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LAW AND ECONOMICS – SELECTED ISSUES OF MUTUAL RELATIONS ON THE EXAMPLE OF AGRICULTURAL LEGAL REGULATIONS

The foundations of modern legal regulations are derived from different legal systems of several primary sources, such as ideology, government or political system, religion, tradition or economics. The latter increasingly determines the emerging regulations. First of all, it is noticeable in the legislation regulating financial assistance from measures financed by the European budget. Law and economics in this area correlate with each other and complement each other in order to achieve an adequate standard of living for the recipient of the legal norm through legal regulations. The instruments defined in the law are to help achieve an appropriate economic status.

The implementation of this objective is possible by creating a legal system of incentives for the recipient of a legal norm, which will allow him to safely carry out the investment process, consistent with the laws of the market as well as allowing to achieve appropriate financial effects. The law is to be a tool for the implementation of economic plans. It should also be emphasized that without the law, no modern economic intention could be fully realized. In this regard, law and economics co-exist and their relationship is to bring as much benefit to the recipient of the legal norm as possible.

Studies on the relationship of law and economics in Polish¹ and world² science are on the rise. This article will only raise some observations of the modern relationships between law and economics on the example of legal agricultural

¹ J. Stelmach, B. Brożek, W. Załuski, *Dziesięć wykładów o ekonomii prawa*, Warszawa 2007; R. Stroiński, *Wprowadzenie do ekonomicznej analizy prawa (Law and Economics)*, [in:] ed. M. Bednarski, J. Wilkin, *Ekonomia dla prawników i nie tylko*, Warszawa 2008, p. 484–485; J. Bełdowski, K. Metelska-Szaniawska, *Ekonomiczna analiza prawa (Law and Economics). Wprowadzenie*, [in:] R. Cooter, T. Ulen, *Ekonomiczna analiza prawa*, Warszawa 2009, p. XIX–XXIV; E. Oźga, *The Great Dictionary of Law and Economics. English-Polish*, Warszawa 2006.

² R. Cooter, T. Ulen, *Ekonomiczna analiza prawa*, Warszawa 2009; U. Mattei, *Comparative Law and Economics*, Michigan 1998; W. Kasper, M. E. Streit, *Institutional economics: social order and public policy*, Cheltenham, Northampton, 1998; G. Calabresi, *Some Thoughts on the Risk Distribution and the Law of Torts*, „Yale Law Journal” 1961, No. 70; M. Tunick, *Efficiency, Prac-*

regulations. Considerations are assumed to be a contribution to further discussion in terms of penetration of concepts and tools of economic analysis to the legal system.

Particular significance of the relationship between law and economics is gained in agricultural law³. In regulations concerning this sector in European law, covering nearly half of new laws and half of the European Union budget, the problems of the new legislation can be clearly seen, which is becoming subordinate to achieving appropriate financial efficiency and economic indicators. In agricultural law one can observe the penetration of both national and European regulations as well as relevant economic requirements, which included in the EU regulations should be achieved by the Member State.

This article will address selected topics of mutual relations between law and economics on the example of regulations derived from both national and⁴ European⁵ agricultural law. One may notice that the increasing specialization of agriculture requires precise legislation, which will enable to achieve the desired economic effect. The analysis will allow to identify some *de lege ferenda* as well as *de lege lata* proposals in terms of applying specific regulations. The transfer of casual examples on the analysis of legal instruments with regard to the legal system will allow to work out some basic relationships between law and economics which are visible, regardless of the field of law that is subjected to analysis. Well-written law will not only be conducive to its non-conflicting use but should also improve economic indicators, increasing the competitiveness of agriculture⁶.

tices and the Moral Point of View: Limits of Economic Interpretations of Law, [in:] *Theoretical Foundations of Law and Economics*, ed. M. D. White, Cambridge 2009.

³ A. Lichorowicz, *Pojęcie i przedmiot prawa rolnego*, [in:] *Prawo rolne*, ed. A. Stelmachowski, Warszawa 2009, p. 27; A. Lichorowicz, *Pojęcie stosunku prawno-rolnego jako kryterium wyodrębnienia prawa rolnego w systemie prawa*, „*Krakowskie Studia Prawnicze*” 1987, No. XX, p. 150 and next; R. Budzinowski, *Prawo rolne, jego przedmiot i definicja*, [in:] *Prawo rolne*, ed. P. Czechowski, Warszawa 2015.

⁴ R. Budzinowski, *Sprzeczności rozwojowe prawa rolnego*, „*Przegląd Prawa Rolnego*” 2008, No. 2, p. 13 and next; R. Budzinowski, *Problemy ogólne prawa rolnego. Przemiany podstaw legislacyjnych i koncepcji doktrynalnych*, Poznań 2008; S. Ritterman, *Prawo rolne a system prawa*, „*Studia Cywilistyczne*”, Kraków 1963, No. II, p. 73 and next; P. Czechowski, K. Marciniuk, A. Niewiadomski, P. Wojciechowski, *Prawo rolne jako przykład mieszanej metody cywilno- i administracyjnoprawnej w kontekście krajowym i europejskim. Jego rola jako przedmiotu obowiązkowego*, [w:] *Dziedziny prawa, dyscypliny i metody prawnicze*, ed. T. Giaro, Warszawa 2013, p. 105–118.

⁵ A. Jurcewicz, *Traktatowe podstawy unijnego prawa rolnego w świetle orzecznictwa. Zagadnienia wybrane*, Warszawa 2012; *Prawo i polityka rolna Unii Europejskiej*, ed. A. Jurcewicz, Warszawa 2010; P. Czechowski, A. Niewiadomski, *Tendencje rozwoju polskiego prawa rolnego w związku z nabyciem członkostwa Polski w Unii Europejskiej*, „*Studia Iuridica Agraria*” 2009, No. VII, p. 30–45.

⁶ A. Z. Nowak, A. Niewiadomska, *Wpływ funduszy strukturalnych na wzrost konkurencyjności polskiego rolnictwa – wybrane aspekty ekonomiczne*, „*Studia Iuridica Agraria*” 2012, Vol. X, p. 307–325; P. Czechowski, A. Niewiadomski, *Wpływ funduszy strukturalnych na wzrost*

At the outset, it should be noted that the economic and financial results of the previous programming period of European aid for Polish agriculture made it possible to change the selection of legal mechanisms and specific instruments (measures) that are used to improve the profitability of the Polish agricultural sector⁷. Just as an example one can specify departure from the prosocial actions of structural pensions, which did not significantly affect the economic performance of agriculture in Poland⁸ but contributed to the change in generation in agriculture. The modern programming system also provides measures⁹ which will be difficult to assess from an economic point of view, like the various elements that are to enhance the improvement of environmental protection¹⁰. This approach is unusual for typical economic analyses, allowing only to estimate the achieved financial results¹¹. There is no doubt that the social dimension here is not to be underestimated. Elements that cannot be subject to economic assessment that does not raise much doubt will not be subject to further analyses; although considering the reform of the Common Agricultural Policy after 2013 one should not forget that they become one of the main objectives of the action of European institutions¹².

At this stage of legislation development several issues bordering on law and economics can be seen. The first is the penetration of typical economic concepts to legal regulations. For example, only terms such as competitiveness¹³, SWOT

konkurencyjności polskiego rolnictwa – aspekty prawne, „Studia Iuridica Agraria” 2012, Vol. X, p. 326–334; B. Wieliczko, *Mechanizmy oddziaływania funduszy strukturalnych na konkurencyjność polskiego rolnictwa*, „Studia Iuridica Agraria” 2012, Vol. X, p. 443–457.

⁷ A. Niewiadomska, A. Niewiadomski, *Structural Funds of Polish Agriculture*, „World Academy of Science, Engineering and Technology” 2012, issue 71, p. 1804–1810.

⁸ B. Tańska-Hus, *Renty strukturalne jako instrument poprawy struktury obszarowej rolnictwa i przyspieszenia wymiany pokoleń*, „Studia Iuridica Agraria” 2012, Vol. X, p. 404–423.

⁹ E. Tomkiewicz, M. Bocheński, *Polityka rozwoju obszarów wiejskich w perspektywie lat 2014–2020 w kontekście nowych wyzwań*, „Studia Iuridica Agraria” 2012, Vol. X, p. 239–250.

¹⁰ B. Jeżyńska, *Proekologiczne instrumenty wsparcia zrównoważonego rozwoju obszarów wiejskich*, „Studia Iuridica Agraria” 2012, Vol. X; S. Prutis, *Regulacje prawne produkcji ekologicznej w rolnictwie polskim*, „Studia Iuridica Agraria” 2013, Vol. XI, p. 39–59; B. Jankowski, *Oddziaływanie Wspólnej Polityki Rolnej na ochronę środowiska*, „Studia Iuridica Agraria” 2012, Vol. X, p. 515–525.

¹¹ J. Stoksik, *Wybrane zagadnienia ochrony interesów finansowych Unii Europejskiej w dziedzinie Wspólnej Polityki Rolnej*, „Studia Iuridica Agraria” 2012, Vol. X, p. 424–442.

¹² A. Jurcewicz, *Wspólna Polityka Rolna Unii Europejskiej*, [in:] *Prawo rolne*, ed. P. Czechowski, Warszawa 2011, p. 97–100.

¹³ M. E. Porter, *The Competitive Advantage of Nations*, New York 1990, for: R. J. Stimson, R. R. Stough, R. H. Roberts, *Regional Economic Development. Analysis and Planning Strategy*, Berlin 2006; A. Woś, *Konkurencyjność potencjalna polskiego rolnictwa*, Warszawa 2001; M. Lubiński, *Konkurencyjność gospodarki. Pojęcie i sposób mierzenia*, [in:] *Międzynarodowa konkurencyjność gospodarki Polski – uwarunkowania i perspektywy. Raporty. Studia nad konkurencyjnością*, Warszawa 1995; H. Adamkiewicz, *Uwarunkowania konkurencyjności przedsiębiorstw w gospodarce rynkowej*, Gdynia 1999; H. Wysokińska, *Konkurencyjność w między-*

analysis¹⁴, added value¹⁵, investment risks¹⁶, achievement indicators, and financial allocation have already become one of the elements of both EU regulations and national laws and implementing acts. The penetration of the concepts of economics to law allows the unification of various regulations and sectors. The specificity of terms borrowed from economics is that their meanings are fairly established and cannot be subject to quite interpretation of the law. This relationship of law and economics allows for another observation: by introducing competent institutions of economic sciences to the legal system, the law becomes safer and promotes certainty of rotation.

One of the legal acts that can be classified as an act bordering on law and economics is the Rural Areas Development Programme 2014–2020 (RADP 2014–2020). It contains a detailed SWOT analysis, which shows that economic mechanisms and means of financial aid should be applied and introduced into the legal system in order to achieve the desired effect¹⁷. This analysis contains “a comprehensive overview of the current situation under the programme based on contextual indicators – common and concerning individual programmes – as well as qualitative information”¹⁸. This description consists of a number of economic categories, such as: unemployment rate¹⁹, professional activity rate, GDP analysis²⁰, description of the average monthly disposable income per 1 person in households in rural areas²¹, agricultural competitiveness, its profitability.

This analysis, with more than 50 pages, is the basis for creating the entire system for financing the development of rural areas for the next six years. Without economic knowledge, the construction of effective legal mechanisms in this regard may prove to be ineffective. It is also necessary to incorporate the weaknesses of planned measures raised in the RADP and take appropriate preventive measures indicated there. In this way, a typical instrument of economic analysis, which is SWOT, can protect against legislative errors and regulatory inefficiencies. Undoubtedly, to prepare such an analysis, not only legal but also economical knowledge is needed. It is indicated in the RADP itself, repeatedly invoking for example works of the Institute of Economics, Agriculture and Food Economy.

narodowym, globalnym handlu technologiami, Warszawa 1999; *Klasy w strategii rozwoju konkurencyjności na Mazowszu*, ed. A. Z. Nowak, Warszawa 2009; T. Przybyciński, *Polityka konkurencyjności a ład rynkowy*, Warszawa 2002; T. Dołęgowski, *Konkurencyjność a procesy integracyjne w Europie*, Warszawa 2000.

¹⁴ K. Oblój, *Strategia organizacji*, Warszawa 2007, p. 56 and next.

¹⁵ D. Begg, S. Fischer, R. Dornbusch, *Makroekonomia*, Warszawa 2007, p. 27.

¹⁶ A. Michalak, *Finansowanie inwestycji w teorii i praktyce*, Warszawa 2007, p. 25–29.

¹⁷ RADP 2014–2020, p. 23–73.

¹⁸ *Ibidem*, p. 23.

¹⁹ D. R. Kamerschen, R. B. McKenzie, C. Nardinelli, „*Ekonomia*”, Warszawa 1994, p.120–122.

²⁰ D. Begg, S. Fischer, R. Dornbusch, *Makroekonomia...*

²¹ *Ibidem*, p. 334–343.

RADP also includes a comprehensive indication of performance targets, as well as a financial plan for specific measures. Terms from economic sciences like effective resources management, profitability and competitiveness of farms, production capacity, investments in fixed assets also appear in this legal act. This calculation only shows that modern agricultural law from the aid sector is not possible to be understood without defining the relevant concepts and economic categories. This specification is attempted by the legislator in consecutive laws by defining criteria of access to particular measures and the intended effect of the aid provided. Such a system allows to bring meanings of individual terms from the borderline of sciences on finance and economics closer to farmers.

Similar inclusion of information in the field of economics can be observed in implementing acts, which refer to the RADP. For example, only in the regulation of the Minister of Agriculture and Rural Development dated 13 July 2015 on the detailed conditions and procedures for the granting, payment and reimbursement of financial aid for operations like „Bonuses for young farmers” under the sub-measure “Aid in starting a business for young farmers” under the Rural Areas Development Programme for 2014–2020²² it is indicated in § 2 sec. 1 item 6 letter b that aid is granted for a farm, whose economic size is not less than 13,000 EUR and not more than 150,000 EUR. This means the necessity for farmers to select the proper economic instruments to estimate the value of their farm, taking into account the value of work, or depreciation. At the outset, it is also expected that a potential beneficiary has knowledge of the mechanisms on the border between economics and management in the preparation of a business plan, which is another of the requirements for access to aid.

Only these two examples above clearly indicate a deepening tendency of law and economics penetrating one another. The law becomes an instrument for achieving the intended financial and social effects. The modern lawyer should know not only the basic economic concepts but also to use their knowledge of finance, management, or elements of social engineering. Determining the enumerated criteria for access to specific aid allows to clearly objectify its granting. Such a mechanism should strengthen in the addressee of the legal norm the certainty of the law and constitutional rule of a democratic lawful state. Economics in law through its measurability becomes an instrument that reinforces the sense of just judgments and decisions of state bodies.

For reliability it should also be pointed out that certain criteria for access to aid allow some backlash in decisions. Even a drafted business plan will be

²² Regulation of the Minister of Agriculture and Rural Development dated 13 July 2015 on the detailed conditions and procedures for the granting, payment and reimbursement of financial aid for operations like “Bonuses for young farmers” under the sub-measure “Aid in starting a business for young farmers” under the Rural Areas Development Programme for 2014–2020 (OJ of 2015 No. 982 as amended).

assessed in terms of its feasibility. The law in this area provides some exits securing against the rigid rules of the economic game.

Not only the initial phase of granting aid is covered by the relevant requirements of the economy but also the end result should be evaluated through the prism of financial and economic analysis. In the regulation cited above in § 6 sec. 1 item 3, it is indicated that one of the final effects of the aid used is to lead to achieving growth in economic size of a farm by at least 10% compared to its initial economic size. This means the need to re-calculate the economic value of the farm and determine its appropriate growth rate. For the average farmer, this type of calculation may be a problem, especially if the aid was granted over a longer period of time, and the calculations must take into account many economic variables, such as depreciation or value of harvest executed in the given year.

De lege lata should provide farmers the assistance of qualified experts, who will help assess the size of economic value both *ex ante* and *ex post*. Such treatment should enhance the possibility of farmers benefiting from the aid and increase the level of competitiveness of Polish agricultural market compared to other countries²³. Such aid may be needed in other activities under the RADP due to the same specific final results for individual aid instruments.

The penetration of economic concepts into the legal system can be seen also on quasi-legal documents like brochures and guides used to depict the existing legal system. Legal institutions are translated into a language that is accessible for the addressee of the law. By design it is to help understand the requirements posed and to facilitate access to the aid system. An example here might be for instance the information material concerning payments for greening²⁴. The system of payment by principle applies to all farmers, and so far about 1.4 million eligible persons efficiently benefited from the direct payments. The cited brochure contains a number of mathematical formulas, which, when applied, should answer potential beneficiary, whether it meets the eligibility criteria for assistance.

In appreciating all kinds of improvements and clarifications, one should remember however, that such documents should be prepared with due diligence and attention to the precision of words. Most farmers will read these brochures, but not the regulations, and those documents that do not have strictly legal form will become the basis for them in making investment and economic decisions.

²³ On competitiveness cf. also W. Poczta, P. Siemański, *Konkurencyjność rolnictwa polskiego po przystąpieniu do Unii Europejskiej*, Poznań 2010, p. 11; A. Woś, *Konkurencyjność potencjalna...*; P. Czechowski, *Proces dostosowywania polskiego prawa rolnego i żywnościowego do prawa Unii Europejskiej*, Warszawa 2001; W. Poczta, *Change in agriculture with particular focus on structural transformations*, [in:] J. Wilkin, I. Nurzyńska, *Rural Poland 2012 Rural Development Report*, Warszawa 2012; P. Cichalewska, S. Brodecki, *Wpływ Programu Rozwoju Obszarów Wiejskich 2007–2013 na konkurencyjność polskiego rolnictwa*, „*Studia Iuridica Agraria*” 2012, Vol. X, p. 355–365.

²⁴ <http://www.minrol.gov.pl/content/download/57938/318675/version/1/file/materia%C5%82%20informacyjny.pdf>.

De lege ferenda one should call for a legal and economic analysis of the materials made available, bearing in mind that legal decisions in the event of a dispute will be resolved by the court, whose role is to manage the system of the current law and not advisory documents. Penetration of economics and law in legal acts in this aspect gains a new element of impact on the acts beyond the law.

The aforementioned Rural Areas Development Programme contains another element that combines law and economics. It is a very detailed financial plan with descriptions of all indicators and targets. In modern law, one can observe not only specification of allocation of the granted aid, but recording specific quota data allocated to each activity. This translates to later legislation, which indicates specific amounts awarded under various aid instruments. Such operations are aimed to ensure the proper planning of the budget and also to ensure an appropriate level of the investment process. It should be much easier to plan out a business plan if the farmer knows what aid he can count on.

Introducing specific amounts or specific sizes to legal acts is conducive to the certainty of turnover and transparency of the aid awarded. At the same time it provides a system where the farmer either obtains aid or not. In principle there is no possibility of granting partial aid, awarding only part of the amount applied for. This allows to estimate the size of the aid received at the outset. In this regard, the mechanisms of economic analysis are used, which allow to predict the macro and micro-economic effect of the awarded aid.

In addition, it can be mentioned that studies on the impact of European funds on the competitiveness of Polish agriculture do not allow to formulate a clear positive response to the significant impact of funds for increasing profitability in the agricultural sector²⁵. Of course, this remark applies to all activities in general. Scientific studies conducted in relation to specific activities produce different results. The legal and economic problem becomes the measurability of the effects of the aid granted, as well as the increase of competitiveness after their application.

Legislation also combines modern economic sciences and management with requirements that are placed on individual beneficiaries. As an example, one can indicate cross compliance as the basis for any kind of aid obtained²⁶. These include, in accordance with the Regulation of the European Parliament and of the Council (EU) No. 1306/2013 dated 17 December 2013 on the financing of the common agricultural policy, its management and monitoring, and the norms repealing Council Regulation (EEC) No. 352/78, (EC) No. 165/94, (EC) No. 2799/98, (EC) No. 814/2000, (EC) No. 1290/2005 and (EC) No. 485/2008²⁷ on

²⁵ A. Z. Nowak, A. Niewiadomska, *Wpływ funduszy strukturalnych...*

²⁶ B. Jeżyńska, *Znaczenie i funkcje zasady cross-compliance w systemie rolniczych dopłat bezpośrednich*, „*Studia Iuridica Lubliniensia*” 2010, No. 13, p. 35–50.

²⁷ Regulation (EU) No 1306/2013 of the European Parliament and of the Council of 17 December 2013 on the financing, management and monitoring of the common agricultural policy and repealing

maintaining land belonging to the farm in Good Agricultural and Environmental Conditions (GAEC) and basic requirements in the field of management (Statutory Management Requirements – SMR). The latter are specified in Appendix II to Regulation 1306/2013. These included adherence to a number of activities related to the proper management specified in other acts²⁸. Reference to European and national regulations (through the system of directives²⁹) is intended to provide assurance that the principles of cross-compliance are observed.

The SMR system also allows to unify the procedures associated with managing a farm for the whole of the European Union. This creates a uniform framework of competition for farmers also in applying for financial aid from European funds. In this regard, the relationship between law and economics helps to ensure the reliability and objectivity of the criteria applied. Only the question remains, whether the distribution of the requirements into several legal acts allows the farmer to sufficiently prepare their workshop to the tasks undertaken. One should postulate *de lege ferenda* for the simplification of these rules and their clear specification. Meeting the requirements of cross compliance is the basis for applying

Council Regulations (EEC) No 352/78, (EC) No 165/94, (EC) No 2799/98, (EC) No 814/2000, (EC) No 1290/2005 and (EC) No 485/2008 (OJ EU of 2013 No. 347, p. 549 as amended).

²⁸ These primarily include: Council Directive 91/676/EEC of 12 December 1991 concerning the protection of waters against pollution caused by nitrates from agricultural sources (OJ L 375, 31.12.1991, p. 1); Directive 2009/147/EC of the European Parliament and of the Council of 30 November 2009 on the conservation of wild birds (OJ L 20, 26.1.2010, p. 7); Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild flora and fauna (OJ L 206, 22.7.1992, p. 7); Regulation (EC) No 178/2002 of the European Parliament and of the Council of 28 January 2002 laying down the general principles and requirements of food law, establishing the European Food Safety Authority and laying down procedures in matters of food safety (OJ L 31, 1.2.2002, p. 1); Council Directive 96/22/EC of 29 April 1996 concerning the prohibition on the use in stockfarming of certain substances having a hormonal or thyrostatic action and beta-agonists, and repealing Directives 81/602/EEC, 88/146/EEC and 88/299/EEC (OJ L 125, 23.5.1996, p. 3); Council Directive 2008/71/EC of 15 July 2008 on identification and registration of pigs (OJ L 213, 8.8.2005, p. 31); Regulation (EC) No 1760/2000 of the European Parliament and of the Council of 17 July 2000 establishing a system for the identification and registration of bovine animals and regarding the labelling of beef and beef products and repealing Council Regulation (EC) No 820/97 (OJ L 204, 11.8.2000, p. 1); Council Regulation (EC) No 21/2004 of 17 December 2003 establishing a system for the identification and registration of ovine and caprine animals and amending Regulation (EC) No 1782/2003 and Directives 92/102/EEC and 64/432/EEC (OJ L 5, 9.1.2004, p. 8); Regulation (EC) No 999/2001 of the European Parliament and of the Council of 22 May 2001 laying down rules for the prevention, control and eradication of certain transmissible spongiform encephalopathies (OJ L 147, 31.5.2001, p. 1); Regulation (EC) No 1107/2009 of the European Parliament and of the Council of 21 October 2009 concerning the placing of plant protection products on the market and repealing Council Directives 79/117/EEC and 91/414/EEC (OJ L 309, 24.11.2009, p. 1); Council Directive 2008/119/EC of 18 December 2008 laying down minimum standards for the protection of calves (OJ L 10, 15.1.2009, p. 7).

²⁹ P. Czechowski, *Standardy harmonizacji prawa*, [in:] *Prawo polskie a prawo Unii Europejskiej*, ed. E. Piontek, Warszawa 2003, p. 67–72.

for any aid coming from European funds, so their knowledge and scope cannot raise doubts.

After all, a very strong relationship between law and economics can be seen at the stage of regulating the method of awarding payments. Due to the different currency systems in some of the EU Member States, European legal acts settle issues related to determining the value of the currency paid to the farmer. The already cited Regulation 1306/2013 in art. 106 indicates that the Member States which have not adopted the Euro, the prices and amounts are converted into national currency using the exchange rate. Further it is clarified that the operative term for the exchange rate is the term of: completing customs formalities at import or export in the case of amounts collected or granted in trade with third countries; in all other cases - the moment when the economic objective of the operation is attained. The very determination of the economic objective of operations in the context of anticipated growth inclines to seek economic instruments that allow to determine the attainment of this objective.

The inclusion of currency exchange instruments seems necessary due to the fragmentation of the currency in individual countries. It needs to be indicated that such procedures are found in almost all European legal acts which relate to the transfer of funds to the Member States. The European Central Bank, as an entity determining the exchange rate of the common currency, is included in this. Such regulations are safety valves for the conducted investments and they allow to estimate the amount of funds received in the national currency, taking into account the currency risk.

The relationship between law and economics can also be seen through the analysis of a single agricultural market organization³⁰. Regulation of the European Parliament and of the Council (EU) No. 1308/2013 dated 17 December 2013 establishing a common organization of markets for agricultural products and the repealing regulations of the Council (EEC) No. 922/72, (EEC) No. 234/79, (EC) No. 1037/2001 and (EC) No. 1234/2007³¹, clearly refers for instance to various types of the regulated prices system by introducing or giving a new meaning to maximum prices, minimum prices, output prices, reference prices, purchase

³⁰ E. Tomkiewicz, *Wspólna polityka rolna po reformie z 2003 r.*, „Studia Iuridica Agraria” 2005, Vol. V, p. 211–220; P. Czechowski, *Proces dostosowania polskiego prawa rolnego i żywnościowego do prawa Unii Europejskiej*, Warszawa 2002, p. 202 and next; M. Gruda, *Instrumenty polityki rolnej oraz ich skuteczność*, [in:] *Analiza produkcyjno-ekonomicznej sytuacji rolnictwa i gospodarki żywnościowej w 2006 roku*, ed. A. Woś, Warszawa 2007, p. 34–56; I. Lipińska, *Nowe przepisy w zakresie organizacji wspólnotowego rynku rolnego*, „Przegląd Prawa Rolnego” 2008, No. 1; P. Czechowski, M. Korzycka-Iwanow, S. Prutis, A. Stelmachowski, *Polskie prawo rolne na tle ustawodawstwa Unii Europejskiej*, Warszawa 2002, p. 206–223.

³¹ Regulation of the European Parliament and of the Council (EU) No. 1308/2013 dated 17 December 2013 establishing a common organization of markets for agricultural products and the repealing regulations of the Council (EEC) No. 922/72, (EEC) No. 234/79, (EC) No. 1037/2001 and (EC) No. 1234/2007 (OJ EU of 2013 No. 347, p. 671 as amended).

prices. The price system is just one example of how the theory of the “invisible hand of the market”³² in the agricultural sector, with appropriate safeguards, was reconciled with state interference in the free movement of agricultural products. The regulation also provides for so-called intervention stocks institutions, which assume the existence of the state on the open market.

The regulation also outlines the rules of turnover of agricultural products in trade with third-party countries using not only the already known mechanism of community customs but also by introducing import and export control, introducing quality certification of production. As a rule, such treatments are intended to protect the internal European market and the agricultural producers operating there. By design, such regulations also interfere with the free turnover of goods and cause a disturbance of the rules governing supply and demand. With scientific reliability, it must also be emphasized that this regulation, as a result of a fairly long evolution of these provisions, provides for mechanisms to inhibit excessive interference by creating a catalogue of possible interferences with a detailed description of the possible situations of application.

In regulation 1308/2013 the rules of competition described in the Treaty on the functioning of the European Union were also modified. Art. 206–210 specifies certain possible exemptions for agriculture and the organization of the agricultural market, e.g. related to abuse of a dominant position.

The analysis of the relationship between law and economics shows many fields of interaction. First of all, the use of economic instruments in the legal system is observable in the achievement of the desired financial effects and socio-economic objectives. In this regard, the location of some typical tools of economic analysis in the provisions of European and national law was observed, which enable to support and objectify the investment process. The article indicates changes in the current legal system that are possible to carry out, which could streamline the described process of allocating funds.

The modern system of aid for agriculture could not exist without effective economic tools, such as business plan, estimating and identifying appropriate indicators of achieving the desired objectives, exchange rate, etc. Aside from knowledge of the law and financial rules, the farmer should also know the rules associated with the management of his farm. This requires the deepening of basic economic principles and creating equal opportunities for the farmer of a start compared to farmers in other European countries. The entire system of effective agricultural consultancy, which should serve as appropriate aid to farmers in this scope, is significant here.

After all, the analyses of economic efficiency of allocated funds are the basis for political and economic decisions on choosing specific legal instruments – measures for financing the agricultural policy in Europe. This allows for a rational

³² P. A. Samuelson, W. D. Nordhaus, *Ekonomia*, Vol. 2, Warszawa 2004, p. 592.

choice of mechanisms which by assumption should increase the farmer's income and, if possible, equate the value of his work with the work done in other sectors of the economy.

To conclude, the relationships between law and economics gain momentum and become increasingly inseparable. Today, the lawyer must know the basic rules of sciences on management, finances, or economics in order to be able to meet the challenges that clients, not only farmers, will place before them.

LAW AND ECONOMICS - SELECTED ISSUES OF MUTUAL RELATIONS ON THE EXAMPLE OF AGRICULTURAL LEGAL REGULATIONS

Summary

The article addresses the basic relationship between law and economics on the example of the regulations contained in agricultural law. The analysis has indicated the mutual interaction of these two fields by codifying certain economic instruments in order to ensure the security of turnover and objectifying the distribution of aid funds deriving from the European budget. Regulations connected with the development of rural areas, greening policy or organization of a uniform agricultural market were subjected to detailed analyses. *De lege lata* and *de lege ferenda* postulates in the scope of possible changes and improvements were also raised.

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KEYWORDS

law, economy, agricultural law, rural areas development, agricultural market

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