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Berlin

Poland's Crisis in Agriculture

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Mr. Peter Martin  
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4 West Wheelock Street  
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Dear Peter:

Although Poland's food crisis probably reached its peak two years ago, it shows no signs of disappearing. On a recent trip to Poland, crossing the country by car, from Gdansk to Wroclaw and from Krakow to Poznan, I found the food and economic situation to be certainly better than reports indicate it was two years ago. Two years ago all important foods, as well as soap, spirits and tobacco, were rationed, whereas today rationing is only in effect for meat. But for the Polish consumer, things are still pretty grim today; I thought worse than almost anywhere in eastern Europe.

Waiting in line for everything has become a way of life. There are meat lines, bread lines, taxi lines, and lines that seem to form inexplicably before unmarked doors in anticipation of some small luxury or necessity becoming available. Especially in the larger towns and cities, there's a generally depressed atmosphere. People in the streets and cafes are rarely smiling or laughing as they march on to the next line or sit quietly over weak cups of tea. Beer, the usual mainstay of eastern Europe's eateries, is only rarely available outside the large tourist hotels. Only the children, of which Poland has an abundance, are dressed in bright colors and seem cheerful.

It's not that the Polish people are suffering from undernourishment. Consumption levels, particularly of carbohydrate foods, are more than adequate, and total caloric consumption remains high. However, consumption of the major protein foods, especially meat, has dropped sharply since the late 1970's, from a peak of 75 kilos per capita per year to a recent level of only 55 kilos. Since the Poles used to have one of the higher animal protein consumption levels in Europe, before the current crisis, it's easy to see why Poles aren't happy with the present-day economic situation. It's expected that meat consumption won't recover to its former level until perhaps the early 1990's, so it may be quite a while before people can begin to feel good again about their food situation.

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The problem is not just one of overall supply. As you can see in Poland's shops and markets, it's also a problem of the distribution system. Availability of foods varies greatly from one region to another and from one time of year to another. Milk, for example, was plentiful in the south, but hard to find in the north. Fruits and vegetables supply is mainly limited to what is in season, but at least in June, didn't seem to be too much of a problem. Prices of fruits and vegetables on the private market, though, are high. I even saw some entrepreneurial fruit vendors selling the ultimate exotica in the socialist world, bananas, which they'd brought in by car from Berlin. The price was astronomical--2,000 Zlotys per kilo (\$6.00 per pound at the official exchange rate)--at that price, a kilo of bananas would cost an average Polish worker about one-tenth of his monthly income.

Obviously it's not the average Polish worker who's buying bananas, and such prices are a good indication that the current economic crisis hasn't affected all Poles equally. I've read about the so-called "banana people", who drive Mercedes and retire to private compounds to eat luxury foods and wear their furs, but it's hard to appreciate the gap between these people and the average person in Poland until you see it. Certainly if one has the means to acquire dollars, either legally or illegally, these luxuries become much more affordable--the black market gives six times as many Zlotys per dollar as the official rate.

For low-income groups, life is hard. Consumption of meat varies widely according to income, with lower income workers consuming only half as much meat as those with higher incomes. It's not just a question of affordability, although Poles now have to spend almost half their available income on food and beverages. Because the distribution system functions so badly in Poland, the poor are doubly disadvantaged. People fortunate enough to have a car can go out to the countryside and buy a side of beef directly from a farmer. As one Warsaw taxi driver told me, with a car and a freezer, one can eat quite well. Poorer people without cars however, have to rely on the state shops, with their long lines and low quality.

How did the food situation in Poland get so bad? Much of the problem is due to the Gierek government's (1970-1980) mismanagement of the whole economy, including agriculture. But much of the stagnation in agriculture can be traced to misguided government agricultural policies toward private farmers. A glance at the structure of land ownership in Poland shows just how important the private farms are.

Despite repeated unsuccessful attempts by the government over the past 35 years to collectivize the land, about three-fourths of all arable land is still owned by 2.8 million private farmers. These private farms average about 5 hectares in size, and the distribution is highly skewed toward the smaller sizes. The remaining one-fourth of the land is owned by the State and operated as large state farms.

Since the War, it's always been highly uncertain whether farmers in the private sector would continue to be allowed to own land and freely transfer it to their heirs. And even though the State has abandoned direct attempts to collectivize, it's clear that agricultural policy is still aimed at extending the socialized sector (i.e. the state farms). The government, in trying to make that sector a success, has continually favored it with huge subsidies as well as privileged access to tractors, fertilizers, seeds, and the like, to the disadvantage of the private farms.

As a result of so much government subsidy, the state farms have become wasteful and inefficient, with yields actually lower than on the private farms. When one sees the primitive technology in use on Poland's small private farms, it's especially remarkable that these farms can out-produce the state farms. The state farms have large tractors, combines and all the necessities of modern, scientific agriculture. The private farms, for the most part, are still using implements of the 19th century, with horses pulling iron plows, antique hay rakes and wooden-wheeled wagons. And everywhere across Poland's patchwork of one-to six acre rectangular fields, one can see agricultural practices that must have remain unchanged for centuries-- cutting, raking and stacking hay by hand, sowing seed by hand and even plowing with human, rather than horse power. It makes for picturesque scenes, but it's hardly believable for northern Europe in 1985.

Poland's agriculture remains primitive mainly because farmers don't want to invest in land that they're not sure they'll be allowed to keep. Investment credits, small tractors and fertilizers have all been scarcely available to the private sector, but even the limited attempts by the State to make them available have often been rejected by private farmers, for fear of becoming too dependent on the State. A good example is the system of "Agricultural Circles". Set up 25 years ago as a cooperative method of providing production inputs and services to the private farmers, they soon were perceived as another method of back-door collectivization. Farmers who had originally participated in the Circles became distrustful of the Circles' intent and returned to their traditional methods rather than risking collectivization. A final reason for the

low investment is the age structure of Poland's private farmers-- almost 30 percent are over 60. This means that they tend to stick with the traditional methods and are less inclined to innovate.

With the state farm sector performing poorly and private farms technically stagnant, the overall efficiency of Polish agriculture is low. Among the East Bloc nations, Poland ranks last in average yield for all grain crops, producing only 2.5 tons of grain per hectare. The livestock sector is also inefficient. In 1980, Poland had roughly the same number of cattle and pigs as West Germany, but produced about 40 percent less meat. These low grain and meat yields are signs that Poland's food difficulties are not likely to be over soon. Certainly until the imbalance in agriculture is corrected, the political crisis is likely to be further aggravated by the food crisis.

Sincerely,



Lana L. Hall

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