Study on the Present Situation and Problems of Financial Support for Agriculture in Liaoning Province Based on the Statistical Modeling Analysis

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Abstract
In the recent held training course of policy of financial support for agriculture, Wu Qixiu, the Treasury AD secretary, director of the rural comprehensive reform office of the State Council has given his answer. The overall plan of financial support for agriculture in "13th Five-Year" period is to fully implement the spirit of the Party's 18th National Congress of the CPC, the Third, Fourth and Fifth Plenum of the 18th CPC Central Committee, to deeply implement the spirit of General Secretary Xi Jinping’s series of important speeches, to carry out the arrangement and deployment according to the new reform of the fiscal and taxation systems under the development of new ideas, to boost the lateral structure reform of agricultural supply with the fiscal support agriculture policy, to promote the sustainable development of agriculture, strengthen farmers' welfare, and synchronously achieve the rural well-off. The main task is to reconstruct a system, realize two security goals, win three big battles, and provide strong support for promoting the economic and social sustainable and healthy development of agriculture and rural areas. Namely, reconstruct the system of finance support agriculture policy to ensure the national food security and ecological security, to fight against the poverty, to achieve structural adjustment and to increase farmers' income.

Keywords: Liaoning Province; Finance; Policy Framework

1 INTRODUCTION
After years of evolution, adjustment and development of the fiscal subsidy policies for supporting agriculture in our country, the policy framework of financial support for "Three Farming Issues" has been revealed. But compared with other countries and regions, currently, our country’s policy of financial subsidies to support agriculture has the following problems.

1.1 Total number of fiscal subsidies to support agriculture being small, stable growth mechanism being not yet formed
Compared to the developed countries, the level present of our country' financial subsidies is not high, with its total number of subsidies never reaching the allowable 8.5% in the "Amber Box Subsidy" in the Agricultural Agreement issued by WTO. Furthermore, in recent years, even the "Three Farming" fiscal subsidy amount is increasing, but due to annual disequilibrium, especially in some areas, situation of inadequate financial subsidies to support agriculture, and asymmetric financial resources allocation in urban and rural has not been completely improved. According to the Agricultural Agreement issued by WTO, available agriculture supporting subsidies in our country can be divided into the following several aspects: amber box subsidy, a subsidy should provide direct support for

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agricultural prices, and must undertake the price cutting obligation. According to regulation of the WTO yellow box policy, China's annual amount of comprehensive support to agriculture in the future should not exceed 48 billion yuan, but the existing subsidy per year on average only is about 27.6 billion yuan. It means that there is a big activity space to reach 48 billion yuan. On the other hand, the so-called "Green Box Subsidy", a subsidy shall not provide direct support for agricultural prices, and not need to undertake the price cutting obligation. In our country, there is a great amount of green box subsidies, but its structure is not reasonable. For example, the government will spend an average of 151.42 billion yuan per year mainly to the "common services" provided by the agriculture which reaches 78.56 billion yuan ($9.5 billion), accounting for 52% of the "green box policy" subsidies; the following one is subsidy for food security reserves, reaching about 38.38 billion yuan ($4.64 billion), accounting for 25%; the proportions of natural disaster relief, poverty alleviation, and agricultural ecological environment construction are small. While the subsidy for the direct income of farmers and structural adjustment has not been listed in the fiscal budget items.

1.2 Subsidies standards and measures being disordered in different areas
The subsidies in our country are very random and the gap of subsidy standard between provinces is too large. Due to the different contract bases of the provincial grain risk fund and the difference between the checked contract base factor and the deserved subsidy to grain planting areas, the gap of provincial food subsidy standard is larger. For example, Subsidies in Jiangsu province is high with rice subsidy per acre being 20 yuan. While the subsidies in Shanxi Province are lower with corn subsidy per acre being only five yuan. Difference of per capita grain direct subsidy amount between provinces is large, subsidy to the famers who enjoyed the direct subsidies to farmers in Sichuan province reaches only 8 yuan per person, while 25.66 yuan in Liaoning province. The basis of subsidies in each province is also not the same in our country. Two cases can determine the basis of grain direct subsidy according to whether the subsidy links to the current grain sowing area and price: subsidy that not links to the current actual sowing area, namely provide farmers with direct subsidies according to the actual grain planting area, belongs to half-linking subsidy which only links to the area while not to the price.

1.3 Human resources allocation being generally nervous
At present, with nervous manpower allocation in county insurance agency in the whole province, and the actual situation of village-level epidemic prevention workers being arranged by the livestock sector in each administrative village, a work mode which is the underwriting institution to commission the primary epidemic prevention workers to assist handling with the aquaculture insurance has established. The underwriting institution shall sign agreement or contract step by step with each livestock sector in the municipality and county. The agreement or contract will set the assistant content and duty responsibilities. It is the livestock sector in each municipality and county to specifically promote the related work of aquaculture insurance.

The underwriting institution should hold a kick-off meeting or pep rally with the livestock sector at the same level before each underwriting to issue the insurance tasks and formulate rewards and punishments measures. At the same time, collectively conduct the propaganda and training, explain the related policy and the operation practice of insurance and claims in all animal health supervision institutes and to all the epidemic prevention workers in the whole county within one week. Organiz
the village-level epidemic prevention workers to carry out the propaganda in all farms and farm households in the village and collect the insurance fees.

Ideas decide the development. In this mode, the aquaculture insurance in Liaoning province has developed rapidly. As of November 2015, premium income of aquaculture insurance has achieved 222 million yuan, with reparations spending being 128 million yuan, and provided the majority of farmers with 4.412 billion yuan of risk guarantee. Among the insurer, PICC Liaoning, as one of the main insurance institution, received 65900 cases in 2015 with its estimated loss being 64.97 million yuan. Yu Bo, general manager of agricultural insurance division of PICC Liaoning, said that farmers’ high recognition of epidemic prevention system is also conducive to insurance, claims and other related work.

2 Financial policies for supporting agriculture in Liaoning province

2.1 Conscientiously implementation of all agricultural inputs polices

In accordance with the requirements of the total amount being continuously increasing and the proportion being steadily increasing, the provincial finance will first support the agriculture and rural development, and the land transfer income first used for agricultural land development and construction of rural infrastructure. All new revenue after the usage tax rate of the cultivated land being increased will be put in developing agriculture. The province will strictly carry out the regulation of applying all land use fees of new construction land to the development of cultivated land and land consolidation. Strictly depreciate 15% of the land average net benefits as the land sell fees for agricultural land development, and withheld all 20% of the provincial concentrated revenue over to the state Treasury for land consolidation and reclamation, development of the unused land which is available for farming, basic farmland construction and the land development to improve agricultural production conditions.

2.2 Strengthen the support of the agricultural structure adjustment

All levels of the ministries of finance in the province will enhance investment in capital, actively raise enough funds which should be undertaken, ensure to complete the provincial government’s "four multiplier" plan construction tasks; around the provincial strategy "one county, one achievement", greatly support agriculture industry development by giving priority to with Liaodong region and covering the entire province through taking reasonable support way and effective incentive mechanism; Through in-depth investigation, the provincial government studied to improve the supporting scope and method, play the role of funds to carry out the merit actions and key support a batch of farmers’ professional co-operatives with strong radiation ability and standardized operation, so as to lay a coordinated production relations basis for agricultural structure adjustment; it also plans to promote the pace of agricultural structure adjustment by supporting the construction of agricultural product quality security system.

2.3 Effectively perform all the work to benefit the livelihood of the people

All levels of finances in the province will take the plant of good crop as the key point of policy, seriously verify the area which needs subsidies, timely stir subsidy funds, constantly improve the subsidy policy and measures of agricultural machinery purchase, closely combine the subsidy manner of purchasing agricultural machinery with the water saving reform of paddy field, conservation tillage project and the development of agricultural machinery cooperatives, so as to actually improve the level of farming in our province; in addition, the provincial government will also carry out various forms of poverty alleviation work according to the local conditions, help the
poor peasant households to get out of poverty as soon as possible; around the "four multiplier" plan, actively participate in the implementation of sunshine project of rural labor transfer training and agricultural practical techniques training, well manage and use the training funds, amplify the usage efficiency of funds; actively raise funds, cooperate with developments like the National Development and Reform Commission to focus on solving the drinking water safety problem for the 1.5 million rural people in the province; continue to implement the late-stage support policy for the large, medium and small size reservoirs’ resettlement.

3 Financial policies for supporting agriculture in Liaoning province

3.1 increasing inputs and strengthening management

Increase the investment through the mechanism innovation. In accordance with the requirements of the "secure the key point, compress the general one", put more funds in the field of poverty alleviation, moderate scale management and agriculture sustainable development. At the same time, give full play to the guidance and leverage of financial funds to encourage and guide the social capital into agriculture and rural areas.

Enhance the resultant force with integration and overall planning. Firstly, actively enhance the source integration. According to the requirement of *the Method of Advancing the Overall Using of Fiscal Funds Issued by the State Council*, the finance of central government will gradually integrate the agricultural funds into six categories: comprehensive agricultural development, agricultural production development, water conservancy development, forestry reform and development, social development in rural areas, and poverty alleviation development. The overall thought is to further reduce the number of special items, untangle and reset the spending fields, and give the local autonomy to plan and use overall; at the same time, to expand the allocated proportion of factor method, to reform the performance evaluation methods, and to strengthen the construction of supporting system. The provincial government and the lower levels shall also study to do the deployment in advance and seriously carry out the plan. Secondly, pay special attention to the pilots earnestly. According to the principle of combination of point and surface, focus on five aspects of pilot work. Regarding to surface, pays special attention to the pilot work for supporting poverty-stricken counties in overall planning, integrating and using the fiscal agricultural funds. Regarding to point, pay special attention to the pilot work of agricultural funds integration of "two great plains" in Heilongjiang province, agricultural funds management reform at the provincial level, high standard farmland consolidation in Hunan province, agriculture capital integration optimization in cities and counties. For other non-pilot areas, they can continue to explore other effective integration model and focus on the mechanism innovation within the framework of the existing policy.

3.2 Improve the quality and efficiency through strengthening management

On the one hand, the special rectification actions shall be consolidated. It needs to carry out the "look back" in time for provinces which have been completed rectification to ensure it to be complete, thorough and in place. For those haven't finished the rectifications, the government shall improve the ideological understanding, strengthen the sense of urgency, take effective measures to speed up the work progress; on the other hand, a long-term mechanism shall be established. It needs to find out the solution to the problem from the system and mechanism through the analysis of the profound reasons behind the problems to promote the agricultural reform in key areas.
3.3 Agriculture "Three Subsidies" reform
This year, after the approval of the state council, the reform of "three subsidies" for agriculture will be carried out all over the country. After merging the "three subsidies" for agriculture to "agricultural support protection subsidy", the policy goals include two parts: farmland protection and moderate scale operation of grains. One is for the subsidy of farmland protection which will be directly paid to farmers. The basis of subsidies can be a second round of contracting farmland area, taxed farmland, equaling farmland area or grain planting area. It can be decided by the local government according to the actual situation to pay the subsidies on the basis of one or several types of area specifically. Second one is the funds used for food moderate scale management, which mainly used for supporting the construction of the agricultural credit guarantee system in recent years. At present, the preparations of the national agriculture insurance company are going well. In the scope of its business, the national agriculture insurance company mainly carry out the re-insurance business, policy guide, industry conduct code, risk relief, personnel training and other services for the provincial agriculture insurance institutes. But it will not be directly involved in the direct insurance business that conflicts with the provincial agriculture insurance institutes.

4 CONCLUSIONS
Agricultural output elasticity of the fiscal expenditure for supporting agriculture has been measured with the panel data of 14 cities in Liaoning province in 2003-2013. Meanwhile, after classified it into five major regions on this basis, it is found that the biggest output elasticity is the middle of Liaoning, then the western Liaoning, southern Liaoning, the eastern Liaoning, and the northern Liaoning. The difference of four regions behind is not big. In terms of internal gap, western Liaoning region is the largest, followed by the middle of Liaoning and the southern Liaoning, while the internal gap of the eastern Liaoning and the northern LiaoDong is minimum. After combining the output elasticity and per capita of financial support agriculture expenditure, it is found that, no matter from the perspective of 14 cities or the five regions, per capita of fiscal expenditures for supporting agriculture in Liaoning province and its efficiency cannot be matched, and the distribution of fiscal expenditures for supporting agriculture in Liaoning province remains to be further optimized. At last, this paper puts forward the corresponding policy recommendations from four aspects: scale-expanding, distribution-optimizing, efficiency-improving and system-perfecting to wish to narrow the gap of fiscal expenditure for supporting agriculture among the 14 cities in five regions in Liaoning province, and to increase its service efficiency. Through the Granger causality test, it finds that in the first period, fiscal support for agriculture is not the granger cause of agricultural output, and agricultural output also is not the granger cause of fiscal support for agriculture, which means that agricultural output in the first period has nothing to do with fiscal support for agriculture; But after the two lagging periods, both fiscal support for agriculture becomes the granger cause of agricultural output and agricultural output also becomes the granger cause of fiscal support for agriculture. With studying empirical facts, it is concluded that: no matter in long-term or short-term, the influence of financial support agriculture on agricultural output is smaller than that in eastern region; short-term elasticity of financial support agriculture in Liaoning province is smaller than that of eastern region. Therefore, it is suggested to adjust the financial support agriculture structure, invest more funds of financial support agriculture to improve the short-term elasticity of agricultural financial subsidies, such as the basic rural construction and rural social security, etc.
References


