

The birth of the system insurance of retirement benefits in agriculture at the turn of the 1980s.

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Abstract

The aim of this study is to present the rules of granting agricultural wage and determining their amount in the period from January 1, 1978 to December 31, 1989. This range of dates was not chosen at random, since the characteristic feature of the solutions for farmers in those years was the dependence of the right to the benefit on the fact of manufacturing agricultural products and selling them to socialized economy units. Hence, the pension system was not universal and exclusively social, but was limited to commodity agricultural producers selling their production to the state. The solutions introduced in this period were intended to foster the reconstruction of agriculture. Objectives associated with the transfer of a farm were historically aimed from socialization of agricultural property (until 1989), through assumptions of social and livelihood improvement of individual farmers independent of political conditions, to the change of area structure in rural areas and support of generation change in agriculture. In conclusion, the key findings of the study are presented.

Keywords: household member, pension fund, agricultural holding, farmer, social security, pension provision.

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Introduction

The current model of social insurance system for farmers was shaped by the Act of 20 December 1990 on social insurance of farmers¹, which came into force on 1 January 1991. In Poland, as in other European Union countries, the agricultural population was the last socio-professional group to be covered by social insurance. The process of establishing the social insurance system for farmers lasted many years and it can be divided into three main stages. The first period covered the years 1962–1977, at which time farmers were entitled to a pension in exchange for land transferred to state ownership. The second stage of creating social insurance for farmers in Poland dates from 1977–1990. A characteristic feature of the solutions for farmers in that period was the dependence of the right to the benefit on the fact of production of agricultural products and their sale to socialized economy units. The third stage, initiated in 1991, was another attempt to solve the problem of social insurance for this socio-occupational group in general, and the right to benefits was made dependent on the payment of contributions².

This paper presents the second stage of social insurance of farmers in Poland which dates back to 1977–1990³. As it has already been mentioned, a characteristic feature of the solutions for farmers in that period was the fact of making the right to the benefit dependent on the production of agricultural products and their sale to state-owned economy units. The provisions of the 1977 and 1982 Acts provided individual farmers and their families with old-age and disability pensions, as well as other benefits: sickness, accident and family benefits. The aim of the cited laws⁴ was to implement tasks related to the so-called socialist reconstruction of agriculture, under which various objectives were pursued, including:

- social (provision of pensions and other benefits to farmers who have transferred their holdings to a successor or to the State),

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1. Ustawa z 20 grudnia 1990 r. o ubezpieczeniu społecznym rolników, Dz. U. 2021 poz. 266 ze zm.
 2. A. Lejk-Kępka, *Zasady przyznawania emerytur rolniczych oraz ustalania wysokości tych świadczeń. Krótki rys historyczny*, "Ubezpieczenia w Rolnictwie. Materiały i Studia" 2002, nr 4(16), p. 6.
 3. This paper is one of a series of articles presenting successive stages of changes in the process of building the social insurance system of farmers in Poland and corresponds to the article published in the previous issue of the Magazine. Cf. "Ubezpieczenia w Rolnictwie. Materiały i Studia" 2020, nr 2(74), p. 75–94. Another article prepared for publication in the forthcoming issue of the journal, entitled "Reformowanie systemu ubezpieczeń emerytalnych w rolnictwie – rola KRUS po zmianach ustrojowych", will continue the scientific description of the changes in the third stage.
 4. Ustawa z 27 października 1977 r. o zaopatrzeniu emerytalnym oraz innych świadczeniach dla rolników i ich rodzin, Dz. U. 1977 nr 32 poz. 140, zwana dalej ustawą z 1977 r.; Ustawa z 14 grudnia 1982 r. o ubezpieczeniu społecznym rolników indywidualnych i członków ich rodzin, Dz. U. 1982 nr 40 poz. 268.

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- economic (making the right to benefits and their amount dependent on the output produced and sold to socially-integrated economy units),
- structural (preventing fragmentation of agricultural holdings),
- generational change (requirement to pass the farm on to a qualified successor),
- the political transformation of agriculture (preferring to transfer farms to the state).

The aim of this article is to know and evaluate the process of evolution of social security for farmers in the period from January 1, 1978 to December 31, 1990.

The research question is: does the creation of the farmers' pension security system depend mainly on the social and economic policy of the state, and what is the effectiveness of historical and contemporary insurance regulations in shaping the right to pension benefits for farmers?

Act of 27 October 1977 on old-age pensions and other benefits to farmers and their families

The creation of a real social insurance system for farmers was initiated by the Act of 27 October 1977 on old age provision and other benefits for farmers and their families⁵. It introduced compulsory social insurance for individual farmers and the obligation to pay contributions to this insurance⁶.

In the light of Art. 75 sec. 1 point 1 a farmer is a person who owned or held an agricultural holding with an area exceeding 0,5 ha of agricultural land and forestry, provided that he was not covered by social insurance under the provisions on social insurance for members of agricultural production cooperatives and agricultural cooperative societies and their families. Social insurance for farmers under that Act was compulsory and entailed the obligation to pay a contribution on that account (Article 38 of the 1977 Act). The amount of the contribution was affected by the value of the estimated farm income for the tax year. The contribution to the Farmers' Pension Fund from the farm was 8.5% of the estimated income. However, there was a lower and upper limit on contributions. The spread between them was as much as 40-fold.

In the Ordinance of the Council of Ministers of 9 December 1977 on implementing certain provisions of the law on old-age pensions and other benefits for farmers

5. Ustawa z 27 października 1977 r. o zaopatrzeniu emerytalnym oraz innych świadczeniach dla rolników i ich rodzin, Dz. U. 1977 nr 32 poz. 140, zwana dalej ustawą z 1977 r.

6. It is true that already at the beginning of the 1960s farmers received retirement benefits (the so-called old-age pensions), but these were more in the nature of a cash equivalent for a transferred farm than of an insurance character.

and their families⁷ agricultural holdings consisting exclusively of special divisions are distinguished. For such units, the basis for assessing the contribution was the estimated income (§ 24 section 1), which amounted to 5.0% of the income from special divisions – however, not less than PLN 600 and not more than PLN 24,000 per year. That Regulation also specified the type and size of crops and livestock production that constitute special divisions, and the standards for estimated income from these divisions were set out in an Annex to the Regulation (Article 24(3) in conjunction with the Annex to the Regulation). It was apparent from the provisions set out that under the Act of October 27, 1977, it was permissible to carry on a special department, but with a proviso, if the activity was carried on a farm with more than 0,5 ha of agricultural and forestry land. Paragraph 24 of the Decree of the Council of Ministers of 9 December 1977 stipulated that a special section of land could only be run as part of an agricultural holding⁸.

The 1977 Act had three primary purposes:

- social – guarantee of pension benefits for farmers who have transferred their farm not only to the state but also to a successor;
- productive – making the amount of benefits dependent on the value of products produced and sold to the state;
- structural – aimed at preventing fragmentation of agricultural holdings and formation of an appropriate demographic structure of villages⁹.

The Act extended the circle of entities to which a farmer could transfer his agricultural holding to include a successor. Instead, it abandoned the principle of transferring land to the state in exchange for an annuity. Priority of acquiring a farm was given to a person under 55 years of age who was qualified to manage it. Heirs could be descendants, siblings, stepchildren or alumni, provided they were not invalids of the first or second group. The farmer had to transfer buildings and livestock and dead stock along with the land. The Act imposed a 10-year prohibition on the division of the transferred farm. Acquisition of ownership of agricultural property did not take the form of a notarial deed, but of a qualified written agreement confirmed by the head of the municipality¹⁰.

7. Rozporządzenie Rady Ministrów z 9 grudnia 1977 r. w sprawie wykonania niektórych przepisów ustawy o zaopatrzeniu emerytalnym oraz innych świadczeniach dla rolników i ich rodzin, Dz. U. 1977 nr 37 poz. 166.

8. Wyrok Sądu Apelacyjnego w Białymstoku z 16 lipca 2014 r., III Wydział Pracy i Ubezpieczeń Społecznych, sygn. akt III AUa 1941/13, Portal Orzeczeń Sądu Apelacyjnego w Białymstoku.

9. W. Jagła, *30 lat ubezpieczenia społecznego rolników – uwagi i refleksje*, "Ubezpieczenia w Rolnictwie. Materiały i Studia" 2009, nr 34, p. 42; W. Kobielski, *Kierunki zmian w systemie społecznego ubezpieczenia rolników* [in:] *Ubezpieczenie społeczne i zdrowotne w rolnictwie*, red. J. Jastrzębska, Lublin 2003, p. 23.

10. A. Lejk-Kępa, M.M. Ociepa, *Zaprzestanie prowadzenia działalności rolniczej. Niektóre problemy interpretacyjne*, "Ubezpieczenia w Rolnictwie. Materiały i Studia" 2005, nr 4(28), p. 52.

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The Act has also significantly changed the rules for determining the amount of retirement and pension benefits. The main idea was to make them dependent on the farmer's performance. The amount of the pension depended on the value of agricultural products sold to socially-owned entities¹¹ for the last 5 years before it was transferred to the successor or the State¹². The 1977 Regulations introduced 35 sales groups, in each group the average annual value of agricultural products sold constituting the basis for pension assessment was determined in the relevant range (section 7 of the 1977 Act). The lower and upper pension amounts were thus determined¹³. For the 1st sales group, which corresponded to the range from more than PLN 15,000 to PLN 20,000 – a pension amount of PLN 1,500 was assigned¹⁴. As sales of agricultural products increased, the amount of the pension increased. For group 17 (annual sales over PLN 200,000 to PLN 230,000), the pension amounted to PLN 2,650, while for the last group (35), for annual sales over PLN 1,000,000, the pension amounted to PLN 6,500. Only sales of agricultural products worth up to PLN 1,000,000 were taken into account for the calculation of the pension. Sales of agricultural products above this amount did not result in a higher benefit.

A farmer who transferred a farm to the state, and did not meet the condition of selling agricultural products, was entitled to a pension in the amount provided for the 1st sale group. In addition, he had an additional increased pension:

- 1) for the acreage transferred to the state (PLN 200 for the first and second hectare and PLN 50 for each subsequent hectare, but no more than PLN 700),
- 2) for the value of donated buildings (from PLN 100 to 300),
- 3) on the value of the donated forests (from PLN 100 to 300),
- 4) for relinquishment of the right to use the dwelling and farm premises free of charge by PLN 150 (Article 8(1) of the Act of 1977)¹⁵.

Under the 1977 Act, a farmer was entitled to a pension if he or she met all of the following conditions:

- have reached retirement age: 65 years for men, 60 years for women;

11. At that time, the socially-owned entities were state-owned enterprises, agricultural or agricultural processing cooperatives, agricultural rings, state-owned or communal branch agricultural purchasing offices or other entities which did not have the character of private ownership.

12. All products obtained from farms: agricultural, horticultural, livestock farms as well as processed products obtained from those were considered agricultural products. Whereas by the value of agricultural products the act meant their value calculated on the basis of the prices in force together with the premiums and subsidies to which the farmer is entitled and possibly taking into account reductions and deductions on account of reduced quality of sold products.

13. A. Lejk-Kępką, *Zasady przyznawania emerytur rolniczych...*, op. cit., p. 8–10.

14. According to the official exchange rate of 1977, one USD cost 3.335 zlotys of foreign currency used in settlements with foreign countries. In domestic trade, however, the black market USD exchange rate was much higher, fluctuating between PLN 120 and 150 per USD, por. <https://www.google.com/search?client=firefox-bd&g=kurs+dolara+1977>.

15. A. Lejk-Kępką, *Zasady przyznawania emerytur rolniczych...*, op. cit., p. 10.

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- produced on the farm and sold to socially-owned economy units agricultural products of a value of not less than PLN 15,000 per annum, for a period of at least 25 years for a man and 20 years for a woman, including continuously for the last 5 years of running the farm before its transfer to a successor or to the State;
- paid contributions to the farmers' pension fund;
- has transferred to a successor or to the State an agricultural holding whose value has not decreased during the last 5 years of the holding's operation prior to the transfer, unless the decrease in value of the holding occurred for reasons not attributable to the farmer (Article 2(1) of the 1977 Act).

Since records of agricultural sales were not introduced until 1977, no farmer met the condition of selling agricultural products for 20 and 25 years respectively. Therefore, the act assumes that this condition will be met if a farmer, in the period from 1977 to the transfer of the farm, produces and sells agricultural products to socially-owned economy units in the amount not lower than PLN 15,000. There are two exceptions to this rule. The first one referred to farmers who had transferred a farm to the state and met the condition of running it continuously for at least 5 years before the transfer. The second exception was for farmers who had produced and sold the agricultural products of a value of not less than PLN 15,000 per annum to socially-owned economy units for a period of at least 10 years (including at least 5 years continuously) of running an agricultural holding before transferring it to a successor. Also included are periods of farming before the date of entry into force of the Act (before 1977), years of work on other farms after the age of 16 and periods of employment, within the meaning of the legislation on general old-age pensions for employees and their families – preceding the taking over of the farm¹⁶ (Article 3 of the 1977 Act).

The minimum standards imposed on farmers at that time for the production and sale of agricultural products for the benefit of the socialised economy were a tool for verifying pension entitlements. The right to pension provision was granted only to farmers who produced and sold agricultural products, i.e. persons who actually carried out agricultural activity at the level defined by the legislator.

The Act was aimed at all holders of agricultural property over 0.5 hectares of agricultural and forest land. This group included single- and dual-professional farmers employed outside agriculture and insured with the Social Insurance Institution (ZUS)¹⁷. Two-earner farmers paying a full contribution to the Farmers' Pension

16. A. Lejk-Kępka, op. cit., p. 8.

17. The Social Insurance Institution (ZUS), being a public insurer, was at that time (and still is) the main operator and administrator of the general pension system in the country. The Agricultural Social Insurance Fund (KRUS), on the other hand, was the second largest public insurer at the time, acting as the operator and administrator of a special, separate pension system for farmers in the country.

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Fund were entitled to a second 50% benefit, depending on the size of their farm. At the time of the transfer of the agricultural holding, a single pension was paid, to which both spouses were entitled (even if only one of them had reached retirement age)¹⁸. However, the spouse who, for the last 5 years before transferring the agricultural holding to a successor or to the State, did not work in this holding and did not remain in a common household with the farmer, was not entitled to a pension. In the present case, the other spouse was paid the benefit in full.

The 1977 Act comprehensively regulated the terms of transfer of a farm to successors or to the state in exchange for a pension. Although it was possible to acquire the right to disability benefits also before the above mentioned Act came into force, the social insurance of individual farmers was treated in a broader and comprehensive way only as of 1 January 1978 (i.e. when the Act came into force). Despite its many shortcomings, it cannot be disputed that the 1977 regulations were groundbreaking because they introduced compulsory insurance for individual farmers for the first time. However, these solutions did not guarantee a sense of security due to the low level of benefits paid. This system could not be called universal or uniform¹⁹.

According to J. Traczyk, one of the co-authors of the Act, apart from a number of positive solutions, the above-mentioned Act had four fundamental shortcomings:

- granted one joint benefit to both spouses (despite the possibility of splitting the pension between the spouses);
- made the pension benefit conditional on the sale of agricultural products (e.g. cattle, grain, pigs, vegetables, fruit, poultry) to the state;
- unhindered or restricted access to other benefits (such as childbirth, maternity, family, sickness, group III disability, etc.);
- as created, through the introduction of production and sales records, a burdensome bureaucracy for the farmers themselves as well as for the state administration and the cooperative banks²⁰.

Additionally, W. Jagła pointed out two more fundamental errors of this law:

- transfer of the agricultural holding free of charge to the State in the event of there being no successor;
- distrust in the transfer of an agricultural holding by decision of the head of the commune or township²¹.

18. W. Jagła, op. cit., p. 42–43.

19. J. Łopato, *Zabezpieczenie społeczne rolników w Polsce Ludowej (1944–1989)*, Warsaw University, 1990, p. 57.

20. B. Wierzbowski, *Ubezpieczenia społeczne a inne systemy świadczeń w rolnictwie. XV lat ubezpieczenia społecznego rolników w Polsce*, Warsaw 1993, p. 9.

21. W. Jagła, op. cit., p. 43.

It is hard not to agree with these arguments, because this law did not fully satisfy farmers either, but it was an attempt to solve the social security problems of this group. A serious shortcoming of this law was the lack of adherence to the idea of universality, which affected farmers selling agricultural products outside the units of socialized establishments. Therefore, not every farmer could benefit from the pension. The introduced threshold for sales of agricultural products to socially-integrated economy units at the level of more than PLN 15,000 per year per holding was difficult to meet under the conditions of that time. In addition to generational change, which consisted in the transfer of a farm to a successor, the provisions of the law also enabled the political transformation to take place by granting preferential conditions for the transfer of a farm to the state. This preference allowed a farmer to be granted a pension even if he did not manage to sell agricultural products of a certain value to the social economy units for a period specified in the Act. The seized land was transferred to the socialized sector, thus supporting the so-called socialist reconstruction of agriculture²². A positive aspect of the enactment of the 1977 Act was the introduction of compulsory contribution to pension insurance.

Act of 14 December 1982 on Insurance social security schemes for individual farmers and members of their families

On 14 December 1982, the Act on Social Insurance of Individual Farmers and Members of Their Families²³ was passed, which adopted a number of new solutions. The act continues the trend, already introduced in the provisions of the act of 27 October 1977, of shaping agricultural insurance, taking into account the specificity of work on an agricultural holding, property relations in agriculture and the different social and life situation of a farmer and his family members. The treatment of farmers in the Act as a separate socio-professional group is dictated by many experiences from previous regulations. However, the provisions of this law show a tendency to bring the social insurance system for farmers closer to the pension system for employees. This manifests itself in a significant extension of the catalogue of benefits to which farmers are entitled, the similarity of their conditions and amount, and the

22. In land trade the agricultural policy of that time was directed at expanding the acreage of the socialized sector and strengthening its market advantage over the private sector of individual farming. W. Jagła, *op. cit.*, p. 42.

23. Ustawa z 14 grudnia 1982 r. o ubezpieczeniu społecznym rolników indywidualnych i członków ich rodzin, Dz. U. 1982 nr 40 poz. 268.

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adoption of many general constructions applicable in the employee insurance system, namely: granting each insured person the right to a separate disability benefit, establishing the basic old-age and disability pension for farmers at the level of the minimum employee pension, introducing for the first time the possibility of valorisation of benefits to establish rules for increasing the amount of pension benefits corresponding to the value of marketed agricultural production or to the transfer of an agricultural holding to the State²⁴.

This law maintained and even extended the obligation of social insurance, extending it to household members and persons running special divisions regardless of the area of agricultural land, if the annual value of agricultural production was equivalent to at least 50 quintals of rye and the division was subject to land tax. The obligation to insure two-professionals who, at the same time running an agricultural holding, were employed in state-owned enterprises was maintained²⁵.

Therefore, insurance cover was extended not only to farmers running agricultural holdings and their spouses, but also to household members. Within the meaning of Article 2(2) of the 1982 Act, they were the farmer's family members or other persons working in an agricultural holding and remaining in a common household with the farmer, who were at least 16 years of age and were not subject to compulsory insurance under other provisions, for whom work in an agricultural holding constituted their main source of income. The definition of a household member was further specified in the Regulation of the Council of Ministers of 28 March 1983 on the implementation of certain provisions of the Act on social insurance of individual farmers and members of their families²⁶. Paragraph 2 of the regulation provided that in determining the obligation to insure household members, it shall be deemed that:

- 1) a household member remains in a common household with a farmer, if he/she resides on the area of an agricultural holding run by the farmer or in its immediate vicinity (§ 2 section 1 point 1);
- 2) work in an agricultural holding constitutes the main source of income for a household member, if he/she does not receive income from other sources in an amount exceeding a half of the lowest monthly wage in the socialized economy (§ 2 section 1 item 2);

24. H. Pławucka, *Ubezpieczenie społeczne indywidualnych rolników*, "Praca i Zabezpieczenie Społeczne" 1983, nr 4(83), p. 11–12.

25. Cf. the speech by the rapporteur G. Reman at the session of the Sejm on 13–14.12.1982, p. 14–15.

26. Rozporządzenie Rady Ministrów z 28 marca 1983 r. w sprawie wykonania niektórych przepisów ustawy o ubezpieczeniu społecznym rolników indywidualnych i członków ich rodzin, Dz. U. nr 21 poz. 94 ze zm.

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- 3) work on the agricultural holding does not constitute the main source of income, if the farmer is in secondary or higher education or the farmer proves that the farmer is an invalid of the 1st or 2nd group or of the 3rd group, if the farmer is totally unable to work on the agricultural holding (§ 2(2)(1));
- 4) a person who is not a member of the farmer's family is not considered to be a household member if the nature of the work performed by him/her indicates that he/she should be employed under an employment contract (§ 2(2)(2)).

Under this law, a household member became entitled for the first time to independent pensions and other benefits accruing to active farmers. In relation to previous regulations, this is a very important change, because previously household members enjoyed only a limited range of benefits (medical benefits, accident benefits and a supplement of PLN500²⁷). The 1982 Act equated work on a farm with work in socialized establishments.

Under the Act, a mixed contribution was applied: a personal contribution, the same for all insured persons, and a differential contribution, the amount of which depended on the number of converted hectares held, or, in the case of a special section, 5% of the estimated income from that section. A minimum premium was set that applied for each insured person. On the other hand, no upper limit for the contribution was set (Section 43(1) and (2) of the 1982 Act).

The general rules for granting pensions were similar to the 1977 Act, but for the first time a basic pension amount was set at the level of the lowest occupational pension²⁸. A positive change was the break with the rule of paying one benefit jointly to both spouses. The consequence of this change was that each of the spouses was granted a separate benefit, which resulted in the necessity for each of them to meet the conditions for acquiring the right to a disability benefit. Under the previous legislation, it was sufficient for only one of the spouses to meet the conditions for retirement or disability pension. This meant that a pension was available even to a spouse who did not meet the conditions. The fact that each spouse was entitled to a separate retirement pension under the 1982 Act also made it necessary to divide between them the amount of the increase in such benefits on account of the value of

27. According to the official 1982 exchange rate, one U.S. dollar cost 84. 823 Polish zlotys in foreign currency. On the other hand, in domestic trade the black-market USD exchange rate was much higher and fluctuated between 410 and 466 zlotys per one American dollar, cf. <https://www.google.com/search?client=firefox-b-d&q=kurs+dollar+1982>. As a result of hyperinflation in the following years, the black market price of the dollar rose first to several thousand, and by the end of the 1980s even to over a dozen thousand zlotys (October 1989 the price of the US dollar was at 14 thousand zlotys, and then in December it fell to 7 thousand zlotys). For this reason, since 1986 a permanent mechanism of pension and disability benefit indexation has been adopted, which will be discussed later in this paper.

28. W. Jagła, *op. cit.*, p. 44.

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agricultural products sold to socially-owned entities (Art. 19(6–8) of the 1982 Act) and the increase in the amount of benefits in connection with the transfer of a holding to the State (Art. 22(5) of the 1982 Act), or waive the right to use the dwelling and the farm premises free of charge (Article 22, section 2 of the 1982 Act).

In the initial period of the law's operation, 4 percentage thresholds were established for calculating the increase in the value of sales of agricultural products:

- 1) 0.8% of the sales value up to PLN 50,000,
- 2) 0.6% of the surplus of the sales value over PLN 50,000,
- 3) 0.5% of the surplus of the sales value over PLN 50,000 to PLN 1,000,000,
- 4) 0.4% of the surplus of the sales value over PLN 1,000,000 (Art. 19 sections 1 and 2 of the 1982 Act).

The conditions for acquiring the right to disability benefits for a farmer and his/her spouse and for household members have been defined separately. The household holder did not have to hand over the farm (which was obvious) and show that he had sold agricultural products of a certain value. As far as the prerequisites for obtaining pension for a farmer and his/her spouse are concerned, the law maintained the retirement age for farmers at the current level, which was 60 years for women and 65 years for men. The legislature continued to make entitlement to the pension contingent on the sale of a certain volume of goods to the state, based primarily on economic motives. However, the premise concerning obtaining a specific value of sales of agricultural production to socially-integrated economy units was formed differently than before. It was required not only for farmers transferring a farm to a successor, but also for farmers transferring farms to the state. The second difference is a change in the way sales values are determined. In previous regulations this indicator was established in amount and on the grounds of the discussed Act of 1982 – in percentage terms, taking into account the value of not less than 5 quintals of rye per year from each converted hectare, calculated according to the purchase price valid in the given calendar year (Article 15 paragraph 1 point 3 of the Act of 1982). Compared to earlier legislation, this regulation took into account the class of land, which was undoubtedly a factor in the size of production²⁹. However, not all farms achieved the set standards. According to J. Świdorski's estimation, in 1983 on average about 22% of farms up to 10 ha did not reach the required level of sale of agricultural products to the state economy units³⁰.

The condition concerning the existence of a defined period of running an agricultural holding or work in an agricultural holding and payment of contributions

29. H. Pławucka, op. cit., p. 18–20.

30. Świdorski J., *Czy taki system emerytalny dla rolników*, Warszawa, Ludowa Spółdzielnia Wydawnicza, 1989.

for social insurance of individual farmers (at least 25 years in the case of men and at least 20 years in the case of women) remains unchanged. Due to the fact that the obligation to pay social insurance contributions for farmers was introduced only as of 1 July 1977, no farmer could meet the abovementioned condition, therefore, as in the previous act, a rule was introduced that if a farmer paid social insurance contributions for farmers for the period from 1 July 1977 to the end of the month in which the transfer of the farm took place, this condition shall be deemed to be fulfilled³¹. The Act linked the right to a pension to the obligation to pay contributions³². In order to determine the periods of insurance on which the right to a pension depended, account was also taken of the periods of running a farm or working in a farm after turning 16 before 1 January 1983, as well as the periods of employment or periods equivalent to periods of employment within the meaning of the provisions on retirement provision for employees and their families (Article 17 of the 1982 Act).

The last condition for obtaining the right to an old-age pension was the obligation to transfer, free of charge, to the successor or to the State, an agricultural holding whose value had not decreased over the last 5 years prior to the transfer, unless the decrease in the value of the holding was due to reasons beyond the farmer's control (art. 15 sec. 1 item 4 of the 1982 Act).

The rules regarding the transfer of agricultural holdings have been maintained. The successor had priority in taking over the farm³³. A farm could be transferred to several successors provided that this resulted in an improvement of the area structure. The transferees included the entire farm with buildings and livestock. If the successor agrees, the farmer may exclude the parcel of land on which the dwelling was built from the transferred holding³⁴.

The Act of 14 December 1982 abolished the obligation to transfer an agricultural holding by way of a contract drawn up by the head of the commune. The holdings were transferred to the successor in the form of a notarial deed³⁵. The Act imposed on the successor the rights and obligations relating to the running of the farm, except for debts for unpaid social security contributions for farmers. The successor could not dispose of all or part of the real estate comprising the farm before the expiry of 10 years from the date of the takeover, unless it had received permission from the local state administration authority (Article 55 of the 1982 Act). If the

31. Wyrok Sądu Apelacyjnego w Białymstoku z 18 lutego 1993 r., III Aur 21/93, Portal Orzeczeń Sądu Apelacyjnego w Białymstoku.

32. Wyrok Sądu Apelacyjnego w Poznaniu z 19 stycznia 1993 r., III Aur 570/92, Portal Orzeczeń Sądu Apelacyjnego w Poznaniu.

33. H. Pławucka, op. cit., p. 11–23.

34. A. Lejk-Kępką, *Zasady przyznawania emerytur rolniczych...*, op. cit., p. 12–13.

35. W. Jagła, op. cit., p. 44.

farmer had no one to transfer the farm or if the successor did not meet the conditions for acceptance or refused to accept it, the farm was taken over by the state at the request of the farmer. From the farm transferred to the state, the farmer could exclude and retain ownership of the parcel of land on which the buildings or part of them were erected, as well as livestock and dead stock (Article 57(1) of the 1982 Act). The transfer of an agricultural holding to the state took place on the basis of a decision issued by a local state administration body (Article 59, section 3 of the 1982 Act). The 1982 Act was particularly attractive for farmers who were transferring their farms to successors, as it enabled them to receive the benefit before reaching the retirement age. Pursuant to section 21 of the 1982 Act, each spouse transferring an agricultural holding to a successor was entitled to claim from the successor a cash benefit equal to at least half of the basic retirement pension. However, the amount of benefit a farmer could receive depended on the financial capacity of the successor and the justified needs of the farmer.

The Act also made changes to the suspension of disability benefits. The rules for suspending or reducing these benefits are related to, among other things, employment or income from other sources. They were analogous to those in the employee system (Articles 81–86 of the Pension Act)³⁶. Implementing Regulation³⁷ considered as one of these other sources the operation of an agricultural holding or special division of agricultural production. Thus, earning by a pensioner an income from an individually run agricultural holding with an area determined for tax purposes or from special divisions of agricultural production in excess of the specified norms, was a premise for suspending the right to benefits collected under the Act of 14 December 1982. Pursuant to Art. 37 section 1 of the 1982 Act, payment of a pension was suspended if the person entitled to the benefits continued to run an agricultural holding or a special division of agricultural production. Moreover, according to Article 37(2) of the 1982 Act, the use of an agricultural holding, even after it has been transferred to a successor, results in the suspension of the right to disability benefits³⁸.

As of 1986 a fixed mechanism of pension and disability benefit valorization was adopted, which provided for an annual increase in pensions by such percentage as the increase in the average monthly remuneration in the socialized economy in the

36. Ustawa z 14 grudnia 1982 r. o zaopatrzeniu emerytalnym pracowników i ich rodzin, Dz. U. 1982 nr 40 poz. 267, nazywana dalej "emerytalną".

37. Rozporządzenie Rady Ministrów z 7 marca 1985 r. w sprawie osiągnięcia wynagrodzenia lub innych dochodów przez osoby uprawnione do emerytury lub renty, Dz. U. nr 40 poz. 197 ze zm.

38. I. Jędrasik-Jankowska, *Prowadzenie gospodarstwa rolnego lub dalsze jego użytkowanie jako przesłanka zawieszenia prawa do emerytury lub renty*, "Praca i Zabezpieczenie Społeczne", Warszawa, Polskie Wydawnictwo Ekonomiczne, nr 8/88, p. 51–52.

preceding year, but not more than by 150% of the amount of the increase in that remuneration. According to the adopted rules, as of 1 March each year pensions granted before 1 January of the previous year were valorised. It was in force until 1990³⁹.

Significant changes were introduced by the amendment of the Law of 24 February 1989 on social insurance of individual farmers and members of their families⁴⁰. It abolished the requirement to sell agricultural produce on which entitlement to a pension depended, and reduced the entitlement to benefits for those who own a farm by increasing the lower limit on the area of the farm from 0.5 ha to more than 1 ha. The amendment takes into account a long-standing proposal to abolish the obligation of double social insurance for two-professionals – the so-called peasant workers. Since the beginning of the social insurance system for farmers, i.e. since 1977, until 1989, there was an obligation to provide double insurance for two-professional farmers, i.e. people who combined work on the land with employment outside agriculture. As a result, it was possible to receive pension benefits from both the general and the agricultural social insurance system. In the case of acquiring the right to two of the above-mentioned benefits, one and a half benefits were paid to the entitled person – the more favorable one in full, and the other half. However, on the basis of the Law of 24 February 1989, which amended the provisions on social insurance for individual farmers and members of their families, both the obligation of double insurance for two-professional farmers and the possibility to collect two pension benefits were abolished and a solution based on mutual crediting of insurance periods with pension rights was introduced. As a result, it became possible to collect only one pension: from the general or agricultural social insurance system.

In addition, the amendment to the Act has led to a relaxation of the rules concerning the transfer of an agricultural holding. In case of lack of a successor or refusal to take over the agricultural holding by a successor, the Act allowed for the possibility of transferring the agricultural holding in consideration to any other natural or legal person. The condition concerning the transfer of an agricultural holding of undiminished value during the last 5 years before the transfer was maintained only for the successor. If, on the other hand, the reduction in the value of the holding took place for reasons beyond the farmer's control or as a result of the division of building plots for children or grandchildren, the farmer did not lose his right to an old-age pension.

In the last year of the Act's validity (1990), the possibility was introduced to lease an agricultural holding to a person who is not a spouse, descendant, descendant's

39. A. Lejk-Kępka, *Zasady przyznawania emerytur rolniczych...*, op. cit., p. 13–15.

40. Ustawa z 24 lutego 1989 r. o ubezpieczeniu społecznym rolników indywidualnych i członków ich rodzin, Dz. U. 1989 nr 10 poz. 53.

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spouse or a person remaining in a common household with the farmer. However, the lease had to be for a period of not less than 10 years. Thanks to this solution, the farmer did not have to dispose of the ownership of the farm.

The rules for calculating the amount of agricultural pensions were also changed. Since 1989, the increase in the agricultural pension due to the sale of agricultural products was granted not only to socially-owned entities but also to entities purchasing agricultural products. After the amendment of this law, the pension was increased by 0.5% of the sales value (previously from 0.8% to 0.4% for a given sales value, corresponding to the sales value of up to PLN 50,000–1,000,000.) In order to determine the increase, account was taken of the average annual value of marketed agricultural products during the 10 calendar years preceding the date of transfer of the farm or of a shorter period if the farm was operated for less than 10 years. The value of sold agricultural products was subject to valorisation corresponding to changes in purchase prices. A farmer who transferred an agricultural holding to the state free of charge was entitled to an increase in pension by virtue of the value of the transferred land, orchards, fruit bushes and other plantations, forests, buildings by 0.3% of the total value of these components (Article 22, paragraph 1).

After the amendment of the 1982 Act, from 1 January 1989 to 31 December 1990, all increases were determined by a percentage rather than an amount, and the value of sales of agricultural products did not affect the right to an agricultural pension. Persons working on farms, the so-called household members, acquired the right to pension benefits in the amount equal to the lowest worker's pension without any increases.

The 1982 Act introduced a sweeping reform of the social security system. Over the course of its existence, the number of insured increased significantly (nearly five and a half million active farmers), and the number of benefits paid increased by about 90%. The solutions applied in the act contributed to strengthening the social function of insurance and brought the social insurance system of farmers much closer to the employee system (conditions for acquiring the right to pension – age, length of service; insurance against accidents at work, types of benefits received, etc.)⁴¹.

The law granted the right to a separate pension to each spouse, introduced the possibility of transferring an agricultural holding not only to a successor but also to another natural or legal person or several successors, made it possible for farmers to take early retirement in exchange for transferring an agricultural holding and reaching a specific retirement age, made the lowest agricultural pension equal to the lowest labour pension, introduced two pension components: baseline and increase.

41. J. Łopato, *op. cit.*, p. 60.

From March 1986, annual pension adjustments were introduced and the option to retire without transferring the farm was granted on a limited basis⁴².

Despite the introduction of many positive changes in the social insurance of individual farmers and members of their families, attention should also be drawn to fundamental drawbacks. The main issue here is the lack of correlation between the premium paid and the amount of benefits to which one is entitled. According to D. Puślecki, the scope of insurance was rigid, which prevented the interested parties from choosing specific elements of insurance and its scope. Legal regulations carried out in 1989–90 led to a decrease in the number of insured persons by increasing the area threshold, which, with unchanged principles of financing the system and the then high inflation or increased expenditure on benefits, resulted in the collapse of the social insurance system⁴³.

Summary

As can be seen from the study, both the rules of granting and calculating pension benefits have changed over the years. These changes were dictated by restructuring in the social and economic policy of the country, criticism of the previous solutions by farmers themselves and the need to adjust the farmers' pension system to the employees' pension system.

Therefore, it is worth noting the groundbreaking issues in this area which were introduced in the Acts of 1977 and 1982, discussed in turn, with regard to the rules of calculating social insurance contributions and shaping pension benefits:

- the level of contributions was based on the economic potential of the holding, i.e. a larger holding paid higher contributions;
- pensions paid increased more slowly than the factor determining them, which was the sale of agricultural products to state or cooperative economic units. The increase in sales was therefore not accompanied by a proportionally higher pension or disability benefit;
- the rules for calculating contributions and shaping pensions and invalidity benefits respected the principle of solidarity among insured farmers, but limited only to farms with sufficiently large commodity production. The required minimum annual farm sales were PLN 15,000 in 1977–1982 and the equivalent

42. A. Lejk-Kępka, *Zasady przyznawania emerytur rolniczych...*, op. cit., p. 25.

43. D. Puślecki, *Spoleczne ubezpieczenie wypadkowe rolników. Zagadnienia prawne*, Warszawa – Poznań, Polskie Wydawnictwo Prawnicze "IURIS", 2011, p. 48.

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of 5 dt of rye⁴⁴ per hectare for the years 1983–1990. These conditions were often difficult to meet for the majority of small farms focused on self-supply, run mainly by peasant workers. As a result, many holders of such farms did not receive a pension benefit, despite having paid the full insurance premium. They could only obtain them if the farm was transferred to the state free of charge. This possibility was maintained until 1985⁴⁵.

The Act of October 27, 1977 on old-age pensions and other benefits for farmers and their families was intended to achieve social and economic goals by harmoniously linking social considerations with production, which in a way was a continuation of the goals set for the previous regulations on the protection of farmers. On the other hand, the Act of 14 December 1982 on insurance of individual farmers and members of their families was aimed at extending the scope of benefits and bringing it clearly closer to the solutions of employee insurance⁴⁶. This manifests itself in a significant extension of the catalogue of benefits for farmers, a similar shaping of their prerequisites and size, as well as a broader reference to social insurance regulations for employees in matters not regulated⁴⁷.

As it results from the above that the legal provisions in force in 1977–1988 governing the granting of agricultural pensions and allowances, by making not only their amount, but also the right to these benefits dependent on the amount of production in an agricultural holding, apart from pursuing a social objective, primarily supported the state's agricultural policy with respect to stimulating the growth of agricultural production and the sale of these products to state economy units.

To sum up, until 1990 all methods in the field of social security for farmers were closely related to the agricultural policy in our country and the attempt to influence the structure of farms. This is particularly evident in the provisions of the 1977 Act on old age provision and other benefits to farmers and their families. It should be noted that the shaping of the structure with regard to insurance in agriculture was mainly associated with the transfer of private property of farms to the State Treasury. This was very disadvantageous for the farmers themselves, as they lost their so-called paternal and property. Over the years, the goals of our state's agricultural policy have changed, and with them other regulations. The dominant element

44. Deciton [dt] – a unit of measurement used in agriculture. It replaced the previously used unit of measure in the form of the quintal. This measure is primarily given in the calculation of agricultural crops, <https://www.jednostek-miary.info>, access 9.08.2021.

45. W. Jagła, *Problemy ubezpieczenia społecznego rolników*, red. W. Józwiak, Warszawa, Instytut Ekonomiki Rolnictwa i Gospodarki Żywnościowej, Państwowy Instytut Badawczy, 2014, p. 18.

46. E. Nasternak, *Prawo do emerytury rolniczej*, Warszawa, Repozytorium Uniwersytetu w Białymstoku, 2017, p. 68–69, <https://repozytorium.uwb.edu.pl/jspui/>, access 3.01.2020.

47. H. Pławucka, op. cit., p. 11.

became the treatment of benefits as an equivalent for an agricultural holding which the farmer – in exchange for a pension – disposed of free of charge to a successor or the state. In this way, two objectives were pursued: an economic one and a social one, providing social security for farmers in case of disability and old age.

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