

manner that, generally, they are worn out after three years. At auctions, private farmers may then bid on such equipment. Often, such a tractor is more expensive than a new one, but the wait for one of the latter is 10 years. Of the agricultural machinery that the country has, according to statistics, only a small part can actually be used; the remainder has been forced out of service because of a lack of replacement parts or tires. Only one-fourth of the tractors could be used in this summer's harvest; three-fourths remained out of service simply because of a lack of tires.

It is not surprising that Polish agricultural statistics show 1.3 million draft horses still in use. Even farms that have one or even many tractors have horses, just in case. The chronic lack of replacement parts is probably the reason why so many fantastic machines are seen operating in the fields; often a machine that appears to be exotic, but is more or less functional, is constructed of parts from many different kinds of machines.

Even in the state pricing policy there is discrimination against agriculture. The gap between operating costs and income has increased in recent years. In 1986, the market price increased by 12.4%, but operating costs by 17%. In 1987, agricultural prices increased on the average by 20%, but the delivery price for raw materials and operating funds by 40-50%. Simultaneously, the quality norms were raised so that what was formerly in class one has slipped down to class two. Every third private farmer slipped down to a minimum level for existence and thus joined the poorest level of the population.

The same was repeated after controls were removed from food prices, which took place on Aug. 1. The delivery price of milk increased by approximately 20% and that of meat, by approximately 30%, but, simultaneously, the state increased the price for operating funds by an average of 200%, and the consumer has to deal with price increases for food of up to 500%. In general, people are taking a cautious attitude toward the changes, which, given the experiences of the Polish people, is hardly surprising.

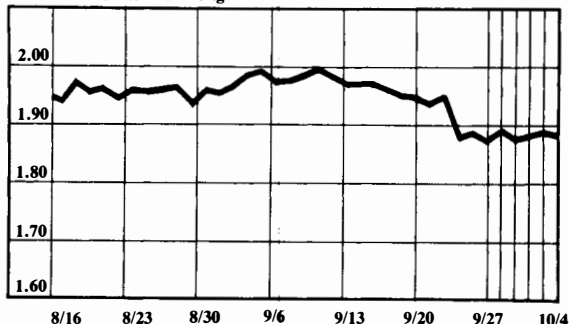
Nevertheless, agriculture is the most productive sector of the Polish economy. Agriculture was the only branch of the economy last year whose gross production was above the level of 1978, the previous record year. In this connection, the much-ridiculed small farmer played an outstanding role.

Reading the reports on the economic situation of this country, one is surprised that things are not significantly worse and that there are still any farmers at all in Poland. The economic reconstruction of Poland can and must build on private agriculture, the only even half-way functioning sector. If the most important abuses, the chronic lack of replacement parts, tires, operating funds, and so forth, as well as the proverbial chaos in planning and management, are abolished, Poland's agriculture will expand, and can serve as the driver for general development of the overall economy.

Currency Rates

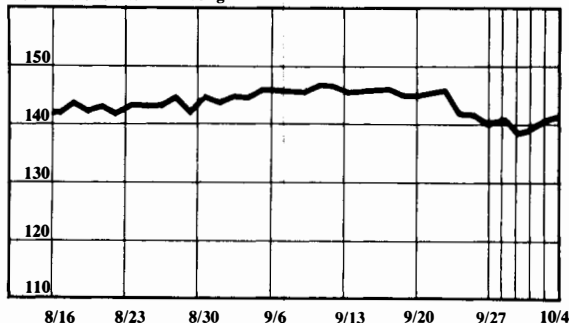
The dollar in deutschemarks

New York late afternoon fixing



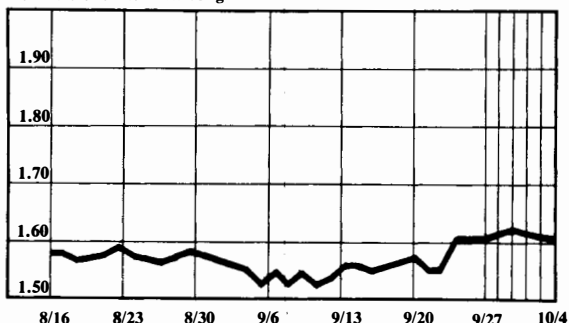
The dollar in yen

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing

