

Anna BISAGA

Opole University, Poland

LAND MANAGEMENT AS AN ASPECT OF THE TRANSFORMATION OF FARMING IN THE EUROPEAN COUNTRYSIDE

1. Introduction

In recent years, due to the action of market mechanisms, processes leading to the formation of a sub-sector of economically powerful farms producing food for the needs of the market have become visible. This has led to discussions in the sociological and economic literature, which has split the participants into two groups. In the first group, which will be referred to as the *commercial farm* group, stress is laid upon the effective use of land. This group argues that such powerful farms should be a crucial factor in state policy, as well as in regions where agriculture is an important factor in developing the local economy. The development of agriculture should be accompanied by multifunctional development, which should be used to provide employment for agricultural workers who are at present being laid off. Such multifunctional development should be based on bringing various production and service enterprises to rural areas. According to the proponents of such a view, the ecological nature of agricultural production in Poland is a myth. Unlike in Scandinavian countries, Liechtenstein and Austria, organic farms will make up a negligible proportion of the total number of farms.

The second group, which will be referred to as the *socio-ecological* group [See Urban, 2001; Kaleta, 2001] argue that the traditional, family nature of farms in Poland should be protected as much as possible. According to this view, the number of small, traditional farms should be maintained. This may be achieved by the implementation of programmes supporting the development of organic farming. The tradi-

tional nature of agricultural methods used in a large proportion of farms in Poland creates wonderful opportunities to avoid, using appropriate policies, the stage of intensive agricultural production based on modern technology and genetics, from which EU agriculture is trying to escape. Due to ecologisation of farms and small-scale food processing, many relatively small traditional farms, seemingly destined for extinction, could function successfully as farms operating both in the field of organic agriculture and outside this field (e.g. in ecotourism). Such an approach could be a positive direction in the process of Polish agriculture trying to find its place in the increasingly globalised world market.

Poland is less urbanised and has a higher proportion of agricultural workers than the majority of European countries. These traits of Polish society have been formed over centuries and changing the face of rural Poland is a great challenge. However, it does not seem either possible or purposeful to pursue rural development strictly according to the recommendations of the *commercial farm* group. It should be understood that in today's post-modern society that "development through industrialisation is out of date" [Halamska, 2001].

However, the setting up of strictly organic farms will be faced with various obstacles connected with their location, which will be considered later. In such a situation, a third way needs to be found, not ruling out the existence of either large, modern farms or organic farms. Such an approach would be a new option in the European Union's Common Agricultural Policy (CAP). Such an approach is based on the creation of *quasi* markets for agricultural products [Errington, 2002]. In 1998 the European Commission carried out a categorisation of such markets, which was adopted in a 1998 report. Two categories and many subcategories were defined. Activities directed towards agricultural production favourable to the natural environment, for example transforming conventionally run farms to organic farms, were assigned to the first category. The second category regarded activities in the field of the management of farmland, which is not used for agricultural production (land management of non-productive land).

This article is an attempt to evaluate the possible evolution of the CAP in this direction and the opportunities that the realisation of such policies might give to Polish agriculture.

2. Commercial farms and organic farms

The phenomenon of different forms of farming under market conditions is a normal process. This process became visible in Poland during the transformation of the economic system in the 1990s. The scale of this

process has caused wide-ranging discussions in academic and political circles regarding the role of the state in the agricultural sector.

Although at the beginning of the 1990s it was generally assumed that the agricultural sector, being mostly in private hands, would be able to successfully operate in a free market, by the end of the 1990s this idea was generally agreed to be naive. The research carried out has clearly pointed out the formation of the following sub-sectors of Polish agriculture [Dąbkowski, unpublished]:

I. the sub-sector of farms defined as "farms by name" (69%) – such farms produce mainly or exclusively for their own needs, or do not farm the land they occupy. Such farms occupy 28.2% of the agricultural land in Poland.

II. the sub-sector of small commercial farms (22.4%) – defined as farms selling agricultural produce of value between 2500 and 15000 zł, which is sold mainly on the local market. Such farms occupy 30.9% of agricultural land.

III. the sub-sector of large commercial farms (8.6%) – defined as farms selling agricultural produce of value greater than 15000 zł – such farms are called Polish commercial agrobusinesses. They occupy 40.9% of agricultural land.

The creation of the sub-sector of large commercial farms resulted in a positive appraisal of both the agricultural policy of the state and the image of Polish agriculture with respect to the European Union. The majority of economists judged the process of the differentiation of farms to be positive and the increasing role of state subsidies to agriculture expressed by the increasing value of the PSE (Producer Subsidy Equivalent) coefficient as a factor slowing this process down [Orłowski, 2001; Hunek, 2001]. Politicians expressed differing views in this field, which resulted in swings in Polish agricultural policy, as described by Czyżewski and Grzelak [2002].

Such research has described the processes of the differentiation of farms and justified the role of such research tools as categorisation of farms. However, in the political decision process they possess one weakness, which becomes clear when we carefully analyse the results of Sokołowska [1994] and Sokołowska et al. [2002] regarding commercial farms in the Opole province. The general conclusion of this research was that there exists a clear process of differentiation between farms within this category, as in Western Europe. Such processes may be initiated by market mechanisms or by the needs of a family running a traditional family farm. The effect of internal and external competition is the elimination of inefficient farms from the market and the expansion of successful farms.

The restructuring and modernisation of Polish agriculture is a strategic priority and will ensure real opportunities for the development of agriculture under the conditions of strong competition in existence in the EU. In order to achieve these aims, it is necessary to rapidly increase the productivity of labour in the agricultural sector. Productivity is significantly lower in the agricultural sector in Poland than in the EU. The number of people employed is excessive and too little attention is paid to increasing productivity. According to the calculations of Dzun, advances in biology accounted for 18% of the growth in productivity of vegetable production in the UE in the 50s and 60s, use of fertilisers accounted for 69% and agrotechnical advances accounted for 9%. In the 70s and 80s these percentages were 52%, 38% and 7%, respectively. The author infers that the role of biological advances on the growth in productivity has continued to grow [Dzun, 2002].

From the arguments presented above, it follows that the existence of commercial farms does not in itself break the principles of the balanced development of rural areas. However, much will depend on the instruments used to improve the effectiveness and competitiveness of commercial farms. The process of differentiation under way in this sector, as investigated by Sokołowska, is another area for research. The adaptation of conventional farms to organic farms is only one of the possible forms of transformation.

The Act on Ecological Agriculture of March 16th, 2001 came into force on November 3rd [Dziennik Ustaw, 2001]. This act regulates the conditions in which the production and processing of organic food is carried out, together with the trade and labelling of organic food. The certification of organic farms is carried out according to these regulations, as is the calculation of the value of state subsidies to organic farmers.

The number of certified farms, together with the number of farms undergoing transformation to organic production, in each Polish province in the years 2000–2001 is presented in Table 1 (from the data of the Central Inspectorate of Food Stores and Processing).

From the data presented above, it follows that the greatest number of organic farms, in which production is carried out according to the regulations on ecological farming, are located in the following provinces: Lublin, Świętokrzyskie and Mazovia. The greatest number of farms undergoing transformation to organic production are found in the following provinces: Świętokrzyskie, Podkarpackie and Lublin.

In 2001 organic farms made up 0.1% of the total number of farms and occupied 0.2% of the total area of agricultural land in Poland (in the UE 1.86% and 2.8%, respectively).

Table 1. The number of certified farms, together with the number of farms undergoing transformation to organic production, in each Polish province in the years 2000–2001

Province	Number of farms undergoing transformation to organic production			Number of certified farms		
	2000	2001	increase/ decrease	2000	2001	increase/ decrease
Lower Silesia	24	37	+13	9	17	+8
South Pomerania	12	24	+12	34	35	+1
Lublin	135	123	-12	58	165	+107
Lubuskie	8	10	+2	8	12	+4
Łódź	6	8	+2	13	16	+3
Lesser Poland	68	128	+60	25	45	+20
Mazovia	88	125	+37	54	106	+52
Opole	4	10	+6	3	3	0
Podkarpackie	18	179	+161	2	10	+8
Podlaskie	21	40	+19	11	16	+5
Pomerania	13	17	+4	13	17	+4
Silesia	5	5	0	8	10	+2
Świętokrzyskie	159	305	+146	50	157	+107
Mazuria	26	47	+21	29	34	+5
Greater Poland	14	22	+8	17	19	+2
West Pomerania	10	29	+19	4	7	+3
Total	611	1109	+498	338	669	+331

Source: www.minrol.gov.pl, 2003, *Produkcja Rolna Metodami Ekologicznymi w 2001 roku*, p. 15.

Despite the expansion of organic farming, the number of organic farms and the area occupied by them are relatively small, even though almost all the agricultural land in Poland satisfies the stringent conditions for organic farming. It can be thus concluded that the sub-sector of ecological farming will continue to develop dynamically. However, it is unlikely that this sector will ever dominate agricultural production in Poland.

Widening the operational base of commercial farms, based on protecting the natural environment and the attributes of the landscape, is an opportunity to overcome the negative effects of such farms and promote agricultural and rural development. The beauty of the local landscape is an element that can be used to promote rural areas and give farms extra income from ecotourism and environmental protection. This will lead to an increase in the standard of living and economic development, as well

as improving the social and economic functioning of rural areas. Widening the economic base of farms is a new, but seemingly stable trend in the CAP.

3. The influence of the evolution of the Common Agricultural Policy (CAP) on the shaping of a new philosophy of rural and agricultural policy

A fundamental problem of the CAP, which has been present since its implementation initiated by the Treaty of Rome, is the fact that 80% of the funds allocated to direct payments and price stabilisation are obtained by 20% of the farmers, even though agricultural production employs a relatively small proportion of the population.

The CAP in its present form is not capable of changing this situation. Hence, attempts have been made to extend the group of people obtaining subsidies to include rural, family farms. The reforms of MacSharry of 1992 were aimed in this direction and the changes proposed in *Agenda 2000* are of a similar nature. A new understanding of the services traditionally supplied by the countryside, which was a result of a change in the structure and range of agricultural production and the development of rural infrastructure, became a basis for widening the goals of the CAP. The change in the approach to agricultural production and the development of rural infrastructure can be taken as another factor determining new initiatives in the CAP. Agricultural production and the development of rural infrastructure were firstly carried out separately in the individual member states and later in common within the framework of the EU. Table 2 presents the evolution of rural development in the EU.

The land management carried out at the first stage of this process was the basis for multifunctional rural development. The main result of this land management was the horizontal integration of agro-business, namely: the creation of local markets, food processing industry and firms servicing agricultural producers, together with the revitalisation of rural areas, the renovation of rural areas, activation of the construction industry, maintaining the beauty of the natural environment and promotion of traditional/folk crafts.

Ecological matters appeared in the CAP relatively recently. Until the middle of the 1980s EU regulations regarding environmental protection did not specifically consider ecological problems connected with agriculture. Regulations in this field were set by the individual member states. The MacSharry reforms implemented between 1993 and 1996 brought

Table 2. Work carried out within the framework of rural development in the EU

No.	Work carried out	Stage of the economic development of rural areas			
		land management	complex land management	complex management of agricultural land	development of rural areas
1	Land management	+	+	+	+
2	Development of a transportation network	+	+	+	+
3	Asphalting farm and village roads			+	+
4	Transformation of arable land		+	+	+
5	Water melioration		+	+	+
6	Construction of reservoirs				+
7	Construction of flood barriers			+	+
8	Melioration protecting against erosion	+	+	+	+
9	Stone and weed removal from the soil and re-cultivation of land		+	+	+
10	Creating borders between agricultural land and woodland		+	+	+
11	Planning and realisation of crop rotation		+	+	+
12	Transforming land for recreational purposes				+
13	Transforming land for residential use				+
14	Creation of local agricultural/food processing industry				+
15	Setting up of firms in the service sector				+
16	Installation of infrastructure: water, gas, tele-phones, sewage systems, etc.			+	+

Table 2. Contd.

No.	Work carried out	Stage of the economic development of rural areas			
		land management	complex land management	complex management of agricultural land	development of rural areas
17	Sewage refinement plants and use of rainwater				+
18	Environmental protection		+	+	+
19	Shaping the contours of the land				+
20	Planting trees			+	+
21	Organisation of livestock and crop farming				+
22	Agricultural advice bureaux				+
23	Real estate management and trade				+
24	Creating protected areas				+
25	Shaping the natural landscape				+
26	Renovation of historical buildings				+
27	Renovation of rural housing			+	+
28	Advice bureaux for small businesses				+

+ - work carried out in this field.

Source: Buckwell, 1997.

a fundamental change. The major trend of the ecologisation of agriculture within the framework of these reforms was directly connected with reforms of the policy of price support. In order to obtain direct subsidies or compensatory payments, "professional" (*i.e.* commercial farms) had to undertake various activities aimed at the extensification of agriculture (by leaving land fallow or by decreasing the number of cattle per hectare). These reforms opened the door to a change in the direction of rural development. The legal basis of this development was set up by European Commission Directive no. 2078/92 of June 30th, 1992, followed by the directive of May 17th, 1999.

Whereas the beneficiaries of compensatory payments were farmers owning large farms, the beneficiaries of Resolution no. 2078 were farmers who ran small farms or did not produce for the needs of the market. It should be noted that the regulations contained in this resolution do not pose any formal barrier to the participation in the programme of landowners, who were not farmers, or of professional agricultural producers.

This resolution was so innovatory that public funds granted to private enterprises could be directed to a wide range of rural areas, both to areas favouring the development of intensive farming and to areas where it is difficult to make a living from agriculture.

An agreement similar to a contract of transaction, which is aimed at limiting the negative externalities resulting from agricultural activity, forms the basis of participation in the programmes laid out in the resolution.

According to Article 1 of Resolution 2078/92 the duties of the farmer/land owner obtaining a subsidy may cover:

- significantly reducing the use of artificial fertilisers and/or pesticides, maintaining the use of such products at a low level, or continuing or introducing ecological means of production,
- changing to a more extensive method of crop farming different to the methods mentioned above,
- decreasing the number of sheep or cattle per hectare of pasture,
- using agricultural practices satisfying the conditions of environmental protection or preserving the beauty of the natural landscape, or breeding local breeds of animal threatened with extinction,
- management of land formerly used for agricultural production and of woodland to protect such land from ecological degradation,
- leaving arable land fallow for at least 20 years,
- land management enabling public access for tourism and recreation purposes.

On the basis of such changes in the understanding of the role of farms in the EU, one may describe a clear tendency in EU policies regarding agriculture and rural areas. This tendency is illustrated by the following diagram:

Common Agricultural Policy → Common Agricultural and Rural Policies →
Common Rural Policy

The final element in this policy evolution, whose aims are clearly visible in Agenda 2000 and articles of various expert groups *e.g.* Buckwell [see Wilkin, 2002], takes into account the differentiation of farms mentioned above. In order for a large number of farms to survive in rural Europe, they must change their role. The EU aims at widening the economic base of farms by supporting the process of their ecologisation, as can be seen by the material presented here. EU Structural Funds are to support such activities as: protection of the cultural and natural landscape, ensuring food safety and hygiene, improving the living conditions of animals. Due to the possibilities of realising such a range of services, some economists in the West have proposed changing the term describing the essence of agricultural enterprise from *farming* to *land management*. According to such a point of view, a farmer becomes somebody who serves the land and nature and protects them. It is proposed that subsidies should be allocated on this basis. In the past the CAP was dominated by the policies of price support and direct subsidies. However, at present the tendency is to shift an increasing proportion of available finance to structural funds serving the economic activation of rural areas. This philosophy was apparent during the negotiations of the Republic of Poland with the European Commission on accession to the EU.

4. A new approach to agricultural and rural policies

Such a new understanding of the role of farmers (agriculture) demands a change in perspective in considering what the countryside produces. As Wilkin [2001] notes, the countryside can produce a wide range of goods and services which, in economic terms, are termed as private goods. The majority of such goods are market goods by nature: food, agrobusiness produce, communication services related to the functioning of farms, housing services, tourism (agrotourism in particular) etc. The countryside also produces goods which can be termed as public goods: maintenance and conservation of the soil and of other natural resources, protection of endangered species and breeds of plant and animals, maintaining a variety of farming systems, food safety and hygiene, improving

the living conditions of animals and preserving the culture of the European countryside. Apart from this, the countryside provides goods which cannot be termed either as public or as private: education, advice, health services. The important thing though is that the individual types of production interact in a synergetic manner, in this way accelerating the development of rural areas.

The range of goods provided by the countryside should be agreed upon at a local and regional level, taking into account what a region has to offer within the framework of a common market for rural goods in the EU.¹ In this way each region can produce its own range of products improving its competitiveness within the framework of the EU. It is already clear that the common rural policy of the EU will be a policy based on regions.

5. In place of a conclusion. Rural programmes as a herald of the transformation of monofunctional farms to multifunctional farms

The major beneficiaries of EU subsidies to agriculture and rural areas will be regions/provinces. However, regions must compete for access to funds and programmes. Such competition will take place both at the national level and at the level of the EU. This involves transactions of funds and goods, not battling for them. The rural and agricultural policies implemented in a region will depend on the proper identification of the attributes and needs of that region, together with its specific structure.

Within the framework of Plan Rozwoju Obszarów Wiejskich dla Polski na lata 2004–2006 (The Development Plan for Rural Areas in Poland for the years 2004–2006), only programs related to agriculture and its impact on the environment (NUTS II) and programmes supporting forestry and areas unfavourable to agricultural production (NUTS V) [www.minrol.gov.pl, 2003] are agreed upon at regional level.

Programmes regarding agriculture and its effect on the environment are aimed at promoting agricultural methods, which are in harmony with environmental protection. This includes, in particular, the support of balanced agricultural production based on observing good farming practice, protecting the natural attributes of the surrounding area, shaping the rural landscape appropriately. They also create a system of incentives enabling the realisation of tasks related to the preservation of biological diversity, as described in *Krajowej strategii ochrony i zrównowa-*

¹ For a discussion of the difference between a local market and the area of market influence of a region/town see Bisaga [2001].

ważonego użytkowania różnorodności biologicznej (*The National Strategy of the preservation and balanced use of biological diversity*) [Ministerstwo Ochrony Środowiska, 2002].

Arable land of key importance to biological diversity occupies between 13% and 48% of protected areas. The creation of 257 areas within the framework of the *Nature 2000* network, which will occupy 14% of Poland's surface area, has been proposed. This project is based on the EU Directive on Birdlife and Bird Habitats. Assuming that arable land occupies approximately 40% of the surface area of protected areas and areas within the *Nature 2000* network, then such protected areas should constitute about 10% of the total amount of arable land.

Within the framework of the plan for the years 2004–2006 the range of the programme will be limited to 4.5% of the total amount of arable land (nationally approx. 900 thou. ha., in the Opole province approx. 65 thou. ha.).

It is planned that a wide group of farms, both organic farms located in areas of critical importance to nature and large commercial farms, will ultimately be covered by programmes regarding agriculture and its effect on the natural environment. A total of 57 587 thou. EURO has been set aside for the realisation of such programmes.

Projects in this field include:

- the use of environmentally friendly methods or ecological methods, according to the Act on Ecological Farming
- the maintenance of meadows and pastures of low agricultural value but of high value to nature
- maintaining the habitats of wild animals
- changing the use of agricultural land to a less profitable form of use which maintains or improves the attributes of the natural environment
- management of neglected and fallow land
- projects aimed at preserving soil quality and reducing the loss of nitrogen
- the creation of grassland buffer zones and planting trees on agricultural land
- preserving local races of animals and varieties of crops.

Many public goods, which are becoming increasingly rare and thus increasingly valuable, are concentrated in rural areas. The following are amongst the most important of such goods: clean water, an unpolluted atmosphere, flora and fauna, peacefulness etc. Hence, rural areas are of crucial importance in the creation of the ecological, spatial, social and economic orders. These attributes may well play the role of new sources of income to rural populations and factors ensuring the development of rural areas.

Literature

- Bisaga, A., "Instrumenty Zarządzania Regionem jako Organizacją Wirtualną", in: Koch, A. (ed.) *Od Administrowania do Zarządzania w Gminie i Powiecie*. Siedlce: Wydawnictwo Akademii Podlaskiej, 2001.
- Buckwell, A. (ed.), "Toward a Common Agricultural and Rural Policy for Europe", report for the DG VI of the European Commission, *European Economy Reports and Studies*, 5, 1997.
- Czyżewski, A.; Grzelak, A., "Wpływ Polityki Monetarnej i Fiskalnej na Pozycję Rolnictwa w Okresie Transformacji", in: *Wież i Rolnictwo*, 2, 2002.
- Dąbkowski, W., *Próba Usystematyzowania i Scharakteryzowania Zbiorowości Ekspansyjnych Gospodarstw Rolnych na tle ogółu Gospodarstw Rolnych w Polsce*. Warszawa (Warsaw): IRWiR PAN (The Institute of Rural Development and Agriculture), unpublished.
- Dziennik Ustaw (Government Records), No. 38, Item 452, 2001.
- Dzun, W., "Spółki Hodowlane Roślin i Zwierząt AWRSP w Procesie Modernizacji Polskiego Rolnictwa", in: *Wież i Rolnictwo*, 4, 2002.
- Errington, A., "Opracowywanie Narzędzi Rozwoju Wsi: program badań multidyscyplinarnych", in: *Wież i Rolnictwo*, 1, 2002.
- Halamska, M., "Obecne i Przyszłe Różnicowanie Regionalne Wsi i Rolnictwa", in: *Przyszłość Wsi Polskiej. Wizje, strategie, koncepcje*. Warszawa: Instytut Spraw Publicznych, 2001.
- Hunek, T., "Ekonomia Polityczna Rozwoju Rolnictwa i Obszarów Wiejskich w Polsce", in: *Wież i Rolnictwo*, 2, 2001.
- Kaleta, A., "Wież jako Przestrzeń Przyszłości", in: *Przyszłość Wsi Polskiej. Wizje, strategie, koncepcje*. Warszawa: Instytut Spraw Publicznych, 2001.
- Ministerstwo Ochrony Środowiska, *Krajowej Strategii Ochrony i Zrównoważonego Użytkowania Różnorodności Biologicznej*, 2002.
- Orłowski, W. M., "Makroekonomiczne Uwarunkowania Rozwoju Rolnictwa Polskiego w długim Okresie", in: *Wież i Rolnictwo*, 2, 2001.
- Sokołowska, S., Bisaga, A., Krawczyk, A., Płatkowska-Prokopczyk, L., *Przeobrażenia w Rolnictwie Indywidualnym w Okresie zmian Systemu Gospodarczego (na przykładzie badań w województwie opolskim)*. Opole: Wydawnictwo Uniwersytetu Opolskiego, 2002.
- Sokołowska, S., *Produktywność Rolnictwa Indywidualnego w Okresie Dochodzenia do Gospodarki Rynkowej*. Opole: Wydawnictwo Uniwersytetu Opolskiego, 1994.
- Urban, S. (ed.), *Agrobiznes 2001. Rola agrobiznesu w kształtowaniu jakości życia*. Wrocław: Wydawnictwo Akademii Ekonomicznej im. Oskara Langego we Wrocławiu, 2001.
- Wilkin, J., "Wież – Społeczeństwo – Państwo: nowe podstawy dyskursu społecznego w sprawach wsi w Polsce", in: *Wież i Rolnictwo*, 2–3, 2001.
- Wilkin, J., "Spór o Przyszły Kształt Polityki Unii Europejskiej wobec Rolnictwa i Obszarów Wiejskich", in: *Wież i Rolnictwo*, 2, 2002.
- www.minrol.gov.pl, publications – *Plan Rozwoju Obszarach Wiejskich dla Polski na Lata 2004–2006*. Warszawa, Ministerstwo Rolnictwa, March 2003.