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THE PROBLEM OF INSTITUTIONALIZATION OF RENTAL INCOMES IN AGRARIAN SECTOR OF MODERN UKRAINE IN THE CONDITIONS OF INNOVATIVE DEVELOPMENT

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ПРОБЛЕМА ІНСТИТУЦІОНАЛІЗАЦІЇ РЕНТНИХ ДОХОДІВ В АГРАРНІЙ СФЕРІ УКРАЇНИ В УМОВАХ ІННОВАЦІЙНОГО РОЗВИТКУ

If there is no free market of land rent appears as one of the current regulators of land relations and real factor of formation of optimum size of agricultural land market. Rent is a mechanism that transforms the natural fertility of the land in the economic way of reconciling the interests of people (owners of various resources, representatives of various social groups), which allows to involve the land in economic turnover, creates the conditions for its production use. It holds a special place in the mechanism of realization of ownership and is one of the forms of realization of property rights and efficient use of land in the system of land relations.

The imperfection of the legislation governing the relationships of land ownership and land use and incompleteness of institutional reorganizations in the Ukraine agricultural sector led to the formation of different forms of latent distribution of actual land rent. Within the limits of the existing economic system their rates are calculated regardless of the size of the actual land rent. Consequently, privately owned agricultural lands are not regarded as the source of revenue of the household sector.

За відсутності вільного ринку землі рента постає як один із діючих регуляторів земельних відносин і реальний чинник формування оптимальних розмірів сільськогосподарських землекористувань ринкового типу. Рента є механізмом, який перетворює природну родючість землі в економічну способом узгодження інтересів людей (власників різних ресурсів, представників різних соціальних груп), що дозволяє залучати землю в економічний обіг, створює умови для її виробничого використання. Вона посідає особливе місце в механізмі реалізації власності і є однією з форм реалізації права власності й ефективного використання земель у системі земельних відносин.

Недосконалість законодавства, що регулює відносини власності на землю і землекористування та незавершеність інституційних перетворень в аграрній сфері України призвело до формування різних форм прихованої розподіл фактичних ренти земельної ділянки. В рамках існуючої економічної системи, їх тарифи розраховуються незалежно від розміру фактичної ренти землі. Отже, у приватну власність земель сільськогосподарського призначення не розглядаються як джерело доходу домашніх господарств.

Keywords: *the institutionalization of rental income, the agricultural sector, ownership relations, land use, institutional change, land rent.*

Ключові слова: *інституціоналізація рентних доходів, аграрна сфера, відносини власності, землекористування, інституціональні перетворення, рента землі.*

Problem statement. The transition to a market economy has led to profound changes in the Ukrainian economic system, and in particular to the formation of diverse forms of ownership and management in the sphere of land use. In this context, sustainable development of the domestic agro-industrial complex requires the formation of adequate to the existing conditions of the institutional environment, the lack of which creates preconditions for preservation of disproportions of reproduction process. In particular, the new system of ownership relations on land with the dominance of private property, there must be an adequate procedure for the allocation and assignment of land rent. However, in modern Ukraine, the imperfection of the legislative base in this field and the incompleteness of institutional transformations in the agrarian sector of the national economy led to the emergence of many forms of redistribution of rent income, often wearing a hidden character. The result of the latency of these relations was the widespread notions about the absence of conditions of formation of land rent in agricultural production. Inaccessible to monitoring by official bodies of information about the amounts and directions of movement of rental income is not evidence of unreasonableness of the distribution of rents.

Analysis of recent research and publications. Problems of development of the institutional environment through the implementation of an effective state agricultural policy, in particular on issues of rent relations were studied by many scientists both in theoretical and in applied terms. They are devoted to the work of researchers: O.M. Borodinoi', L.M. Vasil'jevoi', M.V. Dubininoi', I. V. Zastrozhnikovoi', M.A. Latynina, T.S. Lozynskoi', S.V. Majstro, M.J. Malika, D.A. Mishhenka, G.P. Pasemko, N.V. Stativky, Ju.O. Ul'janchenka, etc. Comprehensive study of mechanisms of state regulation of rental income in the agricultural sector requires further deepening. That is why the question of institutionalization of rental incomes in agrarian sector of Ukraine are extremely relevant for modern public management practices.

The purpose of the article is the rationale of the institutional approach to the formation of innovative system of state regulation of agribusiness.

The main material. One of the key elements of the radical transformation of the socio-economic structure of Ukrainian society in the end of XX century, of course, was another attempt to solve the land question [1, P. 135]. The other fundamental innovations of a systemic nature for a while pushed into the background of the transformation in this area, but not humbled their consequences. Tectonic shifts in the structure of ownership of natural resources that occurred during the implementation of land reform in Ukraine have no analogues in the modern economic history no scale and transience. So, just a few years has been practically eliminated the monopoly of state ownership of land. As a result of privatization of Ukrainian citizens had the opportunity to become landowners on private property rights. However, the formal side of these processes, expressed in a quantitative evaluation of the privatization of land ownership and outwardly, seemingly quite wealthy, does not reflect the complexity and contradictions formed as a result of the land reform of agricultural land ownership and land use.

Features of the historical process in Ukraine largely predetermined the lack of the evolutionary nature of development of land relations [2, P. 16]. In this regard, the stability of the legal and economic framework in relation to the specified area can be viewed as exception, as is inherent in land reforms in Ukrainian conditions inconsistent short and revolutionary in its nature, the attempts of liberalization gave way to the inevitable regress.

Returning to the recent Russian experience of reforming of land relations it should be noted that, despite the adoption of the relevant regulations, the denationalization of land resources for a number of years had a purely declarative character. In fact, the transfer of agricultural land in private ownership was limited to enshrining the right of a ground area receipt by the representatives of certain categories of Ukrainian citizens. Attempts of implementation of this right and the involvement of land in agricultural production on a fundamentally new, market basis at the initial stage of the reorganization of the agrarian sector of Ukraine were experimental in nature. According to most experts, all of them failed, as the main reasons which are lack of infrastructure, adequate to the changed economic realities and widespread government support in various areas – from financial and credit – to the educational. Without disputing the importance of these factors, the author, nevertheless, considers as a fundamental, artificial, and partly coercive transformation of the system of economic relations concerning the ownership and use of land as a factor of agricultural production. The main argument of their implementation was the desire for a speedy liberalization of the agricultural sector, considered as absolutely sufficient condition of increase of efficiency of domestic agriculture in the short term.

However, the absence of the entire post-Soviet period, a fundamental decision from the state about the priority of private ownership of land and support from the majority of the population led to the incompleteness and inconsistency of land reforms in modern Ukraine [3, P. 31]. As a consequence, the Declaration of private ownership of land was accompanied by the introduction of legislative norms, almost denouncing it. This situation is caused by attempts to create land-use systems that combine economic efficiency and social justice.

Already at the initial stage of reforms in the domestic agricultural sector was the attempt of speeding up the transformation of land relations through total privatization of lands in use for agricultural organizations. The land transferred under the reform has entered the collective property. In turn, each member of the staff received a land share (Pai) in right of common ownership to a land area. And because of the moratorium on sale to freely dispose of land

owners was not possible. To sell their land shares, they could see in nature only agricultural organizations, which used the land in common ownership. In this regard, we can say that in fact a full-fledged institution of private ownership of agricultural land as a complex of substantive powers of the owner was absent. Moreover, with some amendments, this situation continued and in the present, despite the considerable development of the land legislation.

While agrarian reform in Ukraine was originally a socially-oriented, as delivered in the course of implementation of privatization plans was limited to the equitable distribution of land among the bulk of rural residents. But the social interpretation of «justice» in this case has nothing to do with its economic content: the provision to all participants in this process are relatively similar land led eventually to the erosion of land resources, but instead the formation and development of the institution of private ownership of agricultural land to degradation for a number of years.

As a result the average in Ukraine the value of the allotment due on the transfer of private property did not exceed 7-10 hectares, at the time, both in the countries of Western Europe, where the agricultural sector is traditionally represented by many small farms, the land area used by a single manufacturer and to ensure the process of reproduction, the average number is 45 hectares.

Note that, for example, in Poland, where the average farm size is just 7.5 hectares. almost 55 % of these farms were practically self-selling their own products less than 50 dollars a month [4, P. 62].

However, the original philosophy of land reforms was to create a significant layer of owners of agricultural land, actively involved in agricultural production. Many researchers and currently, it is believed that combining in one person the farmers, receiving business income, and owner of the land, appropriating rents is the best way to improve the efficiency of agricultural production. At the initial stage of land reform that was the basis as a most preferred embodiment of radical change to consider «ferberization» the domestic agricultural sector. Therefore, when non-violent destruction of collective ownership of land during the current reforms at first glance there were no economic reasons for preventing the exit from the collective farm from its individual members. However, statistics indicate passivity in that the bulk of the rural residents.

Thus, the mass donation of land in private property in such a compressed period did not lead to the emergence of a numerous class of agricultural entrepreneurs. Accordingly, this variant of the distribution of rents in favor of the land owners did not become dominant.

Moreover, the owners of agricultural land, the bulk tend not to practical realization of their rights. This situation is due to the fact that a significant proportion of potential participants of the land reform originally belonged to the economically inactive population. So, according to some estimates, more than 40% of land shares (about 43 million hectares) was transferred to the people who by the time of privatization were already retired. Almost half of the privatized agricultural land to date is from persons who are not involved in agricultural production.

However, those directly involved in the agricultural sector, having the opportunity to become land owners, for the most part were in no hurry with the practical implementation capabilities. About 1 million people eligible for land shares, not even filed applications for certificates of title. In turn, approximately 92 % of the land holders, who received a certificate of ownership, only 60 % ordered them: leased to or in the authorised capital of agricultural organizations, or used for the expansion of private farms [5, P. 31].

The bulk of the share of land continues to be the conventional unit, having only an average quantitative expression in the common ownership. In this regard, the involvement of the privatized agricultural land in agricultural production often occurred on an informal basis, the more that the legally prescribed mechanisms of practical realization of reforms in the land sector wore complex and contradictory.

So, the key legislation governing land reform in our country was carried out in extreme conditions, without proper consideration and testing. The lack of forecasts and assessments of possible economic and social impacts led to the need for constant adjustments of the regulatory framework with the help of numerous and often mutually contradictory amendments and regulations.

In addition, in each subject regional public authorities issued numerous laws and regulations, developing appropriate legislation. But the current land legislation, which takes into account the negative experience of the initial stage and applying for a complete and exhaustive, ensuring conflict-free progress of the ongoing land reform does not eliminate the negative consequences of mistakes made at the beginning its boost. As a result, on the one hand, the system of land relations in Ukraine was heavily regulated, and with another – a number of issues in this sector are still not reflected in the legislation.

However, the real the variety of forms of land ownership and payment for land use has created the objective conditions for the formation and development of the land market as one of the main economic mechanisms of modern land use. In terms of, on the one hand, the absence in most cases of real competition among producers for the right to use in the production process of land, and on the other the complexity and opacity of consolidation of private land ownership the most common form of organization of relations in the sphere of land tenure became a lease. As a result of all of the changes in agriculture occurred contradictory and unstable system of land relations, when collective owners of the land are mostly former employees of collective and state farms, and users are enterprises involved in agricultural production and often represents a various options for the reorganization of these farms.

However, the rental relations in the domestic agricultural sector for a long time in its content from a legal and economic points of view had little in common with the ideal model of this kind of cooperation between land owners and agricultural producers. In fact, they represent only a statement of fact that the use of the land area in some of the boundaries of a particular agricultural enterprise. Often the land was carried out without proper legal registration of the lease terms. Thus, the comparison of statistical data on the number of land shares transferred in the lease contract, with indicators of use of agricultural land leads to the conclusion that a significant part of land resources, in collective or

private ownership of citizens over a long period were involved in agricultural production without a corresponding formalization of economic relations.

But taken in recent years under pressure from the state governing bodies, formalization of the lease relationship, solving the problem of accounting for the use of land resources, has not led to a meaningful development of these relations. In particular, various aspects of determining the size of the rent still not regulated, which leaves the possibility of discrimination of the owners of land resources in the process of distribution of value added in agricultural production. The result is rents are understated to miniscule size in most cases subsistence in nature. The payments for the use of farmland in the form of money are exclusive and can be considered as an exception to current practice. Ultimately, at high dispersal of land ownership virtually free use of land initially gave the opportunity to the heads of agricultural enterprises to reallocate a significant portion of the rents in their favor. All of the above led to a situation where agricultural lands are in private ownership, are not considered as a source of income for the household sector.

Over the past few years the situation in this sphere has not changed, because the entire array of land ownership in accordance with the official views still does not bring any income.

Conclusions and suggestions. However, the development of agrarian relations in modern Ukraine is of fundamental importance, first of all, the question of the formation mechanism of the distribution of land rent. Debatable the merits of diverse forms of ownership of land or the domination of private ownership has no independent value outside of this issue, since the assignment of rents is the main form of realization of ownership of the resources. The actual owner is the one who assigns the excess profits from the exploitation of land. In this regard, the continuing disparity of economic implementation of private property its legal fixation is one of the main reasons for low utilization efficiency of land resources in the modern economy of Ukraine.

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