

The debate on the future of small individual farms in Poland

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Overview

- Introduction: Why dealing with small farms?
- Clarifying the terms: subsistence farm, semi-subsistence farm and small farm
- Distribution of small farms in the EU and in Poland
- Arguments made in favour of and against small farms



Introduction: Why dealing with small farms?

- high in number all over Europe:
 - in 2007 almost 70% of agricultural holdings operated on an area of < 5ha.

- contrasting opinions about their right to exist:
 - opponents: non-profitable, non-economic, non-competitive
 - hardly integrated with markets
 - hardly ever provide sufficient incomes

 - agents: provide important services and benefits



Introduction: Why dealing with small farms?

“[Small farms] populate rural areas, often the most fragile and disadvantaged regions. They also maintain local rural communities and provide important social, cultural and environmental services (public goods). Consequently, the present situation and the effects of structural change on their survival or disappearance are of great significance for rural areas in the EU.” (ENRD 2010: 8)

“However, in order to deliver such public goods, suppliers must be present and not disappearing due to low competitiveness. [...] public money for public goods can only be delivered where there is an agricultural presence to which this condition can be attached.” (ENRD 2010: 8)



Clarifying the terms: subsistence farm, semi-subsistence farm and small farm

- physical measure:
 - usually refers to agricultural area used or number of stock

- economic size:
 - expresses the production or business size of a farm

- market participation:
 - refers to share of agricultural products sold on the market (0-100%)



Clarifying the terms: subsistence farm, semi-subsistence farm and small farm

“In reality, farm households are heterogeneous. While some [small farms] are already well integrated into markets, others are not, and while many of these still farm out of necessity, others appear simply to enjoy the lifestyle.” (ENRD 2010: 15)



Distribution of small farms in the EU and in Poland

	holdings 1-5ha %	holdings <1 ESU %	holdings <8 ESU %
EU-27 (all MS)	68,6	46,6	81,0
EU-15 (OMS)	53,0	15,6	60,5
EU-12 (NMS)	79,5	68,5	95,5
Poland	68,0	52,8	89,7

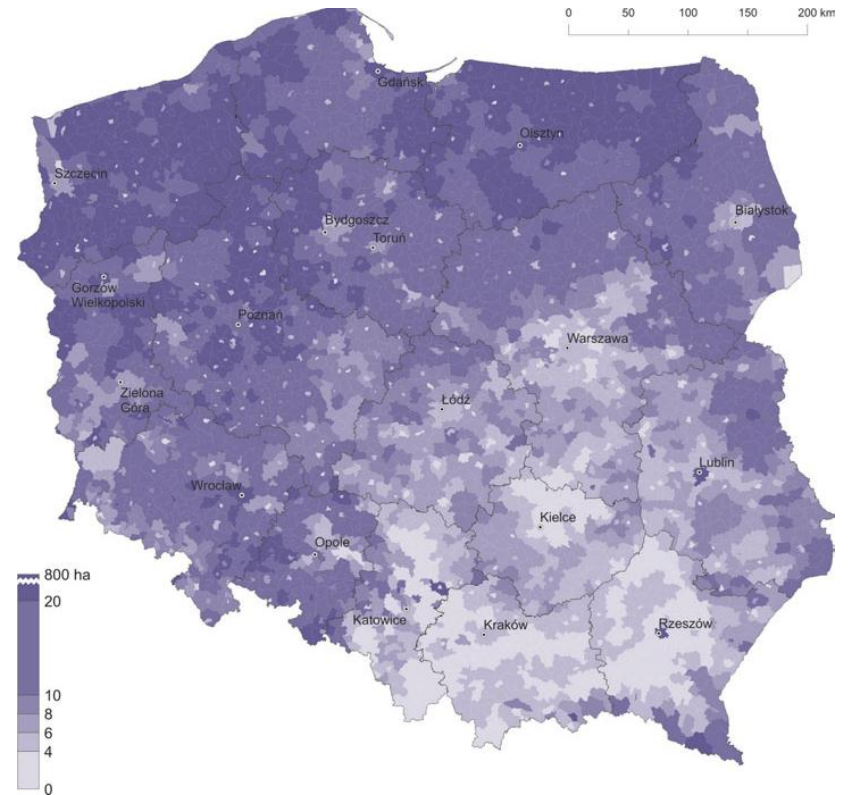
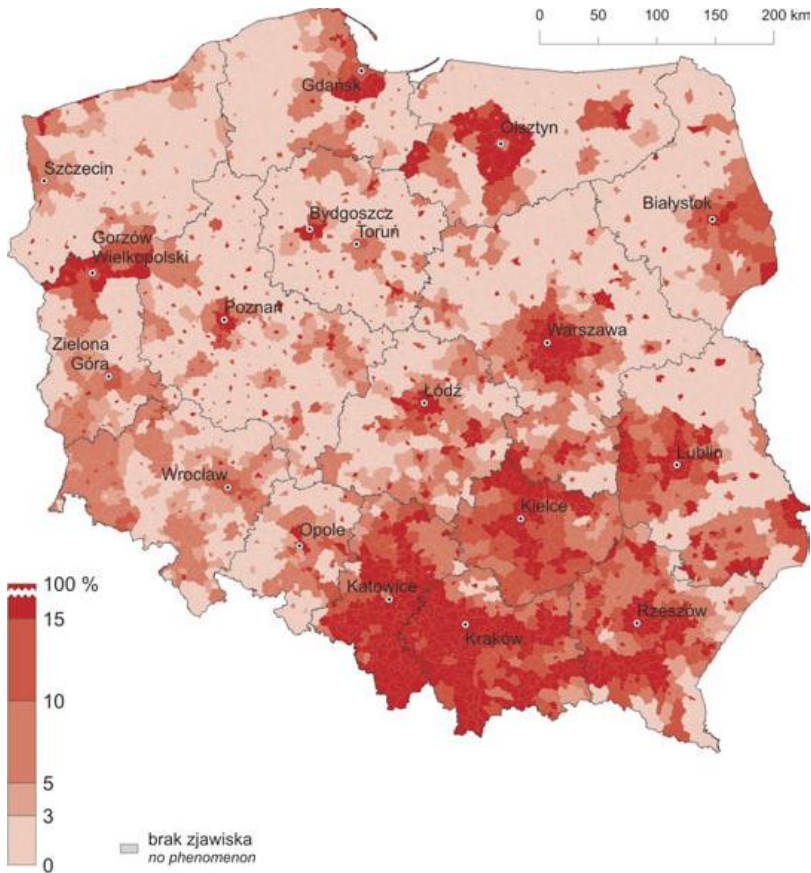
Source: own calculations according to data from FSS 2007/ EUROSTAT

	UAA farmed by holdings 1-5ha %	UAA farmed by holdings <1 ESU %	UAA farmed by holdings <8 ESU %
EU-27 (all MS)	8,3	6,8	22,5
EU-15 (OMS)	4,4	3,5	14,7
EU-12 (NMS)	18,5	15,2	42,9
Poland	17,6	10,5	48,4

Source: own calculations according to data from FSS 2007/ EUROSTAT



Distribution of small farms in the EU and in Poland



share of agricultural plots with an area of < 1 ha

average size of holdings

Source: "Rural atlas of Poland"; Bański, Jerzy (2010)



Arguments made in favour of and against small farms

- three roles allocated to small farms:
 - buffer against poverty
 - basis for farm diversification and multifunctionality
 - provision of environmental benefits



Arguments made in favour of and against small farms

- buffer against poverty
 - Pros:
 - *basic* supply of food and income
 - important where social safety nets are weak or absent, urban unemployment is high or not available, non-agricultural economy is underdeveloped
 - Contras:
 - hardly ever provide *sufficient* household-income
 - if additional income is not available, small farm owners still are threatened by poverty



Arguments made in favour of and against small farms

- basis for farm diversification and multifunctionality

- Pros:

- create assets needed to diversify rural economy

“Rather than perceiving semi-subsistence farming as an economic problem, [...] it should be embraced as a resource for rural development.” (ENRD 2010: 19)

“[A form of agriculture] which provides the basis of development for a wide range of non-commodity goods and services should be considered the essence of multifunctionality.” (ENRD 2010: 19)

- Contras:

- impedes development of larger, commercially oriented farms and economic growth

- requires managerial and marketing skills, financial capital and social and technical infrastructure



Arguments made in favour of and against small farms

■ provision of environmental benefits

■ Pros:

“The existence of some environmentally valuable habitats is not possible when traditional farming will not be continued.” (MRiRW 2009: 25)

Traditional agriculture as well as traditional architecture and settlement structures “create the identity of rural areas, their specific aspects und their inimitable character, which have to be saved.” (MRiRW 2009: 118f)

■ Contras:

→ farm only small share of agricultural area

→ “small is beautiful” does not always fit

→ low efficiency and low competitiveness of polish agriculture



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Source: <http://www.europeetravel.com/maps/europe-map-train.htm>



- 1 ESU = standard gross margin (SGM) of 1.200 €
- SGM = a measure of the production or the business size of an agricultural holding. It is *based on the separate activities or 'enterprises' of a farm* and their relative contribution to overall revenue; for each separate activity (for instance wheat, dairy cows or a vineyard), a SGM is estimated, based on the area (for crop output) or the number of heads (for animal output) and a *standardized SGM coefficient for each type of crop and livestock, calculated separately for different geographical areas* to allow for differences in profit. The sum of all these margins per hectare of crop and per head of livestock in a farm is a measure of its overall economic size, expressed in European size units.
- SGMs represent the level of profit to be expected on the average farm under 'normal' conditions (discounting, for example, disease outbreaks, fires and floods, adverse weather).

Source: [http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Glossary:Standard_gross_margin_\(SGM\)](http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Glossary:Standard_gross_margin_(SGM))



Outlook PhD-thesis

- Working title:

“The contribution of semi-subsistence farming to sustainable rural development. A study conducted in selected polish regions.”

- Theoretical background:

- Social Ecology

- Debate on Degrowth