

Since the dawn of mankind, agriculture has played an extremely important role and has had many functions, primarily including addressing the population's demand for food. Even though the share of agriculture in the economy drops as the country develops, other sectors cannot be run efficiently without it. Because of its specific nature, agriculture is often addressed by active policy measures referred to as interventionism, which has been discussed and disputed by economists around the world. In European Union countries, interventionism is implemented through the Common Agricultural Policy which accounts for nearly 40% of the Community budget. Currently, CAP includes two pillars: the first pillar which consists of direct payments, and the second pillar which extends to structural measures implemented in European countries as Rural Development Programs.

When implementing intervention instruments, it is crucial to specify their effects. One of the objectives pursued by an active agricultural policy is to improve the economic situation of farms. While direct payments clearly do so by providing the farmers with real positive cash flows, modernization measures do not have such a direct impact. Though many economists claim such measures to positively affect the economic situation of farms, a limited body of research based on empirical data has been conducted to support that hypothesis.

Therefore, the objective of this project is to assess the effectiveness of pro-investment intervention mechanisms in changing the resource, production and economic situation of farms in Central and Eastern European countries. The main methods employed will be the Propensity Score Matching (PSM) and Stochastic Front Analysis (SFA). As a consequence, the project tasks will contribute to the theory of economic interventionism (by assessing the agricultural intervention measures) while also serving an utilitarian purpose which is of importance to farm managers, agricultural consultancy institutions and agricultural decision makers. The research will be innovative and will contribute to enhancing the Polish and international literature on the subject with empirically proven effects of agricultural interventionism.

The project costs will be relatively small compared to amounts currently allocated to the implementation of agricultural policies. The results may help using the funds in a better, more effective way, thus providing benefits at the domestic and international levels. Also, the results will shed some new light on interventionism issues by making a clear contribution to the centuries-old discussion.