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POLAND/2

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RETAIL PRICES OF MEAT AND ANIMAL PRODUCTS IN POLAND, 1969-1971

Summary: While the socialized retail market prices of meat and animal products were largely frozen following the price rollback of 1 March 1971, on the free market these prices were significantly higher during 1971, despite the increased supply of meat in the socialized outlets. This was even true in the case of pork, despite the fact that Gierek's new agricultural policies produced the greatest stimulus in pig production and deliveries. The very high increase in nominal incomes during 1971 led to a demand for these products which outstripped the expanding supplies. The removal of supplies by centralized procurement agencies may also have reduced the amount available on the free market and may have led to higher prices in this retail distribution sector.

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Retail prices of meat and animal products rose on Poland's free market during 1971, despite increases in output and supply stimulated by the introduction of Gierek's new agricultural policies. (1) Prices in the socialized retail market outlets, however, have remained largely fixed following the 1 March 1971

(1) See attached appendix for information pertaining to retail prices for the months of June to November during the years 1969 to 1971.

retail price rollback of the price increases inaugurated under Gomulka, which triggered the December 1970 "events."

The retail prices of pork shoulder on the socialized market were rolled back from 50 zloty per kilogram to 42 zloty, beef with bones was reduced from 40 zloty to 30 zloty; veal prices declined from 34 to 30 zloty, and fatback bacon dropped from 40 zloty to 36 zloty. The retail price of Class 1 drawn chickens was also rolled back from 59 zloty down to 54 zloty; egg prices on the socialized market, however, varied seasonally. The price of milk fell from 3.10 zloty per liter to 2.70. Prices of cream and butter had not been increased on 13 December 1970 under Gomulka, and remained at the same fixed price set for socialized retail outlets.

For the purpose of making comparisons of price changes on the free market, the latter part of 1971 and other years was selected because it had to be expected that the initial stimuli of the new agricultural policies would need time to influence prices for meat and products, as well as the size of animal herds. Larger imports of meat and meat products and supplies from inventories, however, were placed on the market soon after Gierk became first secretary of the party.

During the first seven months of 1971, the retail supply of all meat and meat products increased by 7.5 per cent (2) over those during the same period of 1970. As a result of large procurements during August, the supply for the first eight months was 14 per cent more than for the corresponding period in 1970 (3). September supplies were 14 per cent higher, and for October they reached 16.5 per cent more than for the same month in 1970. (4)

(2) (sb), "Emphasis on Animal Procurements," Zycie Gospodarcze, 5 September 1971.

(3) —, "Market in September," Gazeta Handlowa, 19 October 1971.

(4) (sb), "Meat Procurement and the Meat Industry," Zycie Gospodarcze, 21 November 1971.

Improvements in the size of the cattle herd and central procurements of slaughter animals were less startling. In June 1971, the number of cattle in Poland increased by over 2 per cent (5), and by September was 3.7 per cent higher than in the corresponding month of the previous year. (6). But the number of dairy cows declined by 0.8 per cent in September, adversely affecting efforts to increase milk deliveries. The size of the slaughter cattle herd increased by 4 per cent. Central procurements of beef cattle in August, however, rose by 4.7 per cent in comparison with the same month in 1970. (7)

As can be seen in the attached appendix, the highest free market retail price increase over a year ago was reached in June 1971 (9.3 per cent more). By October 1971, beef prices on the free market continued to be higher than in the corresponding month of 1970 but only by the lowest percentage growth for the second half of the year, reaching almost 6 per cent above 1970. The highest growth in veal prices was noted in July, when they were almost 6 per cent more than in July 1970. The lowest price increase for veal, in comparison with the same month in 1970, was reached in October, when the average price was just over 1.2 per cent higher than in 1970.

Understandably, the fastest response to the stimulatory effects of Gierek's new agricultural policies was felt in the

(5) (sb), "Emphasis on . . ."

(6) Radio Warsaw, 25 October 1971 (0900 GMT), and (sb), "Changes in Cattle Husbandry Tendencies," Zycie Gospodarcze, 31 October 1971.

(7) —, "Market in August," Gazeta Handlowa, 21 September 1971.

hog sector. In June 1971, the head count of pigs on farms was over 13 per cent higher than for the same month in 1970. (8) In September, the number was 2,000,000 more than in 1970. (9) Agricultural procurements of hogs also grew apace. In August, it was about 20 per cent higher, and in September more than 46 per cent higher than in the corresponding months in 1970. (10)

Oddly enough, despite considerably higher deliveries of hogs, prices of pork on the free market rose by much greater percentages than those of beef. Thus, the retail price of shoulder blade pork ranged between almost 11.9 per cent higher in October 1971 to almost 15.2 per cent higher in June 1971 than in the corresponding months of 1970.

When compared with 1970, prices of live chickens on the free market also increased during the same period in 1971. The increases, however, tended to follow a different pattern than for beef and pork. Thus, the lowest increase in chicken prices took place during June 1971 (4.6 per cent), and the highest in October 1971, reaching 14.2 per cent more than in October 1970.

On the farms, central procurement of poultry during the first seven months in 1971 grew by 14 per cent over the same period in 1970 (11); but it was only 8 per cent higher for the first eight months. In September, poultry procurements, though higher, continued to be weak, rising by only 5 per cent. However, more important was what happened on the consumer market. Supplies of poultry, including imports, were 20 per cent higher in August 1971 than in the same month in 1970. (12) Similarly,

(8) (sb), Emphasis on . . . "

(9) —, "Market in August."

(10) (sb), "Increase in the Number of Hogs," Zycie Gospodarcze, 31 October 1971.

(11) (sb), "Feed and Poultry Situation," Zycie Gospodarcze, 21 November 1971.

(12) (sb), "Feed and Poultry . . . "

in September 1971, the supplies continued to grow at the 20 per cent rate. (13)

Egg procurements were not as promising for the consumer. They were 0.5 per cent lower during the first seven months of 1971. (14) However, in July, egg procurements were higher than for the same month in 1970, reaching 10 per cent more. Then, in September 1971, they dropped by 22 per cent. Prices on the socialized consumer market remained the same in June, rose by just over 23 per cent in July, and then grew only 12.5 per cent in October 1971, in all cases compared with the corresponding months of 1970. On the free market, the lowest increase was in June, almost 7.2 per cent, while the highest increase was in July, the same period at which the socialized market prices grew the most, by almost 15.1 per cent. In October 1971, retail prices of eggs were almost 11.5 per cent higher than in the same month in 1970.

For the most part, prices of milk and milk products on the free market displayed a smaller range of variation in the June-October 1971 period.

The smallest increase in milk prices was in July 1971, when they rose by over 3.3 per cent. In September, they were almost 4.8 per cent higher than in 1970, and in October just over 4.2 per cent.

At the same time, milk procurements increased by 3.9 per cent during the first seven months of 1971, compared with the given period in 1970. (15) However, in August, milk procurement fell

(13) (sb), "Meat Supplies and Poultry Sales," Zycie Gospodarcze, 21 November 1971.

(14) (sb), "Feed and Poultry . . . "

(15) (sb), "Fall in Milk Procurements," Zycie Gospodarcze, 5 September 1971.

by 6 per cent. (16) This situation was followed by an increase in the farm procurement prices of milk by almost 25 per cent, effective the first of September. (17) As a result, September milk supplies grew by 10 per cent in comparison with the same month in 1970. (18) This perhaps explains why the free market price grew by the largest percentage in September. Central procurements managed to siphon off a larger percentage of milk deliveries by farmers as a consequence of the higher procurement prices instituted in September, leaving less for sale on the free market.

The free market price of cream ranged between the lowest increase of almost 1.3 per cent in August to over 2.7 per cent in September, as compared with the same months in the previous year.

Price increases for butter were lowest in September, reaching less than 0.1 per cent, and in July they posted the highest percentage increase, just under 6.2 per cent more than in June 1970.

In the case of retail prices of cheese on the free market, the percentage of price increase was almost the highest in August 1971 (by almost 5 per cent) at the very time when the supply of cheese was 10 per cent higher when compared with the same month of the previous year. (19) On the free market, the price of cheese ranged between a high increase of over 5 per cent in October to a low increase of just over 2.3 per cent in July when compared with the same months of 1970.

(16) —, "Market in August."

(17) Radio Warsaw commentary by Mieczyslaw Kurek, 1 September 1971 (0705 GMT).

(18) —, "Market in September."

(19) —, "Market in August."

In sum, while prices on the socialized retail market were largely frozen for meat and animal products beginning on March 1, prices on the free market continued to be higher than for the corresponding months in 1970. This occurred even though supplies of most meat and animal products on the socialized market increased during 1971. In part, this can be explained by the fact that the nominal incomes of Polish workers increased by the unprecedented amount during 1971 (by Polish standards) of about 10 per cent, (20) increasing the demand for meat and animal products much more rapidly than the government could expand supplies. The higher procurements by central agencies apparently also led to smaller supplies left for sale on the free market and this situation led to higher retail free market prices.

Harry Trend

(20) PAP in English, 1 February 1972.

APPENDIX

Retail Prices of Meat and Animal Products on Socialized and Free Markets, 1969-1971 (June-November)
(in zloty)

Month and Year	Meat with bone (per kg.)						Fresh Fatback Bacon (per kg)		Chicken ^a		Fresh Eggs (each) ^b	
	Pork (Shoulder blade)		Beef		Veal		sm	fm	sm	fm	sm	fm
	sm	fm	sm	fm	sm	fm						
June 1969	42.00	41.85	30.00	33.52	30.00	44.40	36.00	35.98	50.00	55.59	1.85	1.67
June 1970	42.00	42.71	30.00	33.78	30.00	43.08	36.00	36.34	54.00	56.12	1.90	1.67
June 1971	42.00	40.19	30.00	36.88	30.00	45.49	36.00	39.78	54.00	58.70	1.90	1.79
July 1969	42.00	41.89	30.00	33.73	30.00	42.44	36.00	36.20	52.45	55.26	2.00	1.78
July 1970	42.00	43.17	30.00	33.71	30.00	42.18	36.00	37.33	54.00	54.94	1.70	1.66
July 1971	42.00	48.78	30.00	36.54	30.00	44.71	36.00	40.30	54.00	57.14	2.10	1.91
Aug. 1969	42.00	42.36	30.00	33.49	30.00	41.76	36.00	36.58	54.00	55.18	2.00	1.88
Aug. 1970	42.00	43.24	30.00	34.07	30.00	43.06	36.00	37.33	54.00	55.31	1.95	1.79
Aug. 1971	42.00	49.22	30.00	36.33	30.00	44.20	36.00	40.83	54.00	57.19	2.10	1.98
Sept. 1969	42.00	42.53	30.00	34.22	30.00	43.36	36.00	37.66	54.00	54.25	2.23	2.05
Sept. 1970	42.00	43.62	30.00	34.19	30.00	43.67	36.00	38.37	54.00	54.73	2.24	2.02
Sept. 1971	42.00	49.80	30.00	36.27	30.00	45.65	36.00	40.82	54.00	57.66	2.32	2.18
Oct. 1969	42.00	42.68	30.00	33.72	30.00	43.28	36.00	37.60	54.00	54.48	2.36	2.28
Oct. 1970	42.00	43.93	30.00	34.26	30.00	43.08	36.00	39.47	54.00	55.19	2.34	2.26
Oct. 1971	42.00	49.15	30.00	36.27	30.00	43.82	36.00	40.54	54.00	58.15	2.64	2.52
Nov. 1969	42.00	42.60	30.00	33.75	30.00	43.18	36.00	37.51	54.00	54.89	2.70	2.64
Nov. 1970	42.00	44.08	30.00	34.20	30.00	42.27	36.00	40.15	54.00	56.20	2.70	2.61
Nov. 1971	42.00	na	30.00	na	30.00	na	36.00	na	54.00	na	na	na

APPENDIX (continued)

Month and Year	Milk ^c (per liter)		Cream ^d		Buttere (per kg)		Cheese ^f (per kg)	
	sm	fm	sm	fm	sm	fm	sm	fm
June 1969	2.70	3.50	23.00	22.95	70.00	57.69	24.00	14.61
June 1970	2.70	3.56	23.00	23.22	70.00	59.71	24.00	15.17
June 1971	2.70	3.72	23.00	23.70	70.00	60.29	24.00	16.01
July 1969	2.70	3.50	23.00	22.92	70.00	59.00	24.00	14.82
July 1970	2.70	3.57	23.00	23.14	70.00	60.22	24.00	15.07
July 1971	2.70	3.69	23.00	23.29	70.00	60.78	24.00	15.42
Aug. 1969	2.70	3.49	23.00	23.15	70.00	60.59	24.00	14.83
Aug. 1970	2.70	3.53	23.00	23.23	70.00	61.36	24.00	15.12
Aug. 1971	2.70	3.69	23.00	23.53	70.00	61.64	24.00	15.87
Sept. 1969	2.70	3.50	23.00	23.12	70.00	62.35	24.00	14.87
Sept. 1970	2.70	3.57	23.00	23.01	70.00	61.92	24.00	15.06
Sept. 1971	2.70	3.74	23.00	23.65	70.00	61.96	24.00	15.62
Oct. 1969	2.70	3.52	23.00	23.18	70.00	62.04	24.00	14.91
Oct. 1970	2.70	3.61	23.00	23.04	70.00	61.89	24.00	15.20
Oct. 1971	2.70	3.76	23.00	23.52	70.00	62.12	24.00	15.97
Nov. 1969	2.70	3.65	23.00	23.13	70.00	60.97	24.00	15.01
Nov. 1970	2.70	3.62	23.00	23.22	70.00	61.59	24.00	15.29
Nov. 1971	2.70	na	23.00	na	70.00	na	24.00	na

Notes: sm = socialized market; fm = free market

a) socialized market - drawn, per kg; free market - live, 1.5-2 kg. each.

b) medium size

c) socialized market - 2 per cent fat; free market - full fat milk

d) socialized market - per kg; free market - per liter

e) socialized market - extra quality; free market - farmer's butter

f) "market fat content" cheese

Sources: Biuletyn Statystyczny No. 10, October 1970, and No. 11, November 1971.