

Strengthening state property as a systemic premise for retirement pension benefits in agriculture – historical experiences of the People’s Republic of Poland

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Abstract

The author discusses the development of the social insurance system for individual farmers. First, she analyses the Acts granting benefits to farmers: from 1962, 1968, and 1974. The accumulation of three normative Acts is not accidental. It is on their basis that, for many years, farmers – in order to receive a retirement benefit – had to give up their property rights, i.e. the ownership of a farm. It is worth noting that the main purpose of the above-mentioned Acts was not to provide social protection to rural residents, but to intensify structural changes in agriculture and to strengthen the socialized sector.

Keywords: a farm, pension against a farm, farmer, pension benefit.

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Introduction

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

Due to the limited volume of the text in one study, it was decided that the article would be published in the form of three corresponding publications. This study, which is the first of these publications, covers the stage between the years 1962–1977. The regulations governing the possibility for farmers to obtain pensions at that time were:

- 1) The Act of 28 June 1962 on taking over some agricultural real estate for development or ownership of the state and on retirement provision for owners of these real estate³,
- 2) The Act of 24 January 1968 on pensions and other benefits for farmers transferring real estate to the state⁴,
- 2) The Act of 29 May 1974 on transferring of farms to the state for rent and repayments⁵.

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. Ustawa z 28 czerwca 1962 r. o przejmowaniu niektórych nieruchomości rolnych w zagospodarowanie lub na własność państwa oraz o zaopatrzeniu emerytalnym właścicieli tych nieruchomości, Dz. U. 1962 nr 38 poz. 166.

4. Ustawa z 24 stycznia 1968 r. o rentach i innych świadczeniach dla rolników przekazujących nieruchomości na własność państwa, Dz. U. 1968 nr 3 poz. 15.

5. Ustawa z 29 maja 1974 r. o przekazywaniu gospodarstw rolnych na własność państwa za rentę i spłaty pieniężne, Dz. U. 1974 nr 21 poz. 118.

Strengthening state property as a systemic premise for retirement pension benefits

The accumulation of three normative Acts is not accidental. It is on their basis that, for many years, farmers – in order to receive a retirement benefit – had to give up their property rights, i.e. the ownership of a farm. It is worth noting that the main purpose of the above-mentioned Acts were not to provide social protection to rural residents, but to intensify structural changes in agriculture and to strengthen the socialized sector.

The following studies will discuss the remaining stages of creating social insurance for farmers in Poland. The second article, entitled “The birth of the insurance model of retirement benefits in agriculture – an attempt at a systemic approach in Poland in the 1980s” concerns the second stage of creating social insurance. The last stage is described in the publication entitled “Reforming the pension insurance system in agriculture – the role of KRUS after the political changes”.

The purpose of the above-mentioned articles is to present the origins of the farmers’ retirement pension over the years, starting from 28 June 1962 until the establishment of the current regulations on social insurance for farmers, and pay attention to the changes introduced in the field of determining the right to retirement benefits for farmers. This period was not chosen by chance, in the literature⁶ it is believed that the genesis of the agricultural social insurance is the institution of transferring farms to the state in exchange for a pension, established by the Act of 28 June 1962.

The research question is: does the creation of the farmers’ retirement pension 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 retirement benefits for farmers?

The origins of the retirement pension for farmers in Poland

Individual farmers, despite being the second largest social group in Poland, were covered by social insurance at the latest. In other countries, social insurance for farmers was introduced much earlier. The first compulsory social insurance appeared in Germany in 1883–1889, it covered sickness, invalidity and old age benefits as well as accidents at work⁷. In Austria, in 1887 and 1888, accident and sickness

6. See, e.g. W. Szubert, *Ubezpieczenie społeczne. Zarys systemu*, Warszawa, PWN, 1987, p. 135; T. Liszcz, *Ubezpieczenie społeczne i zaopatrzenie społeczne w Polsce*, Kraków–Lublin, Zakamycze, 1997, p. 157; W. Muszalski, *Ubezpieczenie społeczne*, Warszawa, Wydawnictwo Naukowe PWN, 2004, p. 81.

7. W. Jagła, *Ubezpieczenia społeczne rolników – 30 lat systemu i co dalej*, “Realia i co dalej?” 2010, nr 3(18) [per:] Wielka Encyklopedia Powszechna, 1968.

insurance appeared, in England in 1908 – insurance for old age, and in France in 1910 – insurance for invalids⁸.

The relatively late introduction of social insurance for farmers can be seen in the history of Poland, which was under partitions for many years. In addition, until the beginning of the 19th century, mainly the nobility and the church owned rural properties that earned their living from agricultural production. At that time, there were no legal regulations regarding the provision of old age security for people living off agriculture or contract work. The problem of security in old age mainly concerned peasants, who did not have their own real estate until the middle of the 19th century, and even if they did have and passed them on to their successors, they were often unable to enforce the care to which they were entitled. It happened that they were driven out of their home as useless people. Such people were supported by the oldest social security system⁹, or rather the welfare system on the part of communes or parishes or private persons organising forms of assistance for the destitute. Naturally, such help was negligible¹⁰.

A form of security for old age was to be a lifelong agreement, which imposed the burden of supporting older people who were not able to meet their living needs on their own, on younger members of the immediate family – usually children or grandchildren. In the countryside, a tradition passed down from generation to generation was the care of parents (grandparents), which the community considered a moral and social obligation imposed on younger generations. This attitude was fully supported by the authorities of the Catholic Church¹¹. The lifelong agreement consisted in transferring the farm to young descendants in exchange for a promise to provide lifelong care. Such an agreement was most often concluded verbally, because the peasants were illiterate. The present witnesses were the guarantor of the lifelong agreement¹². Despite this agreement, cases of removing seniors from their homes took place many times in Poland, as the unwritten lifelong agreement could

8. *Zmiany systemu ubezpieczeń społecznych rolników a finanse państwa*, red. J. Pawłowska-Tyszko, Warszawa, Instytut Ekonomiki Rolnictwa i Gospodarki Żywnościowej–Państwowy Instytut Badawczy, 2011, p. 16.

9. Social security refers to the idea of the state helping a citizen in need. W. Muszalski, *Ubezpieczenia społeczne*, Warszawa, PWN, 2006, p. 12.

10. D. Kamiński, *Umowa o dożywocie na tle innych ubezpieczeń na starość w rolnictwie*, "Ubezpieczenia w Rolnictwie. Materiały i Studia" 2011, nr 39, p. 77–78.

11. K. Kluczyńska, *Rola emerytur i rent rolniczych w życiu wsi*, "Ubezpieczenia w rolnictwie. Materiały i Studia" 2006, nr 1(29), p. 5.

12. A. Bobkowski, *Zwyczaje spadkowe włościan w Polsce*, Warszawa, Państwowy Instytut Naukowy Gospodarstwa Wiejskiego, 1929, p. 24–25; D. Kamiński, *Umowa o dożywocie na tle innych ubezpieczeń na starość w rolnictwie*, "Ubezpieczenia w Rolnictwie. Materiały i Studia" 2011, nr 39, p. 80.

not be effectively enforced. In order to avoid a begging fate, the peasants, after giving the farm to their successors, worked until the end of their lives¹³.

At the end of the 19th and 20th centuries, the enfranchisement of peasants began parallel to their education. Peasants started to draw up written lifelong agreements and signed them themselves. On the basis of this agreement, they demanded from the successor of the property a place to live, food, clothes, fuel, medical care and burial according to their wishes¹⁴. The first legal regulation on such lifelong agreement in Poland was its introduction to the code of obligations in 1933¹⁵. Currently, the issues of the lifelong agreement are regulated by the provisions of the Civil Code (Articles 908–916)¹⁶.

Perhaps farmers' social insurance would have come into force earlier had it not been for World War II. In the interwar period, due to the destruction, consolidation of land previously owned by the occupiers, and the economic crisis, it was impossible to introduce the social security system for farmers. Most of the rural population ran an economy focused on meeting their own nutritional needs, did not participate in the market turnover of agricultural products¹⁷.

The first group of rural residents to be covered by accident insurance in 1946 were employees of state farms (PGR). A year later, they were also covered by sickness insurance, and in 1953, retirement insurance for state-owned farm workers was already in place. Members of agricultural production cooperatives were also covered by the social insurance system much earlier than individual farmers (from 1962 by retirement insurance, and they used the full scope of insurance from 1971)¹⁸. The lack of insurance had a negative impact on the development of individual farms, already at the beginning of the 1960s. At that time, about 1/3 of the total number of farms was owned by people in retirement or pre-retirement age. This resulted in a production slowdown, the collapse of many farms and the lack of motivation to transfer farms to other people of working age¹⁹. To help individual farmers, state authorities made the first attempts to create social security. Under the Act of 28 June

13. B. Tryfan, *Dylematy zabezpieczenia rolników na starość*, Warszawa, Instytut Rozwoju Wsi i Rolnictwa Polskiej Akademii Nauk, 2004, p. 12.

14. W. Czachórski, *Prawo zobowiązań w zarysie*, Warszawa, Państwowe Wydawnictwo Naukowe, 1968, p. 671 and next.

15. Rozporządzenie Prezydenta Rzeczypospolitej z 27 października 1933 r., Dz. U. RP 1933 nr 82 poz. 598 ze zm.

16. Ustawa z 23 kwietnia 1964 r. Kodeks cywilny, Dz. U. 2020 poz. 1740 ze zm.

17. D. Kamiński, *Umowa o dożywocie...* op. cit., p. 81.

18. C. Klimkowski, *Stan obecny i perspektywy ubezpieczenia społecznego rolników*, Warszawa, Instytut Ekonomiki Rolnictwa i Gospodarki Żywnościowej, 2006, p. 62.

19. M. Podstawka, *Rolnicze ubezpieczenia społeczne w Polsce oraz propozycje zmian*, Warszawa, Wydawnictwo Szkoły Głównej Gospodarstwa Wiejskiego, 1998, p. 11.

1962 on the takeover of certain agricultural real estate for development or ownership of the state and on retirement provision for the owners of these real estate and their families²⁰ it was attempted to encourage older farmers unable to work to transfer their farms to the state in exchange for existential security. Previously, farm owners and their families were deprived of financial security after they stopped working because of old age or illness²¹.

Farm annuity as a form of old age security

The Act of 28 June 1962 on taking over some agricultural real estate for development or ownership of the state and on retirement provision for owners of these real estate and their families

The first law to grant benefits to individual farmers was the Act of 28 June 1962 on taking over some agricultural real estate for development or ownership of the state and on retirement provision for owners of these real estate and their families²². It included individual farmers who were owners or holders of a farm with an area of at least 2 ha of agricultural land, and members of their families. The Act introduced cash benefits (age, disability pension, survivor's pension and funeral allowance), as well as benefits in kind (free use of socialized health care facilities).

The amount of the disability pension depended on the area of the agricultural property handed over for development or for the benefit of the state. Surrender was upon request, but admission by the state itself was optional. The amount of the old age and invalidity pension was monthly:

- PLN 400, when the area of the transferred real estate exceeds 2 ha;
- PLN 500, when the area of the transferred real estate exceeds 5 ha;
- PLN 600, when the area of the transferred real estate exceeded 10 ha.

Benefits were increased if agricultural real estate was taken over together with buildings for the purpose of proper land development (from PLN 80 to PLN 160 depending on the value of these buildings). The survivor's pension was granted

20. Ustawa z 28 czerwca 1962 r. o przejmowaniu niektórych nieruchomości rolnych w zagospodarowanie lub na własność państwa oraz o zapatrzeniu emerytalnym właścicieli tych nieruchomości i ich rodzin, Dz. U. 1962 nr 38 poz. 166.

21. M. Kracińska, *Ewolucja systemu rolniczych ubezpieczeń społecznych w Polsce*, Warszawa, Wydawnictwo Szkoły Głównej Gospodarstwa Wiejskiego, 2015, p. 3.

22. Ustawa zwana dalej ustawą z 1962 r.

to eligible family members of the deceased who met the conditions required for the granting of a survivor's pension in accordance with the provisions on universal retirement insurance for employees and their families. The survivor's pension was paid to eligible persons in the amount of 60% of the owner's pension²³.

The Act of 1962 initiated the creation of the possibility for the state to take over weak and dilapidated farms in return for a rent, on the one hand to prevent the process of extensification of agricultural production, and on the other hand to provide older farmers with basic subsistence²⁴. In order to increase the production capacity of agricultural holdings, the state authorities introduced three possibilities of taking over agricultural real estate by the state, namely: at the owner's request for development, under state ownership and for tax arrears through court proceedings.

Firstly, the state's taking over of agricultural land for development was at the owner's request (Article 1 sec.1 of the Act of 1962). The land was handed over for development for a period of not less than 10 years for the purpose of proper management of the agricultural property in cases of temporary impossibility of its proper exploitation by the current owners. During this period, the owner of the property was exempt from paying tax and other charges to the state (Article 3 of the Act of 1962). The real estate taken over for development could be returned to the owner or his heirs after 10 years at the earliest. However, the return of the farm depended, inter alia, on the settlement of debts, the return of the value of non-depreciated investment outlays made on the property during its development and the amount of benefits paid to the owner and his family as retirement benefits (Article 4 sec. 1 of the Act of 1962). This regulation was not successful due to the application of too strict requirements for the return of a farm²⁵.

Secondly, agricultural real estate was taken over to the state when the owner of the agricultural real estate did not meet the conditions for returning the farm taken over for development. Taking over the farm in this manner was similar to the development at the owner's request and served the effective use of agricultural property (Article 4 sec. 2 of the Act of 1962).

In both of the above cases, the consideration of the farmer's request was not obligatory, it depended on the discretion of the administrative body (presidium of the district national council). Both when taking over the real estate for development

23. M. Piątkowski, *Zaopatrzenie emerytalne właścicieli podupadłych gospodarstw rolnych*, Praca i Zabezpieczenie Społeczne, Warszawa, Polskie Wydawnictwo Ekonomiczne, 1978, p. 96.

24. B. Synak, *Renta za gospodarstwo rolne jako forma zabezpieczenia starości*, "Praca i Zabezpieczenie Społeczne" 1974, nr 7-8/74, p. 76-78; M. Piątkowski, *Zaopatrzenie emerytalne właścicieli podupadłych gospodarstw rolnych*, "Praca i Zabezpieczenie Społeczne" 1978, Warszawa, Polskie Wydawnictwo Ekonomiczne, 1978, p. 76.

25. B. Wierzbowski, *System zabezpieczenia społecznego rolników*, Warszawa-Poznań-Toruń 1981, p. 19.

and ownership of the state, the owner of the real estate could exclude and maintain residential and farm buildings for his own and family needs and a plot of land with an area of not more than 0.2 ha (Article 1 sec. 2 of the Act of 1962), or was entitled to continue using these facilities free of charge despite their transfer. If the takeover of an agricultural property with buildings was necessary for the development of the land, the owner of the property was allocated free replacement housing, farm premises and a plot of land with an area of up to 0.2 ha (Article 2 sec. 1 of the Act of 1962). Upon the death of the property owner, the above-mentioned rights were transferred to the spouse and other members of the deceased's immediate family (Article 2 sec. 2 of the Act of 1962). After the farm was taken over by the state, all debts were cancelled. The relevant part of the drainage fees charged to the state by the water company was also subject to redemption. If there were difficulties in the management of agricultural real estate taken over by the state due to its location, the state could convert it into another real estate with the consent of the owner of the other real estate²⁶.

Thirdly, one of the forms of takeover of agricultural real estate by the state was claiming it through compulsory procedure, in a situation where the debt owed to the state exceeded 50% of the value of the land included in the real estate (Article 31 of the Act of 1962). The compulsory seizure of all or part of the agricultural property was carried out pursuant to a court order (Article 33 sec. 1 of the Act of 1962). If the value of the seized property exceeded the amount owed, the court awarded compensation equal to the difference between the seized property and the debt (Article 34 sec. 2 of the Act of 1962). Proceedings for the takeover of real estate in whole or in part were initiated on the basis of a resolution of the presidium of the district national council after consulting the financial and budgetary committee of that council and the opinion of the presidium of the directly lower level national council. Before the decision on taking the farm over by the state was issued, a farmer who had reached the retirement age (at least 60 years for women, 65 for men) or was an invalid, could apply for a retirement pension instead of compensation (Article 37 sec. 1 of the Act of 1962). The condition for a positive consideration of the application was obtaining the consent of the agricultural authority of the presidium of the district national council²⁷. Taking over the state ownership of agricultural real estate by means of compulsory proceedings was carried out in order to save farms from collapse or ruin by the current owner²⁸.

26. M. Piątkowski, *Zaopatrzenie emerytalne...*, op. cit., p. 93.

27. Ibidem, p. 96–97.

28. Ibidem, p. 92–93.

Strengthening state property as a systemic premise for retirement pension benefits

The right to retirement benefits from state funds did not occur automatically when the farm was taken over by the state, the Act made it conditional on the following conditions:

- 1) the area of the farm,
- 2) the financial condition of the transferred farm,
- 3) the applicant's age (Article 10 sec. 1 of the Act of 1962).

One of the conditions was the requirement to transfer a farm with an area of over 2 ha. As a rule, dilapidated farms indebted to the state were taken over, hence it was necessary to establish rules defining the value of a farm for retirement and disability pension purposes, taking into account the binding obligations. It was assumed in the Act that the measure determining the value of the transferred farm will be its area. When determining the right to retirement benefits and their amount, the amount of debt was also taken into account. When the debt exceeded 25% of the value of the land included in the property, an amount equal to 25% of the land value was deducted from the debt when determining the area of the property for retirement purposes, and the difference was divided by the average value of one hectare for a given property²⁹. It happened that, after making the calculations, the area of the farm was smaller than 2 ha, then the right to a pension was not entitled. On the other hand, the household debt below 25% of its value did not affect the pension rights.

The owner of agricultural real estate taken over for development or owned by the state was entitled to a retirement pension if his debt to the state and the water company (Article 3 and Article 8 sec. 1 of the Act of 1962) did not exceed 75% of the value of the land included in the property³⁰.

The right to the old age pension was granted to the owner who, before taking over the agricultural property or within 5 years of taking it over, has reached the retirement age of 60 years for women or 65 years for men.

Only those people for whom farm income was the main source of income could receive the disability pension. This condition reflected the intentions of granting retirement benefits only to those people for whom work on a farm was a permanent and basic occupation, and not an additional one. The benefits were directed primarily to people earning their living on farm work.

Neither the owner nor his spouse could own any other property. This condition was considered to be met when the person concerned left the ownership of a plot of

29. Pursuant to Art. 11 sec. 2–6 of the Act of 1962, the value of land was determined on the basis of the provisions on the sale price of state agricultural real estate by the Agricultural Bank, while other criteria were applied to land granted under the provisions on the implementation of land reform or settlement.

30. M. Piątkowski, *Zaopatrzenie emerytalne...*, op. cit., p. 95.

land with an area of up to 0.2 hectares, excluded in accordance with the provisions of the Act from being transferred to the state³¹.

Pursuant to the Act of 28 June 1962, the right to retirement benefits was established and paid by the Social Insurance Institution.

The Act of 1962 introduced exceptional privileges for persons who transferred their farms to the state or for development, but did not meet the retirement benefits conditions provided for in the Act solely for personal reasons (they had not reached retirement age or were not invalids). The Act guaranteed the possibility of including periods of work on a farm after the age of 16 for such persons to the periods of employment required for granting pensions from the general retirement pension provision, provided that after taking over the farm, they worked for at least 2 years in a socialised workplace. The amount of granted employee benefits depended on the period of employment (60% of the full pension after 2 years, 70% after 4 years, 80% after 6 years, 90% after 8 years and 100% of the full pension after 10 years of work outside agriculture). These exceptional privileges in the field of granting pensions from the general retirement pension scheme were, in a way, compensation for transferring the farm to the state. This equivalent was not due if the farm was returned to the farmer after the management period³².

The so-called rent for the transfer of land was primarily to restore the production function, consisting in the appropriate management of land inefficiently managed by older farmers. In addition, it also served the socialisation of agriculture by increasing the resource of state ownership, and to a lesser extent, due to the low amount of benefits, it served the social purpose.

The Act of 29 June 1962, however, could not fulfil its function effectively, because the solutions adopted in it and the amount of benefits did not encourage elderly farmers to transfer their farms for development or to state, even in the event of the collapse of the farm due to the lack of a successor³³.

31. Ibidem, p. 94.

32. M. Piątkowski, *Zaopatrzenie emerytalne...*, op. cit., p. 97–98.

33. J. Łopato, *Ubezpieczenia społeczne rolników indywidualnych* [in:] *Zabezpieczenie społeczne rolników indywidualnych w Polsce ludowej (1944–1989)*, Warszawa, Uniwersytet Warszawski, 1990, p. 49; J. Pszczółkowska, *Ubezpieczenie społeczne rolników – stan obecny i możliwości rozwoju*, "Ubezpieczenia w Rolnictwie. Materiały i Studia" 2000, nr 2, p. 7.

The Act of 24 January 1968 on pensions and other benefits for farmers who transfer agricultural property to the state

The Act of 24 January 1968 on pensions and other benefits for farmers who transfer agricultural property to the state³⁴ introduced changes to the existing legal solutions. The difference was primarily in the creation of much more favourable material conditions for farmers transferring their farms to the state³⁵.

The provisions of this act widened the group of people entitled to transfer agricultural real estate to the state to a self-owned owner, abolished the possibility of transferring farms for development and tightened the criteria for transferring farms to the state³⁶. In order to receive the right to a pension, the owner had to transfer agricultural real estate with an area of at least 5 ha of agricultural land to the state³⁷. A farmer handing over a farm to the state could keep his buildings. Moreover, he was entitled to use a plot of land with an area ranging from 0.25 ha to 1 ha free of charge³⁸. The Act of 1968 provided for the same pecuniary benefits as in the previous Act (old age pensions, invalidity pensions, survivors' pensions, funeral allowance) and benefits in nature (free medical care). A farmer who reached the retirement age (65 for men, 60 for women) or was disabled in group I or II, was entitled to a monthly annuity in exchange for acquired real estate owned by the state, ranging from PLN 800 to PLN 1,200, depending on the size of the area of the transferred real estate³⁹. A significant drawback of this Act was the change in the method of calculating the area of the transferred real estate. The amount of the pecuniary pension depended on the area of agricultural land given in the so-called conversion hectares⁴⁰, and not in physical hectares as before (Article 5 sec. 1 of the Act of 1968). In addition,

34. The Act, hereinafter referred to as the Act of 1968.

35. By comparison, the maximum amount of the annuity that could be received for the transferred land under the Act of 1962 was PLN 600 per month, and under the provisions of the Act of 1968 it was twice as much, i.e. PLN 1,200 per month. These changes resulted in a large increase in the number of people transferring land in exchange for an agricultural rent. And so, for example, until 1967, approx. 5K farmers transferred their farms to the state, while after the introduction of the Act of 1968, this number increased threefold. In 1970, this number was over 42K.

36. B. Tańska-Hus, *Ewolucja systemu ubezpieczeń społecznych rolników w Polsce* [in:] "Ubezpieczenia społeczne. Wieś i Rolnictwo", red. M. Adamowicz, Warszawa, Wydawnictwo SGGW, 2002, p. 50.

37. A. Bierć, *Zaopatrzenie emerytalne rolników indywidualnych w PRL*, Wrocław 1979, p. 33.

38. B. Synak, *Renta za gospodarstwo...*, op. cit., p. 76–78.

39. Z. Sokolik, *Świadczenia wypłacane rolnikom indywidualnym z tytułu ubezpieczenia społecznego w latach 1963–1978*, "Praca i Zabezpieczenie społeczne" 1979, nr 8–9/79, p. 12.

40. The conversion hectare was obtained by multiplying the physical hectare of agricultural land by an appropriate conversion factor, determined according to the profitability of agricultural land, in particular soil science classes. See Ordinance of the Minister of Agriculture of March 26, 1968 on the implementation of certain provisions of the Act on pensions and other benefits for farmers transferring agricultural real estate to the state, Dz. U. 1968 nr 11 poz. 59.

the farmer was entitled to an allowance in the amount of PLN 200 per month if he gave up the use of the plot or was deprived of the right to use. The amount of the allowance depended on the size of the plot area, assuming that 1 ha was entitled to an amount of PLN 200 (Article 6 of the Act of 1968). If the farmer obtained additional income from employment or other sources, the right to a pension was not suspended⁴¹.

If the buildings included in the real estate being taken over or taken over were needed for the proper management of these real estate, the state, with the consent of the owner of the buildings, allocated him or her free of charge alternative housing and utility rooms in the size necessary to meet his needs or paid him an appropriate benefit (Article 4 sec. 2 of the Act of 1968).

The regulation of 1968 also specified the rules of taking over the state ownership of agricultural real estate constituting joint ownership. In exchange for the taken over farm, each of the co-owners (on the same terms as the owner) was entitled to an appropriate part of the cash benefit along with additional benefits, adequate to his share in the joint ownership, taking into account the age or ability to work of the co-owner (Articles 9, 10 of the Act of 1968).

The unique privileges are set out in Article 7 of the above-mentioned Act. They made it possible to grant farmers who are still in their productive age a cash equivalent in exchange for transferring a farm. The right to the equivalent was granted to a farmer who was 40 years old and had not yet reached retirement age and was not disabled. As in the case of the disability pension, the amount of this benefit depended on the area of the transferred farm and whether or not he started working on a state-owned farm⁴².

In its assumptions, the Act of 1968 was of a procurement nature, as the state financed all retirement benefits in exchange for taking over the farm. The benefits granted on the basis of the above-mentioned Act had not only providing features but also were of compensatory nature. This is reflected in the differentiation of the amount of benefits depending on the area of the farm and the real value of indebted farms⁴³.

However, not all farmers who reached the appropriate age and declared their will to transfer their farm to the State Treasury, could receive an equivalent in the form of a pension on this account. The solutions adopted in the Acts of 1962 and 1968 were optional, as they made the right to benefit dependent on the area of land owned and

41. Z. Sokolik, *Świadczenia wypłacane rolnikom...*, op. cit.

42. Z. Sokolik, *Świadczenia wypłacane rolnikom...*, op. cit., p. 13.

43. B. Tańska-Hus, op. cit., p. 50–51.

a convenient location for running a state-owned farm. In addition, they provided for the right to only one benefit in return for farms transferred to the state, regardless of the number of people working in them. Therefore, old age and disability pensions have not gained much popularity among farmers.

The Act of 29 May 1974 on transferring agricultural real estate to the state in exchange for rent and repayments

The next stage in creating the agricultural social insurance system was The Act of 29 May 1974 on transferring agricultural real estate to the state in exchange for rent and repayments⁴⁴. In this Act, matters related to the transfer of land to the state were regulated. The state was obliged to take over every farm with an area of at least 2 ha of agricultural and forest land. The Act of 1974 provided for two possibilities of transferring farms to the property of the state. The first of them assumed that the farm should be handed over in exchange for a disability pension (lifetime monthly cash benefit). The second option of transferring a farm was for cash repayments – it was based on the instalment payment of the value of the property. It should be noted that the acquisition of a farm could only take place at the request of the owner. In addition, the consent of the spouse was required, as well as of the owner who transferred his property with accordance to a lifelong agreement, or children or grandchildren working on the farm. The consent was not required in the case of low-income farms or those at risk of a decline in production, and in the case of people for whom work on a farm was not the main source of income. A farmer transferring an agricultural holding to the state could keep for himself the buildings constituting the real estate, which were the subject of ownership separate from the land on which they were situated. Upon the death of the owner and his spouse, the real estate became the property of the state, unless it was previously sold. It is worth emphasizing that the buildings could not be inherited. The testamentary provisions were also legally ineffective⁴⁵.

The Act of 1974 introduced uniform rules of conduct with regard to farmers transferring their farms after 1 August 1974. The pension was due to the owner of a farm taken over at his request to state if he met the following conditions:

- 1) handed over all real estate belonging to the farm, covering at least 2 ha of agricultural and forest land,

44. The Act, hereinafter referred to as the Act of 1974.

45. A. Lejk-Kępka, M.M. Ociepa, *Zaprzestanie prowadzenia działalności rolniczej. Niektóre problemy interpretacyjne*, "Ubezpieczenia w Rolnictwie. Materiały i Studia" 2005, nr 4(28), p. 51.

- 2) has reached retirement age (65 for men, 60 for women) or
- 3) had a disability group.

If the farm was run by a married couple, the pension was paid to both spouses. The act, however, provided for some exceptions to this rule. The pension was not paid to a spouse who, in the last 5 years before the transfer of the farm, did not work in it and did not stay in the marriage community with the farm operator, unless it was his separate property (Article 17 (2) of the Act of 1974). In the case of co-owners who are not spouses, only those co-owners for whom work on a farm was the main source of income were entitled to a pension.

A farm takeover by the state for a disability pension could take place *ex officio* also in the case of low profitability and a decrease in production, if the farmer has reached the age of 60 for men, 55 for women or was classified as a 1st or 2nd degree disabled person.

On the basis of the Act of 1974, new rules for determining the amount of pensions were introduced. The amount of the benefit depended on the area of the farm transferred to the state. For the first 2 ha, the monthly amount of the pension was PLN 300 per ha, for each next hectare over 2 to 10 ha, the rate was PLN 100, and for each commenced ha above 10— PLN 50. The amount of the pension determined in this way could not exceed PLN 2,500. If the transferred farm included forests or buildings, the pension was increased from PLN 100 to PLN 300. The benefit was also increased by PLN 150 in the case of the farmer waiving the right to free use of the flat and premises.

The pension was reduced in the case of the farmer's indebtedness to the state and socialized economy units by:

- 25%, when the debt exceeded 25% to 50% of the value of the transferred farm,
- 50% if the debt was 50% to 100% of the value of the farm transferred.

The amount of the pension (reduced due to the debt) could not be lower than that due for 2 ha of agricultural and forest land.

A farmer who did not meet the conditions for obtaining the right to a pension could apply for taking over a farm in whole or in part to the state for cash repayments. The state agreed to take over part of the real estate only if commercial agricultural production could continue to be carried out on the remaining part. Cash repayments were determined according to the prices in force in the regulations on the sale of state agricultural real estate after deducting the receivables of the state and socialised economy units related to the real estate taken over. It is worth noting that

the cash repayment was not a kind of compensation or compensation for the real estate transferred to the State Treasury⁴⁶.

The farm was taken over to the state in exchange for a disability pension or cash repayments were made on the basis of a decision of the head of the commune, while the head of the commune was also entitled to pre-emption or purchase of buildings (Article 31 sec. 1 and 2 of the Act of 1974). The decision to take over the property for a disability pension pursuant to the provisions of the Act of 1974 was the basis for determining the right to the disability pension and its amount. It was binding on the pension authorities and appeal bodies in the pension procedure (Article 32 of the Act of 1974).

The farmer was entitled to free use of the land during the execution of the final decision to take over the property. During this period, the farmer had to properly manage the economy so that the production would not drop and the farm was profitable. The takeover of the real estate was enforceable as soon as the disability pension decision became final. At the farmer's request, this decision was the basis for a change in the land register and the land and mortgage register, and for establishing a land and mortgage register for buildings, which constituted an object of ownership separate from the land. The right to benefits was established and paid by the Social Insurance Institution (Article 34 of the Act of 1974). In the event of the convergence of the right to disability benefits referred to in the Act of 29 May 1974 on the transfer of farms to the state property for disability pension and cash repayments⁴⁷, together with the right to benefits specified in the Act of 23 January 1968 on universal pension provision for employees and their families⁴⁸, the farmer was entitled in full to one benefit of his choice increased by half of the other benefit (Article 36 sec.1 of the Act of 1974). The disability pension was paid together with benefits (family benefits, for being classified into the 1st group of invalids, having a medal or honorary title).

Farms could be purchased directly from farmers by units of the socialized economy for rents or cash repayments. The transfer of ownership of the real estate was based on an agreement approved by the head of the commune in the form of a decision. Such an agreement was the basis for establishing the right and disbursement of pensions and cash repayments⁴⁹.

46. Wyrok Wojewódzkiego Sądu Administracyjnego w Warszawie z 6 listopada 2013 r., I SA/Wa 2562/12, <https://www.lexlege.pl>.

47. Ustawa z 29 maja 1974 r. o przekazaniu gospodarstw rolnych na własność państwa za rentę i spłaty pieniężne, Dz. U. nr 21 poz. 118.

48. Ustawa z 23 stycznia 1968 r. o powszechnym zaopatrzeniu emerytalnym pracowników i ich rodzin, Dz. U. 1968 nr 3 poz. 6.

49. Z. Sokolik, Świadczenia wypłacane rolnikom..., op. cit., p. 12–13.

The Act of 1974, compared to the Act of 1968, introduced a wider range of benefits. Farmers transferring farms acquired the right to allowances: family allowances and allowances due to being included in the 1st group of disabled persons. Both laws guaranteed the right to funeral benefits for deceased pensioners and their family members.

However, the negative aspect of the Act of 1974 was the obligation to take over every farm (with an area of more than 2 physical hectares). As a result of this wording, more and more fragmented land of poorer quality was flowing into the state land resources. This Act had another negative aspect, as it did not take into account farmers transferring farms to successors, so it was addressed mainly to farmers without successors.

Summary

Individual farmers in the People's Republic of Poland were treated contemptuously, they were commonly referred to as "kulaks". The authorities fought with them to take over their land. PGRs were the priority for many years. Farmers belonged to the disappearing professional group that was a remnant of the capitalist system, the lack of further prospects in the social structures was only a matter of time, further socialisation of the peasant economy. No statute really protected this social group, moreover, in various periods of real socialism, state policy was in fact aimed at limiting the existence of private property in agriculture and was a real instrument whose objective were planned systemic transformations.

Economic and political functions were ascribed to the Acts of 1962, 1968 and 1974. They were an instrument of agricultural policy, aimed at concentration of land and intensification of agricultural production. The social goal of these acts was realised only marginally. They provided a means of subsistence in the form of a pension only to farmers who handed over their farms to the state and covered a small group of people. The problem of people transferring farms to successors was still ignored⁵⁰.

The aforementioned normative acts stimulated land trade, with the focus on its accumulation by the state. One could say that they limited private property in favour of maximising the state's land resources. When addressing this issue, it is worth noting that in the legal order of the time, private property was not a protected value. So, in a way, the Polish state, in the full majesty of the law, made the receipt of

50. T. Liszcz, *Ubezpieczenie społeczne i zaopatrzenie emerytalne w Polsce*, Kraków, Zakamycze, 1997, p. 157.

the benefit dependent on the condition of renouncing the ownership of agricultural land by farmers. On the other hand, it should be emphasised that the owners of farms and their families, until the adoption of the above-mentioned normative acts, had no access to any state system providing them with income, and thus also livelihood, in the event of cessation or inability to continue their professional activity. The specificity of the occupational profile of the population of that period— due to the huge number of people earning their living on farm work— allows for a thesis that expanding the group of beneficiaries of retirement benefits from the general system to include the agricultural population would lead to the collapse of the system. Hence, the titles of the above-mentioned Acts do not even contain derivative expressions of the term “social insurance”. The message was therefore clear— a pension in exchange for a farm⁵¹.

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51. W. Jasuła, *Prawo do emerytury rolniczej a prawo własności. Artykuł dyskusyjny*, “*Ubezpieczenia w Rolnictwie. Materiały i Studia*” 2011, nr 39, p. 88–90.

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Strengthening state property as a systemic premise for retirement pension benefits

Zmiany systemu ubezpieczeń społecznych rolników a finanse państwa, red. J. Pawłowska-Tyszko, Warszawa, Instytut Ekonomiki Rolnictwa i Gospodarki Żywnościowej–Państwowy Instytut Badawczy, 2011.

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