

**Income of Private Farms at the Turn of System Transition
and European Integration**

Abstract

The paper aims at analysing the level and the structure of agricultural income in Poland in the years 1995–2003 as well as attempting to establish major factors determining its changes within investigated period.

The analysis includes three main sources of data: national accounts, households' budgets and general censuses conducted by the Central Statistical Office in the year 2002. Conclusions drawn from these data are convergent. The level of labour income in agriculture is dramatically low in comparison with charges imposed on the work of hired workers as well as persons self-employed outside agriculture. The level of the income neither gives the possibility nor incentives necessary to modernize farms (only one in ten farm is able to invest).

Unfavourable structure of agricultural prices was the main reason for huge decrease in agricultural income.

Conducted investigations indicate that agriculture is not able to become more competitive itself on the basis market mechanism.

Under such circumstances, high hopes are placed on transfers of union means within the frames of Common Agricultural Policy and structural funds of the EU.

1. Introduction

The history has not treated Polish farmers well. Likewise, farmers from all over the world have had to deal with the similar situation. The most affluent countries have handled roughly the problem however, the opinion about applied

solutions is ambiguous. Still, most of countries as well as Poland face the problem of solving the farmers issue.

Agricultural income is the subject of agricultural policy in all countries but in particular in those which base their economies on the market system. It is the crucial element and the aim of agricultural policy regardless of the range of government interventionism in agricultural economy and the amount of national budget funds spent on agriculture. In general, agriculture is considered the branch which is characterized by income malfunction that causes the necessity of supporting agricultural income and transferring funds from consumers by the prices system and from taxpayers by the budget system.

The characteristic of agricultural activity is that "the ultimate result as well as the aim of the farmer's work in the form of the income is a great unknown till the end of the production cycle. The uncertainty results, among others, from deferment of expenditures of funds from results obtained from them under conditions of unpredictable climatic phenomena within the period of a few or a dozen or so months. A long production cycle causes several times slower capital turnover in comparison with branches from outside the agriculture. It cumulates bigger, than in other branches of economy, losses risk in the face of which farmers often remain helpless"(Czyżewski 1994).

Agricultural income is that part of manufactured product which is left after fulfilling all the payments and obligations of the farm. It may have financial dimension and the natural form. More often than in other branches of economy, occurrence of income in non-financial form causes particular difficulties while measured. Total output manufactured in the farm is called "global product". After deduction of manufacturing cost, we obtain the value added which may be the only surplus gained by the farmer. Economic reproduction has an expanded character and contributes to the development of the farm when it attains the economic surplus. In case of income squaring borne expenditures, it has the simple character and what is more, it enables to maintain the business. In the long term, the lack of the possibility of regenerating factors of the production causes decapitalization of farms and the crash of economic activity in agriculture.

A few reasons induced us to take up income issues. Most of all, it was the income position of still numerous agricultural community that has particularly suffered from negative economic results of system transition. However, it does not have proper impact on social consciousness, especially on social groups taking advantage of fruits of economic transition. A very important reason is also the time of taking up the income problem. Polish accession to the European Union enables to consider the issue of strategy of agriculture development and

farmers income over again. That is why a very important question arises: whether more favourable conditions for the increase in the income of Polish farmers create imitation of the way that highly developed countries have been growing or maybe tendency towards the way according to the model of socially balanced agriculture¹.

The paper contains the analysis of the level and the structure of agricultural income in Poland in the years 1995–2003 as well as the attempt to establish major factors determining its changes within investigated period.

The analysis of agricultural income is conducted among agriculture business entities (private farms) and persons maintaining themselves from agriculture. In the first case we consider agricultural income whereas in the second one – private one (available income) of the population in households.

In the investigation we used general censuses conducted by the Central Statistical Office in the year 2002 as well as data of the Central Statistical Office published within the framework of the System of National Accounts and budgets of households.

We begin with the presentation of basic factors influencing agricultural income then, we analyze income of farms sub-sector according to data of the System of National Accounts and the information of households budgets.

2. Factors modelling agricultural income

From macroeconomic point of view, agricultural income is defined by the size of agricultural output, prices of agricultural products and means of production (expenditures) and the balance of transfers between agriculture and other sectors. Capital in the form of fixed and current assets, its amount and structure all together with the land and production skills of farmers, is the basic factor defining output volume. Estimating the income from agriculture work, the crucial role is played by the number of persons working and maintaining themselves from agriculture depending on agricultural structure which, in turn, is connected with existing labour recourses and, in general, with their low mobility.

In the years 1995–2003 private agriculture noticed little (0,9%) fall in output volume and 8% fall in intermediate consumption. Year in, year out, changeability of agriculture output is significant for the estimation of its position and pace. Data presented in table 1 proves that each year we can expect increase or fall by 5–11% in gross output (in the year 1995 – increase by 10,8%, in the

¹ The characteristic of these models is contained in the following paper: Woś, Zegar (2002).

year 2000 – fall by 5,4%). It hinders future forecasting and has negative influence on farms functioning due to instability of income and buying power.

Table 1. Changes of some production and economic streams in the sub-sector of private farms in the years 1995–2003 (constant prices)

Specification	1995	1996	1997	1998	1999	2000	2001	2002	2003	2003
	previous year = 100									1995=100
Gross output	110,8	101,2	99,9	106,5	94,6	94,6	106,0	98,0	98,9	99,1
Intermediate consumption	107,3	101,8	98,6	106,8	93,4	96,4	102,3	96,2	97,0	92,1
Value added	116,0	100,4	102,1	106,0	96,7	91,1	113,4	101,2	102,9	113,0

Source: Statistical Yearbook 2000, Central Statistical Office, p. 345; Statistical Yearbook 2003, p. 370; Statistical Yearbook 2004, Central Statistical Office, p. 457–458.

From mentioned numbers, it results that within investigated time range the size of agricultural output could not be the factor increasing income of private agriculture.

It turned out that factors that determined agricultural income were prices ratios which run unfavourably for agriculture (see table 2). In the years 1995–1999 (except for the year 1995) prices of goods purchased by farmers were increasing faster than prices of sold goods which caused significant decline in the price gap index. In the year 2000, for the first time since the year 1995, prices of agricultural goods increased more significantly than prices of means of production purchased by farmers. As a result, the index of the price gap amounted to 103,0%. It had, however, restricted influence on farmers income position for the sake of significant output fall especially in areas suffering from disastrous drought². Unfortunately, within the following two years, the situation was back to normal and prices of goods purchased by farmers were increasing faster than prices of sold goods.

Observed phenomenon of relative getting cheaper of agriculture products in the years 1995–2003 was a result of persisting surplus of the supply of food products over demand. Declining domestic demand as well as the increase in the surplus of import over export was impeding the growth rate of food prices. Agricultural and food export, after the great slump in the year 1998 has never been back to the former position.

² Information about socio-economic position of the country. *The year 2000*, Central Statistical Office, Warsaw 2001, p. 51.

Table 2. Indices of prices obtained and paid by farmers in the years 1995–2003 (previous year=100)

Years	Sold products	Purchased goods and services	Index of the price gap
1995	127,3	125,0	101,8
1996	115,7	120,5	96,0
1997	109,3	114,1	95,8
1998	100,2	109,6	91,4
1999	98,2	107,3	91,5
2000	114,7	111,4	103,0
2001	103,8	106,5	97,5
2002	92,6	101,9	90,9
2003	99,5	102,1	97,5

Source: Information about socio-economic position of the country. *The year 2000*, Central Statistical Office, Warsaw 2001; *Statistical Yearbook 2004*, Central Statistical Office p. 436.

At the same time, demographic factor had also an adverse influence on farmers income position. In 1998, in comparison with the year 1995, the number of persons – residents of rural areas registered as unemployed decreased by 290 thousands but within the next few years it was increasing and since the year 2000 it has exceeded 1 million while 4/5 of unemployed have not been eligible for unemployed benefits³. The situation is even worse taking under consideration latent unemployment existing in rural areas. A lot of farmers are not eligible for being registered as unemployed.

One of the crucial source of farmers private income are retirement pay and pensions benefits. In the years 1995–2003 retirement pay and pensions benefits of farmers increased really by 6,1% by the increase in the average benefit by 23,8%. However, the average benefit of non-agricultural social security system was characterized by bigger dynamics and increased by 26,2%⁴. Since recipients of agricultural retirement pay and pensions benefits mostly share households with employees-farmers, described benefits are integral part of agricultural households income. Within the next few years, the role of retirement pay and pensions benefits as the crucial factor preventing many households from total pauperization will be diminishing in importance. The number of farmers

³ The production and economic position of agriculture and food economy in the year 2000, IERiGŻ, Warsaw 2001, p. 47.

⁴ Calculated on the basis of data from Statistical Yearbook 2004, Central Statistical Office, table 2 (196), p. 274, table 3 (197), p. 275.

receiving retirement pay and pensions benefits which reached its maximum in the year 1995 (2049 thousands) was steadily decreasing and in the year 2002 it amounted to 1798 thousands and in the year 2003 – 1755 thousands)⁵. However, the role of social benefits in the income of agricultural households is still significant. In the year 2003 the stream of these benefits was equivalent to 48,6% of market output of private farms and 97,4% of their gross value added. Analogously, in the year 1995 interests run at a level of 39,8% and 49,1% adequately⁶. Another very important factor supporting income of agricultural households is hired work outside the agriculture. The factor is growing in importance both because of the increase in the number of persons landing jobs outside the agriculture as well as the increase in real wages and salaries. However, changes in that regard are very slow mainly because of employment barrier.

From mentioned numbers it results that the rate of factors creating agricultural income as well as the income of private farms has not been favourable for agriculture.

3. Income of private farms by national accounts

Agriculture income by national accounts is established by the Central Statistical Office. Income cannot be identified with private income of agricultural households but it can be approximately treated as agricultural one.

In general, in the years 1995–2003 gross value added was increasing in private farms. Only in the years 1999 and 2000 the fall appeared, dynamics indices amounted to 96,7% and 91,1% adequately (see table 1). Unfortunately, the increase in gross value added, which in the year 2003 (in constant prices) was 13% bigger in comparison with the year 1995, caused neither the increase in gross operating surplus nor the income of farms because at that time transfers between agriculture and other sectors were unfavourable for private farms. Table 3 presents data describing the system of these transfers for private farms in comparison to output results.

⁵ Compare Statistical Yearbook 2004, GUS, table 1 (195), p. 273.

⁶ Calculated on the basis of data from Statistical Yearbook 2004, Central Statistical Office, table 2 (196), p. 274, table 4 (373), p. 457, table 5 (374), p. 458.

Table 3. Real changes of some production and economic streams in the sub-sector of private farms in the year 2003 in comparison with the year 1995

Specification	2003/1995
Gross output	99,1
Intermediate consumption	92,1
Final output	110,2
Market output	125,7
Price gap index	68,4
Gross value added	113,0
Taxes on production	110,0
Contributions to social security	153,6
Gross disposable income	70,9

Source: Calculations on the basis of data from the *Statistical Yearbook 1997*, Central Statistical Office, tabl. 12(702), p. 511; *Statistical Yearbook 2004*, Central Statistical Office, tabl. 4(357), p. 436, tabl. 6(375), p. 458–459, tabl. 4(373), p. 457, tabl. 12(365), p. 441, tabl. 19(585), p. 685, tabl. 20(584), p. 687.

The fall in gross disposable income in the real form was alarmingly high. In the year 2003 in comparison with the year 1995 decrease amounted to as much as 29,1% (table 3). Comparing that fall with the 13% increase of the gross value added (constant prices) within that period of time, we can conclude that the significant part of the value added in agriculture was transferred outside the agriculture sector mainly by means of prices mechanism. The mechanism operation resulted in the fact that instead of the increase in real disposable income in the sub-sector of private farms in agriculture, we had to do with the huge fall in this income. Simultaneously, off-the price transfers took place (taxes, contributions to social security, administrative charges and others) which resulted in the reduction of gross disposable income remaining in farmers' hands.

In the years 1995–2003 real gross disposable income in private farms decreased by 29,1%, whereas in the whole households sector the increase amounted to 24,6%, in the sub-sector of private business outside the agriculture – 28,1%, in the sub-sector of paid employees – 26% and in the sub-sector of recipients of non-earned income sources – 14,3% (*Statistical Yearbook 2004*, tabl. 20(584), p. 687). Therefore, income of farmers households was an exception within the scope of the income dynamics.

The huge fall in the income from agriculture work, within the last few years has caused many negative social and economic effects not only in

agriculture itself but in the whole national economy. The lack of funds is the main barrier to structural changes and what is more, it reduces the inflow of modernization investments.

It turns out that merely 7% (in 1995) and 3,9% (in 2003) of gross disposable income fell to private farms employees who covered about 24% of all employees. The share of the sub-sector of agricultural households in total stream of disposable income decreased significantly.

Agricultural income on the basis of data of the Central Statistical Office on households budgets

The main source that provides information about the level and the structure of income is data of the Central Statistical Office on households budgets. Income of households budgets is established according to rules which are not applied in other sectors of economy, therefore it is not comparable with macroeconomic data. The great advantage of households budgets is that if investigated by means of identical method, they give entirely comparable source material for various national social and occupational groups.

Private income (available income) of households calculated per capita expresses potential ability of consumption of goods and services. Now then, we consider the relation between agricultural income and other basic socio-economic groups. To compare the income of private farms, in general we take average income of all farms, income of employees and income of employees-farmers.

Average monthly available income of households in Poland in the year 1995 amounted to 300,6 PLN. Income of farmers households decreased by 6% and income of worker-peasant households decreased by 13% below the average. Monthly income (average) of these groups was lower than the average for households also within the next few years (see table 4). Data of the year 2003 reveals that nominal income of farmers was already 30% lower than the average for households and in case of employees-farmers it was 23% lower⁷.

Income of employees-farmers in the years 1995–2003 covered 86,8–76,6% whereas income of farmers covered 93,9–69,7% of the level of available income of all households in Poland. Data proves the constant lower profitability of households in Poland (table 4). What is more, since the year 1995 tendency for the profitability of both groups of households in Poland to decrease has appeared. The years 2000 and 2002 were exceptional because of the small improvement. In case of farmers households, the difference between 1995 and 2003 exceeded 24 basis points. Nominal income of households in total increased

⁷ Calculated on the basis of the Central Statistical Office data on budgets of households found in Statistical Yearbooks.

by 126% between 1995 and 2003, households of farmers-employees by 100%, whereas households of farmers by 68%. Per contra, the income of employees increased by 142% at that time.

Table 4. Average monthly available income of households of farmers and employees (of which farmers-employees) in the years 1995–2003 in relation to the average of available income for households (households in total =100)

Specification	1995	1996	1997	1998	1999	2000	2001	2002	2003
Households in total	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0
Employees	100,2	103,1	103,7	104,5	105,7	107,7	106,0	105,1	107,3
Employees-farmers	86,8	83,8	82,8	77,6	78,2	79,2	79,1	77,0	76,6
Farmers	93,9	89,5	83,6	77,4	73,4	74,7	77,2	86,1	69,7

Source: Calculated on the basis of data of the Central Statistical Office on households budgets found in Statistical Yearbooks.

Now we can move on to describing the income of basic groups of households of farmers, employees - farmers and farmers.

Average monthly available income of households in the first described group amounted to 260,8 PLN in the year 1995, 366,9 PLN in 1997, 438,37 PLN in 1999 and 521,28 PLN in 2003. Income of households of employees - farmers comes from three main sources: hired work, private farms and social benefits.

In the years 1995–1998 and 2002 nominal income of this group of households was lower than income of farmers. On the other hand, dynamics of the increase in income of worker-peasant households (except for the year 1995) was higher than dynamics of farmers income. Uniqueness of the income position in the year 1995 resulted from a very favourable state of Polish agriculture. High fertility, increase in demand on food as well as easier access of agriculture producers to low interest credits contributed to 16,3% increase in the final output of agriculture in the year 1995 (in comparison with the year 1994).

Analyzing the structure of average monthly available income in the years 1995–2003 it is worth drawing our attention to two phenomena: decrease in the share of income from social benefits from 20,6% in the year 1995 to 15,1% in the year 2003 in the income structure as well as increasing share of income from hired work (increase from 45,9% to 60,4% within analogous period)⁸.

⁸ Calculated on the basis of data from Statistical Yearbook 1997, table 3(253), p. 180; Statistical Yearbook 2004, table 3(208), p. 290.

Both phenomena occurred under conditions of significant surpluses of the labour force in rural areas.

Average monthly available income in the second described group of households – households of farmers, amounted to 282,3 PLN in the year 1995, 370,4 PLN in the year 1997, 411,37 PLN in the year 1999 and 474,31 in the year 2003. Available income of farmers came mainly from two sources: private farms (76,2–68,7%) and social benefits (about 20%). Income from these sources covered about 96–90% of total income of all private farms⁹.

In the years 1995–2003 the structure of average monthly available income (in current prices) did not undergo significant changes. Particularly, the share of social benefits in the income, which had been observed over previous years did not increase. Dynamics of income from social benefits was connected with changes of the economic situation in agriculture.

Within the period of favourable market conditions (the year 1995) the share of income from farms in income structure as well as dynamics of income from this source were increasing, whereas the share of income from social benefits and their dynamics were decreasing. Except for the year 1995, dynamics of income from social benefits of this kind of households was higher than average dynamics of income of farmers households.

Diversity of agricultural income as well as private income of employees-farmers is a significant problem of agriculture. Statistically speaking, it is much bigger than in other employees or social groups. In case of agricultural income, the main reason of this diversity is output potential of farms corrected by position of the farm towards ready markets and farmers attributes (enterprise, education, age). These relations are understandable and economically justified. In this paper, we confine to presenting results of data of the Central Statistical Office on households budgets taking under consideration only one factor that differentiates income, that is the area of the farm.

⁹ Calculated on the basis of the Central Statistical Office data on budgets of households found in Statistical Yearbooks.

Table 5. Private income of investigated households depending on the area of farms in the year 2001 (investigation conducted by the Central Statistical Office)

Area of the farm (ha)	Disposable income per capita (PLN)			
	households of			
	farmers		employees-farmers	
	total	of which from farms.	total	of which from farms.
1–2	399,7	257,11	508,06	48,06
2–5	359,26	224,07	468,69	53,25
5–7	405,98	272,15	428,71	101,67
7–10	414,07	294,06	483,69	139,40
10–15	437,35	301,67	448,97	158,72
15–20	607,42	460,89	728,79	397,99
>20	716,59	596,49	727,22	408,18

Source: Prepared on the basis of data: *Conditions of living in the year 2001*, Central Statistical Office, p. 127–128.

Presented data proves significant connection between agricultural income and the area of farms as well as similar character of development of private income and obvious majority of the biggest two area groups within the scope of private income thanks to relatively high agricultural income. What is more, we have to do with insignificant majority of farms of employees – farmers within the scope of the level of private income in respective area groups.

Relation between income and area of farms is obvious. It is not the policy that enables to gain similar agricultural income in farms of diverse production and economic potential. Nevertheless, considerable problem arises when agricultural income does not ensure farmers bare minimum of existence and while having no other earning sources, farms must still “keep on” (Zegar 2004, p. 192). Unfortunately such a situation is common for significant percentage of families connected with farms. It is illustrated by the table mentioned below.

On the other hand, the problem of low agricultural income in commodity farms must be treated differently. Such farms do not have sufficient income for modernization and development to improve output quality and cope with the market competition. It is estimated that merely about 10% of farms gain enough money to modernize and develop themselves.

Table 6. Percentage of persons in households being in danger of poverty by socio-economic groups and various criteria of poverty in the year 2002

Socio-economic groups	Minimum of existence	Legal limit of poverty
Total	9,5	15,0
Employees	7,3	11,6
Farmers	12,6	22,9
Employees-farmers	12,2	20,5
Self-employed	5,1	8,5
Retirees and pensioners	8,8	13,5
Maintained from other sources	29,4	39,7

Source: Conditions of living in the year 2002, The Central Statistical Office, Warsaw 2003, p. 21 and 211.

5. Sources of farmers income according to general censuses

General censuses conducted by the Central Statistical Office in the year 2002 prove that slow fall in the share of families involved in agriculture in total number of households and faster fall in the share of households maintaining themselves mainly from working in farms are specific characteristics of Polish agriculture. It means that many farms were gaining earnings from various sources and income from outside the agriculture played crucial role in improving economic position of families of farmers. According to data of General Agricultural Census 2002, among 2928 thousands of households with farms users income from agricultural activity was gained by 76% of all investigated farms. However, only for 21% of them it was prevailing income. 12,7% of investigated farms gained income from non-agriculture activity and it was prevailing for about 6% of investigated private farms. Analogously, interests for income gained from hired work amounted to 43,1% and 27,1% and in case of the income from retirement pay and pensions – 55,3% and 30,9% while with reference to the income from other non-paid sources – 11,1% and about 5% (tabl.7).

Taking under consideration private farms (farms >1 ha) income from agricultural income was the main source of maintenance for 30% of investigated farms. This source covered 90–100% of total income of households in case of 18,5% farms. In 15,2% of farms income from agricultural activity covered 50–90% of total income of households and in 31,3% of farms it covered 10–50% of total income of households and in 19,1% of farms it covered less than 10% of

total income of households. Remaining 15,9% of private farms gained no income from agricultural activity.

Table 7. Households with private farms users by basic income sources in total and prevailing source of income of households in 2002

Income sources	Farms gaining income (thousands)		Farms by the main source (thousands)		Relation between farms by the main source and farms gaining income (%)	
		> 1 ha	in total	> 1 ha	in total	> 1 ha
Farms in total						
- agricultural activity	2928,0	1951,2	2734,6	1711,2	93,4	87,7
- hired work	2217,9	1641,8	609,6	585,4	27,5	35,7
- non-agricultural work	1262,5	804,7	793,6	461,1	62,9	57,3
- retirement pay and pensions	371,3	258,8	168,4	110,0	45,4	42,5
- other non-earned	1617,9	1050,7	906,0	485,1	56,0	46,2
	324,7	185,7	151,9	75,6	46,8	40,7

Source: Systematics and characteristic of farms, Central Statistical Office, Warsaw 2003, p. 186–187.

The situation when a household gained income only from one source occurred very rarely. Average household gained income from two sources. In general, income from one source was not prevailing source of maintenance of households. Table 7 shows data which indirectly inform about the level of income gained from the particular source. Relation between the number of farms maintaining themselves mainly from the particular source and the number of farms gaining income from this source informs us about it. In case of income from agricultural activity this relation run at a level of 27,5%, from hired work – 62,9%, from non-agricultural activity – 45,4%, from retirement pay and pensions – 56%, from other non-earned sources – 46,8%. The relation was more favourable for agricultural activity in case of private farms (the last column in table 7).

In General Agricultural Census about 2218 thousands of private farms users answered the question concerning the aim of agricultural output. Among investigated farms more than a half of them ran agricultural output only for private purposes (mainly for private purposes – 35,6% and strictly for private purposes - almost – 20%) and 42,4% – mainly for sale.

Among farmers producing goods for private purposes considerable share had income from outside the agriculture since for as much as 69% of households with employees-farmers income from agricultural activity covered less than 10% of income in total and for 22% – ranged from 10% to 30%. For 5% of farms agricultural income covered 90% and upwards of total income of households.

For more than a half of farms producing goods mainly for private purposes, income from agricultural activity covered less than 10% of income in total and for 1/3 of them ranged from 10% to 30%. Only less than 10% of farms gained income from agriculture above 50% of income in total.

For over 60% of farms producing mainly for sale, income from agricultural activity covered 50% and upwards of total income of households and for 1/3 of them – over 90%¹⁰.

6. Final remarks

The analysis uses three main sources of data, that is national accounts, budgets of households and general censuses conducted in the year 2002. Conclusions that can be drawn on the basis of the above data are convergent. It turns out that phenomena and processes connected with transition created new conditions within the scope of agricultural income. The basic characteristic of transition is huge decrease in income from work in the agriculture as well as in private income (available) of households connected with farms, emerging new market balance with lower level of prices and the blockade of the market of basic production factors in agriculture.

Within the period of transition, financial position of farmers was developing most favourable in the mid 1990s. The following years brought the sudden breakdown in economic position of agriculture. It was the result of opening gap of prices of agricultural products as well as forced stagnation of agricultural output. Price gap was developed by the surplus of supply on the agricultural market resulting, above all, from growing import and demand barrier. The year 2002 did not bring significant changes in financial position of farmers either because small increase in output was levelled by worsening of the price gap index.

Taking under consideration basic factors determining private income of farmers, we do not find any positive aspects of it. What is more, the relation between agricultural prices and increase in demand on national products will remain unfavourable within the next few years.

¹⁰ Purposes of output in farms, Central Statistical Office, Warsaw 2004, table 26, p. LIX.

Moderation of the economic growth rate as well as unfavourable changes in national budget cause the fact that we can expect neither significant transfers of budget funds nor increase in social benefits. In that case we should be prepared for stabilization of income at low level and not the increase in it.

Profits of Polish farmers coming from the European Union integration if equalled to income, will depend on the influence of the integration on general economic growth, of which on enlarging the job market in rural as well as urban areas. Effective and efficient spending EU funds within the framework of Shared Agricultural Policy and structural funds will require farmers activity as well as competent and skilful agricultural organizations and institution.

Bibliography

Analiza produkcyjno-ekonomicznej sytuacji rolnictwa i gospodarki żywnościowej w 2000 r., (The production and economic position of agriculture and food economy in the year 2000) IERiGŻ Warsaw 2001.

Analiza produkcyjno-ekonomicznej sytuacji rolnictwa i gospodarki żywnościowej w 2003 r., (The production and economic position of agriculture and food economy in the year 2003) IERiGŻ Warsaw 2004.

Czyżewski A. (1994), *Makroekonomiczne zależności w procesie transformacji rolnictwa*, „Wieś i Rolnictwo”, nr 3–4.

Gospodarka Polski 1997, Rządowe Centrum Studiów Strategicznych, Warsaw 1998.

Idczak J. (2001), *Dochody rolnicze a polityka rozwoju regionalnego Unii Europejskiej*, Wyższa Szkoła Bankowa Publishing, Poznań.

Informacja o sytuacji społeczno-gospodarczej kraju. Rok 2000, Central Statistical Office, Warsaw 2001.

Statistical yearbooks from the years 1995–2003, Central Statistical Office, Warsaw.

Conditions of living in the year 2001, Central Statistical Office, Warsaw 2002.

Woś A. (1998), *Instrumenty wtórnego podziału dochodów w sektorze rolniczym*, Warsaw.

Zegar J.S. (2000), *Spoleczno-ekonomiczne skutki załamania się dochodów rolnictwa chłopskiego w okresie transformacji, Komunikat, Raporty, Ekspertyzy*, nr 463, IERiGŻ, Warsaw.

Zegar J.S. (2004) *Dochody w strategii rozwoju rolnictwa (na progu integracji europejskiej)*, IERiGŻ, Warsaw.

Woś A., Zegar J. S. (2002), *Rolnictwo społecznie zrównoważone*, IERiGŻ, Warszawa.