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# AGRICULTURE IN A TURBULENT WORLD ECONOMY

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Gower

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*Farmers and Rural Societies in Uncertain Food Production Systems*

The uncertainty, interpreted as 'not being dependent on', that is to say, situations and conditions independent of the agricultural producer, is, undoubtedly, a factor of change in farming; it 'feeds' those changes. It means that specified changes in agricultural management are a protection from the menace brought by the category of uncertainty. On the other hand, dynamics and development, while introducing agriculture in new areas, in new technical-economic and social conditions, confront it with new uncertainties and new threats.

The subject of these observations is the problem of uncertainty in the process of change and evolution of categories such as the farmer and the local rural societies. It means that our aim is to show conditions of signs of uncertainty, and the reaction of agricultural producers and rural societies to the uncertainty in the sequence of thinking, formulated in the phrase: change and continuity or transformation and continuity.

In short, we can speak of four types/areas of reasons for uncertainty of farmers and local rural societies.

CLIMATIC CONDITIONS; BIOLOGICAL PROCESSES OF  
AGRICULTURAL PRODUCTION

This type of uncertainty has accompanied agriculture since it developed as man's activity. The fluctuation of climatic conditions, susceptibility of cultivated plants and animals to diseases and pests account for the effects of farming and the volume of agricultural production obtained being always risky and hard to predict precisely. These features are the foundation of the frequently raised specific character of agricultural production.

With the development of agriculture there takes place the process of becoming independent from natural conditions. Present-day agriculture in countries of developed economy has far exceeded in its production level the natural fertility of soil or the production efficiency of animals. Agricultural output, supported in its production process by fertilizers, pesticides and herbicides, is able not only to reach a high productivity per

unit of land or livestock, but also to limit effectively or simply eliminate fluctuations in the production level due to geo-natural conditions.

We may say, in conclusion, that the natural conditions of agricultural production are, nowadays, a factor, which brings about, in a small degree only, the uncertainty of farming.

## ECONOMIC AND SOCIAL ENVIRONMENT OF AGRICULTURE

Contrary to natural conditions, the economic and social environment, in which agriculture is functioning, is the basic sphere of reasons causing conditions of uncertainty. One may say that the development stages of agriculture and agricultural uncertainty are determined by the three following factors:

(i) *The economic market*, which we define as the whole of supply processes, transformation and regulation of agricultural production, food production. Thus, the economic market reflects the technical and economic aspect of farming. It is obvious that the economic market is run by its own order rules, which allow the provision of agriculture with optimum assumptions for achieving both dynamics of development processes and the rationality of transforming reserves and supplies in production effects. The content of the economic market, of the economic side of agricultural production, are relations, trends and also driving forces of the agricultural development mechanism.

The variability of those relations and of driving forces and mechanisms of agricultural development makes an endless chain of reasons for uncertainty in farming. It should be emphasised that the position of a single agricultural producer towards the market economy is weak. The supply of information he has in the sphere of business trends, of new elements of the economic situation, is, necessarily, inconsiderable. This knowledge of his becomes dramatically clear on the market, after the production cycle is ended. Therefore, making decisions in advance is extremely restrained by the scale of an individual farmer. That is the reason for so frequent an inconsistency between the volume and structure of agricultural production and the expectations formulated in this respect by the national economy or, in a wider sense, by the world market of agricultural products.

(ii) *The ideology market*, covering the system of ideas, conceptions and evaluations, concerning the shape of agriculture in the form of production techniques, economic and social structures. We may speak of a specified reevaluation of the technical-economic aspect of agricultural production from the viewpoint of the criteria of a given system of ideology, and of giving a new, ideological qualification to technical and economic aspects of farming. The market of ideology seems to be determined by two basic factors namely, the prevailing doctrine and the social interest, in the broadest sense of the word; to put it more precisely,

by a specified articulation of the social interest by the social governing group.

I believe that the viewpoint can be formulated that the ideology market gives rise to particular assumptions of uncertainty conditions, actually for all forms of agriculture, peasant, farmers', collective, state or agribusiness. If, however, the economy market is a place of reasons for uncertainty for the given production cycle, then the ideology market brings uncertainty for long periods of time; so to say, secular development trends for a given form of agriculture. These are the ideological assumptions, which often 'decree' whether the specified forms of agriculture have any future or not. Considering the fact that ideological systems have their own development logic, in the sense of creating forces, slow rates of change, threats and uncertainties may be coming from those systems, almost entirely independent from the leading actors of farming, i.e. agricultural producers.

The example of Poland, for practically the whole of the past four decades, may prove that the ideology market can be the source of acute conditions of uncertainty. When peasants had full possibility of articulation of their demands, in the years 1970–81, the demand for constitutional permanence of peasant farming was a universal demand, made much more definitely than, for example, the ensuring of profitable conditions for agricultural production.

(iii) *The policy market* is reduced to a system of legal and economic instrumentation, in the sphere of orders and bans, rules, principles of organisation, management and administration of agricultural affairs. The policy market is, on the one hand, an executive apparatus of the ideology market, and on the other hand, it implements directly the interests of social forces, which are in control in the country.

The policy market owing to its direct executive character, is considered to be the most important source of uncertainty in the agricultural process. The uncertainty created by this market can be of an economic, legal and administrative nature. Moreover, it may concern both the farming and the life of the agricultural producer's family. Referring to the example of Poland, peasants' demands addressed to the agricultural policy, come down to its being lucid, readable and stable.

The inside functioning of the markets of economy, ideology and policy, and, moreover, their mutual conditionings and relations, are not in the least incidental, but are the effect of specified reasons and results, which produce in consequence a specified condition of economic, ideological and political forces. It seems certain that all the above named markets exist and function in each agriculture, regardless of the degree of its technical development, modernisation level or structure of social organisation. The viewpoint that some agriculture is the effect of the influence of only one market, cannot be maintained.

According to the subject of this paper, we have presented single markets as sources of uncertainty in farming. This is, however, only one side of the functioning of the named markets. There is no denying the other,

favourable side, that is to say, the creative role of markets in agricultural and farming development as well as in the functioning of local rural societies. If we consider the process of transformation of traditional agriculture into a modern one to be a very special achievement of agriculture, we have to say that, undoubtedly, this process is a sort of product of those markets.

Meanwhile, the attitude of agricultural economists to the single markets is highly differentiated. It seems that the most common attitude of agricultural economists is the underestimation or simple disregard of the market of ideology, less frequently of the market of policy, in formulating the strategy rules for agricultural development. Most agricultural economists tend to retire to the sphere of purely economic phenomena, i.e. the market of economy, both in formulating the theory of agricultural development or in postulating the specified strategy of agriculture, or even the actual planning-programming tasks. They assume that the power of arguments in the real/economic sphere, the logic of technical and economic development will find their way to implementation regardless of the market of ideology or policy. I wonder, if this attitude is not the main reason for poor 'implementation force' for concepts of solutions of agricultural development problems submitted by economists.

The functioning and evolution of single markets set specified forces in motion. Therefore, they can be recognised as determinants of agricultural condition and development in the long evolution from natural to market agriculture, from traditional to modernised, from stagnant/balanced to dynamic, from peasant to farmer's agriculture. It is characteristic that the evolutionary process of agriculture shows many common, universal causalities. It is especially conspicuous if we use the concept of turning points of trends of production factors in agriculture.

If we consider the evolutionary turning point of the factor labour as the moment when the numbers of the agricultural population/manpower reserves, after having reached the uppermost volume, begins to show a downward trend, with further relative decrease of labour reserves in agriculture in comparison to non-agricultural sectors, the consequences for agriculture are essential, and can be formulated as follows:

The turning point 'opens' agriculture to the expansions of non-agricultural sectors. There starts the process of subjecting agriculture to the national economy, and mainly to its most dynamic sectors – primarily industrial production and then service activity.

This point originates modernization of agriculture, both by sucking in new techniques and technology by agriculture, and by extracting manpower from agriculture.

The turning point in manpower reserves starts the era of economization of agriculture. The economic calculus becomes the basic assumption for making production decisions instead of tradition, routine and custom.

As a turning point of the evolution of the factor land in the process of farming there can be assumed the condition of the uppermost volume of that reserve, and the beginning of the process of arable land reduction.

The reaching of the turning point by the factor land is also of vital consequence for farming and for food production.

The turning point introduces the substitute calculus to farming – land can be replaced by the capital factor, the consequence of which is the arising of the land market, on which land occurs as a regular commodity. The land, by becoming a commodity, becomes demythologised, loses the quality of supreme value, value as such, which, for a long time, has been creating social stratification of local agricultural societies.

The scale of agricultural production volume becomes, to an ever higher degree, independent from the area of land possessed. This provides conditions furthering its far-reaching mobility as a production factor, with an evident trend to match the manpower magnitude, mainly in the individual system of farming.

Substitution of the land mainly by capital, and by labour as well, opens agriculture to the expansion of non-agricultural sectors.

Finally, the reduction of arable land reserves originates the process of shifting food production outside agriculture, and is, at the same time, a result of this shifting, to some degree. This process is revealed both in the production increase of food additives, and in the attempts to render agriculture fully independent from production of so essential an element of food as protein.

In the process of capital evolution as a production factor in agriculture, the turning point is reached when there occurs the balancing of capital profitability in agricultural production and in non-agricultural sectors. This situation also brings about many consequences:

The turning point means full opening of agriculture to the penetration of non-agricultural sectors of economy. The effect of this penetration is an intensive inflow to agriculture of non-agricultural production factors such as technique, chemistry, biology, as well as taking over from agriculture specified operations and organising them either in the system of industrial production or in the system of services. The turning point in the evolution of the capital factor in agriculture starts an increasing process of 'melting' of agriculture and food production in the scale of the entire national economy, and also through import and export on a world scale.

The turning point of the capital evolution in agriculture provides conditions furthering the equalising of effectiveness of agricultural and non-agricultural production. This offers to agricultural producers, to the agricultural population, a chance of equalising many parities, primarily income parity.

The turning point, while offering through the abundance of capital

possibilities of a wide substitution of land and labour, introduces in agricultural production technical and biological advance, in the wide sense of the word, the scale of which is so great that it creates the so-called intellectual factor, that becomes the fourth independent production factor in agricultural production.

It is easy to prove that the process of evolution of agriculture, of reaching by it the turning points in developing production factors, is, simultaneously, a series of sources, assumptions of uncertainty and threats in farming. A characteristic is some evident shifting of the sphere of uncertainty from climatic, natural conditions to uncertainty in the sphere of economy, trends of business and ideology, as well as of agricultural policy.

### THE FARMERS' PARTNERSHIP IN SOCIAL LIFE

Undoubtedly, an essential factor accounting for conditions of uncertainty in farming is the underestimation of agricultural producers and of rural societies in social stratification. Unfortunately, the situations are still common when agricultural producers feel they are 'second-class' citizens, when the economic position of their farms is easily sacrificed to the interests of non-agricultural sectors of national economy. This occurs, when the economic strategy is implementing, often on a drastic scale, the process of accumulation of means in agriculture in favour of industrial development, or in countries which artificially maintain a policy of low food prices.

The phenomenon of social underestimation of agricultural producers, lack of their subjectivity in social stratification, brings about the major threat for agricultural producers and rural societies by bringing into operation the mechanism of unfavourable selection in the process of migration from agriculture to non-agricultural jobs, from villages to towns. The feeling of being a citizen of the 'second class' in the social or political stratification is most acutely experienced by gifted individuals and the way of solving these problems most frequently leads to abandoning agriculture and abandoning the countryside.

### TRANSFORMATION OF LOCAL RURAL SOCIETIES AND DISTORTION OF THEIR IDENTITY

The process of transformation of agriculture does not only essentially change local rural societies. There occurs the vanishing of economic functions of the local society, which shows in a reduction of common economic initiatives, of neighbourly aid. In effect there appears the process of economic atomisation, when, in the course of production, single farms establish connections with the 'outside' institutions and are not involved in neighbourly co-operation. The thesis can be confirmed that modern, prosperous agriculture is no longer the same as a prosperous local society.



Similarly dramatic changes occur in the cultural sphere. The traditional value system, typical for traditional stratifications of local rural societies, the role of local authorities and of local opinion are gradually eliminated. They are superseded by universal value systems, considered to be urban ones, containing, of course, new determinants in the value system of categories such as leisure time, privacy of home and family, and the like. All that brings about changes in the peasant model of life, from the model, in which the farm and the land were supreme values, and farming was a way of life, to the model of living for the sake of oneself, which is typical of non-agricultural professions and societies.

### TYPES OF REACTION OF FARMERS AND LOCAL RURAL SOCIETIES TO CONDITIONS OF UNCERTAINTY

The types of reaction of agricultural producers to conditions of uncertainty actually indicate the way of the evolution of agriculture from its natural and traditional state towards a modernised agriculture, fully open to the market.

The basic reaction of traditional agriculture to conditions of menace and uncertainty was retiring in the scale of the farm and reducing the consumption level of the peasant family, absorbing of unfavourable impulses of the outside world, expressed in unfavourable prices for agricultural produce, increase of taxes and other burdens. Frequently, a peasant's reaction to worsening business conditions was to increase the production offered to the market, which led to further aggravation of business outlooks and which allowed the economists to formulate a thesis on 'irrational' behaviour of the peasant with respect to the market.

The uncertainty and the conditions of menace in traditional agriculture also led to consolidation of local rural societies. This rural society was the first and often the only instance which helped survival under uncertainty and conditions of menace, and which allowed the organisation of specified forms of self-aid and common protection. Those were the conditions of uncertainty and menace that created the category of local rural society, which category played a vital role in agricultural development for many hundreds of years. Nowadays still, in countries such as Poland, Yugoslavia, and elsewhere, it is constantly an important imperative for the behaviour of agricultural producers in the way of agricultural production, in the way of life.

In modernised agriculture the reaction of agricultural producers to the conditions of uncertainty shifted from the scale of a farm and the producer's family to a wider scale, namely to specified activities on the market of agricultural policy. This state is a simple consequence of the 'sinking' of agriculture into the national economy when the general business outlook determines the opportunities of farming.

Present-day agriculture has developed two specific forms of reactions to the conditions of uncertainty and menace, which are: organisations, farmers' unions, and the agricultural lobby. Their instruments of activity

are, primarily, of a political activity character on the policy market. That is so, although the share of agriculture in the national economy is decreasing drastically, the number of farmers keeps declining, and their percentage compared with that in other professions amounts to a few points only in many countries.

The above observations allow one to raise the final problem, which we would like to present in the sphere of uncertainty in farming namely:

### EVALUATION OF THE UNCERTAINTY AND MENACE IN AGRICULTURAL PERFORMANCE

The opinion of many agricultural economists, especially those interested in farm economics, as well as the view of many rural sociologists, concerning the sphere of uncertainty in farming, can be resolved into the following statement. The uncertainty, often changing into a condition of menace, is explicitly an unfavourable state, whereas the situation without any uncertainty in farming, or with as minimal uncertainty as possible, is ideal. I dare express some doubts as to full correctness of such views, and I will formulate my doubts in the following questions:

Is there a possibility of separating uncertainty in farming from the evolutionary process of transforming traditional agriculture into a modern one?

Is advance in agriculture, in a wide sense of the word, possible without uncertainty?

Is, then, uncertainty the price paid for advance?

Is the uncertainty a prerequisite for a Darwinian concept of development in the area of agriculture, through the evolution from simple to more complex forms, from less to more efficient forms of farming?

Consequently, does it make economic and social sense to eliminate excessively conditions of uncertainty in farming?

Does not the excessive elimination of uncertainty in farming result in supporting, as production goes, poor farms that are economically and socially ineffective, in short, is not this a blockade of progress?

Would not the reduction of subsidy systems in European and the US agriculture, actually the limiting of uncertainty conditions in farming, improve in effect the world agricultural market, providing a chance for agricultural development in the developing countries?

Finally, a somewhat paradoxical question: Would not the limitation of excessive elimination of uncertainty in farming give in effect a greater economic power to the agricultural sector, a greater breakthrough ability in making bargains with other sectors?