Economic transition and income distribution of Polish farmers

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During the transition period (1991-2000) Poland's economy has acheived rather fast rate of growth, excciding 4.9 per cent p.a. The other macro- economic measures, like decrease of the inflation rate from almost 700 per cent in 1990 to ca 3 per cent in 2001 have to be noticed , too. However, there are not only successes. Growth of the unemployment, both in rural and urban areas is the main issue to be solved. Another is income distribution and composition (structure) of farmers' income.

The research is based mostly on the Household Survey conducted by the Central Statistical Office ever year. The survey is representative and covers more than 32 thousand households. We use other sources of information , as well coming e.g. from the book-keeping farms. The Gini coeficient is being used as a measure of income differentiation.

Results

More than 14.8 million people still live in the Polish countryside which constitutes 38 per cent of the total population. Farms in Poland are characterised by a considerable diversification from the point of view of farm size, production situation and of incomes. More than 52 per cent of farmers are not bound with the market. The dual character of the Polish farming sector is visible. We may say it is commercial (commodity producing) and social). The period of economic transition in post-communist countries , including Poland brought about a considerable increase of income differentiation of the society. This differentiation applied to a greater extent to agriculture and rural population than to non-agricultural and urban population. In 1984 the Gini coefficient for all households was 0.240 but in 1998 0.312. However, the Gini for the same period of the full –time farmers was respectively: 0.362 and 0.449. Incomes of part-time farmers were less differentiated than full-time farmers.

5. There are much more important issues than increase of differences within farming sector. These are, as follows:

- (i) changes in the distribution patterns of the farm families, which means decrease propensity to save and invest
- (ii) growth of the state subsidies to this sector, mainly to the farmers' social pension scheme. The subsidies exceed the level of the agricultural income of the whole agricultural sector.
- (iii) very low indebtness and the propensity to invest , despite very low interest rate on farmers loan.

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