

INSTITUTIONAL ASPECTS OF LAND RELATIONS IN UKRAINE

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Introduction. Historical development of economic theories is determined by the attempt of scientists to find methodological economic conformities to law of development of world and domestic economy in particular historical period.

Domination of neoliberalism in the newest Ukrainian economic policy so as economic policy of former soviet republics and countries of Eastern Europe cast aside socioeconomic development of Ukraine and east Europe region on a decade.

It is possible to specify the institutional traps in which not only the economy and land relations, but also states, as the main public institutions found themselves. It is particularly difficult for them to get out from institutional pits of shadow economy and corruption.

Primitivism in imagination and extreme economic opportunism in the actions of state elites of Ukraine focused on an own economic benefit exceptionally, leads to primitivism in a public policy and to catastrophically negative socio-economic, demographic and geopolitical consequences.

Movement in direction of financing of fundamental scientific researches in the field of land economy, especially in the phase of stimulation of scientifically innovative process – invention is necessary in Ukraine. In our opinion, loss of scientific constituent in activity of land management research institutes and change of their submission from National Academy of Agrarian Science of Ukraine to Cabinet of Ministers of Ukraine, nullified systematic scientific researches in Ukraine in the field of land relations.

Aim of the article: to understand the theoretical apparatus of new institutional and neo institutional economy, analyzing norms and rules of behavior of economic agents (participants) in the field of land relations.

Main body. Economic processes in society are not inferior to the pure market economic theories, but conditioned by historical traditions in every country, habits, social and institutionally regulated codes of conduct, both individuals and entities those actions have substantial limitations.

Acts of individuals and entities, which normally cause law consequences in Europe, in Asian countries are legal norm of behavior, but European codes of conduct caused law consequences up to criminal responsibility in many countries.

History of development of economic theories brought humanity to the institutional economic theory that most methodologically respectively and objectively describes, simulates and determines further development of economy. In our opinion a leading role in modern economic science belongs to institutionalism.

Public economic relations, and especially land relations, have an essence structure: as an institutional complex in basis of that are traditional, custom and religious codes of conduct of individuals, and also social, political, economic, legal and other institutes, as stable socio-economic, organizational-legal structures, establishments and organizations.

There are three main ideas behind institutionalism:

a broad interpretation of economic theory, which should consider and investigate not only economic but also other factors affecting economic life: social, religious, traditional, custom, psychological, legal, political, geopolitical;

study of functioning and development, transformations of public processes and social and state control over the economy;

refusal to consider economic relations exclusively on the position of "economic person" as an economic agent.

Institutional economic theory as a synthesis of economics, law, sociology, psychology and philosophy emerged at the turn of the nineteenth and twentieth centuries, when American scientists T. Veblen, J. Commons, and W. Mitchell studied economic problems using methods of other sciences, especially sociology [1].

The first half of the twentieth century was a time of extraordinary expansion of the institutional approach in Anglo-American science, with works by J. Hertzler "Social Institutes" (1929), "American Social Institutes" (1961), and W. Hamilton "Institutes" (1932), F. Chepin "Social Institutes" (1935), "Social Institutes" by L. Ballard (1936), "Social Institutes" by G. Barnes (1942), "Main Social Institutes" by K. Panunzio (1946), J. Fableman's "Institutes of Society" (1956) [2].

U. Hamilton, D. Nort, Yu. Lopatynskiy, R. Nureev, V. Yakubenko devoted their researches to the problems of institutes and institutions.

Researchers, revealing the essence of the term, understood institutions (primarily social) as a rather wide range of things: established forms of thinking; verbal symbols that can be used to describe a group of social customs that are common and constant; ideas prevailing in society; patterns of behavior of individual social groups; specimens of standard expectations that govern individual behavior and social relationships.

In the modern writings of Western scholars, the concepts of "institution" and "institute" are separated, but there is no complete agreement among scientists to determine the essence of the concept of "institute" and "institution". Each branch of science characterizes them from their own point of view [3].

In some countries, the concept of "institute" and "institution" is being replaced, and the duality of the concept is also present: the institute as a norm of behavior and the institute as an organization

From author's point of view, the institute is a collection of formal (fixed in law), informal (fixed in common law, that is, in customs and traditions) and spontaneously defined boundaries that structure interactions and determine the behavior of individuals in the economic, political and social life of society, including not only the integral national economic mentality, but also the organizational and legal structures, institutions, organizations in one or another country. Institution – an element of the institute, as a rule, a norm, a certain order, a technique [4].

Institutions governing land relations have existed in the history of civilization since ancient times, but they are constantly changing and improving. Institutional securement of domestic land policy was «a barometer» of assessing the attitude of society to land benefits, and the attitude to the land of the main public institute - the state, an assessment of stability of the state on a geopolitical scale.

Institutions arise in society as a result of the process of institutionalization (development) and for its implementation the following conditions are necessary:

- an objective need, an institutional necessity recognized in society as meaningful and generally social;
- cultural environment (subculture) – as a system of values, norms and rules;
- required resources.

Institutes are being formed: based on practical domestic experience; by borrowing (targeting known samples in other countries); based on scientific theoretical models and through the reproduction of institutions that have existed historically but in a qualitatively new state.

We define the institutional role of the state as a public institute and the main regulator in the field of land relations as:

- the form of purposeful regulatory influence of the state, through the system of economic, legal, administrative and organizational methods and mechanisms of providing support of economic processes in the land sector and government rules and regulations that change and control activities in the land sector;
- system of economic, financial, legal, organizational and social measures implemented by the state for the effective and stable development of land relations;
- set of measures of economic, legal and organizational influence on the land economy, including state support and protection of business entities, individuals, as well as state control over the observance of land legislation by its participants;
- economic, legal and administrative impact on the processes of development of land relations for adaptation of economic entities and individuals to changes of macroeconomic parameters in the land sector, in order to increase the level of rationality in the actions of economic agents of land relations;
- system of relations that regulates influence of subjects on an object (land plots) to bring it to a certain state and level of opportunistic behavior of land users and landowners, in the sphere of sustainable development and protection of lands;

- function of state, market and public institutions in balancing the interests of participants, minimizing externalities and reducing shadow transaction expenditures of society in the field of land relations.

Institutions support the interaction of entities and individuals and regulate public relations, based on voluntary or coercive interaction and consent of the majority of members of society.

The scholars of the old institutional school realized that in most countries of the world, neither at the macroeconomic level nor microeconomic level, purely market theories do not work, but other mechanisms work. They analyzed actions of collectives based on the inductive method and studied economic methods using methods of sociology, law and political science [5], going to extremes, ignoring the mechanisms of market economy and its laws [4].

Based on an institutional school, two scientific schools have emerged – a new institutional and neo-institutional economics.

The new institutional economics relies on sociological approaches and criticizes the core of classical economic theory – the absolute effect of market equilibrium, the rational choice model, the stability of individuals' preferences.

Neo institutional economics, without denying the essence of the classical core of economic theory, modifies the shell of economic relations, considering not only private but also other forms of ownership, the effects of regulatory legal, social, religious and other mechanisms and norms of behavior, including the concepts of transaction costs and others.

Neo institutional economic theory penetrates more deeply into social relations in the land sector than microeconomics, studies relationships within the organization at the microeconomic level, up to the actions of individuals, tenants, owners of specific land shares and land plots. Institutional analysis in the land sector is quite effective, as it generalizes methods of analysis using the structuring of economic and social phenomena through institutional normative methods.

Theoretical aspects of the new institutional economy are most acceptable for researches of economic processes in the public sector and in the sector of regulation of land relations. Further institutionalization of these sectors is under considerable impact of social norms of behaviour, rules and traditions.

New institutional approach looks for a source data for the analysis in human activity, as an internally considered activity that focuses on the actions of others, on the principles of unity with social relations.

The real land economy is an economy of huge transaction costs, risk zones, uncertainty, especially regarding land rights and land relations in Ukraine. The opportunistic behaviour of economic agents (both landlords and land tenants, who acting on their own private interest, destroys natural fertility, gaining current economic benefit) prevails in land relations,

Limited rationality is inherent to land relations, as a fact of limited human intelligence, when the knowledge of individuals is incomplete as usual.

In general, we can distinguish the main principles of a new institutional and neo-institutional economy in the land sector:

- institution-centrism – it is impossible to study the process beyond a particular institutional form, which implies unity in the land sphere of human activity and social relations;

- limited rationality – asymmetry of information of economic agents does not allow the individuals to make rational solutions, assessing all possible alternatives;

- historicism – economic phenomena in the field of land relations are formed by historical trends, customs, historical mentality and cultural traditions;

- economic opportunism – in which the actions of individuals (land users, landowners) in the land sector are sufficiently opportunistic and take into account primarily their own, not public interest and sustainable development;

- land acts not only as an object of exchange, equated with commodity, but as a good, a resource of consumption of useful properties by society. Consumption of goods entails negative and positive externalities, which are limited and regulated by society and the state. Therefore, the free agricultural land market in the countries of the world is absent, and in many countries (Israel, Belarus, Asian countries) land is even excluded from economic circulation.

Transaction costs are especially relevant in the land sector, where land turnover means the exchange of property rights and freedoms inherent in society and is defined as a microeconomic unit of movement of rights to a land plot-transaction with land.

The award to the owner of the stake for the right to a land contract exceeds the rent and reaches 5 thousand UAH for 1 hectare per year, and if to estimate the advertising costs, the work of agitators, homestead crawls, conducted socio-significant measures, the costs of equipping the social sphere and

Infrastructure, legal costs, formation of public opinion, PR-companies, costs for treatment and rehabilitation of shares owners, funeral expenses, educational expenses for the family members of landlords, anti-raider and corrupt expenses, transaction costs on 1 hectare reach 10 thousand UAH per year.

The state, regulating land relations, should try to objectively define and redistribute property rights, then transaction costs, including corruption, will be minimized, and only then the personal distribution of property rights will not affect the efficiency of final consumption of resources.

The land sector is also characterized by reverse integration when tenants seek to transform from the purchaser the right to use the land resource into its full-fledged owner. But in terms of the moratorium is only possible shadow circulation of rights of use and it reached 3 thousand US dollars per 1 ha. in Ukraine.

A unique manifestation in the land sector can be defined the limited rationality and explicit opportunism in the actions of landlords – shareholders. In the conditions of structural uncertainty, the lack of information prevents the unit owner from anticipating all possible accidents, risks and factors of influence and than calculate the most optimal (rational) behavior. Therefore, protecting more landlords than tenants, the state regulates the lease terms, minimum and maximum levels of rent, reducing these negatives to a minimum. However, it shadowed the sale of land rights

State regulatory policy actions should limit the phenomenon of extreme opportunistic behaviour of landowners and land users as economic agents, especially in agricultural lands, by ensuring their protection and conservation of natural fertility.

In the land sector, the negative economic externalities of producers are particularly noticeable when tenants try to save part of their costs through consumption of natural fertility, environmental degradation, which provides an opportunity to receive additional income.

Institutional and neo-institutional economies consider land plot as a public good. And utility of good for the individual, depends on the number of potential consumers of this good, but consumption and opportunistic attitude to the good decreases, and then destroys it. The norm of article 13 of the Constitution of Ukraine is becoming particularly relevant, as the landowner, individual does not care about the fertility of the fractional land, renting it, ignores the protection of land in the deal of high rent fee, and tenant in a profit agreement, goes on consumption natural fertility by replacing it with artificial fertility.

Some manufacturers and scientists of Ukraine try to reduce the specified negatives. S. Antonets (“Agro-ecology”) 40 years ago embarked on the path of organic farming, conducted a normative analysis in the comparative institutional perspective of the development of agricultural production and society, abandoning any chemical (artificial) substances in agricultural production [6].

Having lost about 800 million UAH (in modern prices) of income, he has recovered 9 thousand hectares of arable land belonging to peasants – shareholders and to the state.

A special monopoly rent – ecological rent is formed on these lands for 40 years. After all, uniquely reclaimed soil produces ecological pure organic production of agricultural products, which is evaluated on the market at monopoly-high prices, twice, three times higher than the ordinary counterparts in the commodity market. The specified price allowance compensates for the losses incurred for soil improvement.

If ecological and socio-important norms of behaviour are not protected by customs, religious commandments, traditional norms – they must be determined institutionally by the state. In fact, owners of shares break the contractual relations with “Agro-ecology” and, acting opportunistically, for their own profit, transfer land shares in the use of farmers (in a shadow format) and continue to consume the already recovered natural fertility, but in the form of second-rate differential rent.

Real members of the socio-economic process, including the purchase of agricultural products, paying a high price for organic products, determine the development of organic, environmentally friendly food, which requires the need to return agricultural production to organic farming systems, soil recovery and avoiding of usage of chemicals in the production process. But till this time the institute of organic farming has not been fully formed in legal field in Ukraine.

If the state does not restrict the manifestations of extreme economic opportunism of landowners and land users, it will lead to a decrease in natural resource land potential, will reduce not only fertility, but also monetary valuation of agricultural lands of Ukraine.

Conclusions. The ideas of institutionalism underlie the economic policies of the developed countries of the world, in which social norms have become a practice of state regulation, and the role of state regulation in the land sector is particularly prominent.

In accordance with the requirements of the institutional economy, the state must regulate the norms of access to the scarce resource – black soil. Land ownership acts as a "bundle" of rights regarding the owner's behavior and should be restricted in the interests of society and in the interests of future generations.

Institutionally, the "rules of the game" in the field of organic farming in Ukraine should be prescribed.

The evolutionary institutional changes are inherent in the public land sector, when a partial peripheral gradual change in the rules and regulations lead to gradual changes and development of the whole holistic system of economic land relations.

The state, having advantages of influence and acting by economic and legal influence methods, should change and adapt the institutional environment, as a set of rules, norms that form the basis of production, exchange and redistribution in the land sector, because the main link in the bundle of land rights belongs to the people of Ukraine.

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Шарій Григорій Іванович, доктор економічних наук, доцент. **Дубіщев Віктор Петрович**, доктор економічних наук, професор. **Максименко Олег Сергійович**, кандидат економічних наук, доцент. Полтавський національний технічний університет імені Юрія Кондратюка. **Інституціональні аспекти земельних відносин в Україні**. Представлено й обгрунтовано теоретичний апарат нової інституціональної та неінституціональної теорії у галузі економіки земель. Визначено необхідність подальшого інституціонального розвитку земельних відносин в Україні. Ураховано, що інституційне забезпечення внутрішньої земельної політики є «барометром» оцінки ставлення суспільства до земельних благ, а ставлення до землі головного державного інституту – держави визначає її стабільність в геополітичному масштабі. На сутнісному рівні з авторської точки зору інститут це сукупність формальних, неформальних і спонтанно визначених меж, що структурують взаємодії й визначають поведінку індивідів в економічному, політичному та соціальному житті суспільства. Виділено головні принципи нової інституціональної та неінституціональної економіки в земельній сфері: інститутоцентризму; обмеженої раціональності; історизму; економічного опортунізму. Унікальним проявом у земельній сфері визначено обмежену раціональність і явний опортунізм у діях орендодавців – власників паїв. В умовах структурної невизначеності відсутність інформації не дає можливості власнику паю передбачити всі можливі випадковості, ризики і фактори впливу й розрахувати найбільш оптимальну (раціональну) лінію поведінки. Тому, захищаючи більше орендодавців, ніж орендарів, держава регулює строки оренди, мінімальні та максимальні рівні орендної плати, знижуючи вказані негативи до мінімуму. Проте це фактично тінзувало продаж права на землю. Ураховано, що нова інституціональна і неінституціональна економіка розглядає земельну ділянку як суспільне благо. А користь блага для індивіда залежить від кількості його потенційних споживачів, але споживання й опортуністичне ставлення до блага зменшує, а то й знищує його. Норма статті 13 Конституції України набуває особливої актуальності, адже землевласник - індивід не опікується родючістю пайової землі, здаючи її в оренду, ігнорує захист земель на угоду високій орендній платі, а орендар на угоду прибутку йде на споживання природної родючості, підміняючи її штучною. Доведено, що держава, регулюючи земельні відносини, повинна намагатись об'єктивно визначити і перерозподілити права власності, тоді трансакційні, включаючи корупційні, витрати будуть зведені до мінімуму, і тільки тоді персональний розподіл прав власності не впливатиме на ефективність кінцевого споживання ресурсів.

Ключові слова: інститут, інституціональна економіка, методологія, методи, економіка землі, рентні відносини, екологічна рента.

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Sharyi Hryhorii, D.Sc. in Economics, Associate Professor. **Dubishchev Viktor**, D.Sc. in Economics, Professor. **Maksymenko Oleh**, PhD, Associate Professor. Poltava National Technical Yuri Kondratyuk University. **Institutional aspects of land relations in Ukraine.** The theoretical apparatus of a new institutional and neo-institutional theory in the field of land economics is reinterpreted. The necessity of further institutional development of land relations in Ukraine is determined in the article. Institutional securement of domestic land policy is «a barometer» of assessing the attitude of society to land benefits, and the attitude to the land of the main public institute – the state, an assessment of stability of the state on a geopolitical scale.

Key words: institute: institutional economy, methodology, methods, land economics, rent relations, ecological rent.

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Шарый Григорий Иванович, доктор экономических наук, доцент. **Дубищев Виктор Петрович**, доктор экономических наук, профессор. **Максименко Олег Сергеевич**, кандидат экономических наук, доцент. Полтавский национальный технический университет имени Юрия Кондратюка. **Институциональные аспекты земельных отношений в Украине.** Представлен и обоснован теоретический аппарат новой институциональной и неoinституциональной теории в области экономики земель. Определена необходимость дальнейшего институционального развития земельных отношений в Украине. Учтено, что институциональное обеспечение внутренней земельной политики является «барометром» оценки отношения общества к земельным благам, а отношение к земле главного государственного института – государства определяет его стабильность в геополитическом масштабе.

Ключевые слова: институт, институциональная экономика, методология, методы, экономика земли, рентные отношения, экологическая рента.