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**LAND RELATIONS AND MARKET OF LAND IN UKRAINE – ECONOMICAL AND
ECOLOGICAL PROBLEMS**

**EKONOMICZNE I EKOLOGICZNE DETERMINANTY AGROBIZNESU ORAZ RYNEK
ZIEMI W UKRAINIE**

**ЗЕМЕЛЬНЫЕ ОТНОШЕНИЯ И РЫНОК ЗЕМЛИ В УКРАИНЕ – ЭКОНОМИКО-
ЭКОЛОГИЧЕСКИЕ ПРОБЛЕМЫ**

Annotation

The results of land relations in agrarian sphere of economy improvement through market of land introduction considering foreign experience and specific features of Ukraine resolving main economical and ecological aspects analysis and generalization are presented. The land reform development evolution in Ukraine is analyzed. The attention is accented on land relations generally and market of land in particular governmental regulation. The land market introduction conditions and efficiency of its functioning main moments are identified.

Keywords: *land relations, market of land, governmental regulation, peasantry interests, efficiency.*

Streszczenie

W artykule opisano wyniki badań w zakresie głównych ekonomicznych i ekologicznych uwarunkowań rozwoju rolnictwa oraz determinantów agrobiznesu i przekształceń systemowych w agrarnym sektorze gospodarki poprzez procesy urynkowania z uwzględnieniem doświadczeń innych krajów i specyfiki rolnictwa na Ukrainie. Przeanalizowano proces implementacji reform rolnych na Ukrainie. Wskazano na konieczność doskonalenia systemu państwowej kontroli i regulacji działalności gospodarczej w zakresie agrobiznesu i rynku obrotu ziemią rolną. Opisano uwarunkowania procesu przemian systemowych w sektorze rynków rolnych na tle efektywności funkcjonowania tych rynków.

Słowa kluczowe: *determinanty agrobiznesu, rynek ziemi, interwencjonizm państwowy, agrobiznes, efektywność.*

Аннотация

Представлено результаты анализа и обобщения основных экономических и

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экологических аспектов решения проблемы совершенствования земельных отношений в аграрной сфере экономики путем внедрения рынка земли с учетом зарубежного опыта и особенностей Украины. Проанализирована эволюция развития земельной реформы в Украине. Акцентировано внимание на необходимости государственного регулирования земельных отношений вообще и рынка земли в частности. Определены условия успешности и основные моменты внедрения этого рынка и эффективности его функционирования.

Ключевые слова: земельные отношения, рынок земли, государственное регулирование, интересы крестьянства, эффективность.

Formulation of the problem. At every stage of human development one of the main problems has always been the problem of rational use of land in order to meet the population's food and industry needs. The degree of rational land use crucially depends on the objective socio-economic justification and land restriction relations. It is especially important to solve the problems of land improvement relations in agricultural sector of the economy, although it has a wide range of social aspects. The current situation in land relations is escalating mainly due to the lack of civilized land market, hampering further development of market relations in the economy as a whole, as it has the negative impact on the evolution of the economic system in terms of attracting foreign investment, and improve social transformation economic efficiency of organizational and legal forms of business, economic revitalization of rural population and local authorities.

The problem is that we need to introduce a comprehensive study of land and determine the necessary conditions and relevant restrictions.

Analysis of recent research and publications. The problem of land relations was depicted in the works of ancient historians and philosophers like Aristotle, Herodotus, Plato, Cato. Some aspects of this problem were analyzed in the writings of the founders of famous economic schools A. Smith, D. Rikardo, W. Petti, J. Keynes, K. Marx, F. Engels, V. Mirabo, Zh. Sey, A. Tyurho and many others. The reasons for lack of development of land relations were studied by V. Karazin, M. Tuhан-Baranovsky, S. Podolynskyj, V. Dokuchayev. During the land reform in Ukraine this problem has received considerable attention from leading scientists and economists, among which worth mentioning V. Ambrosova, V. Horlachuk, D.

Hnatkovych, D. Dobryak, S. Dorohuntsov, A. Lysenko, L. Novakivskij, V. Mesel-Veselyak, O. Onyschenko, P. Sabluk, A. Sohnych, M. Stupen, V. Trehobchuk, A. Tretyak, M. Fedorov, M. Hvesyk, I. Cherven, V. Yurchyshyn, I. Yuhnovski. They formed the basic principles of market land relations and their transformation principles of effective land use as part of the resource potential in agrarian sphere of economy. However, insufficient development of land relations, poor social, economic and environmental efficiency, and absence of land market caused the low level of agricultural development and poor welfare of rural population. That is why the study of this problem is very important and necessary today especially considering Ukraine's course to prepare for EU accession.

Task setting. The aim of this article is to present results of analysis and synthesis of the main aspects of solving the problems of land improvement relations in the agrarian sector through the introduction of the land market, taking into account international experience and peculiarities of Ukraine.

Presentation of main results. Land relations, and the whole economic structure of society, historically has been evolving and changing with the change of productive forces. At all stages of the history of society land relations developed under the direct influence of economic law, pursuant nature of industrial relations to the level of development of productive forces. History shows that the core of agrarian reforms was land reform, with its simple and clear nature: the change of the land on which it fell into the hands of those who can effectively handle it and take care of its preservation. Any deviation from this principle makes land reform pointless, unnecessary and harmful. Installation of effective land relations,

which are characterized by social relations between people related to the possession and use of land, and is part of the whole industrial relations system of each historical era - an essential condition for sustainable land use. [3, p.3]. That is, the whole history of humanity teaches that the essence of agrarian reform boils down to changes in land ownership, in other words - the redistribution of property between the three groups of owners - state actors and private and communal property. A characteristic feature of the agrarian reforms of recent centuries is their privately direction and as a result - the crushing of land ownership [7, p.155]. The overall situation in the village is a stalemate. The land is not the property of the farmer. The shareholders can get out of with its shares at any moment. That is why the farmer cannot expand his business, build bigger farm, invest his own money or improve soil fertility. Overconcentration of leased land in agriholdings also contributes to their effective use. And environmental friendliness and safety in land use agriholdings is questionable, since most of their use of land - rented for 5-6 years.

In Ukraine, the land reforms were initiated by Sigismund Augustus in 1552-1557 years. Then there was: the elimination of serfdom in 1861, Stolypin reform in 1907-1911, socialization of agriculture in 1917-1921, the New Economic Policy in 1921-1928 as well as collectivization (1929-1935) and M.S.Hruschov reform (gradual transition from command forced management of agriculture to economic methods, expanding acreage) in 1953-1960. There is no doubt that the main goals and objectives of land reform, proclaimed in independent Ukraine (Resolution of the Verkhovna Rada of Ukraine of December 18th in 1990) were generally noble and aimed to effective development of agrarian economy and the rise of welfare of Ukrainians. But the realization of tasks on the basis of the old dogmatic approach not only produced the desired effects, but caused a number of negative effects, which significantly worsened the rural economy.

The main mistake during the land reform in Ukraine was crushing the land fund, because the land had already a distributed structure, ready for rapid and significant increase production, implementation scale agricultural technologies

with high productivity. Instead of having to decide on determining the value of the land, study the legal framework of private land ownership and implementation of truly market relations in the already established large farms, during the agrarian reform implemented just the unwanted extra allocation and distribution of land. The transfer of land to private ownership did not increase motivation for efficient work on it. The basis of the changes was the land relations. They had more political than economic backland. As a result the state lost forecasting function and regulation of land relations, organization of rational use of land resources, which led to the neglect of the principles of land management in general. Implemented and prolonged the country's moratorium on the land market caused exactly the opposite effect - the uncontrolled state buying of agricultural land. The legal vacuum created favorable conditions for speculation and fraud with the land that affects the possibility of postponing the long-term loans to agricultural producers.

Today's debates of the need to preserve property and land complexes that began over a dozen years after the destructive land reform is clearly delayed and almost fruitless. It is high time to think about preserving large amount of arable land.

One of the most important issues of further implementation of land reform in Ukraine is to implement land market. Evaluating all the "for" and "against" in respect of the land market and taking into account the experience of other countries we can conclude the feasibility of implementing such a market. This step is a logical extension of land reform, without it you can not even talk about any particular level of completeness. "The main condition for the further development of land relations in the direction of achieving the highest possible level of completion objectively land market can be implemented in one form or another from specific economic status and level of perfection of legislative support of the market and the feasibility of the various interests in it potential participants "[11, p.128]. If Ukraine has declared its commitment to a market economy, then it will act according to principles of this economy. Land market serves one of the central components of the institutional environment that

ensures the success of rural development through a combination of production factors into a single management system [1, p.33]. After all, the land market exists in all developed countries. Another thing is that the extent of its implementation in the specific conditions depends on the degree of incorporation of these conditions. Market is not only sale transaction. It is wrong to think so. Under the market of agricultural land we should understand the organizational, economic and legal environment, which should provide citizens, legal persons and the state of civil-legal agreements on the transfer of ownership of the land or the right to use it in accordance with legislation [10, p.28]. P.Sabluk says that "land market" and "turn the earth" is different content concept ... World practice shows that the most important components of a land market are the rental and mortgage relationships. Therefore, Ukraine should expect rapid development of lease relations and mortgage land in the early stages of market land relations, but not its mass sale "[8, s.261].

Highlights of introduction the land market in Ukraine is land reform. The price of land, land valuation, land ownership, transaction taxations, government regulation of these processes, and economic security of the country in the context of the land market are necessary. Specific attitude to land as a productive resource is due to a number of characteristics, typical of this extraordinary means of production, which can be grouped into several more or less homogeneous groups, among which it is advisable to select a group of natural, economic, organizational, legal and environmental features. They are closely related to each other, as in relation to the land as a legitimate means of production is known performance of Minimum Law, formulated by the German scientist Yu.Libih (1803 - 1873). The peculiarity of land as the subject of economic relations is that the price of land is growing and will grow constantly, not least because it is objectively physically limited in nature, and given the negative trend of violation of ecological balance in nature as the effects of anthropogenic factors You can reach a fair conclusion that this circumstance as limited land resource will be manifested more sharply. Today, there are equally important in the management of land

resources, taking into account all their features and actions of all groups factors. Particularly acute urgency of the consideration in the context of agrarian reform in Ukraine, accompanied by dramatic changes in the forms of land ownership in the forms of organization of its use in relation to the land as a means of production and as a subject of market transactions.

The peculiarity is that land is not product of human labor and therefore has no value. In case of agricultural land it is somewhat different. Their development, bringing the cultural condition and the inclusion of agricultural use is always associated with investing labor and means of production, that is, they consist, as expressed by Marx, partly on land and partly on land capital. Agricultural land was absorbed at different times. Therefore, to determine the value of old plowed lands and meadows and pastures on the costs of their development is impossible. Calculations can be only very approximate. Specificity of land as a commodity driven by its inability to steal or hide, and, most importantly, the price of this product is relatively stable. Fluctuations in the land market will always exist, but the deviation from the equilibrium price is usually small.

There are examples of reasonable experience and balanced approach to the implementation of land reforms, as well as negative ones in many countries. The analysis of such experience leads to the conclusion that the success of land reforms and the effectiveness of the implementation and functioning land market depend on their level of scientific validity, extent prudent government regulation and harmonization measures. Solving the problems we can share the experience of other countries, including Poland. After all we require land legislation and to use the interest of foreign investors in our country. This can be achieved, for example by the introduction of appropriate restrictions on the intended use of foreign owners of our land, on ecological production methods used her products on the market, attracting workers, etc. The state has every opportunity to properly regulate these relations in the interest and for the benefit of the land and farmers across the country. "The real land market is characterized by significant transactional costs and high level of self-organization. We cannot deal any business

without the influence of the state." [9, p.109]. In Poland, private ownership of land is almost never abolished, although the 1990 sale of land have been somewhat limited. But these restrictions meant that agricultural land could be sold only to those who had a special agricultural education and relevant experience in agricultural production. And those who bought land have to create a commodity economy, that is an area not less than 2 hectares. But in 1990, these restrictions lifted and agricultural land is now products that can be purchased and sold freely. However, there are two interesting points: Firstly, the agreement was reached with Brussels to ban the purchase of agricultural land in Poland by foreigners for the first 12 years since the country's accession to the EU (as land in Poland is 6-7 times cheaper than in the EU); secondly, a new law on the agricultural system is preparing to adopt. It provides the practice of economic restrictions on the circulation of farmland that existed here before 1990.

The land market in Ukraine can be effective if the state provides the following conditions:

- indication of the relevant legislation on sale of land and private ownership of land (with the expansion of land owners the right to dispose their own land and develop a system of economic sanctions for violation of environmental safety in the use of land);
- availability of a large number of buyers and sellers;
- availability to land market anyone looking to buy or sell land;
- awareness among market participants about the current conditions of operation and possible trends of changes in the near and distant future.

Efficiency, justice and economic security of the land market in Ukraine, will ultimately depend on who specifically will represent the state in the state regulation transactions. This is not opposition of state interests and the interests of the peasantry as a category of population. "The newest strategy of land reforms in Ukraine should be based on institutional principle by combining three elements - the state's interests, property rights and land claims and objectively land market" [2, s.141].

The interests of the peasantry can be classified in different fields:

- *financial and material* - obtaining income

level of workers in the city, the possibility of implementing entrepreneurship in rural areas, the corresponding banking and credit services, favorable tax system, creating conditions for the formation and development of production infrastructure; private ownership of the means of production and the results of their work or production activities;

- *social and cultural* - create normal working conditions, accommodation and recreation (libraries, cultural centers, health institutions, health care, catering, housing and communal infrastructure);
- *ecological and environmental* - preservation of ecological purity of the environment and natural landscapes.

The structure of the ownership interests in such resources as land with full disposition until its sale provided the correct solution to this problem by implementing adequate land market is an important positive factor in the settlement of social and economic tensions in the Ukrainian village.

Objectively necessary accompanying process of improving the efficiency of land relations on the basis of their improvement should be the establishment of appropriate institutional support for these processes. The obvious is the fact that when the land market will be introduced in Ukraine in the absence of corresponding weighted laws, higher than the currently existing efficiency of land relations is reached neither economically nor environmentally and, especially, in social terms: the earth will still be bought and sold. It is not in the interests of solving the main problems of the country due to meet the interests of its people, especially - agriculture, and in the interest of individuals for their enrichment [6, p.3]. The logical consequence of such a step could be the development of Ukraine according the Latin American model, the beginnings of which can be seen today [5, p.5]. The essence of this model is to create a new type of landlord, considering only the land as a productive resource or object of speculation, having no concept in the process of agricultural production and rural life in general. The result of the implementation of this model will be the concentration of land or property shares, in the hands of landowners, conversion of economic activity and the

transition technology, increase rural unemployment of rural population, degradation of villages and rural areas in general, threatening the disappearance of the peasantry in general.

A general inventory of land should precede these activities, the result of which will be established by transparent monitoring of the quantity and quality of land and personalized undertakings and appropriation of land in farmers who have received it in violation of applicable law or cannot provide proper playback and concentration of land in public land funds to create the conditions for a possible centralization and concentration of land resources [12 s.165-166]. This, according to the Ministry of Agrarian Policy and Food of Ukraine, will nearly 2 bln. UAH. [4, p.21].

You cannot ignore the fact that the vast majority of society in general and the peasantry in particular do not adjust the land market favorably today, considering it as a new possible danger. At the same time, positive and fair solution to this problem is an extremely important opportunity for the government to restore this confidence.

Conclusions. Installation of effective land relations, which are characterized by social relations between people related to the possession and use of land, is part of the whole industrial relations system of each historical era. It is an essential condition for rational land use, which means economically effective and ecologically safe use.

Formation of land relation strategy should provide clear information about who exactly will be and how many members of this relationship is supposed to be. And all the undesirable aspects of strategic objectives must be improved by settlement of land legislation.

The main direction of improving land legislation should be in the possession of a balance between the number and effectiveness of regulatory legal acts.

The key attribute of the introduction of the land market in Ukraine is a possibility of state regulation. In fact, it depends on the efficiency of the market, which manifests itself in levels of satisfaction and mutual benefit of the interested members.

An effective system of state regulation of land relations can only be when it contributes to

stimulate economic activity of the owners and users of land and is based mainly on the use of market methods of state influence. For proper regulation of land relations in the functioning of the land market such levers of economic incentives as price, sale of land, land auctions should be introduced. This requires setting up a market infrastructure bodies (tax inspection, land banks, stock exchanges, etc.) with skilled personnel of land management. That is, the situation requires maximum prescribed conditions in which efficiency and ecological safety of land use is a matter of the owner of the land.

The logical continuation of the implementation of land reform after the introduction of the land market could be the organization of redemption of land in the state of landowners and transferring it to qualified land users with the obligation to pay rent to the state. The main implications are: the concentration of land resources in some competent and skillful hands that will ensure their effective and environmentally safe use; interest of banks in lending to agriculture through normal appearance and reliable collateral - land; efficiency of farm credits, concentration of production, deepening specialization, development cooperation and agricultural integration and overall efficiency of agrarian sphere of economy and welfare of the rural population; downsizing tax, pension fund staff and other unproductive workers; the emergence of the need for highly qualified specialists (agronomists, economists, surveyors, builders, architects, veterinarians, livestock specialists, agronomists, mechanics and engineers, milkmaids) without which it would be impossible to carry out large-scale production.

Considering the existing experience of development of land relations and their institutional support in Ukraine, we can clearly state that in the event of a positive solution to the problem on implementing land market will still be a long time until the appropriate authorities will be able to streamline the institutional support of the market at a level sufficient to provide it civilized nature, as a real course of events in this case is quite difficult to predict.

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