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SPECIFIC FEATURES NEW AGRICULTURAL POLICY IN THE UNITED STATE

У статті представлено існуючі погляди щодо доцільності державного регулювання сільського господарства США. Проаналізовано бюджет державної підтримки виробництва продуктів харчування, страхування врожаю сільськогосподарських культур, збереження навколишнього середовища і розвитку сільських територій, товарного виробництва на період 2014–2023 років. Розглянуто основні програми підтримки сільського господарства нової аграрної політики США, затверджені сільськогосподарським актом 2014 р., та проведено порівняння витрат на їх реалізацію з 2008 р. Встановлено, що передбачається скорочення прямих федеральних витрат на підтримку сільського господарства у розмірі 16,6 млрд дол. США.

Ключові слова: аграрна політика, державна підтримка, страхування, субсидії, продовольство, збереження природних ресурсів.

Problem definition. Agricultural policy concerns the legislative process and the laws passed affecting agricultural commodities, conservation of natural recourses, food and nutrition, bio-energy and producers and rural development. These laws can be local, state or Federal. In recent years public attention has tended to focus on agricultural policy as being legislation affecting commodities such as corn, cotton and soybeans, and food stamps. The Agricultural Act of 2014, commonly known as the 2014 Farm Bill, was signed into law on February 2, 2014. It replaces the 2008 Farm Bill which expired in 2012. The bill represents a compromise between the Senate proposed Agricultural Reform, Food and Jobs Act of 2013 and the Federal Agricultural Reform and Risk Management Act of 2013, which was proposed by the House of Representatives. Fiscal concerns played a large role in the debate over the final form of the 2014 Farm Bill. The 2014 Farm Bill contains twelve titles, down from fifteen in 2008. We focus on all components of regulation agricultural production in US.

Analysis of last researches and publications. The questions related to development and using of instruments of state regulation of agricultural production in leading countries, including the United States, are the subject of many studies of national and foreign researchers: D. Ray [1], P.A. Wise [2], L. Tweeten [3], D. Morgan, S. Cohen, G.M. Gaul [4], G.C. Fite [5], J. Hansen [6], J.W. Burnett [7], A.G. Paptsov [8], J.P. Voskobiynyk [9], A.R. Kulov [10], N.V. Trusov [11], S.V. Petrukha [12], L. Collins [13], T. Solomatina [14] and others. However, in the present conditions, when the climate changing affects the use of the potential of agriculture, increasing globalization on the world market lead to searching for effective tools of state regulation of agricultural production and improving agricultural policy in individual countries. Moreover, in the US in 2014 a new law regulating agricultural production was adopted, which leads to further researches in this direction.

The purpose for this topic is to present past and current agricultural public policy; economics principles used and analyzed policy; the processes by which they are developed and the government structure which supports the implementation of agricultural.

Methods research for preparing the topic used such scientific methods: statistical, monographic, generalization, compare, structural-functional analysis.

Research results and their discussing. Now discuss questions – why does “agricultural policy” exist? Reasons cited to continue to have a US agricultural policy have included arguments relating to: economic problems unique to agricultural; globalization; technology change, causing shifts in supply and volatility in farm income; the necessity to ensure a safe and adequate domestic food supply; environmental protection benefits to all society; necessity for risk management; politics; unequal market power necessitates regulation; arm poverty is reduced thought the provision of price and income supports; farm income stabilization; enhancing export competitiveness; production of surplus commodities ensures a cheap food supply for the populace; enhanced rural development; small farmer benefits [1].

Just as many and varied reasons are provided for the US not to have an agricultural policy. These included: US subsidies cause “gluts” (surplus production) on world markets, hurting poor Third World farmers; large farmers get majority of farm program support payments and they don’t need them because they are rich; the US has large budget deficits to take care of and can no longer afford subsidy programs;

farm bills favor the production of foods that are unhealthy; commodity supports programs keep inefficient farm units in business; landlords benefit from subsidies more than farmers; without policy the farm economy would be hurt but world recover in 3–5 years with higher price; by elimination, taxpayers would benefit more than farmers are hurt; elimination of commodity supports would reduce the cost of farming; land price would go down, allowing young farmers to buy land; trade could be enhanced agricultural policy favors some and leaves other out [2].

Different perspectives on government intervention in agricultural exist. Some support the need for intervention and other say that intervention (policy) intervention of any sort is an interference with the working of the market. The degree to which these views are supported by various interest groups and economic philosophies determines to degree to which agricultural legislation exists and continues to exist.

Five perspectives on agricultural policy include the: free marketer – this perspective is that government intervention in agricultural markets distorts them. If government leaves the market alone, it will adjust and result in the most efficient economy [3, 4]; humanitarian - a humanitarian viewpoint is that everyone has a right to food and government should ensure that no one starves; physiocratic – this viewpoint regards all real wealth as being found in land and agricultural. Therefore, government should preserve agricultural in order to preserve society and culture [5]; stabilized – this viewpoint is that instability (of income, prices, and yields) is a fundamental problem in agricultural that requires government intervention [6]; regulator – regulators say the government must provide "rational" coordination and control of human grad and actions.

Efficiency, according to an economic definition, is the point at which aggregate supply and demand are equal and the market cleared. By the free market hypothesis, societal well-being is maximized when equilibrium occurs. From a theoretical standpoint, where market are truly free, supply-and-demand equilibrium as a measure of efficiency is generally not subject to much debate amount science. In cases where measures of efficiency are not so clear or where markets are not free, policy solution can be justified where there are cases of market failure or where social welfare can be enhanced though government intervention. As regards economic efficiency and equity, the more likely it is that there will be different of opinion and different measured results. A witness to this is present-day discussion and differences of option on such issues as global warming and free trade. An additional argument used to support the need for policy intervention includes the need to mitigate supply-and-demand shocks unique to agriculture [7].

The Agricultural Act of 2014 (AA 2014) focused on the Commodities, Conservation, Crop Insurance and selected other items (tabl. 1).

Table 1. – **Expenditure of farmer support in US (Agricultural ACT of 2014) on the 2014–2023 period**

Name title	Amount, billion doll.US
1. Food and Nutrition	756
2. Crop Insurance	89,8
3. Conservation	56
4. Commodity	44,5
Total	956

Resource: the Agricultural Act of 2014.

Estimated net Federal spending reductions (in "direct spending outlays" from the 2008 bill) were 16,6 billion doll. US realized from cuts of 8 billion doll. US in the Nutrition title, 4 billion doll. US in the Conservation title and 14,3 billion doll. US in the Commodity title. The Crop Insurance title was increased by 5,7 billion doll. US. Other titles of the bill variously received budget increases or cuts over 2008 bill spending [8, 9].

Commodity program provisions of AA 2014 included the repeal of 2008 farm bill Direct Payments, the Counter-Cyclical Payments program, Average Crop Revenue Program (ACRE), Marketing Income Loss Contract (MILC), Dairy Product Price Support program and Dairy Export Incentives program. Dairy programs were replaced with a Margin Protection Program (MPP) and a dairy Products Donation Program (DPDP).

In a place of the crop commodity programs, Price Loss Coverage (PLC) and Agricultural Risk Coverage (ARC) optional programs are offered to producers of "covered commodities". Selection one of these programs locks the producer into that program over the 2014–2018 years. Covered commodities were defined in the bill as wheat, oats and barley (including these crops used for haying and grazing), grain sorghum, long and medium grain rice, pulse crops, soybeans, oilseeds and peanuts. Pulse crops were defined as dry peas, lentils, small and large chickpeas. Medium grain rice included both small grain rice and “temperate Japonica” rice.

Describe Commodity Loan Program Provisions which of the 2008 farm bill that covered all quantities of an eligible commodity produced on a farm (not only on program base acres) were largely retained in the new farm bill. In addition to the commodities covered by either the PLC or ARC programs, producer of upland and Extra Long Staple (ELS) cotton, graded and non-graded wool, mohair and honey were authorized to participate in the marketing loan program. Marketing loans and Loan Deficiency Payments (LDPs) are to be determined as in the 2008 farm bill. Loan rates are allowed to vary by crop quality condition and location. The length of all marketing loans was set at nine months with a prohibition on extending the loan term [10]. Repayment rates stipulated in the bill give Secretary Authority to require full repayment with interest or at a lower rate adjusted to market conditions. Repayments at less than the loan rate would as in the past result in a Marketing Loan Gain (MLG).

Program Base Acres exception of fruits, vegetables, tree nuts and wild rice, “Freedom to Farm” under the 1996 Farm Bill and subsequent bills allowed program base acres to be planted to alternative crops. That is, wheat base could be planted to corn, corn base to peanuts, or some other substitution or eligible crops [11]. As result, land owners are given the option of reducing base and genetic base under the 2014 farm bill. Special stipulations apply to double-cropped land if a farm has a history of double cropping. Fruit, vegetables and wild rice planting are now allowed on base acres but no program payments are authorized for base acres planted to these crops.

Next important tools in new Farm Bill are Agriculture Risk Coverage (ARC) which offered as one Commodity Program option. Two alternatives are available to producers of eligible commodities under ARC. Producers are offered a choice of risk protection covering either individual revenue losses (individual coverage ARC) or county revenue loss coverage (county-based ARC). Producers who select individual ARC must enroll all eligible crops (on that farm), but far county ARC, coverage may be chosen on a commodity-by-commodity basis. This was a necessary because of the way payment is calculated. Election of farm (individual) or county ARC precludes a producers receiving Price Loss Coverage (PLC) payments for that commodity. In additional, payments will be adjusted to accommodate producer shares.

As noted, only one ARC options can be chosen and once chosen, the decision is irrevocable for the 2014–2018 period. Eligible producers are defined at those participating in the risk of producing the crop. Producing falling to make an election for the 2014 crop year will not receive either PLC or ARC payments for 2014, and will be enrolled for PLC payments for 2015–2018 years.

Commodities eligible for ARC include wheat, corn, grain sorghum, barley, oats, long and medium grain price, soybeans, peanuts, dry peas, lentils, small and large chickpeas and other oilseeds. Program payments under individual or county ARC revenue protection are made when Actual Revenue is less than Revenue Guarantee.

The Price Loss coverage (PLC) Option is a traditional target price support program, and can be compared to the Counter-Cyclical Program price protection of the previous farm bill. Instead of Target Prices, “Reference Prices” are provided in the 2014 bill to be used to determine price-loss protection on a commodity-by-commodity basis. In general, Reference Prices of farm bill 2014 are higher than the 2008 farm bill’s Targets Price, but are well below market prices of the past few years.

Reference Prices listed in the 2014 farm bill for eligible commodities are: wheat 5,50 doll.US/bushel; corn 3,70 doll.US/bushel; grain sorghum 3,95 doll.US/bushel; barley 4,95 doll.US/bushel; oats 2,40 doll.US/bushel; long and medium rice 14 doll.US/cwt.; soybeans 8,40 doll.US/bushel; peanuts 535 doll.US/ton; dry peas doll.US/cwt.; lentils 19,97 doll.US/cwt; small chickpeas 19,04 doll.US/cwt.; large chickpeas 21,54 doll.US/cwt., and other oilseeds 20,15 doll.US/cwt. A payment under PLC is triggered if the “Effective Price” of a commodity is less than the reference price of that eligible commodity for the marketing year [12].

Important position in the new farm bill had title Conservation, which includes thirteen conservation programs. The Conservations Title’s stated purpose is to ensure the provision of clean water, abundant and safe food, the protection of wildlife from excessive disruption, and a conservation of the agricultural way of life. Overall the 2014 Farm Bill decreases direct spending from authorized programs over the period 2014–2023. This decrease is expected to reduce total federal budget deficits by16.6 billion doll. US relative to spending and revenues projected under CBO’s May 2013 baseline (CBO 2014). Direct spending for conservation programs over the ten-year period from 2014 to 2023 are expected to decrease by 3,967 million doll. US; however, only 208 million doll. US of that decrease is projected in the five year period 2014 to 2018. This represents less than a 1% cut in the budget had the 2008 Farm Bill continued through 2018. Since the Farm Bill is renewed every five years any cuts in the second half of the program will need to be approved in 2018, resulting in a much smaller impact on conservation programs than it initially appears [13].

The conservation programs funded by Title II of the 2014 Farm Bill undergo substantial realignment from 2008. Although budget cuts affect some of the functions of the programs, the realignment is set mostly to reduce administrative costs by combining programs that had substantial overlap. Through a combination of merging and retiring programs the 2014 Farm Bill brings the total number of programs from twenty-three in 2008 to thirteen in 2014. Another significant addition to the 2014 Farm Bill is the coupling of compliance with conservation program provisions with the potential loss of crop insurance premium subsidies.

There are now five major Farm Bill conservation programs, down from seven in 2008: The Conservation Reserve Program (CRS), Conservations Stewardship Program (CSP), Environmental Quality Incentives Program (EQIP), Agricultural Conservation Easement Program (ACEP), and Regional Conservation Partnership Program (RCPP). These five major programs fall into four broad categories. Three remain comparable to the 2008 Farm Bill: land retirement programs that remove land from agricultural production for conservation purposes, working lands programs that encourage environmentally friendly agricultural practices on active sites, and conservation easement programs to guarantee the conservation of agricultural land and wetlands. The fourth type of program funded by Title II are regional cooperation agreements pertaining to watershed management. The Conservation Reserve Program is the lone land retirement program under the 2014 Farm Bill with the elimination of the Grassland Reserve Program (GRP). Many aspects of the GRP were absorbed by the Agricultural Conservation Easement Program (ACEP) in the 2014 legislation.

The 2014 Farm Bill extends funding for the Conservation Reserve Program through FY2018 but marks a continuing shift away from land retirement programs and towards working lands programs. Although the CRP remains largely unchanged it has been expanded to take on the non-easement functions of GRP (CBO 2014). This allows all conservation efforts made through the retirement of lands to be consolidated into one program.

Despite the additional functions allocated to CRP in 2014 the proportion of funds allotted to CRP continues to decline. Acreage enrollment figures also reflect the shift in focus from land retirement programs to working lands programs. Compared to 2008, the 2014 Farm Bill scales back the extent to which land retirement will be used as a conservation tool. The maximum number of acres to be retired is reduced from 32 million acres to 24 million acres by 2017. This represents a 25 % decrease in the cap from 2008 and an almost 35 % decrease from peak enrollment of 36.8 million acres in 2007 [14].

Grassland enrollment will be capped at 2 million acres. These reductions in absolute acreage enrolled in land retirement programs will be offset by a shift to retiring smaller but more environ-mentally beneficial lands and promoting working land conservation on larger plots and entire farms.

The working land conservation programs of 2008, the Conservation Stewardship Program and the Environ-mental Quality Incentives Program remain funded in the 2014 Farm Bill, but undergo some expansion due to the retirement of other programs. These programs are targeted to land that has the highest conservation benefits, which are usually, but not necessarily, on smaller farms.

The other programs designated by the 2014 Farm Bill under Title II include the Voluntary Public Access and Habitat Incentive Program (VPA-HIP), Conservation of Private Grazing Land, Grassroots Source Water Protection Program, Agriculture Conservation Experienced Services Program, Small Watershed Rehabilitation Program, Terminal Lakes Program, Emergency Watershed Protection Program, and the Soil and Water Resource Conservation Program.

Conclusion. So, titles of the 2014 farm bill contain numerous changes from 2008. Many involve limiting spending on programs. Major changes in the Commodity and Crop Insurance titles were included in this bill. A shift in emphasis from commodity support to risk management and are more insurance like protection can be seen in these changes.

For future farm bills and agricultural legislation requires agricultural program spending such that there is no increase in the federal deficit. This farm bill 2014 included Nutrition cuts of 8 billion doll US over ten years. However, because funding for this title comprises 79 % of the farm bill budget, additional cuts in the Nutrition title of the farm bill are likely. As budget are reduced and changes become necessary, continued modification of the Commodity title more in line with Crop Insurance products is to be expected. The issue influence tools of the agricultural policy US in practical using on the effectivity farmer activity will be next step scientific research.

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Особенности новой аграрной политики в США

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В статье представлены существующие взгляды относительно целесообразности государственного регулирования сельского хозяйства США. Проанализирован бюджет государственной поддержки производства продуктов питания, страхования урожая сельскохозяйственных культур, сохранения окружающей среды и развития сельских территорий, товарного производства на период 2014–2023 годов. Рассмотрены основные программы поддержки сельского хозяйства новой аграрной политики США, утвержденные сельскохозяйственным актом 2014 г., и произведено сравнение затрат на их реализацию с 2008 г. Установлено, что предполагается сокращение прямых федеральных расходов на поддержку сельского хозяйства в размере 16,6 млрд дол. США.

Ключевые слова: аграрная политика, государственная поддержка, страхование, субсидии, продовольствие, сохранение природных ресурсов.

Features of the new agrarian policy in the USA

O. Varchenko

The article presents current views on the appropriateness of state regulation of agriculture of the USA. It analyzes the budget of the state support for food production, crop insurance, conservation and rural development, commodity production for the period 2014–2023 years. The main programs of agricultural support new agricultural policy of the United States, approved by the Agricultural Act 2014, are considered and compared the costs of their implementation in 2008. It was found that the assumed reduction in direct federal spending to support agriculture is 16.6 billion USD.

Keywords: agrarian policy, government support, crop insurance, subsidies, food and nutrition, conservation of natural recourses.

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