

Reviews and Polemics

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THE AGRARIAN ISSUE – THE IMMORTALEM ISSUE?

Side notes to the monograph by Anna Matuszczak:

EWOLUCJA KWESTII AGRARNEJ

A ŚRODOWISKOWE DOBRA PUBLICZNE

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There are issues in life, interpersonal relations, policy, history or culture that seem to exist regardless of age and the changing environment. They are also found in the economy. One of them is the agrarian issue. Although this has been discussed for at least 150 years, still no clear and explicit view has been produced. An attempt to determine the beginning of this debate also hits obstacles, mainly due to differences in definition or interpretation of the essence and scheme of the agrarian issue among various authors. In general, and without the risk of making a major error, we may state that it gained importance in the 19th century, more precisely at its end.

However, this does not mean that the previous historical ages and socio-economic systems faced no challenges associated with the ownership of agricultural lands or production schemes in this area of the economy. The examples of such relations may include the Roman Empire, where the foundations of an agricultural system

were widely regulated in legislation at the time and frequently amended (the so-called *Leges agrariae*). In the 19th century, the problem emerged with a great and increasing strength.

In these years, the first scientific attempts to explain this phenomenon, including the works of F. Engels *The Peasant Question in France and Germany* (1894) or K. Kautsky *Die Agrarfrage* (1899), were published.

What was the reason behind the emergence of the agrarian issue, also called the agrarian question in the 19th century? The end of this century marked nearly 100 years of the Industrial Revolution, which relatively quickly changed what was called the base and superstructure by the Marxists. The destruction and elimination of the old manufacturing systems was followed by replacing existing production methods with new ones, while the manufacturing methods were tailored to the new reality. This was the birth of the industry we know nowadays. It soon became clear that agriculture was unable to align to this overwhelming and continuously speeding-up process. On the one hand, it was dispersed, inefficient, and at the edge of existence, or took the form of expanding agricultural latifundia on the other. However, one should note that agriculture had existed in such form for centuries or even thousands of years. That is a fact. Before the Industrial Revolution, it constituted the essential part of the economy, thus the image depicted above was regarded as normal, i.e. known for generations. Due to the rapid development of international, including overseas, trading between the 16th and 18th century, which encompassed primarily crops, the agriculture remained in the focus of attention. Although the mercantilists attempted to demonstrate the insignificance of agriculture from the perspective of wealth creation, the physiocrats firmly resisted this view. And so the 19th century began. The appearance of a new player, i.e. industry, swiftly revealed misalignment, lagging, and disparity, i.e. the simple weakness of agriculture. It started to become a socio-economic issue due to progressing pauperization, deprivation or degradation of farms, peasants, and rural areas. In this simplified approach, the agrarian issue seems to be an “incidental” or perhaps a natural consequence of industrial development and deep civilizational changes triggered by this process.

Since that time, researchers, scientists, policy-makers or activists of different kinds have attempted to explain this phenomenon in order to eliminate or mitigate its effects rather than to acquire any additional knowledge or awareness of progressing changes. The agrarian issue encompasses the negative processes and phenomena in agriculture itself, followed by a negative impact on the economy as a whole. There were plenty of multi-directional or even mutually exclusive attempts to explain and eliminate this phenomenon in history – for example, the standpoints that were formed in the Polish economic and political thought in the interwar period. The solutions for the agrarian issue have been searched for in the events and processes underlying the following stances:

- the agrarian issue is a problem imposed on rural areas and results from its past; the centre of gravity of economic life should be shifted towards agriculture; even an industrialist should become an agrarian caring for the good of agriculture; the agricultural reform is an illusion; the point is to eliminate overpopulation of rural areas by developing industry (landowning and conservative organizations);

- the priority for agriculture; limited agricultural reform; the need for migration from rural to urban areas; removing the minorities from rural areas, primarily the Jews; the personality of the Polish peasant as the main cause of poverty; smaller farms more effective than the large granges (national movement);
- the need to include agriculture into economic development; weakness of agriculture translates into weakness of industry; the need for agricultural reform due to the primacy of the small economy (Sanation movement);
- the land is owned by those who work on it; peasants are the major social force; the need for agricultural reform and parceling large-scale farms; independent peasant farms as the core of the agricultural system (peasant movement and parties);
- the need to nationalize large farms; the rural landless and small-scale farmers as the major social force; liquidation of large-scale landowning (socialist movement) (Wojtas, 1983).

This brief review of standpoints popular in the relatively short interwar period proves how divergently the agrarian issue and its potential solutions was understood. The following decades brought new challenges and answers to the agrarian issue, yet there was no sign that the problem had disappeared. Instead, it was supposed to last as something immortal and eternal. The new viewpoint on the agrarian issue from the perspective of the end of the first quarter of 21st century is the monograph by Anna Matuszczak *Evolution of the Agrarian Issue and Environmental Public Goods* (IAFE-NRI, 2020).

The purpose of this monograph is to identify the forces triggering the evolution of the agrarian issue in the context of the impact of environmental public goods on this process. This is a relatively new perspective, a specific novum of the paper, without which it would be only another monograph dedicated to an attempt to explain something potentially unexplainable. The dynamics of the industrial agriculture model has led, although not alone, to a major threat to the natural environment. Thus, a question arises, how to balance, as A. Matuszczak writes, stopping the degradation of nature with ensuring food security. According to the author, this coincidence makes the agrarian issue – as we understand it today – exposing the perception of rural areas and environmental public goods (p. 13). While one may agree on the latter ones, pointing out at rural areas is at least controversial. It is true that some researchers in the field of agriculture and rural areas state that the agrarian issue is being replaced by a rural one due to the decreasing share of agriculture in the economy. The point is that the number of traditional rural areas has been rapidly decreasing. In today's reality, homogenous rural areas practically do not exist. On the one hand, there are modern and wealthy rural areas offering better working conditions and quality of life than many urban agglomerations, while on the other hand, there are poor, depopulated, and infrastructurally underdeveloped ones. The question is whether this is a sign of a rural issue or the primeval, thoroughly studied and described – so as the agrarian issue – problem of centre and peripheries.

Searching for “rurality” in increasingly expanding areas brings no positive effects. In the case of medium-sized cities, the rural areas have been transform-

ing into suburbs with practically declined agriculture in a radius of 20-25 or even 30 km. When considering larger cities and agglomerations, this area increases up to 50-60 km and more.

Thus, the question of whether the rural issue is substitutionary or complementary to the agrarian issue and whether it may replace it in future, is doubtful in terms of context and validity. Here, the context means defining the agrarian issue itself. A. Matuszczak rightly emphasizes that the agrarian issue is abiding in nature (p. 30), provided that we define it – like the vast majority of researchers – as a set of problems generated by agriculture in relation to the environment. In this approach, the agrarian issue will persist as long as the agriculture exists in its current form. One should note here that while a few hundred years ago agriculture functioned as the essential sector of the economy and could determine the form of interactions with the environment, its problems and weaknesses have somehow remained its inner issue, except for periods of greater or lesser hunger caused by a poor harvest. When the development of other sectors, including primarily industry, established new requirements and expectations, a process of gradual pushing agriculture away onto the margins of economic and social life has begun.

The essential marker of this specific non-alignment to the new challenges is the farm income, which generally does not keep up with income of the other social and professional groups from the non-agricultural sectors. Thus, the opportunities to accumulate capital and shape development have fallen far behind the non-agricultural sectors. According to A. Matuszczak, the underlying reasons for such a situation are the specific nature of the core production factor which is an immobile and non-reproducible land, a structural barrier understood as a strong linkage between the production process and nature (production based on living organisms, dependence on the seasons, and climate conditions), and limited opportunities for area concentration, followed by institutional barrier. The EU policy attempts to bridge these gaps by subsidies to farm income for supplying environmental public goods by the farms. This requires more intensive measures towards improving the environmental performance of farms. This is why the Common Agricultural Policy (CAP) continues to put a greater focus on the environmental instruments and measures, at least from the financial perspective for 2007-2013. This is clearly demonstrated in the *Farm to Fork Strategy* (2020).

In order to balance the concept of environmentally friendly agriculture or the environmentally sustainable agriculture and therefore to mitigate the effects of the agrarian issue at the current level of economic development rather than to eliminate it, A. Matuszczak suggests changing the existing paradigm (personally I do not think that this is a proper word for the process which is commonly understood under this term) of rural and agricultural development. The essential reasons behind the need to introduce such change and withdraw from the concept of industrial agriculture include economic, social, and environmental conditions. This approach has been commonly applied by researchers, who postulate such a direction of change. The economic circumstances encompass the income insufficiency of the existing model of agriculture, deprivation, and income disparity between agri-

culture and non-agricultural sectors. However, if the industrial model based on area concentration and capital has failed to handle this problem, what could help? Are the subsidies for non-commercial functions of agriculture, including in particular these related to supplying public goods, the right remedy? A. Matuszczak is aware of questionability of this proposal, since she emphasizes that it requires “going beyond a narrow framework of microeconomics and (...) shifting towards the macro-economic optimum” (p. 44). The question of how to convince the non-agricultural sectors, consumers, policy and decision-makers, and society as a whole, to such a tribute to agriculture, remains undecided. In other words, this means sponsoring farmers for withdrawing from large amounts of chemicals, fertilizers or veterinary medicinal products. The concept is right and reasonable in all respects, the only issue is what to do to implement it in practice. The increasingly high environmental costs of the existing model of agriculture definitely constitute an important prerequisite for changing the current paradigm, but the point is whether the new model of sustainable agriculture will solve the problem of farm income, which is the essential manifestation of today’s agrarian issue? Common doubts pertaining to these considerations are clearly shared by the author herself, when she describes the future model of agriculture as environmentally sustainable and economically unsustainable. This means that the agrarian issue will remain the real problem despite many efforts and proposals.

There is also another doubt: what about food security? Making agriculture sustainable is associated with reduced consumption of plant protection products, medicinal products, and mineral fertilizers by as much as 50% according to the proposals presented in the F2F Strategy. This cannot leave the rate of agricultural production (the effect of fertilizer curve, decreased resistance of plants and animals) and the level of food security unaffected. Most probably, here lies the core dilemma of today’s agrarian issue. It is a fundamental contradiction between the economic, social, and environmental interests in the agricultural activity. The desired volume of crop supply ensuring food security faces, because it cannot be any other way, the “objection” of the natural environment and the postulate of generation of public goods by the agriculture.

Notwithstanding these doubts and dilemmas, one must agree that the focus on agriculture sustainability and its potential consequences is necessary, since continuing the existing model will unavoidably lead to environmental disaster. What is more, this applies not only to agriculture, but also to the other economic sectors. At this time, there are no effective solutions in this field. The postulates to reduce the use of agricultural chemicals or to promote organic farming will neither solve the problem of sustainability, nor contribute to the delivery of the millennium goals in the area of reducing global poverty, not to mention improving the nutritional values of the average consumer diet.

Thus, the question arises regarding how to implement the measures that would lead to a mitigation of the agrarian issue and contribute to agriculture sustainability. Since the market fails, the state is all that remains. That is how it has been for centuries. The role and scope of state intervention in the economy is one of the areas of

discussion and clashes of views for many generations of economists. This phenomenon has been observed with variable intensity and certain regularity. A. Wojtyna defines this discussion as having a “strange timelessness” (Wojtyna, 1992). The latest growth of interest in the state intervention on the market was associated with the first global economic crisis of the 21st century (Sobiecki and Kowalczyk, 2019).

According to many economists, the market is unable to handle challenges such as the agrarian issue or the sustainable development of agriculture. Thus, certain activity of the state is required. A. Matuszczak states that it should focus on four areas: supporting farm income, ensuring food security, care of natural environment, and maintaining the vitality of rural areas. This selection is rooted in the economic and environmental reality. The problems begin when moving from proposals to operation. For example, in the first area – farm income – the crucial issue is to how the state should intervene if the problem lies mainly in the drainage of economic surplus from agriculture by the non-agricultural sectors. The drainage is triggered by the market scheme, e.g. changes to margin squeeze of negative impact on agriculture. Considering the above, should we agree to increase subsidies to agriculture and their intercepting by non-agricultural entities in the name of superiority of the implemented objectives?

In general, it should be stated that state interventionism may reduce market failures and deficiencies. However, inadequate state interventions in the market may also significantly add to socio-economic problems, including the agrarian issue, instead of eliminating or mitigating them.

The manifestation of the effectiveness and non-effectiveness of these measures is, among others, the CAP. It is common knowledge that one of the essential signs of the agrarian issue is the income problem, which has remained at the core of this phenomenon for centuries. The agricultural policy, in this case EU policy, should lead to reduced income disproportions between agriculture and non-agricultural sectors, as well as in the agricultural sector itself, which should in turn contribute to social sustainability in agriculture. The fact is that the EU policy implemented for decades has brought no such positive effects. According to research by A. Matuszczak, disparities in farm income are observable both in the individual Member States (EU = 100, Belgium = 300, Slovakia = (-)49, Poland = 48), and in the agriculture–non-agricultural sector system (the so-called income parity is as follows: EU = 63%, Slovenia = 14%, Hungary = 101%, Poland = 31%). It should be noted that we are analyzing a situation where transfers from the EU budget have constituted nearly 60% of farm income for years. Without these transfers, agriculture in the vast majority of the Member States would suffer losses, including in countries, such as Sweden, Denmark, Finland, the Czech Republic, Great Britain, or Hungary.

Thus, despite multi-billion subsidies, agriculture in the majority of the EU Member States is unable to function independently in a market economy, and most of its income derives from public support. What is the future of agriculture? Many emphasize that today no one imagines European agriculture without institutional support (p. 97). And that is the point. Despite the Community/EU policy has created a model of economically inefficient agriculture, there is no other path of de-

velopment than the further subsidizing of this sector, including due to the need to make it socially and environmentally sustainable. The form of subsidies should be different, however. The focus of this evolution should be on shifting the burden of support from its conventional production function and environmental services associated with the labour market or local communities. The measures addressing the consequences of today's agrarian issue should be also developed.

The above is neither obvious nor simple. According to the quoted research, the highest quality of environment and thus the capacity to supply environmental public goods is observed in the regions of north-eastern Poland, a part of the Pomeranian Lakeland and the Lubuskie Voivodeship. The lowest values are recorded in southern Poland, i.e. in the mountains and in the foothills region (p. 158). The analyzed expenditure for environmental protection is not associated with spatial conditions, which means that they are not correlated with the individual regions or their natural environment. The highest payments for environmental public goods under the CAP are observed in regions with both the highest and the lowest quality of environment (southern Poland, p. 173). The eco-efficiency of agricultural farms (estimated on the basis of FADN) is also different: this mainly involves the Podlachia and Kurpie regions, mountainous areas, southern Greater Poland, and northern Lesser Poland (p. 184), while according to the so-called extended eco-efficiency indicator (referring farm income to total expenditure adding up to environmental pressure) the leading regions include north-eastern Poland, Pomerania, southern Greater Poland, the Lubuskie Voivodeship, and the Subcarpathian region (p. 200).

In these circumstances, searching for evidence of veracity of the thesis on mitigating the agrarian issue (specifically of income disparity comparing to non-agricultural sectors) could be only partially successful. The highest average farm income is observed mainly in the northern, north-western, and western regions, while the values of expenditure adding up to environmental pressure, including the monoculture and natural value indicator, are spatially differentiated to a great extent. As a result, confirmation of a positive correlation between the value of farm income and eco-efficiency "representing" the environmental public goods takes place only in certain regions (primarily Pomerania, southern Greater Poland, and selected poviats of the Lubelskie Voivodeship and the Subcarpathian region).

A. Matuszczak must be credited for a reliable and comprehensive study of the issue of capacity and current financing of the environment and associated public goods. However, the research referred to the actual state, and the thesis on mitigating the agrarian issue by supplying environmental public goods is mostly of a theoretical nature.

Thus, the monograph presents no image of a holistic and logical policy of agriculture sustainability, nor does it solve the agrarian issue. The fault for this situation should be attributable to the lack of a well-targeted policy rather than to the author, provided that we agree on the need for state intervention consisting in the implementation of the new tools going beyond a simple transfer of public funds to agriculture.

Perhaps the agrarian issue is too resistant to measures such as changing the priorities and tools of broadly-understood agricultural policy to the environmental policy, environmental public goods, or similar measures. Such an evolution can be perceived as a simple escape forward strategy due to the existing environmental concerns, the condition of natural resources or, generally speaking, environmental conditions of human existence. Industrialization and concentration of agriculture failed to address hunger and malnutrition. In contrary, they contributed to obesity and environmental degradation. As a global society, which is nevertheless limited to well-developed countries, we decided to focus our efforts on saving the environment, forgetting about problems of importance for more than 850 million starving people and twice more struggling with overweight. The COVID-19 pandemic shows us that the world will change according to a completely different trajectory than we assumed in 2019. Thus, perhaps the agrarian issue should be analyzed using different categories than income disparity. If we managed to eliminate the income insufficiency of agriculture, would it mean that we have eliminated the agrarian issue itself? Definitely and once for all? Or would “something” survive?

What is interesting and somehow endearing in the monograph by A. Matuszczak is the turgid prose in some places – for example, the references to Mother Earth or farmers as the “managers” of nature. In general, this is justified by the fact that the author attempts to convince the reader that agriculture, food security, and the environment form a “magic triangle” and only hitting the high notes can elicit reflection on the future of this almost eternal problem as the agrarian issue among us as members of 21st century society. The agrarian issue will persist at least as long as agriculture in the form we know today exists. Its complete metamorphosis in the future cannot be denied.

To sum up, I would grade the monograph by A. Matuszczak highly. It belongs to one of the most important papers in agricultural economy and policy published on the Polish market in recent years. The high value of the monograph results from its structure, rooted in the scientific reality of social (economic) sciences, and the proposals of the new and interesting approaches to the discussed problems and issues, followed by cognitive values. It stimulates and inspires its readers to think about a potential evolutionary direction of not only the agrarian issue, but also agriculture as a whole. It is undoubtedly the mandatory item for all involved in the field of agriculture, rural areas, and nutrition for scientific, professional, or individual reasons.

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