

One side effect of the struggle between individual farmers and the state was that farm holdings could not be consolidated. The communist government limited the growth of private holdings, and farmers stubbornly hung on to their land in the face of official harassment. As a result, Polish agriculture today is characterized by extreme fragmentation. The average holding is only 7 hectares. Out of a total of 2,138,000 separate holdings, 49% cover fewer than 5 hectares and only 5% exceed 20 hectares.

The post-communist government is committed to the creation of a market economy. As part of this policy, it has begun to remove price controls and to break up the monopolies that cause price distortions. An unintended outcome of this policy has been the near ruin of the agricultural sector, since the costs of key inputs such as farm machinery, fuels, and fertilizers, have rapidly outstripped the prices farmers can charge for their produce. The damage has been compounded by increased taxes, insurance premiums, and interest rates. The government has further squeezed farm incomes by eliminating agricultural subsidies. These difficulties have been reflected in a drop of 47% in the use of fertilizers. In addition, these factors have forced many farmers to slaughter livestock, particularly cattle, for quick cash.

The hardship on Poland's farms has led the government to initiate adjustment measures. These are designed to ease the transition to a new market environment. Low-interest loans and credits are being made available to farmers, and the interest payments themselves are partially subsidized by the state. An Agricultural Market Agency (*Agencja Rynku Rolnego*) has also been created to stabilize product supply and demand. One of the Agency's first initiatives was to respond to huge potato harvests by buying 100,000 tons of potatoes for processing into starch.

Other countries have come forward with proposals for technical or financial aid to ease the strain of economic

Figure 3.4
Structure of Polish Agriculture, 1990



Source: Rocznik Statystyczny, 1991.

transition in this sector. One of a broad series of agreements recently signed by Canada and Poland includes the provision of \$Cdn 2 million to train farm workers, and another special project to upgrade Polish cattle herds. In addition, Canada and Poland have signed a memorandum of understanding on general cooperation in agriculture and related food industries.

The Polish agricultural situation has recently begun to stabilize. Despite economic hardships, 1990 proved to be a record year for grain harvests (28 million tons) and 1991 was almost as good (27.8 million tons). In addition, livestock totals have more than recovered. The number of hogs on the country's farms reached 22 million. The future of Polish agriculture may not be easy, but it does seem that an important corner has been turned.