

Parceling Out Common Land

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Privatizing and restructuring the state-owned agriculture sector has proven to be a difficult and complex process, with broad political, social, economic and spatial repercussions

State-owned agricultural enterprises, known in Poland as "PGRs," were instituted in 1949 as a socialist method of administrating pre-war land estates that had been taken over by the state. With the onset of the market economy in Poland in 1989, most of these communal farms turned out to be unable to support themselves due to low labor efficiency and extensive social benefits enjoyed by workers. That is why the PGR institution was abolished by a 1991 parliamentary law and the farms were put into liquidation, while control of their assets was assumed by a special agency of the State Treasury, tasked to restructure and privatize them.

This move to liquidate the state-owned farms, being a doctrinal and political decision, nevertheless ruled out the possibility of any evolutionary transformation. PGRs were forcibly privatized, and the farms were arbitrarily deemed to be unable to survive under the new economic conditions without state subsidies, in their existing economic and organizational form, or even after small restructuring efforts had been made.

Forgotten people

The liquidation decision affected 1,666 state-owned agricultural enterprises, representing some 30% of all the privatized enterprises in Poland and nearly one-fifth of Poland's arable land (3.8 million ha, an area significantly greater than the total arable land in Belgium and Luxembourg - 1.5 million ha, in the Netherlands - 2 million ha, or in Denmark - 2.7 million ha). Liquidation was not always based on rational judgments, and it led to rampant processes of bankruptcy, asset devastation, vast debt, growth in the amount of land lying fallow, and drops in production. Moreover, the restructuring of the state agricultural sector had a negative social impact: a drastic reduction in employment and thus attendant structural unemployment, social pauperization

and marginalization that affected 475,000 former PGR employees (1989). Together with their families they represented a social group of 2 million individuals, residing in 333,000 dwellings (8.6% of all rural dwellings), in 6,000 localities.

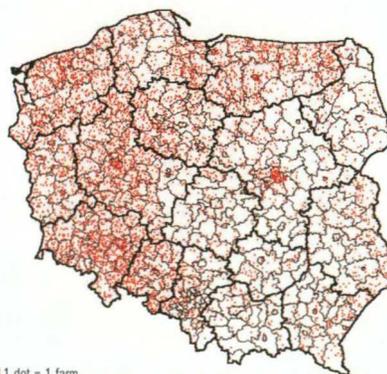
The 15 years of state agricultural sector reform have seen ownership of a total of 1.9158 million ha permanently transferred, representing 40.6% of the land originally assumed by the state agricultural property agency. Of that figure, 1.5863 million ha (33.7%) was sold off, the remainder invested in State Treasury companies or turned over to the State Forest Administration, local municipalities, or churches. The state agricultural property agency continues to administer 2.7995 ha, a majority of which (2.2077 million ha) have been leased out. A further 446,000 ha remain to be disposed of.

Unfortunately, the process of transforming the PGRs failed to account for regional conditions, lacked any overarching scheme for reforming the structure of Polish agriculture, and was mainly geared towards ownership transformations (chiefly privatization) rather than towards developing an efficient agrarian sector. Contrary to original expectations, the land that had been part of the former PGRs did not fully end up benefiting farmer households - neither via their buyoff of state land, nor through the new settlement of areas in southern and central Poland, nor under long-term leases. Instead, for the most part such land has gone to create a new type of entity in the agrarian sector: private large-scale farms.

Return of giants

Through the sale and especially lease of more than 1.5 million ha of state-owned land in parcels of up to 100 ha, some 312,000 individual farmers did gain the ability

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■ 1 dot = 1 farm

The distribution of large-scale farms in Poland - with a visible concentration in Poland's western and northern regions, largely territories that newly came under Polish administration after WWII



The liquidation of PGRs led to asset devastation and structural unemployment in many areas. Some of the once state-owned arable lands are still lying fallow

to enlarge their own farms by an average of some 4.9 ha each. The sale and lease of parcels above 100 ha, a total of 1.9 million ha, led to the emergence of 5,246 farming enterprises. Their average area was ca. 368 ha, although the group includes 270 farms with more than 1000 ha and a further 1020 farms with more than 500 ha. Thus privately-owned, large-scale farming enterprises developed from PGRs have become a new, significant element in the structure of Polish agriculture. This process has made the structure of the Polish agricultural sector more like that of the sectors in the EU, where large-scale farms represent a significant share.

In view of their distinctness, former PGR areas have been separately targeted in many governmental documents as requiring a separate, specific concept for developing agriculture and rural regions – such provisions can be found in successive drafts of the *National Regional Development Strategy, Coherent Structural Policy for Rural Development, National Spatial-Development Policy Concept*, and others.

Such documents stress that these are regions dominated by large-scale farms, requiring urgent settlement of ownership issues and a formulated concept for agricultural development. Unregulated land ownership issues, lease agreements that fail to enforce ecological responsibilities, large-scale farms greatly in need of investment, and the widespread monoculture of grain are all further degrading agricultural areas. Care and concern should be taken to ensure that the social and spatial repercussions of the transformation do not lead to a crisis, a wasted opportunity to develop these rural areas. ■

Further reading:

- Dzun W. (2005). *State Farms in the Process of Systemic Changes in Poland* [in Polish]. Warsaw: IRWiR PAN.
- Zgliński W. (2004). *The Role of Large-Scale Farms and Their Spatial Distribution* [in Polish]. In: *Wież polska w świetle wyników NSP 2002 r. i PSR 2002 r. (aspekty społeczne, ekonomiczne i przestrzenne)*. Biuletyn KPZK PAN, 213, 66–97, Warsaw.