

RELATIONS BETWEEN AGRICULTURAL BUDGET POLICY AND FISCAL POLICY IN POLAND AFTER ACCESSION TO THE EUROPEAN UNION (2004–2022)

Andrzej Czyżewski¹, Ryszard Kata², Anna Matuszczak³✉

¹University of Zielona Gora, Poland

²University of Rzeszów, Poland

³Poznan University of Economics and Business, Poland

ABSTRACT

Aim: The paper evaluates Poland's budget policy towards agriculture through the prism of agricultural budget expenditure under the conditions of Poland's membership in the European Union (EU). The volume and real dynamics of agricultural budget expenditure in relation to state budget expenditure were analyzed. An answer was sought to the question of whether the active or passive nature of budget policy toward agriculture is consistent with the state fiscal policy option (expansive or restrictive). **Methods:** The relatively long period of analysis (covering 19 years, 2004–2022) allows us to see trends in the formation of the level and structure of agricultural budget expenditure and state budget expenditure, as well as to determine their mutual relations. Simple statistical methods – structure and dynamic analysis – were used. **Results:** It is shown that the budget policy towards agriculture is characterized by a peculiar difference and independence from the state fiscal policy, which is mainly due to the great importance of the funds of the Common Agricultural Policy for the level and structure of agricultural budget expenditure. **Conclusions:** It was found that the level of support for agriculture in Poland from public funds (domestic and EU) in 2004–2022 was not directly dependent on the state budget situation. During the period, there were numerous changes in the state's fiscal policy options and changes in the budget policy options towards agriculture, with these changes going in different directions quite often.

Keywords: agricultural budget expenditure, state budget, fiscal policy, CAP

JEL codes: E62, H60, Q18

INTRODUCTION

In the literature, we can find many studies analyzing and explaining the rationale for supporting agriculture with public funds, which on theoretical grounds refer to political economy theory (state interventionism), public choice theory, and interest group theory, or refer to the concept of sustainable development of agriculture and rural areas [Swinnen et al. 2000, Wilkin 2012,

Kułyk 2013, Matuszczak, 2020]. In general, the justification for state intervention in agriculture and, thus, for public expenditure in this sector is the allocative and redistributive dysfunctions of the market mechanism and the need to correct them. The governments of developed countries do not accept the deep disparity of farmers' incomes relative to other socioeconomic groups, the instability of agricultural income, the low profitability of assets involved in agricultural produc-

Andrzej Czyżewski <https://orcid.org/0000-0002-6233-6824>; Ryszard Kata <https://orcid.org/0000-0001-6085-3935>; Anna Matuszczak <https://orcid.org/0000-0002-5045-5447>

✉anna.matuszczak@ue.poznan.pl

tion, and also the unstable and rising prices of food for consumers [Stiglitz 1987, Hopkins and Taylor 2001, Matuszczak 2020, Czyżewski et al. 2022]. There is also a growing emphasis on the multiple functions of agriculture in the economy and the need for society to appreciate functions other than food production. This involves the provision of environmental (ecological), social, and cultural public goods, for which society should – at least in part – pay, since they are not subject to valuation by the market mechanism and are usually not exchanged on the market [Van Huylenbroeck and Durand 2003, Woś and Zegar 2004, Buckwell 2009, Czyżewski 2017, Grzelak et al. 2019].

Fiscal policy, according to Fedorowicz [1998], is “the selection of sources and methods of collecting public revenues, as well as the directions and methods of implementing public expenditure to achieve social and economic goals, as determined by the competent public authorities”. The subject of fiscal policy implementation is the government and local governments at the regional and local levels. The instrument for implementing fiscal policy is the state budget at the central level (general government budget) and local government budgets. In the case of a European Union (EU) member state, public revenues and expenditure come not only from domestic sources, but also from European funds, i.e., the EU budget. In Poland, these funds, since 2010, are institutionally included in the budget of European funds (WBE).

Fiscal policy has an economy-wide character, but also a sectoral dimension if its goals and instruments are directed to a specific sector of the economy. In the national budget, revenues and expenditures pertaining to the agricultural sector are generally included in Division 10, parts: 32 – Agriculture, 33 – Rural Development, and 35 – Agricultural Markets. Expenditure on agriculture also includes subsidies to the Agricultural Social Insurance Fund (ASIF). Specific allocations for agriculture, rural development, and agricultural markets – mainly on the expenditure side – are also included in the budgets of the voivodes, special purpose reserves, and other budget categories [Czyżewski 2022]. In addition, as mentioned above, revenues and

expenditures from the EU budget, within the framework of CAP instruments, are included in the European funds budget. With regard to public expenditure, budget funds are directed straight to the agricultural sector (to agricultural producers), but also support rural development and agricultural markets.

Every fiscal policy consists of a revenue policy (including taxation and customs) and an expenditure policy. It should be noted, however, that the modern system of fiscal policy includes such tools of intervention that are difficult to clearly categorize as revenue or expenditure policy. An example is tax exemptions and allowances, referred to in the literature as tax expenditure [Dziemianowicz 2013]. However, the problem is precisely determining the level of this type of expenditure.

With regard to agriculture, in this article, we will deal with only one side of fiscal policy, i.e., budget expenditure. We realize that this is a certain simplification because the budget is an institution that consists (in the most general sense) of both revenues and expenses. However, in our article, we ignore the income side of the agricultural budget. This is due to the fact that, not counting the European funds included in the WBE, the state budget revenues in Division 10 cover the expenses implemented in this section at a level of no more than 2–3% [Czyżewski 2023]. Thus, the revenues collected from the agricultural sector are not significant, neither for the state fiscal policy, representing the peril of state budget revenues (in 2023 – 0.08%), nor do they influence the shape of fiscal policy towards agriculture.

In this article, by state budget expenditure, we mean state budget expenditure, including the budgets of voivodes. In turn, Poland’s agricultural budget expenditure, also referred to as the total agricultural budget, consists of:

- expenditure from the state budget directed to agriculture, rural development, and agricultural markets, which, together with the subsidy to the ASIF, we will refer to as the state agricultural budget;
- expenditure from European funds directed to agriculture and rural areas under Pillar I and Pillar II instruments of the CAP (captured in the WBE).

The purpose of fiscal (budget) policy towards agriculture is to ensure food security, support stable and decent incomes for farmers (guaranteeing an adequate standard of living), increase the competitiveness of agriculture, and improve the position of farmers in the food chain. In addition to strictly economic goals, the policy also pursues objectives arising from the social and environmental aspects of sustainable development. These include protection of the natural environment and biodiversity, combating climate change, protection of food quality and health, support for generational exchange, preservation of rural cultural heritage, and development of rural areas. Nowadays, such goals as facing high and growing risks in agriculture and promoting knowledge transfer and innovation in agriculture and rural areas are also becoming increasingly important. The aforementioned goals are embedded in the CAP's strategic objectives for 2023–2027 [European Commission 2021, 2023], but most of them have also been present in the European Union's Common Agricultural Policy since its establishment in 1962, and in particular since its reform in 1992 [Winters 1990, Kulyk 2013, Severini et al. 2019, Czyżewski et al. 2022].

Achieving the above-mentioned goals requires the long-term commitment of significant public capital resources, which in the case of EU member states is made possible by involving not only national budgetary resources, but also funds from the EU budget under CAP instruments. However, this linking of the budget policy towards agriculture with the Common Agricultural Policy, in terms of objectives and financial resources, does not change the fact that budget expenditure directed to agriculture and rural development is part of the state's overall fiscal policy. Their level, dynamics, and structure should, therefore, be analyzed in close connection with the state of public finances and the character of the state's fiscal policy [Kulawik 2009].

PURPOSE AND METHODS OF THE STUDY

The purpose of the study is to assess the shape of fiscal policy towards agriculture through the prism of Poland's agricultural budget expenditure in 2004–2022. In this context, the following were analyzed: the size and real dynamics of agricultural budget ex-

penditure in relation to state budget expenditure. An answer was sought to the question of whether the nature of the budget policy towards agriculture (an option) is consistent with the state fiscal policy options, with attention focused on changes in the above-mentioned policies during the period under study.

The fiscal (budget) policy towards agriculture was evaluated in the following aspects:

- its character (options), in terms of active versus passive policies;
- the relationship of the fiscal policy options toward agriculture to the direction (options) of the state's overall fiscal policy, analyzed by the dynamics of state budget expenditure.

The research opens with the year 2004, i.e., Poland's accession to the EU and the inclusion of agriculture in CAP instruments, which significantly changed the level and structure of budget expenditure (from EU and domestic funds) directed to agriculture. The research period closes with the year 2022. The relatively long period of analysis (covering 19 years) allows us to see trends in the formation of the level and structure of agricultural budget expenditure and state budget expenditure, as well as to determine their mutual relations.

The source of empirical material on Poland's agricultural budget expenditure was data from the Ministry of Agriculture and Rural Development (MARD) in the form of annual information on the draft state budget and the budget of European funds for agriculture, rural development, and agricultural markets. This information was the basis of reports (opinions) by A. Czyżewski on the budget law in the section concerning agriculture, rural development, and agricultural markets (...) prepared in 1998–2023, published by the Office of Parliamentary Analyses and the Chancellery of the Senate of the Republic of Poland (until 2016) and the Polish periodical "Village of Tomorrow". In addition, the sources of materials were the CSO's (Statistics Poland) macroeconomic data on GDP and inflation, statistical yearbooks on agriculture, and Ministry of Finance data on the implementation of the state budget.

The quantities covered by the study were recorded in nominal values (at current prices) and real values (at constant prices). The Consumer Price Index (CPI) was used as a deflator.

THE LEVEL AND STRUCTURE OF EXPENDITURE IN THE AGRICULTURAL BUDGETS OF POLAND DURING THE PERIOD OF MEMBERSHIP IN THE EUROPEAN UNION

Poland’s nominal agricultural budget expenditure (including domestic and European funds) noted a dynamic growth from PLN 26.7 billion to PLN 57.2 billion in the first years of Poland’s EU membership (2004–2008). In the later post-accession years, the amount of this expenditure was at the level of about PLN 50.5 billion (2009–2021 average); however, with quite significant annual fluctuations downward (2011, 2017–2019) or upward from this amount (2013–2016). It was not until 2022 that there was a significant increase in these expenses to PLN 60.6 billion (Fig. 1). Expenditure of the agricultural budget, but excluding subsidies to the Agricultural Social Insurance Fund (ASIF), showed a similar trend to those of the total agricultural budget (Fig. 1). A significant part of these expenditures was accounted for by European Union funds, whose share in the total agricultural budget increased from 20% in 2004 to 51.3% in 2011 (Fig. 1).

In 2012–2016, the EU’s contribution to Poland’s agricultural budget ranged from 44.8% to 51.7%, after which it successively decreased to around 40–43% in subsequent years (Fig. 1).

The share of subsidies to the ASIF in the total agricultural budget averaged 35.5%, but showed a declining trend in the first decade of EU membership (from 58.4% in 2004 to 30.1% in 2014), after which it increased again, reaching an average level of 36.4% in 2017–2022. The above data shows that the share of the national budget, excluding subsidies to the ASIF in public expenditure on agriculture, is relatively low. Over the entire period under review, it amounted to 24.8%, while in recent years (2016–2022), it amounted to about one-fifth of agricultural budget expenditure. Only in 2007–2010 did this share exceed 1/3 of total agricultural budget expenditure (it was 34.7–56.3%). On the other hand, it was particularly low in 2011 and in 2015–2016, when it was only about 1/6 of Poland’s agricultural budget expenditure.

Assessment of the shape of fiscal (budget) policy towards agriculture is not possible in isolation from the direction and nature of changes in the fiscal policy of the

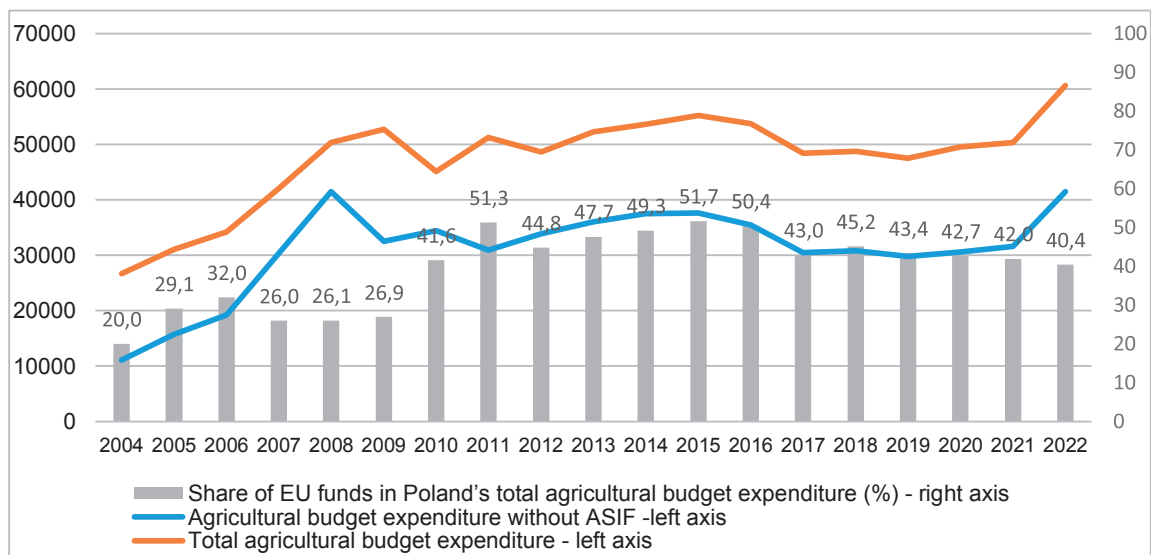


Fig. 1. Nominal expenditure of Poland’s agricultural budget in total and without subsidies to the Agricultural Social Insurance Fund (in million PLN) and the share of European Union funds in total agricultural budget expenditure in 2004–2022 (in %)

Source: own compilation based on the data of the Ministry of Agriculture and Rural Development on projects and implementation of the state budget and the budget of European funds for agriculture, rural development, and agricultural markets from 2004–2022.

state in general. The instrument for the implementation of fiscal policy is the state budget. The dynamics of total agricultural budget expenditure in real terms against the dynamics of state budget expenditure, as well as the share of agricultural expenditure (domestic including EU funds) in total state budget expenditure, indicates the importance of the agricultural sector in fiscal policy.

If we look at the ratio of the total agricultural budget to state budget expenditure, we can see that in 2004–2008, it showed an upward trend from 13.5 to 20.6%, after which it fell to an average of about 16.5% in 2009–2015. In 2016–2021, the ratio showed a steady, strong downward trend, reaching only 9.7% in 2021 (Fig. 2). This trend was stopped only in 2022 (Fig. 2), which was due to a surge in agricultural expenditure, including planned expenditure on the Agricultural Guarantee Fund in the amount of PLN 3 billion, from which guarantees to agricultural loans can be provided. At the same time, as a result of the armed conflict in Ukraine and the drastic increase in energy prices, farmers in Poland were subjected to additional public expenditure support for the purchase of mineral fertilizers. The cost of this state intervention in 2022 was PLN 2.61 billion. The

general downward trend in the share of public expenditure on agriculture in state budget expenditure, observed (except for some fluctuations, e.g., in 2014) since 2009, indicates the “depreciation” of agriculture in state fiscal policy. This is also evidenced by the shrinking share of the state budget for agriculture (excluding subsidies to the Agricultural Social Insurance Fund – ASIF) in the structure of state budget expenditure (Fig. 2), which, after a strong increase in 2004–2008 (from 2.9 to 9.54%), was subject to a steady downward trend to a level of only 1.84% in 2020, to reach 3.13% in 2022.

The real growth rate of agricultural budget expenditure was very high in 2004–2008, also far exceeding the positive growth rate of state budget expenditure (Fig. 3). This means that in 2004–2008, the benefits to agriculture from the inclusion of the sector in CAP instruments exceeded the economy-wide benefits the country received from EU membership. In later years, the situation for agriculture was no longer so favorable. Undoubtedly, the sector received above-average – relative to other sectors – benefits from Poland’s membership in the EU. Nevertheless, in subsequent years, the rate of growth of total agricultural budget expenditure (including WBE funds)

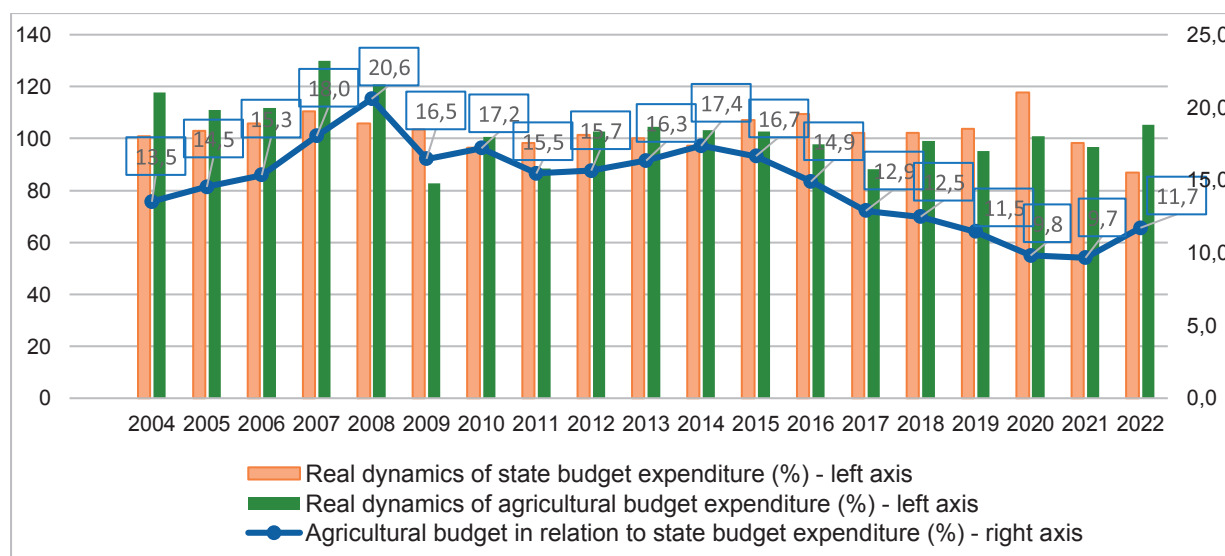


Fig. 2. Total agricultural budget expenditure and agricultural budget expenditure without subsidies to the Agricultural Social Insurance Fund in relation to state budget expenditure in 2004–2022 (%)

Source: as Fig. 1.

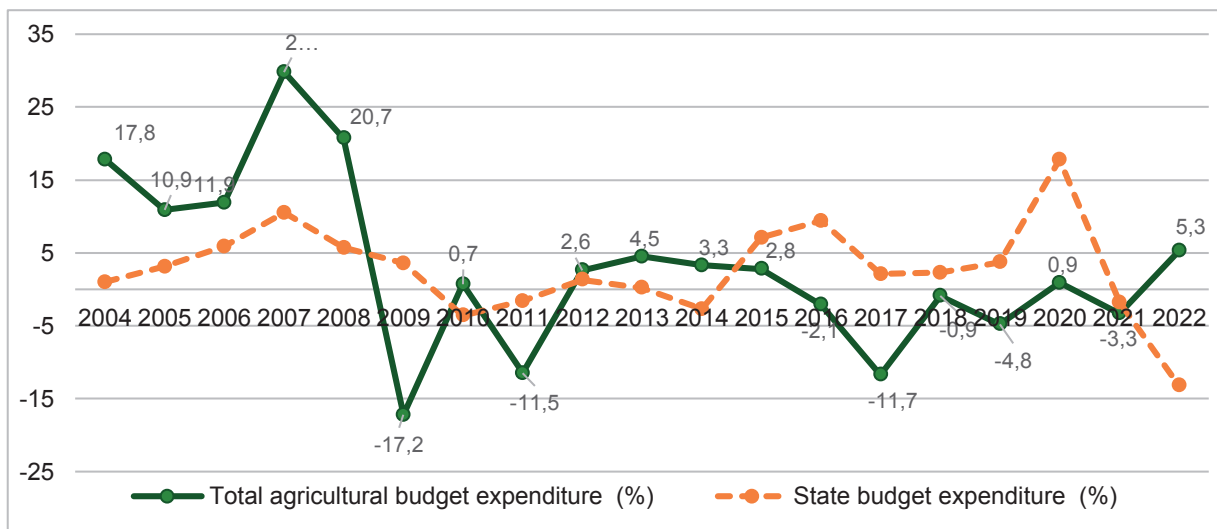


Fig. 3. Real rate of change (year-on-year) of total agricultural budget expenditure and state budget expenditure from 2004 to 2022 (%)

Source: as Fig. 1.

only in 2010, 2012–2014, and 2022 was higher than the rate of change in state budget expenditure (Fig. 3).

The high positive dynamics of the total agricultural budget in 2004–2008 was the result of a jump – compared to 2003 – in budget expenditures on agriculture as a result of the inclusion of agriculture in the support of EU Common Agricultural Policy funds. Certain activities under Pillar I of the CAP were already launched in 2004, while others under Pillar II of the CAP were successively introduced. As a result, agricultural expenditures constituting the national contribution to the various agricultural support instruments were also increasing, among others, to direct payments. This resulted in a high nominal and real growth rate of total agricultural budget expenditures year-on-year (Fig. 3). In subsequent years, the real growth rate of agricultural budget expenditures showed considerable volatility (Fig. 3), the reasons for which mainly had two sources, namely:

- resulted from changes in national budget expenditures, in particular, not including subsidies to the Agricultural Social Insurance Fund. As shown earlier, the share of these expenditures in total agricultural budget expenditures showed significant vol-

atility in 2009–2022, while their nominal amount varied in this period from PLN 8.4 billion (2016) to PLN 19.3 billion (2009);

- the occurrence of transition periods between EU financial perspectives, when activities and expenditures under the second pillar of the CAP (included in the RDP) from an earlier period ended, and activities and funds under the next RDP have not yet been launched. Such a situation concerned, among others, expenditures financed with EU funds in 2009 and 2017.

BUDGETARY POLICY OPTIONS FOR AGRICULTURE IN THE CONTEXT OF STATE FISCAL POLICY FROM 2004 TO 2022

In the context of the real dynamics of agricultural budget expenditure and state budget expenditure in 2004–2022, the question arises as to whether fiscal policy toward agriculture was consistent with the overall direction of state fiscal policy or whether there were periods when it showed its dissimilarity.

The alternation of fiscal policy options is due to the existence of the business cycle and its impact on

this policy in various aspects (among others: counter-cyclical policy, political business cycle). The most common distinction in the literature is between two opposing fiscal policy options:

- expansionary policy – involving an increase in government expenditure or a decrease in the level of taxation (in relation to the previous year), while accepting a higher budget deficit, usually related to GDP;
- restrictive policy – which involves reducing public expenditure in relation to the previous year (or limiting their growth to a certain threshold, e.g., 1%) or increasing the tax burden, leading to a balanced budget, or reducing the budget deficit to a certain low level (e.g., below 3% of GDP) [Czyżewski and Kulyk 2007, Kulawik 2009, Wieliczko, 2011].

The division of fiscal policy options into expansionary and restrictive largely relates to its role in easing the business cycle and derives from its broader division into active fiscal policy and passive fiscal policy, determined by the fiscal arrangements implemented [Ciborowski 2003]. For the sake of argument, it should be added that fiscal policy can also be neutral, i.e., maintaining the deficit at a more or less equal but low level. Even more favorable, e.g., from the point of view of low inflation, is the situation when a budget surplus manages to be generated on a sustainable basis [Kulawik 2009].

For the purposes of this study, the fiscal policy options in Poland were divided into expansionary and restrictive, with the classification criterion being:

- as a primary criterion – the real rate of change in budget expenditure year-on-year, with the assumption that an increase in expenditure above 1% means the expansionary option (E), while a decrease in expenditure or their increase below 1% means the restrictive option (R);
- as a complementary criterion – the budget deficit in terms of the budget fiscal gap, i.e., the ratio of the amount of the deficit to the amount of budget expenditure (in %). It was assumed that if a small real increase in budget expenditure between 1 and 2% is accompanied by a decrease in the fiscal gap, it means the restrictive option (the case of 2012, see Table 1).

As a result of applying the aforementioned criteria, it was found that fiscal policy in Poland was charac-

terized by volatility and cyclicity, which were largely dependent on the macroeconomic situation (GDP dynamics) and the political cycle. The first phase of expansionary fiscal policy took place in 2004–2009. At that time, fiscal expansion was associated with a good economic situation in the first years of Poland's membership in the EU (2004–2007). At that time, the average economic growth rate was 5.4%. In contrast, GDP dynamics slowed down in 2008–2009 as a result of the global financial crisis, but in an effort to mitigate the effects of the crisis, the government maintained the fiscal easing option, as state budget expenditure still showed a positive real growth rate, respectively: 5.7% and 3.6% year-on-year. The years 2010–2014, on the other hand, were a phase of restrictive fiscal policy (Table 1). During this period, state budget expenditure declined in real terms (2010–2011 and 2014), or their growth rate was low, and the fiscal gap was tightened. In addition, starting in 2011, the tax burden was increased by raising the standard VAT rate from 22 to 23%. GDP dynamics in 2010–2014 was lower than in previous years, reaching an average growth rate of 2.9%. In 2015–2020, state fiscal policy was again expansionary. State budget expenditure grew in real terms during this period from 2.1% (2017) to as much as 17.8% in the pandemic year of 2020.

The average year-on-year growth rate of budget expenditure was 6.9%. Rising fiscal expenditure in 2016–2019 was linked to good economic conditions, as the average GDP growth rate in this period reached 4.6%. On the other hand, the high dynamics of fiscal expenditure in 2020 was the authorities' response to the crisis caused by the COVID-19 pandemic. In turn, the years 2021–2022 can be considered a return to the option of fiscal tightening, despite the good economic situation (economic growth: 6.9 and 5.1%, respectively). However, the assessment of fiscal policy during this period, and especially in 2022, is difficult due to the impact of high inflation on real budget revenues and expenditure and the government's shifting of some public expenditure off-budget to the Bank Gospodarstwa Krajowego and the Polish Development Fund.

To determine whether agricultural budget expenditures were linked – followed, as it were – to changes in

Table 1. State fiscal policy options and budget policy towards agriculture in terms of real dynamics (year-on-year) of Poland’s agricultural budget expenditure (national and EU funds) and state budget expenditure from 2004 to 2022

Year	Real dynamics of the agricultural budget expenditure:		Real dynamics of state budget expenditure (SBE) (y/y in %)	Difference in real dynamics of ABE and SBE (%)	Relation of the state budget deficit to GDP (%)	Fiscal gap in the state budget (%)	Policy option:	
	total (ABE) (y/y in %)	national (excluding subsidies for ASIF) (y/y in %):					of the state’s fiscal budget (E/R)*	of the budget towards agriculture (A/P)**
2004	117.8	88.4	101.0	16.8	-3.97	-18.7	E	A
2005	110.9	117.6	103.1	7.8	-4.18	-19.9	E	A
2006	111.9	118.8	105.9	5.9	-2.65	-12.7	E	A
2007	129.8	218.3	110.5	19.3	-2.11	-9.9	E	A
2008	120.7	137.5	105.7	15.0	-1.24	-5.7	E	A
2009	82.8	70.3	103.6	-20.8	-1.77	-8.2	E	P
2010	100.7	67.7	96.4	4.3	-1.65	-8.1	R	P
2011	88.5	90.6	98.4	-9.9	-2.85	-14.7	R	P
2012	102.6	88.1	101.3	1.3	-1.55	-7.9	R	A
2013	104.5	94.1	100.2	4.4	-1.85	-9.5	R	A
2014	103.3	98.5	97.3	6.0	-2.47	-13.5	R	A
2015	102.8	85.1	107.1	-4.3	-1.61	-8.7	E	A
2016	97.9	92.7	109.4	-11.5	-2.29	-11.8	E	P
2017	88.3	113.0	102.1	-13.8	-2.32	-12.3	E	P
2018	99.1	89.4	102.3	-3.2	-1.20	-6.5	E	P
2019	95.2	102.0	103.7	-8.5	-0.45	-2.5	E	P
2020	100.9	98.1	117.8	-16.9	-0.59	-2.7	E	P
2021	96.7	111.3	98.2	-1.6	-3.23	-16.3	R	P
2022	105.3	129.7	86.8	18.5	-0.86	-5.1	R	A

Note: years in bold font are years in which parliamentary elections were held; *E – expansive; R – restrictive, **A – active; P – passive.

Source: as Fig. 1 and [Statistics Poland macroeconomic data].

the state’s fiscal policy options, an attempt was made to determine the nature of public expenditure support for agriculture that took place between 2004 and 2022. To this end, fiscal (budget) policy toward agriculture was also framed in two options. It was assumed that:

- active policy (A) occurs when real agricultural expenditure increases by at least 1% compared to the previous year;

- passive policy (P) occurs when real agricultural budget expenditure shows a year-on-year decrease or increase at a low level, i.e., less than 1%.

The proposed division into active versus passive fiscal policy towards agriculture is not based on an analysis of the fiscal (intervention) solutions that were applied to the agricultural sector, but on an analysis of the volume of funds that were transferred to the sector. Such an as-

sumption is justified insofar as the catalog of fiscal instruments applied to agriculture was relatively stable during the period under review, not least because it was part of the CAP. In principle, therefore, the tools of intervention did not change, while the amount of funds that were directed under the various tools to support the agricultural sector changed significantly. As a result, the structure of budget expenditure was also evolving, determining the structure (hierarchy) of the objectives of fiscal policy towards agriculture. The determination of fiscal policy options towards agriculture, like fiscal policy options in general, is therefore determined mainly by the direction of the year-on-year change in budget expenditure, also taking into account the level of this change. Active budget policy towards agriculture was characterized by a real increase in agricultural expenditure by at least 1% compared to the previous year. If the agricultural budget expenditure actually decreased or achieved a slight increase, i.e., below 1% year to year, then the budget policy towards agriculture took on a passive nature.

During the period under review, active fiscal policy toward agriculture took place in 2004–2008, then in 2012–2015, and in 2022. It can be seen that policy toward agriculture, like fiscal policy as a whole, was cyclical in nature. The phase of active policy towards agriculture was followed by periods when budget expenditure directed to the sector showed a tendency, if not to a nominal, then to a real decline. This was particularly true for the years 2009–2011 and 2016–2021 (Table 1). In general, during the period studied, 10 years of active fiscal policy towards agriculture and 9 years of passive policy can be distinguished.

As shown in Table 1, the relationship between state fiscal policy and fiscal policy toward agriculture could have taken one of four variants during the period studied, viz:

- expansionary fiscal policy – active budget policy in agriculture (E/A);
- expansionary fiscal policy – passive budget policy in agriculture (E/P);
- restrictive fiscal policy – active budget policy in agriculture (R/A);
- restrictive fiscal policy – passive budget policy in agriculture (R/P).

The convergence of expansionary fiscal policy with active budget policy toward agriculture occurred only in 2004–2008 and in 2015 (Table 1). In contrast, restrictive fiscal policy was accompanied by passive budget policy toward agriculture only in 201–2011 and in 2021 (Table 1). In the remaining years, it was possible to observe the co-occurrence of different options in the state's fiscal policy in general and in its sectoral edition aimed at agriculture. Active fiscal policy toward agriculture, in the presence of restrictive fiscal policy, took place only in 2012–2014 and in 2022. In contrast, particularly unfavorable for agriculture, in light of the dominant trend of state fiscal policy, were the years 2016–2021, when expansionary fiscal policy was accompanied by passive fiscal policy toward agriculture.

Based on the observation of the entire period under study, i.e., 2004–2022, it can be concluded that, except for the period of 4 years immediately following Poland's accession to the EU, in the remaining years, the system of public expenditure support for agriculture was not directly influenced by the budget situation and, in particular, by fiscal policy options. In general, agriculture was losing ground in fiscal policy. If we can consider farmers as “winners” in the post-accession period, it is because significantly more funds went to the sector through CAP instruments than in the pre-accession period. Had it not been for the European funds and the associated mandatory national contribution, then the further depreciation of agriculture within the framework of state fiscal policy would probably have continued.

The subject of our analysis was also an attempt to answer the question of whether budget expenditure on agriculture in Poland, both in total and from the national budget, was somehow linked to the electoral (political) cycle. According to political cycle theory, those in power are guided by opportunistic considerations and seek to maintain power through, among other things, the use of available fiscal policy instruments [Nordhaus 1975]. Such behavior of government within the political business cycle depends, according to Alesina [1987], on the polarization of the political scene, which is also observed in Poland during the period under study. Farmers are a relatively large and influential social group whose electoral votes the rulers

want to win and keep. Farmers' support is especially valuable before elections. Therefore, according to the logic of the theory, in election years, budget expenditure on agriculture should be relatively higher than in previous years. In Poland, during the period under analysis, parliamentary elections took place in 2005, 2007, 2011, 2015, and 2019. An analysis of the real dynamics of total agricultural budget expenditure and national agricultural expenditure in Poland (Table 1) shows that the theory cannot be fully confirmed, but neither can it be rejected. Total agricultural budget expenditure, as well as national expenditure directed to agriculture, showed high real growth in 2005 and 2007, but this growth was largely "dragged" by the dynamically growing expenditure under CAP instruments. In 2011, there was a real decline in budget expenditure on agriculture both in total and in domestic expenditure (excluding subsidies to the ASIF). In the following election year, 2015, an increase in total agricultural budget expenditure could be observed, with a decrease in domestic agricultural expenditure (Table 1). The opposite relationship took place in 2019 when a decrease in the total agricultural budget was accompanied by an increase in expenditure from the national budget (Table 1). The data presented leads to a cautious conclusion that the political cycle should be considered as one of the factors influencing the budget policy option toward agriculture. It should also be added that if policymakers are to succeed in directing public expenditures, they must clarify management structures so that program managers have the right incentives to control costs and maximize program efficiency [Burns and Goglio 2004]. Other factors besides the political cycle are also important. Various factors, such as the heterogeneity of agricultural systems, different policy objectives, and the expenditure management capacity of regional administrations, affect the use of public resources, thus determining different allocations and uses [Briamonte et al. 2023].

CONCLUSIONS

The level of support for agriculture in Poland from public funds in 2004–2022 was not directly dependent on the state budget situation. In part, this was due to

the decoupling of the volume of expenditure on the agricultural sector from national budgets and the financing of agricultural policy from the EU budget. The ratio of total agricultural budget expenditure to state budget expenditure, as well as the structure of the agricultural budget, i.e., the ratio of national expenditure to expenditure financed by European funds, indicated the importance of agriculture in Poland's fiscal policy. It was found that after the increase in the importance of agriculture in the fiscal policy in the first years of EU membership (2004–2008), in subsequent years, the rank of agriculture in the state fiscal policy successively decreased, and the importance of EU funds in the implementation of the objectives of fiscal policy towards agriculture increased. In 2012–2016, almost half of the funds directed to agriculture, rural development, and agricultural markets (included together with the subsidy to the ASIF) came from the budget of European funds. In 2017–2022, the contribution of EU funds to the expenditure of the agricultural budget slightly decreased, but was still very significant, i.e., between 40 and 43%. The volume of EU funds allocated within the framework of CAP instruments was, therefore, of key importance for the shape and dynamics of Poland's agricultural budget in 2004–2022.

From 2004 to 2022, there were changes in the state's fiscal policy options and budget policy options toward agriculture. In 2004–2008 and 2015, expansionary fiscal policy was accompanied by an active budget policy towards agriculture. In contrast, for several years of the period under study (2009, 2015–2020), despite the expansionary state fiscal policy, budget expenditure on agriculture showed a regression. The regression of this expenditure also occurred in 2010–2011 and in 2021, in the presence of restrictive fiscal policy. The often-observed dissimilarity of state fiscal policy options and agricultural budget expenditure indicates that fiscal policy toward agriculture is characterized by a kind of distinctiveness and independence, which are due to the heavy dependence of agricultural budget expenditure on the Common Agricultural Policy funds. Undoubtedly, the financial instruments and resources of the CAP stabilize the expenditure of the agricultural budget. An even more stable element of the agricul-

tural budget is the expenditure to support the social insurance system in agriculture (ASIF). However, the rest of the agricultural budget is highly variable and dependent on, among other things, the will of economic policymakers, as well as the need to mitigate the effects of natural disasters in agriculture or price and supply shocks in the agricultural market.

The realization of agricultural policy goals relating to ensuring decent incomes for farmers, increasing the competitiveness of farms, and the sector's resilience to various types of crises, as well as the sector's ability to reproduce, extend, and absorb technological advances, requires an active fiscal policy towards agriculture. Also of increasing importance are the agricultural policy goals of protecting the natural environment and biodiversity, combating climate change, and protecting food quality and health. Without public expenditure support, these goals will not be fully realized, not least because they are largely in competition with strictly economic goals. In this light, budget expenditure on agriculture should not decline in real terms. In addition to the size of budget funds directed to agriculture and rural development, it is also important to properly address them so as to support the sustainable development of agriculture and rural areas effectively. At present, it seems particularly important in terms of budget policy towards agriculture to support the sector's innovation and adaptation processes to climate and energy, as well as environmental and social challenges. In view of the many negative environmental, macroeconomic, and geopolitical phenomena and processes, there is also a need for active state intervention aimed at stabilizing the income of food producers. These challenges should be addressed in the drafts of the next agricultural budget.

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RELACJE POMIĘDZY POLITYKĄ BUDŻETOWĄ WOBEC ROLNICTWA A POLITYKĄ FISKALNĄ W POLSCE PO AKCESJI DO UNII EUROPEJSKIEJ (2004–2022)

STRESZCZENIE

Cel: W artykule dokonano oceny polityki budżetowej wobec rolnictwa w Polsce przez pryzmat wydatków budżetowych na rolnictwo w warunkach członkostwa Polski w Unii Europejskiej (UE). Analizie poddano wielkość i realną dynamikę wydatków budżetowych na rolnictwo w relacji do wydatków budżetu państwa. Poszukiwano odpowiedzi na pytanie, czy aktywny lub pasywny charakter polityki budżetowej wobec rolnictwa jest spójny z wariantem polityki fiskalnej państwa (ekspansywnym lub restrykcyjnym). **Metody:** Stosunkowo długi okres analizy (obejmujący 19 lat, 2004–2022 rok) pozwala zaobserwować tendencje w kształtowaniu się poziomu i struktury wydatków budżetowych na rolnictwo oraz wydatków budżetu państwa, a także określić ich wzajemne relacje. Wykorzystano proste metody statystyczne – analizę struktury i analizę dynamiki. **Wyniki:** Wykazano, że polityka budżetowa wobec rolnictwa charakteryzuje się swoistą odmiennością i niezależnością od polityki fiskalnej państwa, co wynika przede wszystkim z dużego znaczenia środków Wspólnej Polityki Rolnej dla poziomu i struktury wydatków budżetu rolnego. **Wnioski:** Stwierdzono, że poziom wsparcia rolnictwa w Polsce ze środków publicznych (krajowych i unijnych) w latach 2004–2022

nie był bezpośrednio uzależniony od sytuacji budżetu państwa. W okresie tym następowały liczne zmiany w opcjach polityki fiskalnej państwa oraz zmiany w opcjach polityki budżetowej wobec rolnictwa, przy czym dość często zmiany te szły w różnych kierunkach.

Słowa kluczowe: wydatki budżetu rolnego, budżet państwa, polityka fiskalna, WPR