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**CHARACTERISTICS AND MEANS OF STATE INCOME POLICY IN
AGRICULTURAL PRODUCTION**

**/Fourth Finnish-Hungarian-Polish Seminar, Csopak, Hungary,
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P R E F A C E

The Fourth Finnish-Hungarian-Polish Seminar on the "Characteristics and Means of State Income Policy in Agricultural Production" was organized by the Research Institute for Agricultural Economics and held in Csopak, Hungary, September 1 to 5, 1980. During the Seminar the following papers have been presented:

1. from Finland

- a/ Matias Torvela: Economic Results of Farming in Finland
- b/ Heikki Järvelä: Taxation of Farmers in Finland
- c/ Kalevi Hemilä: Characteristics and Main Goals of Agricultural Price Policy in Finland
- d/ Heimo Hanhilahti: Subsidies in Finnish Agricultural Policy

2. from Hungary

- a/ Kálmán Kovács: Regulation of Personal and Enterprisal Incomes in the Hungarian Agriculture
- b/ Nándor Rott: Theoretical and Methodological Problems of Income Regulation in the Hungarian Food Economy
- c/ András Balogh: Agricultural Price Policy in Hungary

3. from Poland

- a/ Zdzislaw Grochowski: Agricultural Prices as an Instrument of Shaping Incomes in the Peasant Economy in Poland
- b/ Jan Rajtar: Regulation Functions of Income Instruments in the Development of State Agriculture in Poland
- c/ Ryszard Brzezick-Tomasz Lenc: Production Aspects of Agricultural Prices Policy in Poland

The principal topics of discussion during the seminar following the presentation of the papers were as follows in detail below.

The role and position of agricultural prices in the system of agricultural policy and in the general economic policy were discussed. Starting with the establishment of agricultural prices in a system of private farming, relating the prices to average costs of production /the Hungarian

experience/, it was found that while price systems and instruments may be compared between the respective countries and it was determined that they perform similar or at least comparable functions. Greater interest and discussion was started by information on taxation and subsidies systems which are closely related to the national social and economic conditions, thus making direct comparisons more difficult.

The principal information presented concerned the system and shaping of agricultural population incomes, the level of and internal structure of agricultural prices /i.e. those of agricultural products and production inputs for agriculture/, means and ways as well targets of government policy in subsidizing agriculture and the most important observed interrelations and interdependencies between these categories and phenomena.

An important question was found the relation between the size of the farm and the effects of financial and economic instruments. The Hungarian solutions and experience in this field were discussed in detail /such as financial means, supply of production inputs, contracts for future production/, as well as the general policy of connecting the production of the small-scale production of farms with the national market and rest of agriculture.

The system and organization of conducting negotiations and establishing target prices and the role of farmer organizations in Finland was discussed in detail.

The subject of subsidies in agriculture aroused great interest. Subsidies were found to be effective in addition to price and income instruments, in shaping agricultural economics.

The Hungarian delegation provided an interesting description of small farms economics and their role in national agriculture. The merits and difficulties of the mixed ownership in Polish agriculture were presented in depth by the Polish delegation as well the perspectives of this system.

From the point of view of national economy development dynamics of considerable interest was found the relation of tax revenues provided by agriculture to the state budget as compared to the volume of government subsidies to agriculture. Taxation was found to be an effective instrument of economic policy toward agricultural development, although both the methods and the extent of this system differ considerably between the countries. Especially the propositions presented by the Polish delegation of increasing the so far limited role of taxes in state agri-

culture were of interest.

The different taxation systems were presented, with emphasis in discussion of the Hungarian model on the intersectoral differences, in Finland on the role of depreciation on shaping the farm incomes, in Poland on their significant role in private farming. In relation to this it was explained that notwithstanding the importance of price and income instruments in Polish agriculture such non-price instruments are also used to promote concentration and specialization of production, as credits, deficit production inputs allotment, other state support. In Finland, in turn, the problem of farmer generation change is one of the goals of government policy towards agriculture. The economic policy in Finland towards regional differentiation of agriculture and export marketing was the basis for discussion and comparison with the other two countries.

As a part of theoretical considerations the positives and negatives of Material Product System and System of National Accounts statistics, Hungarian and Polish experience were presented, with special consideration to the problem of price role in evaluation of flows between agriculture and the national economy.

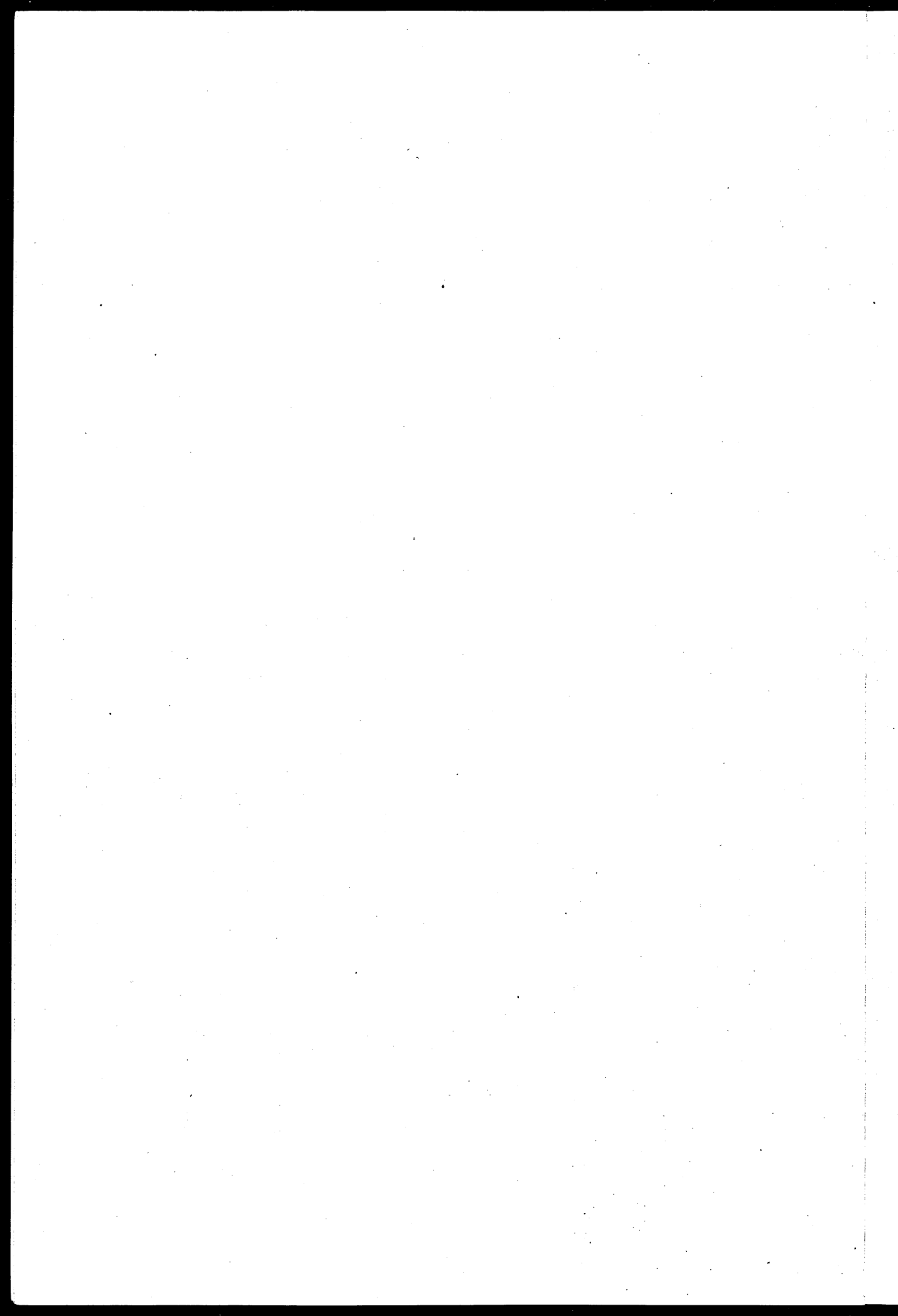
The socially and politically important problem of income parity of the agricultural population was also discussed. The social equality in this respect has important production and political aspects, clearly visible for example in the changes in Polish agriculture, state and private in the 1970s.

It was also noted that because of different social, economic and statistical systems international comparisons are difficult. An example of the problems in international statistical comparisons and in several studies varied systems of labour input measurement are used and there are national problems of farm labour statistics, different systems of land price establishment in the respective countries.

The threeilateral international agricultural economic research work will be continued. It is planned to hold the fifth Seminar in Poland in 1982.

Budapest, May, 1981

Dr. László Cséte
Scientific Director
Research Institute for Agricultural Economics
/Budapest/



F I N L A N D

