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### IMPORTANT CHANGES IN AGRICULTURAL POLICY

Summary: In comparison to the rather timid and restrained changes made in the sphere of industrial management, recent steps taken by the party and government in agriculture are particularly interesting. The rate at which these individual decisions have been introduced and their scope create the impression that -- as opposed to the industrial sphere -- the party's agricultural policy is comparatively clear and, what is most important, quite effective.

The majority of the decisions, spurred on by current needs, concerned the profitability of individual farms. Quite apart from the motives which prompted the introduction of these changes, the latter have, in effect, strengthened the individual farms. The fact that several problems whose settlement had been delayed pending future "socialization" (read: collectivization) of agriculture have now been solved indicates that a pragmatic approach dominates the party's current agricultural policy. A characteristic example in this respect is the regulation of the tangled muddle of the property rights of individual farmers.

The first positive effects of the new agricultural policy are already clearly evident, especially in the sphere of animal husbandry.

It can also be deduced from various assessments that in the period to come this increase will continue and will even grow greater. However, in spite of the already achieved and the expected improvements, the level of animal production will not, in the immediate future, suffice to cover domestic demand.

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### Introduction

In spite of repeated promises, the reform of the economic system has so far not been introduced, and what is more, notwithstanding official announcements on this matter, (1) no concrete principles on which this reform could be based have yet been publicly outlined. Just as during the former Gomulka administration, the current, summarily introduced changes apply to individual sectors of the economy and make no attempt to change the entire economic model. In fact, these changes only eliminate the worst absurdities inherited from the old administration, but do not alter the basic principles governing the system created by the latter. The latest pronouncements on this subject (2) give the impression that future changes will merely inject a certain amount of common sense into the framework of the current system.

A particular exception to this rule is the whole set of party initiatives concerning agriculture. The range of the initiatives and their concentration within a short period of time define quite clearly at least the present attitude of the authorities to agricultural problems. Indeed, some of the decisions (for example, the settlement of the land property rights, and of problems involving sales of land) encroach upon a sphere previously held to be taboo.

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(1) See Polish Situation Report/15, Radio Free Europe Research (EERA), 14 April 1972, Item 1.

(2) See ibid.

Previously, the settlement of such outstanding matters used to be left pending until such time as the authorities finally decided to outline a new concept for the socialization of agricultural production. The Gomulka regime rigidly clung to the belief that an earlier settlement of these problems would strengthen private ownership of the land, and in effect render more difficult any future switch-over to some still unspecified form of socialized agricultural production.

In view of the party's increased involvement in the problems of agricultural production, it is worth taking a closer look at the specific steps introduced in this sphere.

### Chronology of Events

#### December 1970

On December 4, the Sejm was presented with the draft of the plan for 1971. This draft outlined only a very modest increase in the sphere of agricultural production and the supply of food for the domestic market. Taking into consideration the disastrously bad harvest in 1970 and the decrease in the cattle and pig herds, the tasks outlined in agricultural production did not guarantee attainment of even the 1969 results. This was reflected in that part of the draft which outlined a drop in the average per capita supply of meat for domestic consumption.

On December 13, the authorities announced price increases, particularly of food products, raising their cost an average 20 per cent; at the same time, the authorities raised the procurement price paid per kilogram of live animal. The retail price increases, combined with the continuing food shortage, triggered the riots on the Baltic coast and in other parts of the country. One week later, the new party leadership, headed by Edward Gierek, took over power.

On December 23, speaking in the Sejm, Gierek announced the "continuation of the agricultural policy in force" and stated that "the government should continue to implement the

policy of developing and intensifying agricultural production, whose increase is sorely needed by the whole nation and will at the same time be profitable to the farmers." (3) He also announced a price freeze on food products for at least the next two years.

During the same Sejm session, Premier Piotr Jaroszewicz, speaking about agricultural policy, said the following:

The main principle and the guideline of this policy is to combine an increase in agricultural production with a gradual improvement in the material, social, and cultural living conditions of the rural population.

#### February 1971

On February 7, in a speech at the eighth plenum, Gierek -- once more confirming his resolve to continue the agricultural policy of the former leadership -- said:

We shall undertake new initiatives designed to guarantee the development of agricultural production by individual farms, combining the implementation of this task with steps to encourage socialist transformations in rural districts. (4)

Gierek failed to specify what he meant by these "socialist transformations," but on the other hand, further along in this speech, he outlined a plan for the improvement of facilities offered to farmers, support for the economically sound individual farms, and modernization of state farms, and

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(3) Nowe Drogi No.1, 1971.

(4) Trybuna Ludu, 8 February 1971.

stated that the authorities would examine the possibilities of expanding the social health insurance system to cover individual farmers.

On February 15 the government rescinded the retail price increases for food products, which had gone into effect on 13 December 1970. The reversal to the pre-December 13 prices went into force on March 1.

#### March 1971

On March 22, the government raised the procurement prices paid per kilogram of live animal, and the procurement price of milk paid to the producer. As a result of this, the average sum paid farmers for a hog increased by about 180 zloty and for a calf by between 300 and 600 zloty. Moreover, the authorities gave the farmers a guarantee that they would purchase any amount of hogs offered for sale (under the so-called "intervention purchase scheme") and guaranteed an adequate supply of fodder.

#### April 1971

On April 14, the PUWP CC Politburo and the Presidium of the Main Committee of the United Peasant Party "recommended" that the government abolish, as of 1 January 1972, the system of compulsory deliveries by farmers of animals for slaughter, as well as of grain and potatoes, and that in future purchases of agricultural produce be based on proper contracts. The above-mentioned political bodies also opted for the continuation of the Agricultural Development Fund, for a broadening of the sphere in which investments allotted from this fund can be used, for a reform of land taxes, for a reduction in the degree of tax progressivity, and for preparations for a change of laws governing land usage and the protection of arable lands and forests. They also announced that, in 1972, the authorities would introduce a social security system for individual farmers. All in all,



the decisions of the Politburo and of the UPP Presidium were of a programmatic character and were regarded as an outline of the main principles which should govern a reform of agriculture.

#### June 1971

On June 23, the Sejm was presented with the drafts of some of the bills jointly proposed by the PUWP Politburo and the UPP Presidium.

#### September 1971

On September 4, the ninth plenum approved the guidelines for the sixth party congress. The section dealing with agriculture outlined an 18 to 20 per cent growth in agricultural production between 1971 and 1975. During the same period, the pig herds were expected to increase by 22 to 26 per cent and those of cattle by 12 to 13 per cent.

#### October 1971

On October 26, the Sejm passed bills concerning a broad range of agricultural problems. This completed the first stage of the formal and legislative changes contained in the proposals put forward by the PUWP and the UPP.

#### January 1972

On January 1, the increase in the purchase prices paid to breeders of young cattle for slaughter went into effect.

#### April 1972

On April 4, another new rise in purchase prices came into force, this time for heavier young slaughter cattle. The

procurement prices for specific types of cattle increased on the average by about 10 per cent.

On April 12, the authorities officially abolished, as of 1 May 1972, the state control over sales of coal which had been in force for nearly 33 years. This was a particularly important decision, because up to then the whole system of government contracts was tied to coal allotments in order to make this form of sales of agricultural produce "more attractive" to the farmers.

This is how the events which wrought the greatest impact on the present state of agriculture in Poland can best be presented in brief. Some of these points merit further discussion.

#### Creating Conditions for the Profitability of Agricultural Production

Roughly speaking, the factors which, up to December 1970, determined the profitability of a farm were the following:

- a) The freely fluctuating consumption in kind of the rural population and sales of agricultural produce on the free market -- both of comparatively small elasticity and depending mainly on the quality of the harvest and, indirectly, also on prices paid on the free market. This part of the profitability was only indirectly dependent on state intervention (through prices, contracting privileges, variations in the size of compulsory delivery quotas, etc.).
- b) Deliveries of agricultural produce on the basis of government contracts. The prices paid to the farmers for those products which had been contracted for beforehand were comparatively low and did not always guarantee profitability of agricultural production. Nevertheless, combining the system of government contracts with certain privileges (for example,

the right to buy coal, certain kinds of building materials, grain for sowing, chemical fertilizers, etc.) resulted in a situation where farmers who were unable to acquire these goods in any other manner were obliged to resort to selling part of their produce on government contract.

c) Compulsory deliveries, in which the farmers were forced to sell to the state certain amounts of their produce at prices below their own production costs. These compulsory deliveries represented a form of taxation.

d) Taxes and other direct burdens carried by individual farmers (insurance premiums, local rates, etc.) set at a level which was generally prohibitive for agricultural production on large farms. By manipulating the level of these financial burdens and the terms of payment, the state could rapidly and directly influence the profitability of agricultural production.

e) Price policy concerning those industrial goods and services which are indispensable for agricultural production (chemical fertilizers, agricultural machinery, components for enriching fodders, building materials, etc.), which also formed an element of the tax policy (indirect taxes). By manipulating these prices, as well as the amounts of available supplies, the state had an additional opportunity to influence the profitability of agriculture.

To sum up, the profitability of a farm was, in this case, dependent to a greater extent on the plans and intentions of the state than on the farm's real efficiency in production. Any excessive "above-average" profitability (achieved through better-than-average efficiency, or an unusually good harvest) could at once be "siphoned off" by the state. In fact, in practice, the state applied just this procedure in the overwhelming number of cases. As a result, a farmer cared more about covering his own needs



and consumption in kind than about really increasing his production for the market. (5)

The introduction of some of the economic decisions mentioned in the "chronological diary" has radically changed the structure of the factors influencing the profitability of farms.

1. After the four most important successive raises in the procurement prices paid for slaughter animals (in December 1970, March 1971, January 1972, and April 1972), (6) animal production became, in principle, profitable. The first of these raises was introduced still under Gomulka as one of the changes in the prices paid for food and industrial goods. The next rise, introduced barely four months later, was of a much broader scope, although its primary intention was to boost, as rapidly as possible, market supplies of milk and livestock, especially hogs. It was also designed to break the trend toward a reduction of animal breeding, which had been directly caused by the exceptionally bad harvest of 1970 and the resulting fodder shortages. The third and the fourth raises applied only to certain parts of the over-all problem and were designed to improve the quality of animal production and especially of that

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- (5) This opinion is confirmed by official assessments. For example, on 29 August 1971 Zycie Gospodarcze wrote: "In view of the increase in prices and the rise in the cost of living during the last five years [1966-1970], the real value of the total income of peasants from agricultural production has shrunk by about 4 per cent. On the other hand, however, the peasants' real consumption remained at the 1965 level. The decrease in real money income was compensated by the increase in consumption in kind."
- (6) This report limits itself to a discussion of only the more important raises in the purchase prices paid for slaughter animals. Raises of secondary importance (which are not discussed here) included that in the purchase prices for mutton and hides (introduced in March 1972). Domestic demand for mutton fluctuates between 0.4 and 0.5 per cent of the over-all demand for meat.

part of it earmarked for export. The level of world market prices for beef and pork reflects preferences that differ from those on the Polish domestic market, and therefore it is profitable for Poland to export beef (especially of high quality) and to use that money to buy much cheaper pork abroad, which to a great extent satisfies the demand on the internal market. It is worth noting that, in spite of the above-mentioned raises in the purchase prices paid to breeders, the retail prices of food have been frozen at their pre-13 December 1970 level until the end of 1972.

2. Relieving the system of government contracts of some of the stipulated conditions attached to it -- which led to a complete disintegration of this form of purchase. As a result of the simultaneous raising of purchase prices to a level which made animal production profitable, the farmers no longer have to be forced into signing government contracts through "incentives" in the form of allotted deliveries of coal, fertilizers, etc. Nevertheless, since the state is directly interested in the contract procurement system (which gives it the possibility of a planned regulation of supplies), it continues to grant farmers who sign such contracts certain privileges (such as a guarantee of the purchase, allotments of construction materials for building pigsties, etc). However, these privileges are no longer a decisive factor in inducing farmers to choose this manner of selling their produce. Formerly, the dominating factor which forced the farmers to accept government contracts was the allotment for the purchase of coal, which was directly tied to these government contracts (in practice, coal was not obtainable in any other manner). Therefore, the abolition of state control over sales of coal was a consistent step, complementing the raising of purchase prices. Apart from the basic economic effect of broadening the sphere of free market trade in rural areas, this step also plays a very important psychological role, that of doing away with one of the relics of wartime

and postwar policy (state control over coal sales was first introduced in Poland by the Nazis during the war-time occupation). Initially, this control was hardly felt in the rural areas, because peasants then still used very little coal (burning mainly peat and wood), but with the passage of time the demand for coal rose steeply, and in the most recent past the shortages of this type of fuel were regarded as a principal sore point by people employed in agriculture.

3. The abolition on 1 January 1972 of the compulsory deliveries of basic animal and plant products had an even greater impact. Just as in the case of control over coal supplies, compulsory deliveries were originally introduced by the Nazis (as compulsory levies). This bitterly resented and unpopular form of "legalized robbery" by the authorities of part of the farmer's output was later adopted by the communist regime and elevated to the rank of a basic link between individual farming and socialized agriculture. The patterns drawn from wartime communism in the USSR turned the procurement system at the same time into a weapon for purposes of discrimination and one which was particularly instrumental in the elimination of larger farms. With the passage of time these ideological and political motives became less intense, but the farmers were still financially burdened by having to sell to the state a considerable part of their produce at prices which were much lower not only than those obtained on the free market, but even than those provided for in government contracts. During the Gomulka era, the authorities tried to mitigate the financial burden of compulsory deliveries (which were a form of direct taxation) by creating the so-called Agricultural Development Fund, to which the state paid in the difference between the prices paid for farm products purchased through compulsory deliveries and those paid under government contracts. The resources of this fund were then used for the mechanization of agriculture through the Agricultural Circles. In effect, the advantages of this type of "mechanization"

did not greatly benefit the individual farmer (who could only rent the machines he needed from a circle -- and at a high price). During the last few years, the machines belonging to the Agricultural Circles were mainly concentrated in the so-called Interagricultural Circle Machine Stations, which made it even more difficult for the individual farmer to take advantage of the benefits of mechanization. In this way, the abolition of compulsory deliveries has eliminated the dual system of taxation (in the form of money and in kind). Although following the abolition the authorities made up for the losses in taxation by raising the direct tax rates correspondingly, at least there now exists a clear distinction between taxation and production.

From the point of view of the efficiency of agricultural production, the abolition of compulsory deliveries was of great importance, because it eliminated state interference into the farmer's sphere of decision-making concerning specialization.

4. The authorities fundamentally changed their taxation policy by including in the total amount of tax those sums representing the difference between the prices formerly paid for compulsory deliveries and those paid for purchases over and beyond the compulsory deliveries. The new tax also includes payments to the Agricultural Development Fund and premiums on health insurance. All in all, however, the average rate of the new taxation is lower than in the past, when it included the financial burden of compulsory deliveries. (7) The authorities

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(7) For example, for one 9.5-hectare individual farm in Gdansk Voivodship (mentioned in Glos Szczecinski on 15 December 1971), this difference in the combined sum of taxes amounts to about 17 per cent. Thus, in spite of the formal premium deducted, the insurance can be regarded as free.



diminished the scale of tax progression with regard to larger farms and introduced special tax relief for those farmers who want to expand their farms or to put new areas of land under cultivation. Simultaneously, they also introduced favorable changes in the terms and rates of tax payments. The main part of the annual tax (60 per cent) will now be payable in the last quarter of each year, or after the farmers have collected the income derived from the agricultural production of the year in question.

5. So far, it is rather hard to detect changes in the policy governing prices for industrial goods and services needed by agriculture. A decisive factor in this regard is the general increase in supplies. But in spite of some increase in the supplies of specific items (such as chemical fertilizers, agricultural machines, and elements for enriching fodders), there are still some serious shortages, particularly of building materials. Along with the increase in the yield of marketable agricultural produce, there have emerged new problems, such as the growing demand in rural areas for meat and meat products.

In summing up, one gets the impression that during the last 18 months the authorities have done more to encourage greater profitability in agriculture than at any other period in the past. At the same time, they have removed the last traces of a policy which is typical of transitional periods (such as compulsory deliveries, state control over coal sales, etc.). The scope of the area encompassed by the free market policy in the rural districts has been radically broadened and the average farmer has been given the possibility of influencing the profitability of his farm.

Although only some of the earlier-discussed decisions had made an impact on the profitability of farms in 1971 (mainly the increase in the procurement prices of milk and livestock), it can nevertheless be seen that the situation has changed. Following the period of decline in real incomes in the agricultural field during the past few years, in 1970

that part of this income earmarked for consumption and non-capital investments increased by about 7 per cent. The financial outlays for investments connected with production (on both individual farms and collective farms) increased by about 15 per cent, and expenditures on agricultural machinery rose by as much as 45 per cent. (8)

#### Further Decisions Concerning the Socioeconomic Development of Rural Districts

There is absolutely no doubt that the innovations affecting the profitability of agricultural production are vitally important for the growth of agricultural production and for stabilizing the agricultural economy. Giving the farmer a material interest in increasing agricultural output will have a greater impact than any interference by the state on the growth of total agricultural production, upon which depends the future development of the whole national economy. However, on the strength of past experience, one could harbor certain fears as to whether the present policy may not merely turn out to be a temporary one, forced upon the party by the shortages of food on the market -- in other words, a policy which the authorities are pursuing because of expediency and one that goes against the grain of ideological conviction. If such proves the case, then, after achieving their objective -- that is, after production matches the demand for food -- the authorities might again weaken material incentives and begin to search for some new form of socializing agricultural production. When one studies the agricultural policy pursued by Gomulka, one realizes that the situation once before did take this turn of development.

In view of this, it would be worth while to take a closer look at further decisions concerning agriculture, which often reach beyond the problem of mere profitability. Just like the earlier-mentioned steps, these also, as a rule, apply to

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(8) Trybuna Ludu, 2 February 1972.

individual farmers. In spite of their seemingly extemporaneous character, many of these moves also have the characteristics of model decisions.

1. In the past, one of the major obstacles barring the way to an increase in animal production was the dogma about the priority of grain production and the absolute necessity for the country to reach self-sufficiency in this sphere. The fact that the amounts of grain harvested were insufficient to cover the country's needs was treated as something shameful and the importing of grain from abroad as a loss of face. The varying harvests of grain had a decisive influence on the level of animal breeding and -- in effect -- on animal production. Fluctuations in the amount of grain harvested, however, made hardly any impact at all on consumption outside of agricultural areas. Gomulka himself was the author of this theory of "self-sufficiency." At every possible opportunity he emphasized the need of making the country self-sufficient in grain production as the foremost goal of agricultural policy. In 1964, he stated with full emphasis that no imports of grain should be planned after 1970. (9) Life, however, went its own way, and in actual fact the bad grain harvest forced Gomulka's administration to resort to an exceptionally large import of grain in 1970. Before, however, the authorities had reluctantly reached this decision, the shortage of grain resulted in a decrease in the size of the animal herds, which finally upset the already tight situation on the internal market.

The new leadership drew some conclusions from the errors committed by its predecessor and after December 1970 the theory about "self-sufficiency in grain production" ceased to be the current view. In this sphere, the new authorities applied a policy based on simple commercial calculation, which pointed out the

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(9) Minutes of the Fourth PUWP Congress, published by the Książka i Wiedza Publishing House, 1964.

obvious advantages of importing grain for the purposes of animal breeding -- no matter whether such a move would result in an increase in the export of meat or whether it would merely make it possible to diminish imports of this commodity. Kazimierz Barcikowski, PUWP CC secretary in charge of agricultural problems, expressed this new approach to grain imports in the following words:

This year, we are increasing imports of grain and fodder in order to make it possible to take full advantage of our potential in animal breeding. This import of fodder is ultimately designed to increase the production of meat. . . . [The new decisions of the party leadership] are designed to encourage development of the country's animal production, to give priority to animal production -- even with the help of imported fodder -- over imports of meat. (10)

As a result of this sensible change in attitude concerning the grain problem, the new leadership succeeded first in stopping the decrease, and then in stimulating animal production.

At the same time, the authorities abolished several economic absurdities which stemmed from the theory of "self-sufficiency." For example, in order to "squeeze" the maximum amount of grain out of the farmer, the authorities had formerly sold them only ready-made enriched fodders (mixtures of grain with appropriate chemicals) and on condition that the farmer had first delivered a prescribed amount of grain. As a result, enormous amounts of grain had to be transported back and forth several times before the greater part of returned to the farmers, although in modified form. In 1971, the authorities rescinded this procedure. A farmer can now (irrespective of



whether he has signed any meat delivery contract with the state, or whether he has any grain to sell) buy separately either broken grain or mixtures of enriched fodders and their various concentrates. The sales of these concentrates to the farmers have increased in a particularly spectacular manner. During December 1971 alone, the amount of the basic concentrate, Prowit, sold to farmers was 30 per cent higher than that sold during the entire year of 1970. (11)

Poultry breeding offers another example of the results of the new approach to the grain problem. In its anxiety to prevent an "excessive consumption" of enriched fodders, Gomulka's administration imposed such heavy taxes on poultry-breeding enterprises that it made them completely unprofitable. (12) In August 1971 the authorities abolished these taxes and potential breeders were guaranteed supplies of all the necessary means for poultry breeding (except those needed for suitable buildings), such as chicks and fodder, and were, moreover, given a guarantee that all their output would be bought. (13)

2. One of the problems which has for many years awaited solution was that of property rights. Displacements of the rural population after World War II, partial destruction of the records of land ownership and of various local archives, later the various, largely fictitious fragmentation of farms in order to avoid

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(11) Gazeta Handlowa, 15 February 1972.

(12) Even though the production of 1 kilogram of poultry meat requires only between one third to one half the amount of fodder necessary to produce 1 kilogram of pork.

(13) Radio Warsaw, 17 April 1972.

the steeply progressive taxes, and the dividing of land "on the quiet" for purposes of inheritance -- all these factors led to a situation in which a great number of farmers lacked any formal property rights to the parcels of land which they owned. The laws regulating the division of farms introduced in 1963 failed to take into consideration several important factors (such as specific regional conditions, different principles for running specialized farms, etc.), and moreover their main purpose was to prevent further excessive land parcelization. Nevertheless, in spite of these strict regulations, the fragmentation continued, but it was carried out in a sub rosa manner. (14) The delay in straightening out these matters was caused by political, or, to be more exact, dogmatic reasons. Gomulka's political maneuver, introduced between 1956 and 1958, which created possibilities for the existence of individual farms and their limited development and accepted with resignation the disintegration of state farms hitherto kept alive by various artificial means, was never carried out to its logical conclusion. Toward the end of the 1950s and even more distinctly in the early 1960s, there began to be heard public voices which labeled the existing state of affairs as "temporary." Opinions that there was a need for some -- perhaps even a new -- form of socialization of agricultural production were widespread and became quite

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- (14) According to an interview granted to Kultura (4 July 1971) by Longin Cegielski, secretary of the Main Committee of the United Peasant Party: "... While in 1962 most of the transactions were carried out before a notary public, in 1964 for each contract that was authenticated by a notary there were on the average four informal 'agreements,' and in 1967 as many as six such 'agreements.'"

typical of the members of the party apparat. The economic situation and the political climate prevented the party from officially opting for renewed socialization (through Agricultural Circles, development of state farms, or at least through the co-operative movement, which held control over supplies and sales). The authorities, however, kept all these projects in the sphere of theoretical speculations projecting into some unspecified future, while in practice they delayed the final regulation of various problems which --- by remaining unsettled --- could be instrumental in "encouraging" the farmers toward collectivization. For similar reasons, up to 1970 the authorities refused to sell tractors to individual farmers, and put most of them in to the Agricultural Circles (because a farmer owning a tractor could hardly be expected to support any sort of drive toward socialization). For the same reason (generally up to 1968), the authorities also delayed the process of land consolidation. In this case, the design of the authorities was to open up this enormous reserve simultaneously with the introduction of new methods of production, in order to be able to display the expected positive effects as clear proof of the superiority of these new methods. For the same reason, the authorities also put off the question of health insurance for farmers, the abolition of compulsory deliveries, and settlement of the problem of property rights. As far as the latter problem was concerned, the chaos and confusion in this sphere could with time be exploited as a factor weakening the resistance of farmers against socialization of their land. In other words, to put it bluntly, the attitude was: the worse it is (for the farmers) -- so much the better (for our designs).

Toward the end of the 1960s, in the face of ever-increasing difficulties which frustrated all official

efforts to increase agricultural production, the authorities decided to abandon -- at least temporarily -- the peculiar dualism in their agricultural policy. Unfortunately, this decision came too late in the day. Gomulka had only time to announce the intended abolition of compulsory deliveries and plans for the introduction of a health insurance scheme for the farmers, but both these matters, together with other problems, were later settled by Gierek. As a result of three bills passed by the Sejm on 26 October 1971, (15) about 1,000,000 farmers who held and cultivated their farms without any valid property rights now became their legal and rightful owners. It is also an important point that the costs of the whole procedure of settling property rights have been covered by the state, with a minimum of fuss and legal mumbo jumbo. The above-mentioned bills have also swept away most of the former difficulties attached to the sale and inheritance of land. It is characteristic that, while giving up their efforts to prevent excessive fragmentation of land, the authorities also permitted efficient farmers to acquire additional land and to enlarge their farms even up to and over 15 or 20 hectares.

Apart from some regulations contained in the above-mentioned bills, which offered certain privileges to state farms and collective farms, or which strengthened the limits of the state's interference in the sphere of land utilization (which, after all, exists in every modern state), the new regulations will, beyond any doubt, exert a great influence on stabilizing and developing private agriculture.

As far as land consolidation is concerned, it seems that this process, which was stepped up in 1968, will be

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(15) See Monitor Polski, 4 November 1971, Items 250-252.



continued at the same rate (the land consolidation plan up to 1975, that is, for the next four years, outlines the consolidation of an area of land nearly identical to that which was consolidated during the four preceding years.) (16)

3. As of 1 January 1972, the farmers have been included in the national health service. This decision has no direct bearing on agricultural production, but all the same it is of great sociopolitical importance. Perhaps this political aspect precipitated the decision of the authorities on this matter, in spite of the shortage of medical staff and the facilities needed to provide medical care for the newly-insured group of the community. Inhabitants of the rural districts represent about one half of the entire country's population. More than half of their number were already insured on the basis of their employment outside agriculture. Village administrators, members of ZBoWiD, children in certain age groups, and persons suffering from so-called "social diseases" were also already covered by the national health insurance. Prior to the new extension of medical insurance about 6,500,000 farmers and members of their families were not covered, and this group has now been included in the national health service. In the past, the network of medical services in the rural areas could barely manage to provide medical services for those who were insured. It consisted of 2,620 rural health centers, 1,000 medical posts with a doctor or a medical assistant in charge, 562 maternity hospitals, 959 maternity wards, 119 mobile dental clinics, and 600 pharmacies. (17) The authorities plan to create 400 additional health

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(16) Radio Warsaw, 9 March 1972.

(17) Zycie Partii, March 1972..

centers, but even this will not make the medical network large enough to cope with its new tasks. Therefore, there have lately been some initiatives to add the construction of additional health centers to the tasks undertaken by people making voluntary civic pledges. This would, however, put additional burdens on the inhabitants of the rural districts.

In spite of the above-mentioned drawbacks, the decision to make health insurance available to the inhabitants of rural districts is a move of considerable importance and represents a factor which must be taken into consideration when making an appraisal of the agricultural policy of the new leadership.

#### The First Signs of Change

Although the effects of changes in agricultural policies usually become evident later than shifts in other branches of the national economy, one can nevertheless already note certain vital new features in comparison to the first months of 1971.

As can be seen in the earlier parts of this report, most of the measures introduced by the authorities were designed to stimulate animal production. According to the report of the Main Statistical Office on the implementation of the plan for 1971, (18) the pig herds have grown "to the highest level ever registered in Poland." There has also been an increase in cattle.

The total purchases of the basic animal products supplied by agriculture were as follows:

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(18) See Trybuna Ludu, 2 February 1972.

Item	Unit of Measure	Purchases	
		In absolute figures:	Index for 1970=100
Total in terms of meat:	thousand tons	1,530.0	106.5
beef	thousand tons	416.0	99.3
pork	" "	952.3	109.1
poultry	" "	67.4	113.5
Milk	thousand million liters	5.4	102.7
Eggs	thousand million units	2.5	97.9

However, the definite breakthrough took place in the first months of 1972. In January and February, purchases of various kinds of animal products were much higher than in the corresponding months of 1971. For example, the total purchases of livestock were 45 per cent higher, purchases of cattle 17 per cent higher, of pigs 72 per cent higher, of milk 18 per cent, and eggs 9 per cent higher. (19) One should, however, remember that this comparison is to a period in which purchases were at an exceptionally low level.

To illustrate the last point: the total purchases of livestock in January 1972 were 45 per cent higher than .

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(19) Biuletyn Statystyczny, March 1972.

in January 1971. However, total purchases in January 1971 were 22 per cent lower than in 1970. In reality, therefore, total purchases of livestock in January 1972 were only 10 per cent higher than in the corresponding month of 1970. In comparison to the considerably increased demand for meat, the level of purchases achieved in 1972 was still insufficient. As a result of the higher procurement prices, the slaughter of animals on the farms (for consumption in kind) increased by only 2.7 per cent in January 1972, (20) which attests to a decisive increase in the yield of marketable agricultural produce and a higher preference of farmers to buy commercially sold meat.

Another important improvement (also still insufficient) to date is the increase in purchases of slaughter pigs. It is expected that an improvement in purchases of young slaughter cattle will be achieved within the next few months, because the government has contracted for nearly 13 per cent more cattle during the first five months of the current year than for the corresponding period of last year. (21)

As mentioned before, the incomes of farmers have increased considerably during the last year and they are currently increasing at an even more rapid rate. For example, retail sales in the rural districts in February 1972 were 21.5 per cent higher than those in February 1971.

According to official opinions, since the abolition of compulsory deliveries about 100,000 individual farms have switched to specialized animal or plant production.

During the last few months there has been evident a considerable awakening of farmers' interest in acquiring land. At the end of March 1972, about 35,000 applications for the acquisition of a total area of 120,000 hectares of land awaited legal approval. (22) (During the past 15 years, the Agri-

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(20) Zycie Gospodarcze, 5 March 1972.

(21) Trybuna Ludu, 13 April 1972.

(22) Radio Warsaw, 31 March 1972.



cultural Bank has sold farmers a total of 420,000 hectares.) There are also cases in which farmers who had previously offered their farms to the state in return for an annuity are now withdrawing their offers.

### Conclusion

In spite of the fact that all these examples offer only fragmentary evidence, they nevertheless prove that there is a general sense of livening in agriculture. The near future should show how the new decisions discussed here will benefit this sector. There is no doubt whatsoever on one point: these decisions represent basic changes in agricultural policy -- changes which are far more decisive and consistent than those introduced by Gomulka. It is a paradox that Gierek, an ex-miner, has introduced more sense into the agricultural economy in the space of a dozen or so months than Gomulka -- who was hailed by his contemporaries as the "Healer of Polish Agriculture" -- introduced over a stretch of 14 years. The hard-shell nature of the latest initiatives in agricultural policy is particularly striking when compared with the timidity of corresponding measures concerning industry.

What is difficult to predict is how long this style of guiding agricultural policy will be maintained, and whether it will undergo any transformation after achieving the goals on which the success of Gierek's over-all political and economic concept currently still depends. The experiences of the past do not encourage uncritical optimism. Professor Stefan Pieniazek, one of the best Polish agricultural experts, cogently expressed this anxiety when he said:

To be quite frank, in the past, before each party congress, there were always discussions about the tasks of science and the need for modern agricultural methods to speed up the rate of growth in agricultural production. On each of these occasions, it seemed that the situation would finally take a turn for the better and that the next five-year plan would bring --

if not an era of plenty -- at least a period of sufficiency. However, the hopes and enthusiasm of the nation slowly and gradually died out. (23)

Nor is the farm community itself unaware of the possibility of reversals. In late April, Polityka interviewed a group of farmers, and reported them as "expressing the fear that the officials will again think out something and will slow down the good changes." (24)

One should also remember that Gierek, while putting his stakes on individual farming, has not given up strengthening the existing forms of socialized agriculture. Just as in 1970, so too in 1971 the state farms have expanded the total area of their cultivated land by 1.5 per cent. In February 1972, the government passed a bill concerning subsidizing investments in collective farms, (25) thus reverting to the state of affairs typical of the pre-Gomulka era. As a result of this statute, the collective farms can count on the state subsidizing between 40 and 80 per cent of the costs of their major investments.

However, on the strength of the currently existing realities and relative importance of each form, it must be concluded that the socialized forms of agriculture still play second fiddle in over-all agricultural production in Poland, and that individual farming -- the dominant form of land ownership -- will for many years continue to play a decisive role in the task of providing the country with food.

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(23) Ibid., 5 November 1971.

(24) As quoted in a Radio Warsaw broadcast on 23 April 1972.

(25) See Monitor Polski, 1 March 1972, Item 88.