EVALUATION OF AGRICULTURAL POLICY AND SOCIAL TRANSFERS IMPACT ON AGRICULTURAL HOUSEHOLD INCOME

Summary of Doctoral Dissertation (Social Sciences, Economics)

Jurgita Baltusiene

Aleksandras Stulginskis University, Lithuania

Transfers are one of the measures to ensure welfare of the society, serving for income redistribution among the society groups. Low and unstable farming income is one of the most important reasons for public support to agriculture. Agricultural policy, both the national policy before the Lithuanian membership in the EU, and the CAP, is economic and socially oriented and related with welfare maintenance in the farming community. The problem of low income in big layer of small farmers still persists despite the CAP under implementation.

Previous studies on the impact of agricultural subsidies on farmers’ income do not bring to monosemantic conclusions. In some countries, the researchers have established that agricultural subsidies diminish differences in farms’ income and, thus, the inequality of agricultural household income, in others – increase.

Income differences among the agricultural households are very big. It can be stated a priori that the problem of low income in a numerous layers of small farmers still persists. It should be noted that most studies focus on the effects of agricultural policy in respect to farms’ income and only few studies assess these effects in respect to agricultural households.

Scientific literature emphasises low and unstable agricultural household income and seeks the solutions for this problem. The issue of the impact of agricultural policy on income is the most frequently met one in scientific literature. Such agricultural policy impact on income related problems as incorrect support of income or distribution of transfers are raised. The effects of social transfers to agricultural community income have been little investigated opposed to agricultural policy transfers. These problems have been analysed in single works only.

The research problem raised to this dissertation thesis is the evaluation of the probable impact of agricultural policy and social transfers on agricultural household income, taking into consideration the possible influence of changing direct support to agriculture payments or the social support payments that are granted to households following the principle of population income and economic condition testing.

Results of empirical research on the impact of agricultural subsidies and social benefit on agricultural household income reveal obvious differences of the influence of these transfers according to both the tested coverage of agricultural households (the narrow and the broad) and the tested four groups of households, classified by the area of cultivated land. This supposes the need to apply differentiated subsidies of direct agricultural support depending on the scale of agricultural activity, i.e. for small, medium-size, and large farms. In addition, there is a need to apply differentiated approach to income from agricultural activity and area of disposed land criteria application in provision of social benefit and other social payments to small farmers, assigned according to the Law on Cash Social Assistance to the People in Need.

The Dissertation was defended on 30 December 2013 at Aleksandras Stulginskis University.