

NATIONAL UNIVERSITY OF LIFE AND SCIENCE OF UKRAINE
FACULTY OF ECONOMICS
DEPARTMENT OF GLOBAL ECONOMY

«AGRARIAN POLICY»

TUTORIAL



Kyiv-2020

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«AGRARIAN POLICY»

TUTORIAL

**for students of the fields of knowledge 05 (social and behavioral sciences) and 07
(management and administration)**

Kyiv-2020

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The tutorial the discipline "Agrarian Policy" is written on the basis of a course of lectures on the subject "Agrarian Policy" of the National University of Life and Environmental Sciences of Ukraine developed and tested by the authors. It includes theoretical and practical materials on public policy instruments in the agricultural sector, the history and prospects of agricultural policy in Ukraine and foreign economic development strategies. It will be useful for OS students Master of English-language groups in higher education institutions of III-IV levels of accreditation of full-time and part-time education, as well as for teachers, graduate students and employees of state and regional government in their practical work.

**НАЦІОНАЛЬНИЙ УНІВЕРСИТЕТ БІОРЕСУРСІВ
І ПРИРОДОКОРИСТУВАННЯ
ЕКОНОМІЧНИЙ ФАКУЛЬТЕТ
КАФЕДРА ГЛОБАЛЬНОЇ ЕКОНОМІКИ**

АГРАРНА ПОЛІТИКА

НАВЧАЛЬНИЙ ПОСІБНИК

**для студентів галузей знань 05 (соціальні та поведінкові науки) та 07
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Аграрна політика: навчальний посібник / Наконечна К.В. – К.: НУБіП України, 2020 – 201 с.

Навчальний посібник «Аграрна політика» написано на основі розробленого і апробованого авторами курсу лекцій з дисципліни “Аграрна політика” Національного університету біоресурсів і природокористування України. Він включає теоретичні і практичні матеріали стосовно інструментів державної політики у аграрному секторі, історію виникнення та перспективи розвитку аграрної політики в Україні та зовнішньоекономічні стратегії розвитку. Буде корисним для студентів галузей знань 05 та 07 вищих навчальних закладах III-IV рівнів акредитації денної та заочної форми навчання, а також для викладачів, аспірантів та працівників органів державного та регіонального управління в їх практичній роботі.

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Introduction

Normal development of society is possible only on the basis close and harmonious interaction of the main spheres of life - political, economic, social and spiritual. It belongs to the economy exceptional role in ensuring the life of society as a sphere of production and reproduction of material goods. This forced the state power to some extent to interfere in economic processes, to adjust them, ie to develop and implement economic policy.

Agrarian policy pursued in Ukraine since its acquisition political independence, has passed the path of development, ambiguous evaluated by the nature, level of organization and socio-economic performance. On the one hand, ambiguity associated with a wide variety of issues that shape the issues of agricultural policy, and on the other - with a wide range of evaluation criteria. All this actualizes the systematization of stages and directions of agrarian policy of the state in the historical and socio-economic plan.

The multifaceted nature of the issues of the course "Agrarian Policy" requires students to get acquainted with a huge amount of information, different in direction, sources and form. Specificity of the discipline is also the need for constant updating of information on certain topics, which makes it impossible to use in full classic manuals. With this in mind, there is a need to on the one hand, in the systematic presentation of the material, and on the other - in acquainting students with such indicators that would correspond to modernity.

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TOPIC 1. REASONS FOR STATE REGULATION OF AGRICULTURAL PRODUCTION AND THE ESSENCE OF AGRARIAN POLICY OF THE STATE

1. Features of agricultural production that cause government regulation.
2. The essence of agricultural policy of the state.
3. Interest groups in agricultural policy.
4. Possibilities of state regulation of agricultural production.
5. The system of agricultural policy goals.

1. Features of agricultural production that cause government regulation:

1. **Use of land as a means of production.** In agriculture, land is not only the basis for the location of the enterprise, as in other sectors of the economy, but also used as a direct resource for production. An important characteristic of land as a productive resource in agriculture is its fertility. Land plots differ significantly by their qualities: some are more fertile, others - less, in addition, even in one field, different plots of land can differ significantly by fertility.

2. **Agricultural production is highly dependent on natural conditions.** Even in countries with a high culture of agricultural production, where intensive technologies of agricultural production are used, its results remain unpredictable. Droughts, floods, pests and plant and animal diseases make the agricultural sector a risky area.

3. **Agriculture is an industry with perfect competition/as in the agricultural sector two conditions of perfect competition are performed:**

- 1) the presence on the market of a large number of sellers, each of which does not have enough supply to influence the price;
- 2) the freedom of sellers to enter the market and leave it.

Agriculture in developed countries is conducted mainly by farms, which, although may be large enough, but not able to monopolize the sector.

There are always enough sellers in the agricultural market so that none of them can offer such a quantity of products that would significantly affect the price.

However, entry into and exit from agricultural markets in developed countries is quite free. In countries with developed economies there is a well-established market for agricultural land, its lease is widespread, there is a mortgage lending, which facilitates lending to production.

All this means that anyone who wants to start agricultural production can get the main resource for it.

And vice versa, any farmer who understands the unprofitability or insufficient profitability of his farm may sell it without any legal, institutional or economic restrictions.

Later we will talk about the immobility of resources in agriculture, which to some extent limits the free exit from the market of agricultural products, but in the long run this problem can be overcome.

However, it should be noted that the statement of perfect competition in the agricultural sector is valid only for developed countries where there is a perfect market. But perfect competition is not the case for developing countries and countries with economies in transition.

Although the number of sellers in the agricultural markets of such countries is even greater than in developed countries, whereas, firstly, the share of the rural population is higher (up to 70%) and, secondly, the peasant farms themselves are much smaller, however, the underdevelopment of the market for products and resources, and especially the land market, makes it difficult, and sometimes impossible, to enter and exit this market.

In addition, in developing countries, perfect competition is hampered by the weak and uneven development of market infrastructure, the inaccessibility of price information for producers, and, as a consequence, the possibility for intermediaries to easily prosper by the expense of the peasants.

4. Opportunities for differentiation of agricultural products are very limited.

Of course, technical progress in this area is accompanied by the derivation of ever-improving varieties of plants and animal breeds. However, breeding activities are aimed mainly at improving the production qualities of new species of plants and animals: to decrease sensitivity to diseases, pests and adverse weather conditions, to increase productivity manufacturability, including suitability for mechanized or even automated technology, etc.

However, even improved by breeders wheat and carrots in terms of its consumer qualities remains the same as wheat or carrots, and it is difficult to increase the usefulness of these products for consumers, and hence to raise the price for agricultural product .

As a result, compared to other sectors of the economy, farmers are more limited in their ability to raise prices for their products, as, for example, carmakers do with each new car model.

As a result, throughout almost the entire history of agricultural development, the so-called parity of prices for agricultural products and means of production for agriculture (ie the price ratio that shows how many non-agricultural goods and services a farmer can buy per unit of output) changes not in favor of the agricultural sector.

5. The final product of agricultural production and the agricultural sector as a whole is food. However, **the price elasticity of demand for food is usually low.**

Consumers buy basic foodstuffs regardless of the increase or decrease in food prices in almost constant quantities.

It is estimated that the average coefficient of elasticity of agricultural products in industrialized countries is 0.2-0.25, ie in order to increase sales by 10%, producers must reduce prices by 40-50%.

for now. Thus, the program of "land reserve", which provides for the withdrawal of land from the economic

one-year use, was introduced in 1956 and abolished in 1960. The Land Bank Program or conservation reserve, which provides for the withdrawal of land from economic use on term more than one year, exists now; in addition, there are commodity programs aimed at regulating the production of feed grains, wheat, rice, cotton, wool.

State budget funds were widely used i The United States also finances electrification and telephony in rural areas. Construction of power systems in rural areas was carried out mainly by farmers' cooperatives, which the state provided soft loans (2% pe annum for 35 years) due to the established in 19 regulation of labor law issues in agriculture;

- | fight against poverty (programs to help the poor);
- | support and development of infrastructure facilities.

The activities of the US IGC are implemented through various programs of individual housing construction, electrification, system development

water supply and sewerage, assistance in renting residential premises, development of rural business, telecommunication systems, utilities, arrangement of leased residential premises,

telephony, intermediary credit, etc. In the general structure of financing, most of the funds fall on housing programs - 49% and infrastructure development programs - 42%. Fraction

business development programs is about 9%.

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