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COMPREHENSIVE RURAL DEVELOPMENT POLICY – A NON-AGRICULTURAL PERSPECTIVE (THE CASE OF POLAND)

Abstract: Proposed below is a comprehensive rural development policy based on the case of Poland. Agriculture is not treated as a leading factor. Quality of life was assessed as crucial for rural development. As suggested in the Stiglitz-Sen-Fitoussi *Report*, “Quality of life is a broader concept than economic production and living standards. It includes the full range of factors that influences what we value in living, reaching beyond its material side”. There is a more and more accepted need to go beyond GDP in the analysis of quality of life.

A wide range of domains constitute quality of life. All of them should be addressed in a comprehensive rural development policy that must go far beyond the Common Agricultural Policy (CAP) of the EU. The EU Cohesion Policy should contribute to a significant extent.

Rural areas in Poland are different. On the whole they seem to be developing when evaluated on the basis of average indicators. However, there are significant territorial differences between rural areas with disadvantages rooted either in historical reasons or peripheral location.

Key words: Consumption and wealth, education, household income, human capital, jobs, peripheral areas, poverty, public services, quality of life, rural development, social capital, territorial differences.

Introduction

Poland belongs to Central Europe. Because of historic reasons Poland has experienced a lot of disadvantages as well as tragic events: the partitions of Poland, occupation during World Wars I and II and 45 years of communism. Since 1990 Poland has been a member of the free world and has been able to bridge the gap step by step between itself and more developed countries.

Agriculture has always been vital for Poland. Even though it has become much less important from an economic perspective it still remains crucial for rural identity in many subregions of Poland. However, it is not justified to treat rural develop-

ment in general as based on agriculture. There are many domains more vital for rural development.

The author proposes below a comprehensive rural development policy based on the case of Poland. Agriculture is not treated as a leading factor. Quality of life has been assessed as crucial for rural development. Particular domains described in the elaboration are certain to contribute to a better quality of life. Areas such as income and expenditures, risk of poverty, levels of education, job supply on the local labour market, spatial accessibility and public services have been chosen as contributing to the greatest extent to the quality of life in rural areas.

Rural areas are not only villages, or in other words, areas excluding cities. Small towns are also included in this category. Their functions for the local economy and public services delivery is similar to those of large villages and in many cases in Poland it is only because of historic factors that in some regions these are small towns and in others large villages. However, in terms of statistical data administrative criteria still limit data on rural areas to villages and non-inhabited spaces outside cities.

1. Agriculture does not mean rural development

According to CSO data, agriculture including forestry, hunting and fishery (sector I) contribute to 3.6% of GDP in Poland and 12.6% of those employed (LFS – Labour Force Survey). The Annual Household Budget Survey 2012 [*Budżety... 2013*] (HBS) shows that income from private farms in agriculture accounts for 4% of the total disposable income and 12% of the disposable income in rural areas of Poland much less than income from hired work (47%) and from social security benefits (25%). Therefore agriculture is the third source of income in rural areas and contributes only 1/8 of the total disposable income of families living in villages. However, it still remains very important for heritage, culture and environment in rural areas. It is of course the case that at the local or even subregional levels it plays an important economic role although in the national economy as a whole it is not a leading sector [Łysoń 2013].

2. “Quality of life” and “Well-being” [Łysoń 2013].

Quality of life and well-being are becoming more and more popular terms. In the Stiglitz *et. al* Report [2009] it was expressed that “Quality of life is a broader concept than economic production and living standards. It includes the full range of factors that influences what we value in living, reaching beyond its material side”.

Looking ‘*Beyond GDP*’, as suggested in the Report, does not mean the abandonment of GDP and measures of productivity. However, interest in quality of life is important as the information gap has increased between aggregated GDP and quality of life as seen by ordinary people. A need to use both objective and subjective quality

of life measures was highlighted in the Report as well as a demand for analyses and evaluation of household income, consumption and wealth.

Particular dimensions that should be considered simultaneously vital for well-being were also suggested [Stiglitz *et al.* 2009, pp. 14-15]:

- i. Material living standards (income, consumption and wealth);
- ii. Health;
- iii. Education;
- iv. Personal activities including work
- v. Political voice and governance;
- vi. Social connections and relationships;
- vii. Environment (present and future conditions);
- viii. Insecurity, of an economic as well as a physical nature.

Such an approach is multidimensional and therefore much more relevant to the description of quality of life than standard economic measures as GDP *per capita*. The problem is with the measures. Another problem lies with definitions. In the European Statistical System, as well as in the OECD, various approaches to both “quality of life” and “well-being” were discussed [Szukielojć-Bieńkuńska, Walczak 2011]. However it is worth stressing that the Stiglitz *et al.* Report seems to be a strong voice in the European Union in favour of a new multidimensional approach to analyses of the quality of life going beyond – this approach has been proceeded step by step in the European Statistical System.

3. Gaps between rural and urban areas

Although based on surveys¹ it can justifiably be confirmed that in many domains there has been a significant progress in rural areas in Poland (*e.g.* access to the Internet and mobile phones, sanitary and technical equipment), there still remain important gaps between rural and urban areas in Poland.

3.1. Lower income and expenditure and larger scale of poverty

Average rural household income *per capita* accounted in 2012 for 80% of the national average while in the largest cities (with more than 500 thousand inhabitants) it amounted to 157% (for all cities 113%). Similar though slightly smaller differences also occurred in the case of expenditures [Budżety... 2013].

The highest income poverty rate among classes of urbanization was also recorded in villages [Jakość życia... 2013]. Deeper analyses [*ibidem*] indicate the structure of education completed as a main factor responsible for the larger risk of poverty in rural areas.

¹ *E.g.* annual Household Budget Survey (HBS) of the CSO.

3.2. Lower level of education

According to the National Census of 2011, 9.8% of rural area inhabitants aged 13 or over graduated from universities, academies or colleges compared to 21.4% in urban areas. On the other hand, 35% of rural area inhabitants ended their education at lower secondary school (gymnasium) or at primary school. Such low levels of education, resulting in a much higher risk of poverty, refer to 19% of urban area inhabitants. Therefore the proportion of this group is almost twice as high in rural areas as cities and towns. Other measures also indicate this group as participating to a lesser extent in the labour market. Taking this into account efforts should be continued or undertaken to increase level of education of rural area inhabitants, especially those with low levels of skills and knowledge.

3.3. Low accessibility of rural areas

Unfortunately modern road and railway networks are still under construction. The old networks do not meet current demand. Therefore the accessibility of the majority of rural areas is low. Time needed to reach at least one of the main cities in Poland exceeds 90 min. from a vast part of the rural areas. It is also the case that local and subregional centres are not easily accessible from some rural areas. As a result difficult access to regional labour markets as well as to public services can be observed. Rural area inhabitants cannot easily use spatial pendulum mobility [Łysoń 2009] to benefit from jobs in larger cities that might be treated as a significant supplement to jobs in the local labour market. In both areas – jobs and public services – rural areas must be supported by jobs and educational, health or cultural services delivered by larger cities.

3.4. Deficiencies in the local labour market

The Social Cohesion Survey 2011 [*Jakość życia...* 2013] also indicates unemployment as an important factor for risk of poverty. On the other hand, based on the National Census 2011 results, it can be shown that the number of persons employed in agriculture (4.5 Mio.) is more than double than the number of the annual equivalent of full-time employed (2.1 Mio.) [*Pracujący w gospodarstwach...* 2013, tab. 1: 4,5 mln w osobach, 2,1 mln w AWU]. This shows that, in addition to registered unemployment in rural areas, hidden unemployment in agriculture should also be addressed.

Deeper analyses of registered unemployment [*Bezrobocie...* 2013] indicate the peripheral poviats with a large share of rural inhabitants as those with the highest unemployment rate.

There is a problem of spatial differences of labour supply and demand that might be solved to a significant extent by better the spatial pendulum mobility of rural area inhabitants. [Łysoń 2013].

It is also necessary to add that, crucially for both education and jobs in the case of rural area inhabitants, the accessibility of computers and the Internet has been improving [Łysoń 2013]. In 2012 [Budżety... 2013] 59% of rural households had a computer with access to the Internet, compared to 68% in the cities; in 2000 [Sytuacja społeczno-ekonomiczna ... 2013] the figures were 1.8% and 6.9% respectively. In 2012 mobile phones were accessible to the vast majority of households: 90% in rural areas and 93% in the cities [*ibidem*]

3.5. Lower accessibility of public services

Surveys of the Central Statistical Office indicate different levels of accessibility of public services in Poland. Local education, health and cultural services are also accessible in general in rural areas. However, in the case of subregional public services, a problem with spatial accessibility from peripheral rural areas is observed, which may also cause financial barriers for some rural area inhabitants (*e.g.* to colleges, academies and universities when additional accommodation costs in a city are included).

There is a great challenge for the transport network and public transport which, treated as part of public service provision, should be delivered to rural areas in order to enable the spatial pendulum mobility of rural area inhabitants.

3.6. Territorial differences

Statistical data show an average for rural areas that constitute 93% of the area of Poland as inhabited by 40% of the total national population. However, rural areas are different. There is a gap in many domains between suburban rural areas and peripheral ones. There can be various classifications based on various factors. The most important and fundamental for comprehensive development opportunities seems to be the classification of rural areas based on location related to the main urban centres (the largest cities) and the transport network. In the case of Poland, historic factors also play an important role as a result of the partitions of Poland and World Wars I and II as well as 45 years of communism that collapsed in 1989.

4. Comprehensive rural development

A comprehensive rural development policy must not be limited to either agriculture or the Common Agricultural Policy (CAP) of the European Union. Agriculture is of course crucial for food security and cultural heritage of rural areas, is vital for the environment and in some local or subregional rural areas serves as a very important source of income. However it cannot be treated in general as a leading sector or even the only sector involved in rural development. A comprehensive rural development policy should be elaborated for the EU, using the measures of both CAP and the

Cohesion Policy as a mixture of various instruments serving not only agriculture but non-agricultural sectors in order to obtain better quality of life in rural areas.

Described below are the key items for a comprehensive rural development policy. Starting from quality of life (4.1) as a leading term, the most vital factors contributing to the quality of life and rural development prospects are developed in the consecutive points (4.2-4.5). In the last point (4.6) of this chapter, territorial aspects of the comprehensive rural development policy have been raised.

4.1. Quality of life

Although there are no common definitions or measures of quality of life it is becoming more and more urgent to go beyond GDP and evaluate quality of life in rural areas compared to urban areas.

As described above [Stiglitz *et al.* 2009], a wide range of domains constitute quality of life. All of them should be addressed in the comprehensive rural development policy that must go far beyond CAP. The majority of these areas, such as 'material living standards', 'health', education', 'work', 'political voice and governance' and 'physical and economic security' have to be supported to a large extent by the Cohesion Policy. The others, like 'environment' and 'social connections and relationships' belong more to CAP, but should also be supported to some extent by the Cohesion Policy.

4.2. Income, employment and poverty

Income, consumption and health constitute an important part of quality of life. Consumption is necessary to some extent. Food and accommodation (including energy supply) are unavoidable. Spending on education, health, transport or clothes is also necessary to some extent. For the majority of households consumption is financed by current income. However, it is also the case that consumption can be more stable over a longer time period than income and in such cases acquired wealth, credit or loans may cover shortages of current income.

Sources of income for rural areas may differ. Currently agriculture is the third biggest source, behind hired work and social security benefits. Trends for the future seem to result in an even lower share of income from agriculture. Therefore, simultaneously with support for the agricultural sector, there should be efforts undertaken to enable rural area inhabitants to acquire income from non-agricultural sectors to a greater extent. Creation of jobs in the local labour markets should be assisted, especially in local energy production facilities (including renewable energy), rural tourism (benefiting from environmental assets and cultural heritage), food processing and small entrepreneurship in services and production. On the other hand, jobs in the largest economic centres ought to be more easily accessible through either spatial pendulum mobility or flexible job arrangements, including working at home via the Internet.

Indicators of poverty and social exclusion have higher values in rural areas compared to cities [*Jakość życia...* 2013]. Therefore, efforts to lower the population of poor people in Europe as prescribed in the Strategy “Europe 2020” should be directed to a large extent towards rural areas, according to one of the 11 thematic priorities of the Common Strategic Framework for the Cohesion Policy 2014-2020. As shown in the results of the Social Cohesion Survey 2011 [*ibidem*] the main preconditions for poverty risk are a low level of education and unemployment. Both are often observed in peripheral rural areas. Therefore fighting against poverty in rural areas means the improvement of knowledge, skills and job opportunities.

4.3. Accessibility

In terms of both income and jobs [Łysoń 2013], spatial accessibility between rural areas and the largest cities is crucial. There are complementary assets in rural areas and cities. Therefore the improvement of spatial accessibility would serve both, as well as the national economy. Spatial pendulum mobility would be possible to a greater extent in order to provide rural area inhabitants with additional jobs to those in the local labour market – in large cities there is quite often a shortage of workers. On the other hand, better accessibility of rural areas means the improvement of perspectives for rural tourism development as well as more attractive locations for business and, as a result, more jobs in the local labour market for rural area inhabitants.

4.4. Public services

Public services and their accessibility as well as quality contribute to an important extent to quality of life. The delivery of educational, health, cultural, rescue and security services, accessibility of energy supply, transport networks and public transport constitute a vital part of quality of life. Public services can be delivered at various and not only local levels (commune (gmina), county (powiat)). As shown in the results of the CSO surveys [*Oświata i wychowanie...*, 2012; *Szkoły wyższe...*, 2012; *Zdrowie...*, 2012; *Kultura...*, 2013] public services are much better when delivered to rural areas locally than when delivered from larger cities – this is a result of spatial accessibility shortages and rare networks of institutions delivering particular sorts of public services. Theatres and concert halls as well as specialized hospitals or advanced medical diagnostics facilities can serve as examples.

Access to the Internet [Łysoń 2013] can also be treated as a part of public services. It has become crucial for both educational chances and job opportunities, especially in rural areas experiencing peripheral locations and shortages of spatial accessibility.

4.5. Human capital, social capital

Human capital as well as social capital incorporate a wide range of elements. In the case of the human capital demographic, educational and health factors can be treated as the leading ones. Social capital includes such elements as participation in elections, non-government organizations, networks of co-operation, common values as well as relationships and co-operation with neighbours.

Both human and social capital should be further developed in rural areas although strong elements of both can be observed in rural areas in Poland, such as demography and common values or relationships and cooperation with neighbours. On the other hand, the most important challenge seems to be improvement of the knowledge and skills of rural area inhabitants using formal as well as informal types of education.

4.6. A territorial approach

A territorial approach to the comprehensive rural development policy has been elaborated [Bański 2009; *Kierunki...*, 2009], which is in line with the National Strategy for Regional Development [*Krajowa...* 2010].

There are two main axes [Łysoń 2013] that should differentiate support for rural development in the territorial approach:

- location related to the largest urban centres and to main transport routes;
- local economic structures and characteristics of sectors such as agriculture, forestry, fishery and tourism as well as social determinants.

When location is taken into account related to the largest urban centres and main transport routes, rural areas should be divided into [Bański 2009; *Kierunki...* 2009]:

- areas linked to the largest urban centres as their functional suburban areas (although they should still be treated as rural);
- areas influenced by the largest urban centres (with good transport connections);
- peripheral areas.

Both axes mentioned above [Łysoń 2013] should constitute a 2-dimensional matrix differentiating rural areas into classes in order to better tune assistance for rural development from both CAP and the Cohesion policy of the EU.

5. Instruments for a comprehensive rural development policy

A comprehensive rural development policy should consist of complementary measures from CAP and the Cohesion Policy in the case of convergence objective countries like Poland. In other countries not benefiting from European policies to a great extent, similar national measures would be justified and implemented either at regional or national levels.

Referring to the new financial perspective of EU funds for the period 2014-2020 it is worth mentioning that at least 9 out of 11 thematic objectives² of the Common Strategic Framework [European Commission 2012] can and should serve rural development.

Conclusion

Strategic documents have been elaborated in Poland (by the Ministry of Agriculture and Rural Development) that can serve as the basis for comprehensive rural development: the Directions of Rural Development [Kierunki... 2009] and the Strategy of Sustainable Development of Rural Areas, Agriculture and Fishery [Strategia... 2012]. These are in line with the National Strategy of Regional Development [Krajowa strategia... 2010].

The main question is whether the operational programmes of the 2014-2020 Cohesion Policy and the CAP will be tuned and properly coordinated to provide complementary measures successfully serving regional and rural development policies as a result.

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² 1. Strengthening research, technological development and innovation.
2. Enhancing access to, and use and quality of, information and communication technologies.
3. Enhancing the competitiveness of SMES, the agricultural sector (for the EAFRD) and the fisheries and aquaculture sector (for the EMFF).
4. Supporting the shift towards a low-carbon economy in all sectors.
5. Promoting climate change adaptation and risk prevention and management.
6. Protecting the environment and promoting resource efficiency.
7. Promoting sustainable transport and removing bottlenecks in key network infrastructures.
8. Promoting employment and supporting labour mobility.
9. Promoting social inclusion and combating poverty.
10. Investing in education, skills and lifelong learning.
11. Enhancing institutional capacity and ensuring an efficient public administration.

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