

Chapter 1.

DIVERSIFICATION OF ECONOMIC SITUATION OF HOUSEHOLDS

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Abstract. *In Poland there is still a disparity within the scope of income and expenses of households, which is unfavorable to farm families and leads to a significant range of poverty in the country. Economic situation of households, particularly farmers, is affected by political and economic changes, started in Poland in the last decade of the previous century. The highest real decrease of income among the social and professional groups, took place in farmers' households. There is a significant income disparity between the people living on rural and urban area, which is unfavourable to rural population and between households maintaining agricultural holdings and without agricultural holding, which is unfavourable to the first group. Difficult economic situation in farm families is inter alia due to deterioration of the relation of prices in agriculture, decrease of agricultural production profitability, increase of the prices of means for production. The supply of agricultural raw materials exceeded the demand for them. Farms found it difficult to sell their products. The income structure has changed. The share of income from individual agricultural holdings decreased and income from non-agricultural work and social benefits increased. Poland's integration with EU and having included Polish agriculture in Common Agricultural Policy contributed to the improvement of economic situation of agricultural holdings, mainly as a result of funds inflow within direct payments. The amount of support depended on the size of the holding, therefore the majority of holdings in Poland, that is small holdings, did not benefit much.*

Keywords: *households, country-city comparison, income, expenses, direct payments.*