6].

*Own land and leased farms cultivated by the private sector.* The introduction of the free market and competition into Poland has opened the possibility of free movement of capital and land between those interested in its disposal, purchase or lease.

Privatization was a rational way to deal with the giant movable and immovable property after the liquidation of the State Farms. In the agrarian sphere privatization was associated with an increase in the land used by farms of the private sector. The surface of arable land could be increased by the conclusion of a civil contract for the purchase or lease of land of the public sector. The lease agreement allowed the landlord to use the land for its intended purpose, and the legal status of the lessee, as the owner of the land, still remained unchanged.

The period of free market economy and the activities of the State Treasury Agricultural Property Agency was characterized by high volatility and frequent fluctuations in the number of leased land. The main task of the Agency was to set up the appropriate management and privatization of the remaining property after liquidation of state-owned farms. Development of these properties was aimed mainly at two leading directions: the sale of the land, which was at the disposal of the Agency, as well as a short term and long term lease. As soon as the Agency (1992) was set up, the rate of the decrease in the number of leased land declined several times. Only in 1992 the land leasing consisted of 49 thousand hectares of land. In comparison to 1989 the decline was nearly tenfold. The number of contracts of lease which were concluded with the Agency was strongly and rapidly increased in the coming years in order to achieve a record value of 1 200 thousand ha. The amount of leased land was gradually decreasing in each coming year – from 915 thousand ha in 1995 to 137 thousand ha in 2001 [9].

The main reason of such unfavorable tendency is the depletion of available land. According to APA estimations, an average of a lease contract accounted for nearly 17 hectares of land, whereas in 2001 this value decreased to 10 hectares. In 2001 fewer contracts for the lease expired and less land was returned to the Agricultural Property Agency. It was also reduced the amount of land excluded from the existing leases in 2001 and at the same time much more contracts were terminated.

In 1996 the APA reached a very high level of land distribution, which approximately fluctuated 84%, including 65% as a lease; almost 10% of land was sold and 9% was used for other purposes. Land use in the form of a sale and lease consisted of 3 360 thousand ha in 1996, most land was leased by private entities.

The largest amount (3 million ha) located in the State Treasury Agency was lease out 1996. In 1997 there was a completely different tendency – a sharp decrease in the amount of land area donated in the lease holder, which was mainly related to:

- the ongoing process of redemption of leased land by leasers, - transfer of part of the land into a new administrative board, returning from the lease in order to re-lease or sale,
- the exclusion of part of the land from the existing nondisclosure agreements for the purpose of meeting the needs of farmers, former employees of state-owned farms or other legal entities, for example, municipalities, religious organizations, the State Forest Administration.

Gradual decrease of the area of leased farming lands continued until the end of 2002 and according to the data of the Institute of Agricultural and Food Economics by the end of 2002 it was 520 thousand hectares, which is 18% less compared to analogical period in 1996 [1].

One of the effects of the distribution of farming lands previously owned by former State Owned Farms and after «decollectivization» of the cooperative sector was the dynamic development of the private sector. The area of farming areas owned by this sector between 1991-2001, when the lands suitable for farming in the whole country decreased nearly by 0,3 mln hectares, increased by 2 mln hectares, and the private sector's share in the use of land increased rapidly from 80% in

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1996 to 92,7% in 2001. It is worth mentioning that the development of the private sector was largely determined by the lease of lands by farms from the bigger area groups which is shown in figure no 1.

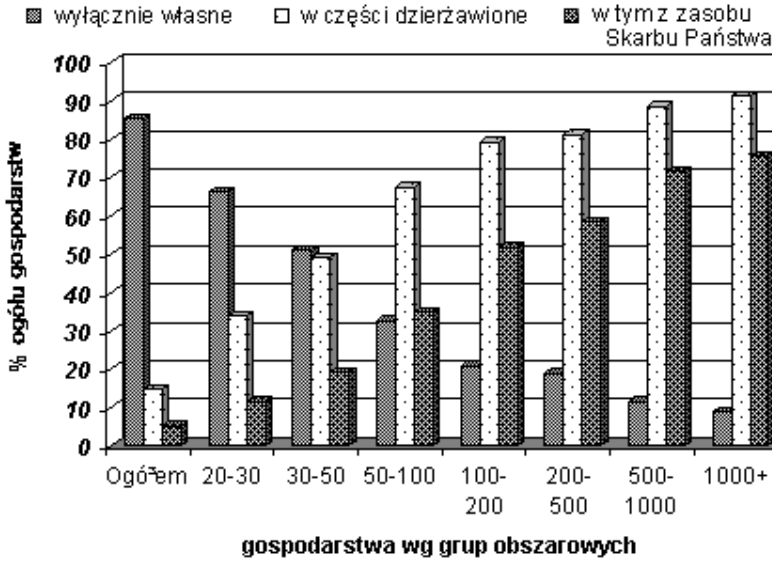


Figure 1. The areas of farms in the private sector in 1996

Source: [3].

Initiated changes caused the shift of the major percentile share of the land ownership towards the private farms. The acreage of farming lands owned by the State Owned Farms decreased by over 2,5 mln hectares, and their share in the use of those lands also diminished from 18,6% to nearly 5% [3].

The essential data on the analyzed matter (figure 2) is provided by the information of Agencja Własności Rolnej Skarbu Państwa (Agency of State Agricultural Real Estate) showing the percentage of individual farms increasing their acreage due to lease and purchasing lands from AWRSP (Agency of State Agricultural Real Estate).

There are the following conclusions to be drawn while analyzing figure 2:

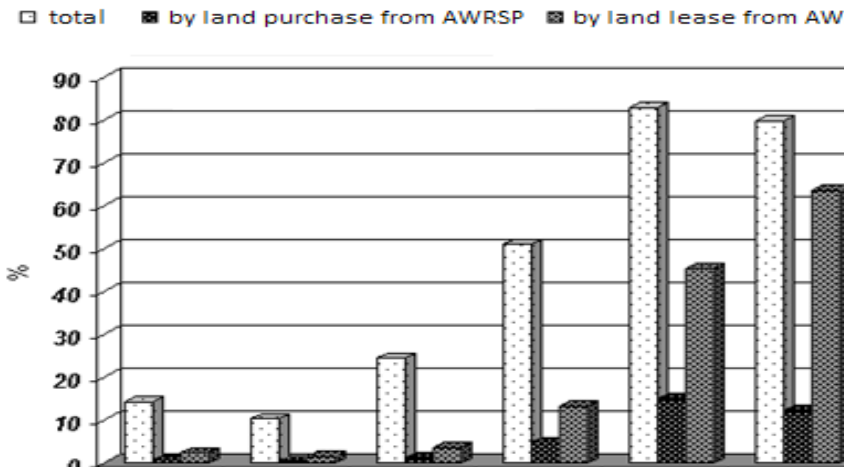


Figure 2. Percentage of individual farms which increased their own acreage in the years 1990-1996

Source: [3].



- in the case of a lease – the percentage of people enlarging their households grow in the case of farm size, from 1% for the group of farms of 2-5 hectares up to about 70% for large farms (over 500 hectares);
- in the case of purchase – the percentage rises from 0.3 % for the households of 2-5 hectares, to 16.5% for households with the area of 100-200 hectares, and the next group of the area of over 200 hectares falls to about 8%.

*Summary.* The beginning of the nineties initiated a number of positive changes in Polish agriculture. The agricultural structure of individual farms is clearly improved followed by farm regrouping associated with reducing the number of individual farms and the enlargement of agricultural land area.

In the middle of 1990s, private farms occupied 14 228 hectares of agricultural land [6]. The disposal of land by ‘the Agency’ after the liquidated State Farms led to significant changes in the size structure and ownership of farms. The area structure of farms was also significantly improved. It was in the mid-1990s that the overall acreage of agricultural area held by individual farms increased by 1 203 thousand hectares compared to 1990 [6].

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#### **Мазяж П., Рейман К. Зміна аграрної структури як фактор аграрних перетворень у Польщі після політичної трансформації.**

*Наведено значні зміни у територіальній структурі польського сільськогосподарського сектору після 1989 р., які відбулися завдяки переходу до правил ринкової економіки та переорієнтації управлінців на максимізацію прибутку. Основні напрями змін аграрної структури відбувалися у два етапи: у 1989-1993 рр. під час адаптації сільського господарства до правил ринкової економіки, а другий етап зміни відбувся в 1994-2002 рр. і був пов'язаний з поглинанням сільськогосподарських активів колишнього державного сектору державним казначейським агентством сільськогосподарської власності, а також окремими особами. Застосовані дії тодішніх урядів ініціювали реструктуризацію та модернізацію польського сільського господарства, а ініційована передача земель – повністю контрольована державою – передачу до індивідуальних господарств, мінімізуючи участь державного сектору на загальній площі земель, що використовуються в сільському господарстві. Результатом цих змін стало те, що частка домогосподарств, яким належало від 2 до 5 гектарів, значно збільшилась за рахунок купівлі або лізингу нових земель, а ефективність сільського господарства зростає.*

*Ключові слова:* аграрна структура, ринкова економіка, реструктуризація, фермерські господарства, державний сектор, трансформація.

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