Policy levelling economic and social inequalities between rural and urban areas

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Abstract. This paper presents changes in Poland on the basis of describing the infrastructure of water and sewerage, gas, roads and housing after Polish accession to the European Union. These changes caused, that the standard of housing in the country got closer to the city one, among others because so many non-agricultural families resided in the countryside, and farm families also remained there. Despite significant improvements, the level of infrastructure in rural areas is still lower than in the city. It is necessary to finance its expansion. Also, despite the reduction of income disparities, the income advantage of the population living in cities compared with those residing in the countryside maintained. The study indicates the needs included in the Rural Development Plan (RDP) 2014-2020, the implementation of which will help equalize the standard of living in the countryside and in the city; these are the basics: increasing incomes, improvement of technical infrastructure in rural areas and an increasing share of non-agricultural jobs.

Keywords: social inequalities, rural areas, non-agricultural jobs, Poland

JEL Classification: D1, D04

INTRODUCTION

With time, rural areas and their inhabitants underwent significant and multidirectional transformations. Polish rural areas have always been characterised by economic, social and mental diversity of their inhabitants. They were shaped by two basic directions of changes: on the one hand – “the countryside was catching up with cities”, and on the other hand – “cities were moving to the countryside”. Improvement in the area of agricultural holdings and their adoption of new functions, as well as progressing urbanisation processes and the accompanying phenomenon of dissemination to rural areas of the so-called urban lifestyle, changed rural areas and their inhabitants (Chmielewska, 2013 s.90-98; Chmielewska, 2015 s.53-72;
Bilan & Chmielewska, 2013a,b). However, despite significant improvements, there are still disproportions between the countryside and the city, mainly in terms of the development of technical infrastructure (water and sewerage, gas, road and institutional infrastructure), as well as standards of living for their inhabitants (Pomianek, 2014; Straka et al., 2015). The study presents the results of the analysis of changes in rural areas, caused by the state policy in relation to agriculture and rural areas after Poland’s accession to the European Union (the RDP 2004-2006 and the RDP 2007-2013). It discusses the selected needs and goals taken into account in the programme RDP 2014-2020, the implementation of which will foster positive changes in rural areas and agricultural farms and will contribute to further equalization of living standards in the countryside and in the city. The study has analysed changes in technical infrastructure as the basic factor conditioning further economic, social and cultural development of rural areas. Transformations have been evaluated on the basis of features typical for water-sewerage, gas, road and residential infrastructure. The empirical material consists of the statistical data of the Polish Central Statistical Office (GUS) and data of the Ministry of Agriculture and Rural Development and the Agency for Restructuring and Modernisation of Agriculture. The study also makes use of materials acquired from the available literature on the subject.


The condition of leveling economic and social inequalities between the village and the city is to improve the profitability of farms. After the accession, direct payments became the basic subsidy instrument to farmers’ incomes. Since 2004, 1.3-1.4 million farmers have applied for such subsidies every year. “Each year, the total amount of these payments has increased - from almost PLN 7 billion in 2005 (when they applied to the whole year for the first time), to more than PLN 14 billion in 2013. Until mid 2014, ARMA paid out on this account more than PLN 103 billion” (Efekty… 2015). Primarily as a result of the subsidies, the farmers’ incomes increased almost twice, as compared to the period from before the accession. In the period of 2005-2013, the income from production factors per a full-time employee in agriculture increased in real terms by 92.5 %; on the other hand, in 2004-2013, the disposable income of farmers’ households increased nominally by 94.2 %, and in real terms by 66.6 %, whereas in an average Polish household this increase was, accordingly, 72.5 % and 36.7 %. (Dochody… 2014). The income advantage of the population living in the city compared with residing in the countryside maintained decreased from 53% in 2004 to 42% in 2014 (Budgets 2014 p. 113).

European funds have been used, apart from support of farmers’ incomes, for multi-directional investments, capacity building of the processing industry, creation of jobs, organisation of groups of agricultural manufacturers, environmental protection projects, improvement in the infrastructure within communes, support for local activity of rural areas and small towns. Economic competitiveness of rural areas has also increased, consisting of - apart from agricultural production - tourism, services, trade, craft and small enterprises. The support granted to farmers and entrepreneurs (mainly under actions: “Establishment and development of microenterprises” and “Diversification into non-agricultural activities”) fostered creation and development of, among others, kindergartens, hairdressing salons, restaurants, sales outlets, car workshops, small enterprises, construction companies, as well as companies providing IT or accounting services. The countryside, apart from its traditional role of a food producer, grew in significance as a space for business operations not related to agriculture. “(…) over the past 10 years, approx. 53 000 new non-agricultural workplaces have been created in rural areas” (Efekty… 2015). Within the income structure of rural popula-
tion, the share of income from hired labour and self-employment increased from 45.5 % to 57.0 % (Budgets 2006 s.57, Budgets 2014 s.113).

In view of the high agrarian fragmentation of Poland and the excess manpower in agriculture, creation of non-agricultural jobs or aid in start-up of young inhabitants of rural areas is crucial for the improvement of life in rural areas. I the period of the implementation, from among all types of operations other than agricultural, directly associated with an agricultural holding, most farms undertook operations related to agritourism and rental of rooms, using their infrastructural resources (mainly buildings) and own work resources. According to the estimations of the Tourism Institute, Polish countryside is visited each year by 3.6 to 4.3 million Polish tourists and approximately 350 000 foreign tourists (Bański, 2014 s.35).

The most active in this respect were farms with the smallest size. The percentage of farms with additional income from rural tourism (in the overall number of farms (over 1 ha) conducting non-agricultural activities for economic purposes, directly related to the agricultural holding) increased in the period of 2005-2013 among farms with total area of 1-5 ha from 7.6 % to 26.1 %. In this area group, a significant growth was also recorded among farms, where a handicraft workshop was a source of non-agricultural income (from 1.7 % to 10.7 %). In the group of larger farms (5-20 ha), an increase was also observed in the significance of processing of agricultural products (from 4.1 % to 8.2 %), as well as other activities, e.g. fur breeding (groups: 5-20 and over 20 ha). Additionally, the largest farms supplemented their income by provision of services using own equipment (Charakterystyka 2005 s. 166-167, Chrakterystyka 2013 s. 198-201).

The fact that most farms, when deciding to conduct non-agricultural activities, chose activities related to tourism, was possible due to the development of technical infrastructure in rural areas. This infrastructure has a major impact not only on improvement in the quality of living of the inhabitants of rural areas and small towns but, above all, allows inhabitants of rural areas to develop other, non-agricultural business activities. This is also caused by the fact that “rural tourism, especially agritourism, continuously evolves and tries to adjust to the challenges of contemporary market economy. This is noticeable, first of all, in the field of creating comprehensive offer and network tourist products” (Jastrzębski, 2014 s. 5; Streimikiene & Bilan, 2014).

The use of funds of the RDP, allocated to modernisation and expansion of the existing, as well as construction of new road, water and sewerage, and gas infrastructures resulted in, among others, significantly increased growth in rural infrastructural investments than in the case of cities. The best example is the improved provision of sewage infrastructure in rural areas, under the RDP 2007-2013, support was granted to more than 3 500 operations concerning water and sewage management in rural areas (Program… 2014a).

In rural areas, the length of sewage networks in rural areas was doubled (increase by 104.6 %), the number of sewage connections to buildings increased by 80.0 %, the percentage of people using sewage treatment plants increased from 20.4 % in 2005 to 33.1 % in 2012, still, however, the level of technical infrastructure in rural areas is lower than in citiesis. (Oszary wiejskie… 2013).

Significant progress was recorded in the process of gasification of rural areas, which is proven by growth in the number of gas consumers by over 1/4 (by 25.5 %). However, only every fifth dwelling in rural areas is equipped with a gas network (Statistical Yearbook 2014). The smallest disproportions in the dynamics in infrastructural changes between the countryside and the city was recorded in provision of the water supply network. In 2005-2013, the length of the water supply distribution network in rural areas increased by 17.2 %, and the increase was not significantly smaller in the case of cities - by 16.9 %. It would indicate a relatively good situation in rural areas, in terms of water supply network density, which is confirmed by considerable provision of water pipelines in rural dwellings (91.8 % in 2013, as compared to 99.0 % in cities) (Statistical Yearbook 2014).
The road infrastructure is a very important determinant of the reduction of inequalities between rural and urban areas, both in rural areas, as well as beyond them, constituting the proverbial “window on the world”. In 2005-2013, the length of paved public roads (municipal and non-municipal) increased from 254 000 km to 285 000 km, including roads with improved pavement - from 227 000 km to 263 000 km (the length of non-municipal paved public roads increased from 64.9 km/100 km² in 2005, to 70.0 km/100 km² in 2010 [Obszary wiejskie… 2013]). The most dynamic increase was recorded in the case of expressways (increased almost 5 times) and motorways (increased 3 times), although roads of this class are still sparse¹ (Statistical Yearbook 2014).

The policy to reduce the differences between the village and the city is focused on multifunctional development of rural areas. According to this approach, other sectors - apart from agriculture - play a crucial role with regard to competitiveness of rural areas. As a result, intersectoral funding is perceived as more efficient for rural development than subsidies to farms. “The new paradigm consists in changing the exogenic model of rural development into endogenic development. This means that the development policy focused on rural areas should strengthen the internal potential of rural areas” (Jastrzębski, 2014). “These issues are consistent with the new trend of multifunctionality of rural development, namely the village renewal” (Chmielewska, 2009).

This idea of rural renewal contributed to creating competitive advantage based on specific features of areas, while at the same preserving the cultural and natural values of rural areas (creation of, among others, thematic villages). Centres of many villages and small towns were also refurbished. Hundreds of playgrounds were created, many rural community centres and cultural centres were built or modernised. In 2002-2010, the number of rural community centres increased by 15.3 %, and cultural centres - by 15.9 % (Obszary wiejskie… 2013). “The countryside is definitely dominated by community centres and cultural centres” (Knapik, Kowalska 2014). The countryside is becoming a more and more attractive place to live in. That is why, among others, many inhabitants of cities decided to move to the countryside, and many inhabitants of rural areas decided not to leave. Negative net migration rate is recorded in the city, and a positive one in rural areas. In 2005, it amounted to -32 600 people in the city against 32 600 people in the countryside. In 2013, an increase in negative migration was recorded in the city (-35 400 people), as well as an increase in positive migration in rural areas (37 800 people) (Statistical Yearbook of Agriculture 2014, Wrzochalska 2012 s.12-78, Frenkel 2012 s. 15-32).

OPPORTUNITIES FOR TRANSFORMATIONS IN RURAL AREAS IN THE NEW EU CAP BUDGET FOR 2014-2020

The new EU budget for 2014-2020 allocates to Polish agriculture EUR 42.4 billion, EUR 3.2 billion more than in the previous financial perspective. on direct payments falls EUR 23.7 billion, for the RDP 2014-2020 - EUR 13.5 billion, and for rural development - EUR 5.2 billion from the Cohesion Fund (Efekty… 2014).

Many support instruments under of the new CAP will remain, and assistance will be granted according to the principles binding in the previous period. However, changes will also be introduced. First of all, the amount of direct payments paid out to Polish farmers will increase (1st CAP pillar).

On the other hand, the 2nd pillar of the Common Agricultural Policy, apart from activities concerning modernisation of agricultural holdings, resumed provision of support to small semi-subsistence family farms. They were deprived of such support within the Programme in 2007-2013, as they did not have the

¹ In 2005-2013, the length of expressways increased from 258 km to 1244 km; motorways - from 552 km to 1482 km.
proper economic potential. Now, they will be able to apply for the so-called additional payments for restructuring of small farms. It is expected that these changes will not only foster creation of new jobs in agriculture and its environment, but will also constitute - for persons involved in agriculture or searching for their professional identity - an incentive to stay in rural areas, as well as for their professional and social activation in the sector of agriculture and in rural areas.

Rural areas need a policy on the labour market, which is adequate to the needs. The countryside, despite a considerable improvement during the integration with the EU, still suffers from high unemployment. Although in 2005-2013 the general number of the unemployed in rural areas decreased by 36 %, the BAEL research suggests that, in the 4th quarter of 2013, 662 000 inhabitants of rural areas were unemployed. Comparison of changes in the number of the unemployed, according to their profession in the last place of work, shows that, in rural areas, it is the most difficult to find a job in the office, while the easiest to find are simple jobs, as well as jobs for industrial workers and craftsmen. The number of the unemployed, formerly working at the position of office employees, was lower in 2013, as compared to 2005, only by 3 %, whereas in the case of employees performing simple works - by 43 %, and for industrial workers and craftsmen - by 39 % (Statistical Yearbook 2006, Statistical Yearbook 2014).

SELECTED CONDITIONING NEEDS IMPROVING RURAL LIFE, (THE RDP 2014-2020)

In the RDP 2014-2020, as a major barrier to the development of rural areas was the poorly developed technical infrastructure. Therefore, “development of technical and social infrastructure in rural areas” was indicated as urgent need, conditioning improvement in the standard of living in rural areas (Program…2014b). Fulfilment of this need will increase the investment attractiveness of rural areas, improve conditions of travel to work beyond the place of residence, stimulate development of entrepreneurship and services, foster development of social infrastructure and level development differences between the countryside and the city. Support will be also allocated to protection and promotion of monuments and cultural heritage, as well as construction or regeneration of facilities performing cultural functions, which will contribute to promotion of tourism in rural areas.

The necessary transformations in the countryside are first of all associated with the situation and the changes taking place in the agricultural sector. That is why, as one of the key needs, mentions “increase in the number of competitive agricultural farms” (Program …2014b). In this case, the investment support will be addressed (apart from agricultural markets) mainly to young farmers’ farms, as they have the greatest tendency to introduce new solutions and innovations. Due to the high agrarian fragmentation, another need constitutes “reorientation of small farms towards agricultural or non-agricultural activities” (Program… 2014b). The support is supposed to lead to a significant growth in economic sizes of farms or to commencement of business activities. The unsatisfactory demographic situation in rural areas, and in many areas even depopulation, indicates the need to keep farmers in rural areas. This should be achieved through “improvement in sale of agricultural products and strengthening of the position of farmers in the food chain” (Program… 2014b). The aid for this purpose will be allocated to horizontal and vertical integration of agricultural producers, which will allow them to achieve scale benefits, shorten the supply chain and enter into subsequent phases of the food chain (among others, small-scale processing, direct sale), and, as a consequence, will allow for taking over the processing and retail margin.

The agricultural sector significantly differs from other sectors of the economy in the field of innovativeness, which is reflected in such indicators as, among others: productivity of work and land, average age and education level of farmers, as well as access to the Internet in rural areas. In this reality, it is necessary
to achieve “increase in innovation, modernisation of the agri-food sector, as well as increase in the level of knowledge of agricultural producers” (Program… 2014b). Fulfilment of this need will have a positive impact on the level of innovation in the sector, which will be reflected in improvement in the economic and social indicators in Polish rural areas. This will help to reduce the differences in this regard between rural and urban areas.

The disproportion between the village and the town generate high unemployment in rural areas, especially hidden unemployment in agriculture. To increase the professional mobility, it requires support of the inhabitants of rural areas, not only with regard to income in agriculture, but also in the process of acquiring new skills and undertaking non-agricultural activities. As a result, the need was indicated for “creating the possibilities of being employed outside agriculture without changing the place of residence” (Program… 2014b).

In view of the higher threat of poverty and social exclusion in the countryside than in the city, an extremely important need is “activation of rural inhabitants and use of endogenous potentials for local development” (Program… 2014b). Multi-sectoral support for activation of the inhabitants of rural areas will foster social inclusion, improvement in the availability of public services, solving local problems in a coordinated manner, focused on comprehensive support of local communities.

Apart from the abovementioned selected needs in the RDP 2014-2020, it is extremely essential to also take into consideration the aspects of environmental protection and climate changes. This involves undertaking activities restricting the impact of agriculture (mitigation), as well as adjustment of agricultural holdings to the changes taking place (adaptation) and ensuring support in case of natural hazards. In particular, it will be important to promote sustainable methods of management: sustainable agriculture and organic farming. In view of the foregoing, it becomes necessary to counteract adverse effects of the intensifying agriculture, which may adversely affect the environment. The growing demand for ecological products provides the possibility of growth in this environmentally-friendly and labour-consuming production, indirectly also contributing to creation of new workplaces and thus reduces the unemployment rate.

Promoting social inclusion, poverty reduction and economic development in rural areas

Under the RDP 2014-2020, six priorities will be implemented, set for the EU policy for development of agriculture and rural areas for 2014-20202.

Priority 6 directly refers to rural development: Promoting social inclusion, poverty reduction and economic development in rural areas, including two detailed objectives: Facilitating diversification, creation of new small enterprises and job creation (6A), as well as Promoting local development in rural areas (6B) (Program 2014b)

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Segmentation of the agrarian structure in Poland results in excessive employment, which, in turn, results in the need to manage the significant surpluses of manpower. The poorly developed labour market in

2 These are: 1. Fostering knowledge transfer and innovation in agriculture, forestry and rural areas; 2. Enhancing the viability/competitiveness of all types of agriculture, and promoting innovative farm technologies and sustainable forest management; 3. Promoting food chain organisation, including processing of agricultural products and their introduction to the market, animal welfare and risk management in agriculture; 4. Restoring, preserving and enhancing ecosystems related to agriculture and forestry; 5. Promoting resource efficiency and supporting the shift toward a low-carbon and climate-resilient economy in the agriculture, food and forestry sectors; 6. Promoting social inclusion, poverty reduction and economic development in rural areas. [Program… 2014b].

It is planned for the total public funds allocated on implementation of the RDP 2014-2020 to amount to: EUR 13 513 295 000, including: EUR 8 598 280 814 from the EU budget (EAFRD) and EUR 4 915 014 186 from the national funds. [Program… 2014a],
rural areas translates to difficulties with obtaining a non-agricultural source of income. The action planned in the RDP 2014-2020 will consist in support for undertaking non-agricultural activities by the rural population, while at the same time contributing to the reduction in hidden unemployment.

6B) Promoting local development in rural areas

The support for local development will include basic services and regeneration in rural areas, taking into consideration preservation and protection of cultural heritage, shaping the public space and projects concerning facilities performing cultural functions. The support will apply to infrastructure development (local roads, water and sewage management) and will contribute both to improvement in the living conditions and economic development, as well as to protection of the environment (limitation of water pollution).

Implementation of this objective will be used to support the social economy sector by, among others, increasing employability of disadvantaged groups, as well as creating new and developing the existing social economy entities. On the other hand, the LEADER action will pursue the local development strategies (LDS), adapted to the situation and the needs of a particular area. LEADER focuses on goals related to counteracting poverty and social exclusion.

In total, ca. EUR 2149.0 billion was allocated to implementation of Priority 6. The amount allocated to implementation of the specific objective 6A is EUR 414.0 million. The support for diversification of operations in rural areas will include additional payments for farmers to undertake non-agricultural activities, the amount allocated to which is ca. EUR 414 million. It is planned to create under this action ca. 16 500 jobs. The amount allocated to implementation of the specific objective 6B is ca. EUR 1 700 million. From this amount, EUR 1 000 million will be allocated to implementation of action related to the basic services in rural areas and for village renovation, and the remaining ca. EUR 735 million will constitute the funds intended for the LEADER action, which will allow the use of endogenous potential of rural areas.

CONCLUSION

The Common Agricultural Policy, as a result of successive reforms, is a policy on various aspects of rural areas - social, economic and environmental. After including our country in the European Union, the rural areas received a significant funding. These funds were aimed at improving the living conditions of the population living in rural areas through the modernization of farms, creating jobs linked to non-agriculture, development of infrastructure and services in rural areas, protecting the environment and supporting the development of cultural life. Thanks to this, the standard of living in rural areas became close to urban life, and sometimes even surpasses it. Many families decide to live in the countryside without being professionally related to agriculture. The development of road and transport infrastructure, as well as the increase in the number of users of passenger vehicles, create favourable conditions for employment beyond the place of residence, even though there are still considerable regional differences with regard to technical infrastructure.

Despite the progress with regard to building technical infrastructure in the countryside, it is still necessary to finance its expansion, in particular due to significant disproportions between rural and urban areas. However, this should not include a chaotic land development, resulting in unnecessary costs of technical infrastructure. Unfortunately, that is often the case. The disproportions between the development of road, water supply and sewerage networks are the most significant nationwide negative effects of the lack of proper application of the structural policy in Poland.

The rural development policy should continue pursuing actions contributing to the development of entrepreneurship, renewal and development of villages, in order to ensure sustainable development of rural areas, also with regard to technical infrastructure, which contribute to improvement in the living conditions
and the conditions of business operations of the inhabitants of rural areas. This will contribute to bridging a gap of economic and social disparities between urban and rural population.

In the conditions of many shortages in technical and social infrastructure in rural areas, fulfilment of the objectives and priorities of the RDP (2004-2006, 2007-2023) was a policy leading to improvement in the competitiveness of agriculture, elimination of economic and social disproportions between the inhabitants of the rural areas and cities, as well as stabilisation of the natural resources management. Implementation of the goals and projects of the RDP 2014-2020 will be a continuation of that policy.

Acknowledgments


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