Agriculture of the European Union towards new megatrends

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Abstract

For several decades, we have been dealing with the beginning of a civilizational change. The world has moved from an industrial civilisation to a civilisation of knowledge (post-industrial, information-based civilisation). Fundamental changes are taking place in the structure of manufacturing resources, the rules of an economic game, the social stratification, etc. The world is much diversified in all spheres of human activities, but factors holding it together are equally strong. It is pressured by different cultural systems, diversified aims and strategies of individual countries, and also various private entities. They have at their disposal different forces and measures, which links to their economic and technical power that in turn translates into a diversity or even opposition of interests. In this context, agriculture and the whole food sector have to face challenges towards new megatrends related to new factors of economic growth and depletion of natural resources.

Keywords: agriculture, globalisation, economic growth, natural resources, economic policy, sustainable development

Селското стопанство на Европейския съюз към нови съществени промени

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Резюме

В продължение на няколко десетилетия сме свидетели на една нова цивилизационна промяна. Светът се преориентира от индустриално общество към общество на знанието (т.н. постиндустриално общество, общество, основано на информацията). Фундаментални изменения настъпват в структурата на производствените ресурси, в правилата на икономическата игра, в социалното разслоение и в други области. Появявя се изключително разнообразие във всички сфери на човешката дейност, но факторите поддържащи обществото в единство са не по-малко силни. Светът е подложен на натиск от разнообразни културни системи, диверсифицирани цели и стратегии на отделни държави, но и от много частни субекти. Те разполагат с различни възможности за оказване на различни влияния и разполагат с мерки, зависещи от тяхната икономическа и техническа мощ, което на свой ред се трансферира в разнообразие и дори в противопоставяне на интереси. В този контекст, селското стопанство и хранително-вкусовата индустрия трябва да се справят с предизвикателствата на новите съществени промени, свързани с факторите на икономическия растеж и с изчерпването на природните ресурси.

Ключови думи: селско стопанство, глобализация, икономически растеж, природни ресурси, икономическа политика, устойчиво развитие

It is a cliché to say today that no country and no economy may function in isolation from processes taking place in the world. Anything that happens in one country affects the situation in other countries. Borders and traditionally determined distances are no longer a barrier, and states cannot effectively defend themselves against influence from the outside.[1] Categories of distance and location have lost their original importance. By looking from this point of view, the basic feature of globalisation processes – besides their multidimensionality – is, therefore, separation from a specific territory, and "being globalised" means participation in internalization of the economy. The thesis explaining the reasons for a fall of great civilisations by failure to read the signs of the times, understand and effectively meet the emerging challenges has never before been so true.

In our times, the world is changing at blinding speed. We are living in a period of enormous re-evaluations of social and economic life. The complexity and turbulence of the surrounding open up new opportunities for and threats to individual economic entities, sectors, industries, states and the entire continents. Globalisation, despite the entire rhetoric about universalization and unity, means following countries' own paths at different speed. Apart from the processes that serve unification, there are many diversifying processes. Despite strong bonding factors, the world is put to equally intense pressure of different cultural systems, diversified aims as well as strategies of individual countries, and also of different private entities favouring deepening differences, contradictions, changes in a hierarchy of values, games of interests and aims. Globalisation is, thus, differently understood, differently defined in diverse countries, regions and sectors. In some, it means modernization and in others – degradation, in some – an explosion of freedom and in others – dependence.

[1] J. A. Scholte, Globalisation: a Critical...,

Particularly major and controversial changes concern changes in the food sector. The globalisation process stimulates an accelerates development of structural changes. Highly developed economies speed up restructuring processes, increasing employment in services at the expense of industry and therefore increasing the share of services in creating GDP and value added. Economies narrowing down the developmental gap, at different stages of development also increase the share of services, but the share of industry increases parallel to this process. Both of these sectors develop at the expense of agriculture.

Accumulation of changes and their overlapping bring about synergy effects, and their accumulation is an additional change. The global economy rewards willingness for changes, less values loyalty, and combats constancy. Accumulated changes limit the effectiveness of operation of traditional economic, social and political structures. Changes in an environment require sustained activity and creativity. People more and more often are pressured to frequently change qualifications and to spatial mobility.

This often does not reach policymakers. Detailed regulation systems support these products and these production methods that have already adapted to the existing regulations. "Good" companies, whose operations are easy to understand and supervise, are privileged. Whereas innovative operations, have always involved unforeseeable and potentially dangerous effects. In the early phases of development, new industries always behave precariously, are ineffective, and additionally, if based on completely new scientific theories, are often completely incomprehensible. No regulatory system geared towards ensuring complete safety, either in the field of environmental protection, the risk of accident at the workplace or finally in the field of the risk for a customer, would allow to create aviation, not to mention the entire industrial revolution. Officers responsible for regulations have to always rely on the existing knowledge, and this knowledge is controlled by the existing scientific disciplines and their leading

representatives.

It seems it is for the first time in the entire human history (and certainly on such a scale) that the global policy has become multipolar, and at the same time many societies with different cultural features and historical experiences are its entities. The role of features bonding countries together, also countries differ in terms of civilisation and often with contradictory interests, has been growing. This situation occurs despite the fact that the idea "there is one world and it will develop harmoniously after the fall of communism" has found no confirmation in the facts and it is difficult to find its supporters.[2]

The purpose of the work is an attempt to indicate new challenges for and threats to agriculture related to processes taking place in the world.

The world's new economic and political map

Globalisation has brought an increase in differences and polarization not only in developing countries, as it may be expected by studying literature on the subject, but also in highly developed countries. Global competition causes that companies in highly developed countries rarely yield to workers demanding high pay (particularly those with low qualifications) only because their work is to a high extent aided by technical utilities and highly qualified intellectual and social capital. Pay pressure was effective in the past when mobility of capital and knowledge was substantially limited. Now, when automation and considerable freedom to invest in countries with much cheaper labour costs is much more accessible, its effectiveness is limited. In developed countries simple manufacturing work and routine work faces double competition. On the one hand, cheaper and cheaper robots and automatic machines, while on the other, increasingly cheaper competitor in the form of workers from many countries of Asia and South America. Globalisation is setting in motion a new process of division of roles and division of income. They are losing because they are in direct competition with robots and hundreds of millions of routine workers in other countries, routine mass production workers. Particularly those employed in branches facing their end are losing their jobs, as these branches are moving to less developed countries. This pertains to those employed in heavy, extractive, shipbuilding, light industries, and in agriculture. Opportunity of transferring capital abroad is one of the reasons for not only a slowdown in structural transformations (in this food sector), but also for long-term overt and latent unemployment.

The scope of redistribution of income by the system of taxes and expenses is decreasing. In weaker countries, not only is social spending falling, but also expenditure for education, health care and infrastructure is being limited. Therefore, a country's capacity for financing areas giving equal opportunity for young people is decreasing. However, on the other hand, the progressing globalisation process, by limiting the redistributive function of taxes, is additionally increasing the dynamics of income of a group of winners. It could, therefore, be said that the polarization effects of different opportunities of finding a secure job, quickly diversifying pay as well as of a decrease in the role in respect of the redistributive function of a country are accumulating and overlapping in this process.

In individual countries, individuals' income differs in principle depending on age. Discrepancies between age groups are constantly growing because the value of physical strength decreases as mechanical sources of energy make human strength less important, and increasingly more complicated technologies make knowledge, experience and analytical skills acquired with age more and more valuable. As a result, age at which people achieve maximum income is constantly

[2] Even the chief ideologist of unipolar harmonious development of the world, Francis Fukuyama, the author of the expression about "the end of history" backed out of his previously propagated views.

growing. The same reasons diversify income in modern and traditional sectors, including in agriculture, to the detriment of the latter.

All of these phenomena contribute to the development of two-speed societies and society polarizationally going opposing ways.

Globalisation is a microeconomic interest imposed by the capitalist market on deregulations and elimination of social functions of enterprises and the state. This process goes hand in hand with automation and a fundamental change of roles in the global economy. Altogether, it creates a strong polarization cocktail. On the one hand, the diversifying consequences of mechanisms of the more and more freely operating global market are becoming stricter, on the other, boundary conditions imposed by the state, which the market had to take into consideration earlier for social reasons, are vanishing.

A sense of security is decreasing and uncertainty is increasing in the vast majority of the society. Therefore, enormous disproportions in the economic status both within societies, and between them, go hand in hand with the lack of methods and instruments of social defence against social tensions. And exactly such institutions, instruments and ways of defence against social tensions are the country's obligation and fundamental function. The microeconomic nature of globalisation that is more and more making it difficult or even impossible to fulfil these functions breeds contradictions with social and humane, economic, and political effects.

Changes in allocation of capital on the global market – in the context of accumulation of social tension on individual segments of the global market and, as a consequence, political tension – will besides cost-effectiveness increasingly more often consider social stability and investment security arising out of the state of social integration in individual countries. From the above observation, it appears that there are boundaries of liberal deregulation and boundaries of limitation of social costs, even only from the economic point of view.

The balance of forces in the world is changing. The influence of the so-called Civilisation of the West is decreasing. The economic, political, and military position of Asian countries grows in power. At least since the boom of Japanese economy in 1980s, many Asian thinkers have been propagating views about the fall of the West, assigning their success to the superiority of their own culture. The reasons for failures of the West are sought in its decadence. According to the views dominant particularly in East and Central Asia, economic and social successes that the countries of this region achieve are a result of cultural attitudes that have their roots in the Confucian philosophy of those societies that prefer common aims and action rather than the interests of an individual. The Asian ethos of work that consists of responsibility for the family, moderation, discipline, loyalty, perseverance, diligence, "moderate democracy", belief that the interest of a country or a community group is more important than that of an individual is juxtaposed with the political assumptions of the Western civilisation. Successes of Japan, the so-called "Four Asian Tigers", later "Singapore Cultural Offensive"[3] , and above all else the comeback of the "Olbrzym" ["Giant"], as Henryk Chołaj describes China's successes[4] , are also confirm those theses. Such traits as egoism, laziness, no respect for authorities, crime, low education level, no new ideas are ascribed to the Civilisation of the West as dominant ones.

Muslim countries belong to the demographically fastest developing societies. Larger number of people requires more resources, so densely populated countries and countries whose population increases fast display a tendency to push outside, occupy a territory and to exert pressure on demographically less dynamic nations. Therefore, an increase in population in Muslim countries is an important factor causing conflicts not only on the borders of the Islamic world. Demographic pressure combined with the economic stagnation contributes to Muslim migration to western and

other, non-Muslim, countries. This situation creates a number of hazardous phenomena as well as economic and social conflicts. When a rapidly reproducing population from one cultural circle encounters another, one belonging to a separate civilisation and growing at lower speed or a stabilised one, pressure acting for economic and/or political adaptation of both societies rises.

Because of these changes we are more and more often dealing with a situation that countries with similar cultural features integrate, and attempts of transferring values (mainly of the so-called the Western way of life) end in a fiasco destabilising entire regions.

New proposals for division of benefits of foreign trade in agricultural products

Dispute over the benefits arising out of the division of benefits from the globalisation process results in the appearance of many initiatives, often contradictory to each other. Proposals for changes concern fundamental principles and come down to an attempt to answer the eternal question whether protectionism or further liberalisation is more effective in resolving problems of the contemporary world.

An example of such initiatives, which has a considerable political and economic importance, is the establishment of a group called CAIRNS Group by countries specialising in agricultural production and export. This organisation associates nineteen (19) countries: Argentina, Australia, Bolivia, Brazil, Canada, Chile, Columbia, Costa Rica, Guatemala, Indonesia, Malaysia, New Zealand, Pakistan, Paraguay, Peru, Philippines, South Africa, Thailand, Uruguay. It is a forum that allows to get in touch and decide on joint actions. Those states have a common aim and interest, this fact may bring them closer for cooperation in other fields.

[3] See Samuel P. Huntington; Zderzenie cywilizacji. Warszawskie Wydawnictwo Literackie Muza SA. Warszawa 2011

[4] Henryk Chołaj; Powrót Olbrzyma.

If in a relatively short period of time this group succeeds in considerably limiting subsidies in the EU, the USA and Japan, this could lead to a substantial increase in prices of food on the world markets. The social and economic effects of these solutions would cause further limitation of opportunities of importing food by the poorest countries which are not self-sufficient in agricultural production. Paradoxically, in a long term this could also cause inhibition of development processes in CAIRNS Group. An irregular improvement in competitiveness of food production could become a premise for weakening pressure for the need for structural changes from sectors with limited opportunities of increasing value added for modernising and restructuring modern sectors creating opportunities of narrowing down the developmental gap.

The effect of globalisation is not only improving living and working conditions in many countries, but also deepening developmental disproportions and economic inequalities. An answer to those are, for example, fair trade and free trade concepts. The purposes of both are similar by proposing a model of international trade that is in favour of the poorest manufacturers from developing countries. A model of alternative trade, which the fair trade concept is, consists in setting prices at a level that ensures manufacturers from poor countries not only the basic standard of living, but also means for further development. Manufacturers are paid the fair trade price, which exceeds the market price of a product, provided that they meet specific standards. It is also intended to limit a chain of intermediaries between the manufacturer and the customer.

This concept is based, above all, on selection of customers who, following humanitarian consideration, buy more expensive products without guarantee or quality. The fair trade mechanism consists in seeking opportunities of establishing fair trade relations between rich and poor countries. The purpose is to increase the level of living and working of small farmers from developing countries

as well as to limit environmental degradation. This model creates new relations between the manufacturer and the customer. The manufacturer who is to earn the highest possible profit is privileged. The customer becomes aware that they participate in an important process of economic, ecological and humanitarian significance. In rich countries, a vogue for healthy food, which is synonymous with organic products from developing countries, became an additional impulse for growing popularity of fair trade.

Despite the fact that the share of food products participating in this mechanism in the world trade fluctuates around 1%, the fair trade concept is gaining growing acceptance, in spite of critical opinions. The most important of them include a very low share of farmers participating in the mechanism in the customer's dollar as well as progressing commercialisation of this idea and the participants and organizers of the trade using its growing popularity for their own purposes. It is also imputed to this concept that the system that assures fair prices to the manufacturers leads to the development of non-competitive production and consolidation of traditional ineffective production methods, often under overproduction conditions. It also leads to impoverishment of farmers not participating in the mechanism.

According to the opponents of fair trade, to remove these shortcomings, the free trade concept, assuming changes in the principles of international trading system, should be used. These changes would consist above all in introduction of special tariffs protecting developing countries' economies and enforcement of trade agreements that would sanction national import quotas for specific goods. Maintaining substantial grants for farmers in rich countries is particularly unfavourable to developing countries.

Popularisation of those ideas is a major challenge for highly subsidised agricultural economies of rich countries making use of an extended system of agriculture subsidisation.

Globalisation and ecology

Challenges related to depletion of natural resources and climate change, again put questions about interrelations between the economy and the environment.

Running and expanding business operations – production and/or service – have always involved specific costs for the environment. However, there is no doubt that the progressing corporate globalisation process (TNC), as a result of which not only the scope, but also the range of TNC's operations expand, leads also to shifting responsibility for growing ecological problems from states and local companies to transnational corporations. In this context, e.g. a lawsuit brought in 2004 by the Eskimos from Greenland against American corporations, accused of contributing to the greenhouse effect, is of great importance. Although the lawsuit was definitely demonstrational in nature, and the event itself was aimed to call forth a strong media response, it drew the public opinion's attention to the role of transnational corporations in the increase in environmental threats.

Transnational corporations used the practice of transferring dirty technologies as early as in 1980s. Research carried out in 1990 by the Economic and Social Commission for Asia and the Pacific – ESCSP, and the Centre of United Nations for Transnational Corporations in the region of Asia and the Pacific revealed, for example, that transnational corporations on a regular basis had applied lower ecological standards in their operations in developing countries. Indeed, the occurrence of migration of dirty technologies was stopped to some extent at the end of 1990s, however, the corporations – when making investment decisions – continue to take advantage of differences in environmental protection standards, and also competition for an inflow of foreign capital.

Expansion of the scope and the range of TNC's economic expansion also leads to the appearance on the ecological plane of completely new phenomena related to commercialisation of many

spheres related directly or indirectly to the sphere of ecology. This new quality manifests itself, for example, through the occurrence of the so-called bioprospecting as well as the occurrence of peculiar "genetic power" related to it, and also through the development of a powerful industry – a new sector of "eco-industry".

The occurrence of "bioprospecting" is largely related to worldwide popularisation of intellectual property rights. The basic form of bioprospecting is providing biological information with patent protection in the form of genetic records, recipes for substances produced by local communities from specific plants, and sometimes also providing plants (seeds) themselves with patent protection after a small modification. Such was the nature of, for example, getting a patent for a variety of rice – the so-called "Basmati" rice cultivated for generations in India and Pakistan – in 1997 by the American corporation – RiceTek. As research carried out jointly by Rural Advancement Foundation International as well as Heritage Seed Curators Australia reveal, only in 1998, approximately 150 research institutions, and transnational corporations applied for providing organisms present in nature with patent protection. The ability to provide various forms of life with patent protection has also become the basis for the occurrence of the so-called "genetic power" phenomenon which is based on the idea of getting access to and control over biological information.[5] A special example of such power is "terminator technology", used by such biotechnological corporations as Monsanto, Du Pont and Dow Chemical, which consists in limiting farmers' right to use a portion of harvest produced in a given year for repeat sowing. This technology allows corporations, by applying genetic engineering, to produce seeds of crop plants capable of yielding a crop only after single sowing. By having "genetic power" at their disposal, the corporations are, therefore, able to affect farmers' behaviour, and all at once control the seed market.

The process of expansion of transnational corporations on the ecological plane is also noticeable through the development of a completely new industry of economy – the so-called "eco-industry". This sector whose dynamic development took place particularly in 1990s, includes both enterprises that utilise waste that poses a threat to the environment, and also a completely new branch of industry related to production of the so-called environmentally sound technologies as well as ecological accessories and equipment.

Because of the dynamic development of the "eco-industry" sector also such transnational corporations as General Electric and Du Pont, which in the "ecological" industry found an opportunity to extend their operations, and also such corporations as WMX Technologies, for which the new sector is the main object of operations, have become involved in this industry at the end of 1990s besides small- and medium-sized enterprises.

What model of agriculture?

In the world that surrounds us, we deal with various cases of co-existence of very complex interrelations between human activities and the environment. Despite the diversity of agricultural structures and practices in the world, agriculture is consistently understood as an agricultural industry carried out in a scientific manner. It is about providing maximum "biomass" owing to the most effective soil, plant and productive livestock management, treated as normal resources. The biological world is treated unwaveringly as the means to the end: as a matter from which the maximum value for use should be produced for the purposes of feeding people, industry and energy supply. Plants and farm animals are treated as biomachines whose yield should be maximised with the use of any means of modern biotechnology. According to all forecasts, demand for agricul-

[5]For more information: S. Braman, Informational Meta-Technologies, International Relations, And Genetic Power..., pp. 91-112.

tural products of any type will increase sharply. Practically, with currently available technologies agricultural lands are already developed. A feeding surface (the quotient of arable lands and the world's population) is constantly decreasing. In 1970, there were 3.8 thousand m^2 to feed one person, in 2005 this number fell to 2.5 thousand m2. By 2050, agricultural areas will shrink to approximately 1.8 thousand m^2 per capita. It seems that there is only one answer to this: agriculture has to become even more efficient and crops per hectare have to continually increase. This logic is probably not as irrefutable as it might seem at first glance. On a worldwide, enough calories are produced to feed even nine (9) billion people in the future. Today, there is 4.6 thousand of calories per capita. Out of it, 1/3 is lost on the way from a field to customers – food products rot in the fields, during transport or end up in rubbish because their best-before date elapsed. More or less 800 calories are set aside for animal feed in meat production. As a result of enormous demand for feed, 5% of the world's population uses up almost 1/3 of the world's maize production and 1/5 of soya harvests. A higher and higher proportion of harvests is processed into biofuel. As a result, 80% of maize production in the USA is set aside for animal feed and biofuels. Only 11% is used directly as food. In Germany, only 28% of agriculture areas is used for food production, 12% for bioenergy production and no less than 57% is cultivation for animal feed. The rest falls into the "other" category. Reduction in harvest losses and changing our nutrition habits could, therefore, considerably improve the world food situation. However, from this, it does not appear that agriculture may survive in its present form. Neither intensive agriculture that is dominating today in the USA and in Europe is not a future model, nor production potential of small farm agriculture in developing countries will be sufficient to meet growing aspirations of a growing population. Who gets out of severe poverty, coming to moderate prosperity, does not settle for a bowl of rice or a handful of millet anymore. Food becomes more abundant and varied. At the same time, demand for any type of raw materials of agricultural origin: cotton, vegetable oils, starch, vegetable fibres, wood, etc. increases. According to forecasts of Food and Agriculture Organization of the United Nations (FAO), food production will increase by 70% by the mid-century. Although harvest losses will be limited and little food will be thrown out, agriculture still has to become more efficient. Dispute is over how this can be done. Also in this case the question is not is agricultural production supposed to increase, but how.

The opponents of industrial agriculture point out that it is energy-consuming and harmful for the groundwaters, makes soil barren and increases its erosion, changes animals into production machines, decimates species diversity and transforms vivid landscapes into monotonous, completely ravaged areas.

Even if accepting the above observations uncritically, it is impossible not to ask the question whether the solutions proposed by the opponents of industrial agriculture would be able to provide the growing population with an adequate level of food in the case of an increase in wealth. The first great scientific and technical revolution in agriculture was supported by four pillars: fertilisation with industrially produced nitrogen compounds, chemical protection of plants, plant raising and animal breeding with higher and higher yield as well as use of modern agricultural machines. Only this combination of science, technique and practical agriculture enabled a considerable increase in harvest that was necessary to feed the sharply growing world's population. Technologies used half century ago allowed to produce the amount of food manufactured over one year, at the turn of centuries one would need for this 82% instead of in actually used 38% of the world's land area. A considerable increase in production effectiveness combined with strong concentration on less and less numerous, but growing in area production units yielding increasingly higher crops. In

Germany, the number of agricultural holdings shrank between 1949 and 2010 from 1.65 million to 300 thousand. The number of workers hired in agriculture declined from 4.8 million to 648 thousand. At the same time, the number of people one farmer feeds has grown from 10 to 132.

Nothing indicates that in the foreseeable future a model other than the industrial one will be able to meet challenges related to feeding the growing in number and increasingly more wealthy population of the world. It does not mean that the importance of ecological agriculture will not be increasing.

CONCLUSIONS

In the world economy, many new phenomena are observed which should be interpreted anew, taking into account changes that have taken place in it. Those new phenomena analysed in a traditional manner, by being the basis for making incorrect political and economic decisions, are becoming the serious source of social, economic, and environmental hazards. Since correct interpretation requires broad knowledge of macroeconomics of open economy, analysis of evolution of international economic relations and understanding of the role of international finances in economic and social development processes.

Once again in its history, the world is at the crossroads. It is surprising that unquestionable global achievements in a struggle against poverty, illiteracy, substantial limitation of infant mortality, extension of expected life duration, a mass increase in participation in cultural and recreational events remain ignored or even negated by some influential circles. Moreover, they are the source of theses about the immediate end of the world, caused by progress.

The omnipresence of the term "globalisation" causes that every person that uses it may give it different meaning. Further diversification of the views on globalisation processes brought about the financial crisis 2007+, the effects of which are felt even today. For some economists, the depth and scope of the world's crisis became a crowning argument for posing the thesis that the financial slump was the result of uncontrolled capital flows and it is necessary to return to economic nationalisms. Other economists think that the crisis is one of the stages of adapting the market and the used solutions to the challenges of the present time.

Globalisation is a process that creates new conditions for development for individual countries and regions. Their participation in this process depends to a large extent on how the authorities of a given state want to join in this process and use it for their own development. Integration of the economy on the world's scale and its operation on the basis of "communicating vessels" as well as considerable unification of economic processes contributed to shifting the centre of gravity from countries to enterprises. Because of free movement of goods, services, labour force and, above all, capital across state borders and beyond them not all actors of economic relations were able to derive considerable benefits from the globalisation processes.

Use of universal solutions, universalization of outreach activities and legislation will bring national economies closer to each other and form the plane for further cooperation. This takes place irrespective of a level of economic development achieved by a given country. Failed countries and/or countries that do not enter into negotiation, do not contact or do not start international cooperation are an exception to this rule.

Worldwide research into the traditional agricultural economy in terms of reactions to market stimuli confirm the excellent quality of this economy both in macro- and micro-scale, despite difficult operational conditions. Farmers positively react to market signals, are able to boost production and increase supply to the market even at the expense of reduction in their own, low consumption.

Whereas a policy assuming to settle the demand issue (poverty reduction) by weakening the main agricultural potential, turns out to be ineffective.

This harmfully burdens the commercial sector in agriculture which in this phase of development should earn possibly high income. Excessively charging the market agriculture with the costs of different social campaigns limits opportunities of production self-financing and an increase in the accumulation fund, and as a result leads to a drop in production dynamics and income of all rural residents.

However, it should be stressed that under the conditions of liberalisation of trade in agri-food products worldwide, the economic future of less developed countries with a substantial share of agriculture becomes unknown. Will it not start the effect triggered off by re-occurrence of the Ricardian principle of comparative advantages, which would deepen the division of the world into countries with raw materials and countries that specialise in higher class goods?

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