

# Poland's private farmers: the backbone of the Polish economy

by Rosa Tennenbaum

When newly elected Polish Premier Tadeusz Mazowiecki had to interrupt his inauguration speech in the Sejm for 50 minutes because of an attack of fatigue, he said that he felt "like the Polish economy." But the comparison may be understated, since the Polish economy is not merely suffering from fatigue—it's standing on the brink of collapse. Since the outbreak of the World War II, not a single zloty has been put into infrastructure, and now, after 50 years, everything is generally exhausted and run down.

When we see pictures of Polish agriculture, it is as though we have gone back to the distant past: There are horses pulling old wooden wagons, oxen pulling plows, and farmers cutting rye with scythes. Only now and again do we see a combine being pulled over the field by a horse. Nevertheless, Poland's agriculture is surviving, and today still forms the backbone of the country's economy. Numerous times, the Communists have attempted to collectivize agriculture, without success. The resistance was so powerful that the plans over and over again had to be canceled. That highlights a feature of Poland's farmers, who have, over and over again in their history, been forced to submit to the pressure of the powers that be, but who have always defended their freedom, stubbornly and steadily.

The activities of the Communists are reminiscent in many respects of the arbitrary regime once exercised by the nobility in their manors. "In the village, there is a municipal office and a co-op office where the officials rule. They are the ones who have the say here, on whom all decisions depend, who can take care of everything. And they rule here as was once done in the manor. The farmer who deliver his grain can wait for his money." Thus are relations described in government offices, according to a recent account in the West German weekly *Der Spiegel*, No. 34, 1989.

Seventy-six percent of the country's farms are in private hands, and independent farmers cultivate 71.5% of the arable land. Although productivity in private agriculture far exceeds that of the state-run farms, the state one-sidedly supports the collective sector. This policy has become a heavy burden for the national economy. Capital expenditures per hectare for each agricultural acre on the state operations and co-ops are more than double that on private farms, and every production unit in the socialist

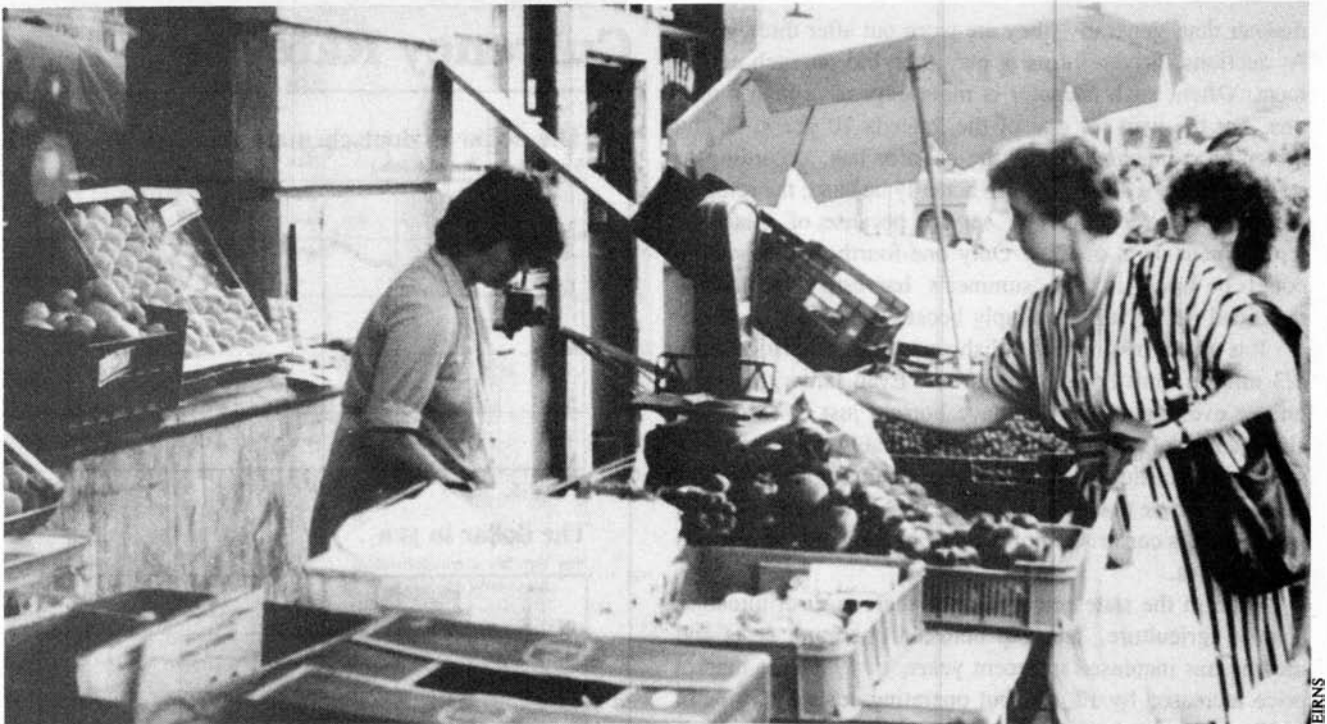
sector costs at least 50% more than in the private; nevertheless, the government holds obstinately to its policy of one-sided preference for the socialized sector.

Every zloty invested last year in private agriculture produced 3.45 zlotys in revenue; in the socialist-run farms, only 1.58 zlotys are returned, despite far better technical equipment and far larger operational size. Many state-owned farms and co-ops consumed more capital goods than they delivered products, and are thus a burden for the overall economy, according to a study on the problems and potentials of bilateral management cooperation with Poland in food and agriculture by Andre Antal, recently published in Giessen, West Germany.

Systematically, private operations were (and are) less well provided with capital goods, scandalously hurt by credit allocation, and so forth. Poland is an important producer of agricultural machinery. But virtually all tractors and machines produced are large and can be used only on a few state-run farms or are exported to other East bloc nations. The state shows no interest in providing the majority of farms with technology and thus in earning regular revenue.

Private farmers are forced to enter into contracts with state wholesale purchasing organizations at centrally determined prices, and the migration of young people from farms is encouraged. Since 1981, the increase in food production and the equality of rights and duties in all three agricultural sectors have been promised in party resolutions, but the discrimination against the private sector has little changed. "The rulers have never, despite all assurances, given up their ideologically motivated goal of abolishing private property in the capital goods. They have merely changed their tactics," as Poland specialist Andre Antal described the government's policy. And here is found the cause for the collapse in agriculture and in provision of food for the people.

The party and government's resolutions and statements of intention are generally torpedoed by local management and distribution organizations, which, as always, favor the state-run farms. "Private agriculture in Poland is surrounded by an administration that lives off setting up the conditions for the slightest change in operation for every



Food shopping in Warsaw, in June 1989. At that time, shoppers had to wait in line for 15-30 minutes to buy their produce; but since then the situation has deteriorated rapidly. If aid is not forthcoming to Poland's private farmers, who produce most of the nation's food, shortages will be even more acute.

economic transaction, and issues, or refuses to issue, authorizations, certificates, and purchasing permits," according to the *Frankfurter Allgemeine Zeitung*. "If the farmer, for example, merely wants to build a simple barn, he will need, among other things, cement, wood, and asbestos siding. He is required to travel throughout the region many times for all this, visit many shops, stand in lines everywhere, produce authorizations and purchasing permits, and, additionally, distribute bribes to the proper places. The same befalls him when he requires capital goods (machines, raw materials, mineral fertilizer) for his current production," Antal reports.

Last year, 95% of the requirement for mineral fertilizer in the socialist sector of agriculture could be covered with imports and domestic production, but only, on average, 50% of the requirement of private farms and, in individual cases, only 10%. For ordinary operating supplies such as mixed fodder, certain fodder concentrates, or pesticides, planning officials seem simply to ignore private requirements. According to Polish estimates, the farmer expends on average one-third of his available work time for "management" of his sales and purchases.

Many production items are simply not to be had with the national currency. Production companies and the state-run purchasing organizations, monopolies with which the private farmer must deal, do not pay farmers money for the grain, potatoes, slaughter animals, or milk they deliver, but

rather issue purchase orders for coal and other raw materials, even for equipment otherwise rarely available on the market. In such barter in 1987, the government paid off farmers with, for example, 1.5 million tons of coal.

A similar situation is found with the marketing of produce. During harvest time, depots are so overburdened that a considerable part of the harvest is spoiled. With the purchase of 7 million tons of grain per year, only 5 million last year could be more or less properly stored. The remainder rotted in the farmers' wagons on the way to drying facilities. The same is true for dairy and slaughter animals. Cows give more milk during the summer, and thus create insoluble problems for distribution agencies. Approximately one-third of the milk spoils during these months because of lack of cooling facilities or sours during the far too lengthy trips to dairies, where, in any case, the processing capacities are insufficient.

As a rule, animals for slaughter have to travel long distances. The animals are often en route for many days, and frequently die before reaching the slaughterhouse, while those that live must wait there without food or water for days because of insufficient slaughtering capacity.

The number of machines belonging to private farmers is very small. Only one in four farms has a tractor, and, when there is one, it is usually over-aged. Those farms that are part of the state plan receive tractors and machines in any quantity they need, and the machines are operated in such a

manner that, generally, they are worn out after three years. At auctions, private farmers may then bid on such equipment. Often, such a tractor is more expensive than a new one, but the wait for one of the latter is 10 years. Of the agricultural machinery that the country has, according to statistics, only a small part can actually be used; the remainder has been forced out of service because of a lack of replacement parts or tires. Only one-fourth of the tractors could be used in this summer's harvest; three-fourths remained out of service simply because of a lack of tires.

It is not surprising that Polish agricultural statistics show 1.3 million draft horses still in use. Even farms that have one or even many tractors have horses, just in case. The chronic lack of replacement parts is probably the reason why so many fantastic machines are seen operating in the fields; often a machine that appears to be exotic, but is more or less functional, is constructed of parts from many different kinds of machines.

Even in the state pricing policy there is discrimination against agriculture. The gap between operating costs and income has increased in recent years. In 1986, the market price increased by 12.4%, but operating costs by 17%. In 1987, agricultural prices increased on the average by 20%, but the delivery price for raw materials and operating funds by 40-50%. Simultaneously, the quality norms were raised so that what was formerly in class one has slipped down to class two. Every third private farmer slipped down to a minimum level for existence and thus joined the poorest level of the population.

The same was repeated after controls were removed from food prices, which took place on Aug. 1. The delivery price of milk increased by approximately 20% and that of meat, by approximately 30%, but, simultaneously, the state increased the price for operating funds by an average of 200%, and the consumer has to deal with price increases for food of up to 500%. In general, people are taking a cautious attitude toward the changes, which, given the experiences of the Polish people, is hardly surprising.

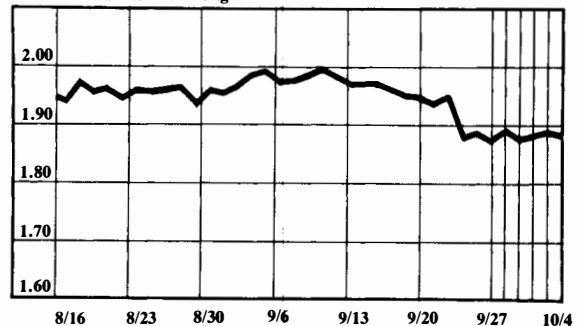
Nevertheless, agriculture is the most productive sector of the Polish economy. Agriculture was the only branch of the economy last year whose gross production was above the level of 1978, the previous record year. In this connection, the much-ridiculed small farmer played an outstanding role.

Reading the reports on the economic situation of this country, one is surprised that things are not significantly worse and that there are still any farmers at all in Poland. The economic reconstruction of Poland can and must build on private agriculture, the only even half-way functioning sector. If the most important abuses, the chronic lack of replacement parts, tires, operating funds, and so forth, as well as the proverbial chaos in planning and management, are abolished, Poland's agriculture will expand, and can serve as the driver for general development of the overall economy.

## Currency Rates

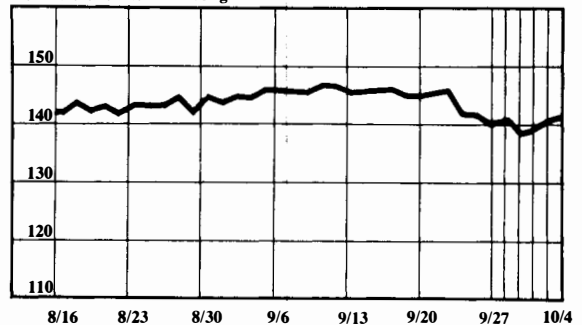
### The dollar in deutschemarks

New York late afternoon fixing



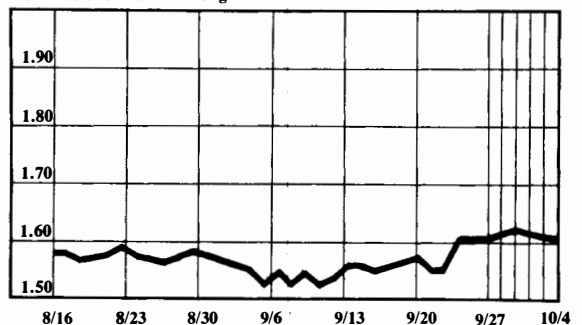
### The dollar in yen

New York late afternoon fixing



### The British pound in dollars

New York late afternoon fixing



### The dollar in Swiss francs

New York late afternoon fixing

