

Structural Change in Europe`s Rural Regions – Farms Livelihoods  
Between Subsistence Orientation, Modernization and Non-farm  
Diversification

Can we really talk about structural change?  
The issue of small-scale farms in rural Poland

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# The purpose of presentation

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Introduction of the various dimensions of structural changes in the Polish agricultural sector in the context of farm size

# Contents

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1. Structural problems of Polish agriculture
2. Ambiguity of structural changes in Polish agriculture
3. The 'myth' of average farm size
4. Various dimensions of structural changes in agricultural sector in Poland (2005-2007)
5. Conclusions

## Hard BEGINNING and not necessarily happy END

	1990	1996	2000	2004	2006	2007
Private farms	3 829 000	3 066 535	2 854 374	2 839 664	2 594 579	2 575 113
including:						
< 1 ha	1 691 000	1 025 155	973 492	987 887	788 184	771 050
≥1 ha	2 138 000	2 041 380	1 880 882	1 851 777	1 806 395	1 804 065
Agricultural land (mln ha) in private farms	18,5 <sup>a</sup>	15,2	15,5	14,3	14,1	14,4
Average area of agricultural land in private farm (ha)	-	4,96	5,43	5,04	5,43	5,59
Employment in agriculture (% of total employed persons – annual average) <sup>b</sup>	-	25,5 <sup>c</sup>	25,8	15,6	15,3	14,8
Share in gross value added (current prices) of agriculture, hunting and forestry (%)	-	8,0 <sup>c</sup>	4,9	5,1	4,2	4,3

# The 'cure' for structural problems in Poland

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- ✓ Concentration of production
  - land consolidation
    - increase of average farm size
  
- ✓ Evolution of farm functions

# The 'myth' of average farm size

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- ✓ Despite significant structural changes average area of agricultural land has exhibited surprising stability
- ✓ Polarization of area's structure: increasing area of the smallest and the largest farms and reducing area of the medium-sized farms
- ✓ Spatial diversity of average farm size
- ✓ Relative changes in AFS observed in those parts of the country where the land from state farms was accessible

## The 'myth' of average farm size (cont.)

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- ✓ Linear regression model indicates that AFS in Poland increases along with the growth in number of big farms only
- ✓ AFS can be misleading measure of structural change in Polish agriculture

# What is small and what is large?

	0-4 ESU		4-12 ESU		≥ 12 ESU		Total
	2005	2007	2005	2007	2005	2007	
0 - 1 ha	98,9	99,1	0,7	0,5	0,4	0,4	100
1 - 5 ha	96,7	97,1	2,7	2,2	0,6	0,7	100
5 - 20 ha	50,6	51,7	41,5	40,2	7,9	8,1	100
5 - 10 ha	67,9	69,5	30,0	28,4	2,1	2,1	100
10 - 20 ha	23,2	22,7	59,6	59,4	17,1	17,9	100
20 - 50 ha	3,3	2,3	33,5	33,6	63,2	64,2	100
≥ 50 ha	1,6	0,7	4,8	3,3	93,6	96,0	100
<b>Total</b>	<b>81,2</b>	<b>80,5</b>	<b>13,1</b>	<b>13,3</b>	<b>5,7</b>	<b>6,3</b>	<b>100</b>



## Evolution of farm functions (2005-2007)

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- Diminishing role of agriculture as a source of income in all area groups up to 20 ha
- Increasing role of diversified sources of incomes in all acreage groups - wage employment can help smaller farms survive
- Moderate increase of the level of commercialization can be observed

## Land allocation (2005-2007)

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- ❑ Stability in land distribution for all acreage groups except 50-100 ha (increase by 0.8%)
- ❑ Substantial decrease in the acreage of set-aside and fallow land due to the financial incentives from the Common Agricultural Policy

## Manpower transformation (2005-2007)

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- ❑ In general full-time employment has not changed but different tendencies can be noticed for various area groups
- ❑ Larger farms employ absolutely more labor force per holding but smaller farms engage much more workforce in relation to the acreage of utilized land
- ❑ Demographic factor can become the main one responsible for structural changes in agricultural employment in Poland
- ❑ Positive changes in the education level of farmers can be observed

# Conclusions

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- AFS must be very carefully interpreted as a measure of structural changes
- In Poland AFS increases along with the growth in number of the largest farms (>50 ha)
- During the 1990s polarization of agrarian structures was observed; since 2002 this tendency has reversed and AFS increased substantially
- Land slowly loses its importance as a main production factor in agriculture in favour of innovative solutions applied in production

## Conclusions (cont.)

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- Small-scale in terms of acreage does not necessarily mean small-scale in terms of economic size
- Medium-sized and large farms exhibited moderate tendencies to commercialization
- Progressive diversification of income sources and marginalization of agriculture was noticeable within the small and medium-sized groups
- Overabundance of labor force still characterizes small farms
- Demographic changes will likely be of key importance for the pace of structural transformation in Polish agriculture

**Thank you very much!**