



Conformity of land relations to productive forces: retrospective analysis

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Abstract

The following is being revealed in the paper: evolution of land relations and retrospective of agricultural policy realization's mechanism from tribal land property, cancellation of serfdom law, period of state monopoly for land ownership and ruling of kolgosp-radgosp (agricultural economy control system, which was operation during Soviet times) system, to agricultural reforms during 1990s-2018. Per analysis of transformations, which happened during last century, the hypothesis of discrepancy between land relations and productive forces development level, and destructive social-economic consequences for balanced rural development. This is the reason Ukraine was not able to fulfill its agricultural potential, despite possibilities of new technical modes and possibilities of existing green and industrial revolutions. It is proven that this is one of the main reasons of Ukrainian agricultural sector to lag behind other countries, which also feature resource-based economy. Using data regarding private land shares turnover during 18 years long moratorium on market deals for agricultural land, the trend of land shares' over-concentration within certain vertically integrated agricultural holdings is substantiated. Hence the urgent need for development of organizational-economic mechanism, aimed at balancing of agendas of all land relations participants: farmers (land owners, family farm owners), medium and large enterprises, regional communities and state.

Keywords: agricultural reforms, land relations, productive forces, denationalization, land market

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INTRODUCTION

We are of opinion that dialectics of agricultural relations and productive forces integrates logically into formational definition of Ukrainian agricultural history. Definitive role in its contradictory development belongs to rural population. They provide the link between generations regarding farming traditions, replicate rural way of life, they are the carriers of traditions, certain mentality, culture, religion, etc. Methodological foundation for this study is the supposition that land relations are versatile society relations, which are materialized by extremely important part, in particular, agricultural lands. So rural population is in the epicenter of land relations apriori, they are the acceleration behind productive forces within agricultural sector.

Dialectic approach to analysis of integrity and contradictions between agricultural relations and productive forces, also determination of cause-effect links within, depending on societal reproduction method of agriculture are reveals new possibilities for retrospective analysis of land transformations, which happened on Ukrainian territory, as well as provides tool set for comprehension of social-economic nature of

transit period on rural territories – from total state-controlled economy to market economy.

The paper's goal is economic – evaluation of land relation's mechanism correlation with level and character development of productive forces, as well as determination of social-economic consequences for balanced rural development by defying this requirement.

METHODOLOGY

Fundamental statements of political economy became theoretic and methodological basis, in particular, consistent patterns of social-economic formations' development, also studies by domestic and foreign scientists. Dialectical method condoned revealing of cause-effect links regarding integrity and contradictions of agricultural relations and productive forces, depending on method of agriculture's management. Abstract-logical method was applied in accordance estimation of land legislation to tendencies,

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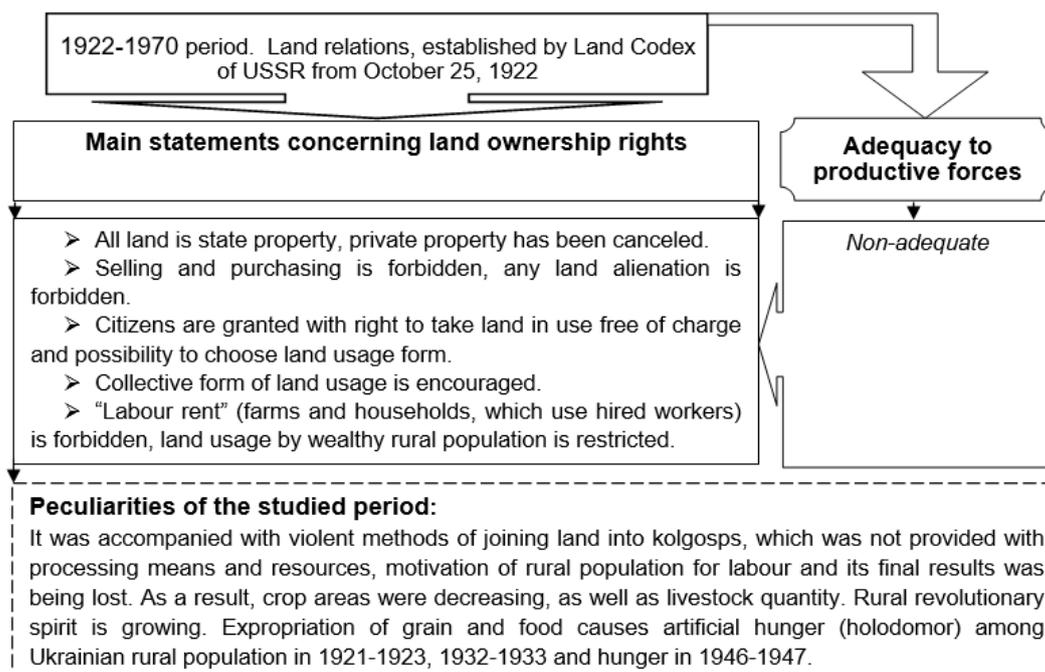


Fig. 1. Ukrainian land relations adequacy to level and character of productive forces' development of agricultural sector during 1922-1970

Source: written using data of State Statistical Service of Ukraine and data of State Service of Ukraine for Geodesy, Cartography and Cadastre and (Kulynych 2005)

which are revealed through economic patterns, in particular regarding increasing concentration (within single management) of land, as well it was applied in shaping conclusion for the paper and proposals regarding further studies, considering multi-level character of said problems.

Information basis for the study were research materials of leading domestic and foreign land relations scientists, Ukrainian legislation, analytical materials of State Statistical Service of Ukraine; data of State Service of Ukraine for Geodesy, Cartography and Cadastre; The Food and Agriculture Organization of the United Nations' reports, agricultural formations' study results.

Study's Results: Land Relations' Accordance to Level and Character of Productive Forces' Development

Consistent pattern regarding agricultural relations' adequacy to level and character of productive forces' development in sectorial aspect is revealed through society relations' accordance to key factors of agricultural production development (land, labour, capital). This is relevant in all social-economic formations, it is carried out in integral cooperation mechanism with other general and specific production laws (growth of necessities while resources are limited; demand and supply; cost, competition, monopolization; decreasing resources' output; marginal costs; production's scale effect and others).

Reformation of ownership relations for land shares, in connection with specialization, cooperation and production concentration could be driving force of agricultural sector in economy (in case of adequacy to productive forces, when "creative destruction" process is active, by Schumpeter) or it could be the "slowing down factor". In case of "slowing down factor", the «destruction without any creativity» (Schumpeter 1987) is underway, land and other resources (human, economic, natural) are being used ineffectively.

We have made an attempt to prove this statement through generalization of land relations' level adequacy, which are mentioned in main statements of land laws, to level and character of productive forces development within agricultural sector (Figs. 1-4).

Starting from 1922 (Land Codex of USSR from October 25, 1922), violent methods were applied in order to unite land shares into kolgosp, individually-owned private farms were destroyed (Collectivization 2018, Lypynskyi 1926, Marochko 2007). Targeted destruction of wealthy farms was frequent, their owners jailed, sanctioned and victimized. This is how administrative-control method broke fundamental pattern of agricultural relations adequacy to level and character of productive forces' development (Fig. 1).

People's Commissars Council of USSR signed the decree «On signs of wealthy households and farms, which are subjected to Codex of laws about labour» with "top secret" label on May 21st, 1929. It considered a farm or household wealthy one (kurkul), if it featured one of the following details:

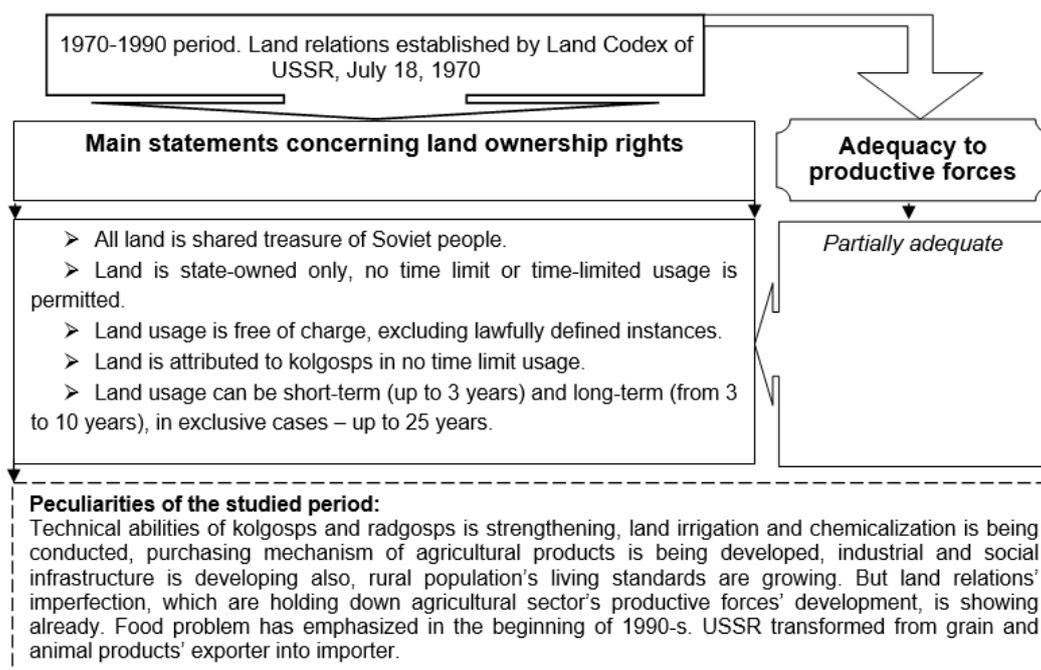


Fig. 2. Land relations' adequacy in Ukraine to level and character of productive forces in agricultural sector in 1970-1990
 Source: written using data of State Statistical Service of Ukraine and data of State Service of Ukraine for Geodesy, Cartography and Cadastre and (Kulynych 2005)

- a) employs hired workers constantly;
- b) it is an owner of mill, grist mill, oilery, drying equipment for potatoes, fruits or vegetables; any industrial equipment with an engine;
- c) constantly rents out mechanical equipment;
- d) rents out (constantly or during particular season) of dedicated premises for housing or business;
- e) members of a farm or household are engaged in trade, usury, commercial mediation or possess non-labour income (Khmil 2004, Mohylnyi 2005: 271).

People's Commissars Council in Union's republics were granted to change mentioned criteria depending on local conditions. Much more strict conditions of liberating wealthy households and farms (kurkul households) from their wealth were established for Ukraine. Such household had to own, on the average, 10-15 dessiatines of land, several horses, 2-3 cows, 10-15 sheep, unsophisticated agricultural machinery. By exchange rate during that time, the mentioned property was estimated from 90 to 210 USD or 170-400 soviet rubles (Panchenko et al. 2007: 221).

As we may see, almost all family farms (by value of their property) with land area from 2 to 20 hectares could be considered "wealthy" (kurkul), so they were enemies of soviet government and socialist transformations on rural territories. According to statistics in 1927, so-called "kurkul" farms (wealthy) made 3.8% of the total quantity, 200 thousands units. They produced 20% of agricultural industry's output (Panchenko et al. 2007: 221).

Next stage of land relations' development, which was started by signing of Land Codex of USSR in July 18, 1970, was partially adequate to level and character of

current productive forces. Specific features of land relations' transformations: technical abilities of kolgospes and radgospes is strengthening, land irrigation and chemicalization is being conducted, purchasing mechanism of agricultural products is being developed, industrial and social infrastructure is developing also, rural population's living standards are growing (Fig. 2).

But starting from 1990, situation has changed significantly. Systemic crisis period began, which was accompanied by significant losses for kolgospes and radgospes, incredible disparity in prices for agricultural products and technical materials and services for rural territories (Fedorov and Mesel-Veseliak 1993, Fedorov 1998, Lerman et al. 1994) (Fig. 3).

Insignificant recovery in agricultural sector began in 2000 after collective agricultural enterprises' reorganization and creation of private enterprises on that foundation (Ciaian et al. 2012, Csaki and Kray 2005, Csaki and Lerman 2001). Although large integrated agricultural formations, agricultural holdings, began their existence in that time precisely, having absorbed smaller and economically weaker organizations. Processes of land areas concentrations have begun, which later grew into over-concentration processes (Khodakivska and Levesque 2018). Farmers' movement, cooperation, small forms of agricultural business did not live up to expectations. Strengthening of holdings' monopolistic positions, their assumption of uncontrolled rent income, exploitation of the agricultural sector by way of raw materials production only, decreasing of employees quantity in agriculture, rural territories decline became consequences (Fig. 4).

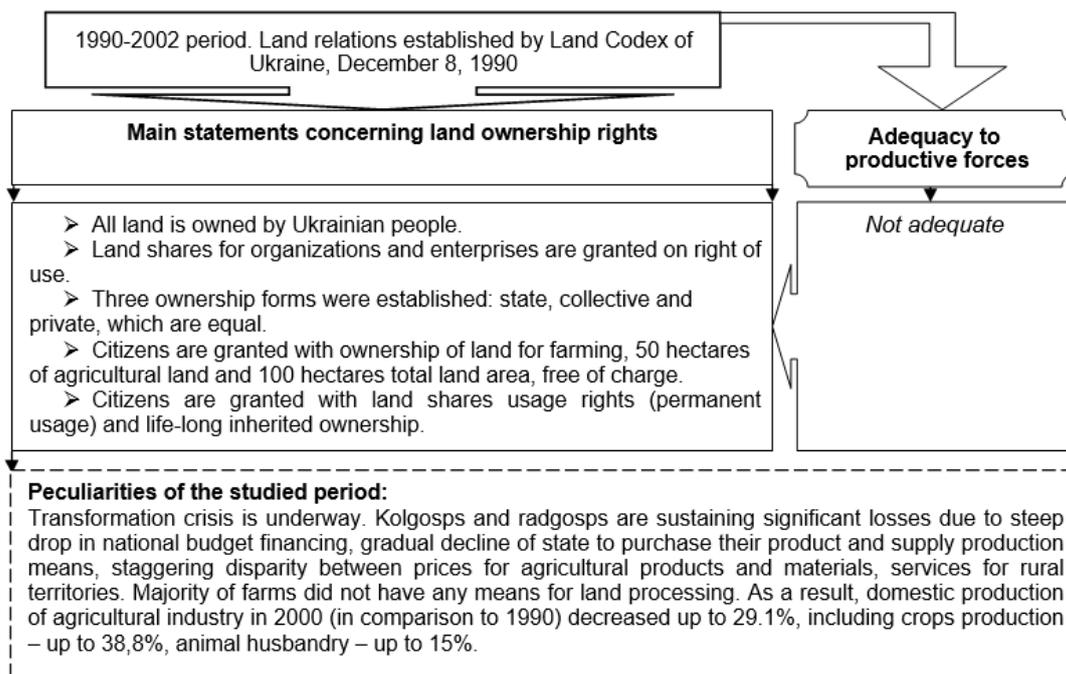


Fig. 3. Land relations' adequacy in Ukraine to level and character of productive forces in agricultural sector in 1990-2002
Source: written using data of State Statistical Service of Ukraine and data of State Service of Ukraine for Geodesy, Cartography and Cadastre

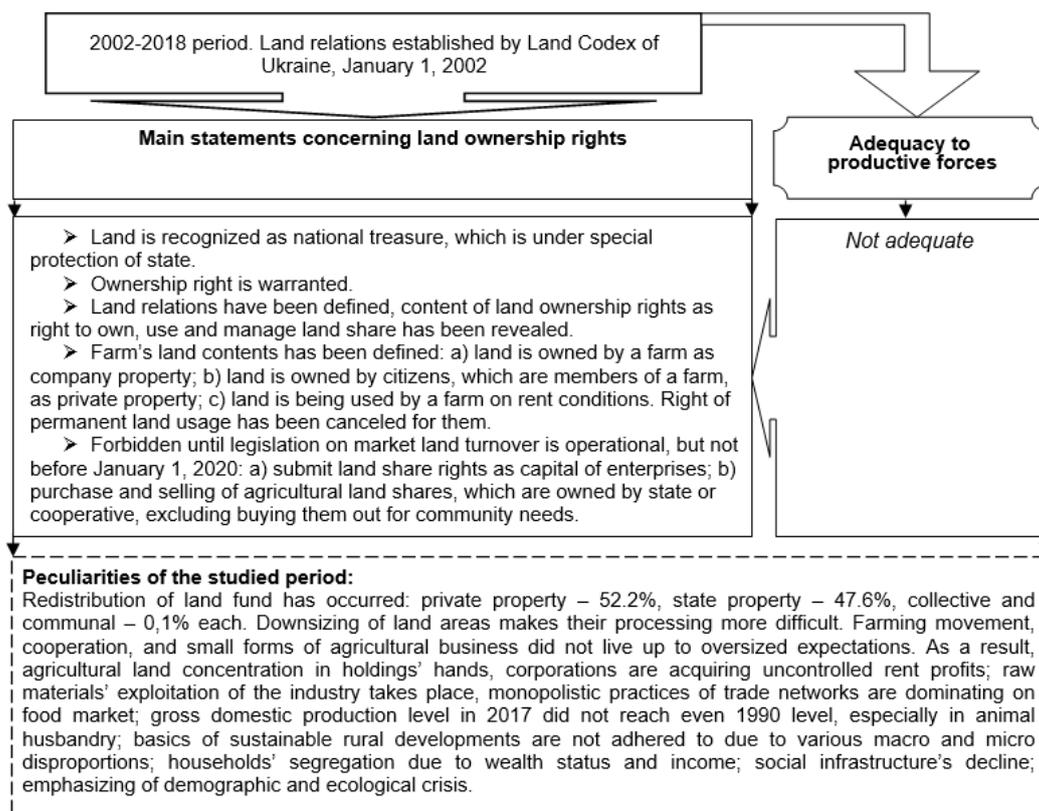


Fig. 4. Land relations' adequacy in Ukraine to level and character of productive forces in agricultural sector in 2002-2018
Source: written using data of State Statistical Service of Ukraine and data of State Service of Ukraine for Geodesy, Cartography and Cadastre (Khodakivska 2014, Khodakivska and Levesque 2018)

Table 1. Ukraine's place in world crops production, millions of tonnes

Crop	Average for 1907 – 1912		Ukraine, in comparison to world, %	2016		Ukraine, in comparison to world,%
	World	Ukraine		World	Ukraine	
Wheat	95.0	6.55	6.9	749.5	26.1	3.52
Oats	60.6	1.638	2.7	23.0	0.5	2.18
Rye	44.2	3.276	7.4	12.9	0.39	3.61
Barley	31.1	4.914	15.8	141.3	9.4	6.14
Total	230.9	16.38	7.1	926.7	36.4	3.9

Sources: (Ternychenko 1927: 706), data of Faostat, Eurostat, State Statistical Committee of Ukraine

Study's results demonstrate that agricultural relations on Ukraine's territories during period of the research did not correspond well to level and character of productive forces' development, thus restraining agro-industrial production's progress. They were either far ahead due to forceful land socialization in united area, which was not manageable for present state of productive forces even with simplified land processing, in case of collectivization, or alternatively, they were severely restricted as a result of lands share management and united property complexes of collective farming among rural population (Haidutskyi 2014, Lerman et al. 2007). Production means' form (agricultural relations) did not correlate with their content (productive forces).

Agricultural holdings, which are oriented on export of grain crops and industrial crops, while sensing global competitive environment's signal more acutely, are continuing to increase land area under their control. First five companies in top-100 are Kernel – 604 thousands of hectares, UkrLandFarming – 570, Agroprosperis (NCH) – 430, Mironivsky Hliboproduct – 370 and Astarta-Kyiv – 250 thousands of hectares (Latifundist 2018).

The losses for Ukraine due to raw materials-oriented behaviour of agroholdings are evident in United States Department of Agriculture's data: in 2017, Ukraine was among top ten largest exporters of agricultural products in the world, and according to WTO's data of export revenue, Ukraine was listed in third ten only (Stepaniuk 2018). These estimations are approximate, but it is true that each tonne of exported grain crops and industrial crops means not simply less workplaces, added value and virtual water, but actual possibility and hope to achieve average European figures (Campana and Montes 2014, Khodakivska and Levesque 2018, Moskalenko 2015).

Apart from that, despite widely active lobbying of corporate interests by agricultural holdings and their socially irresponsible business practice (utilizing off-shore jurisdictions), Ukraine's share in global production of four main grain crops is smaller than one hundred years ago. In 1913, this figure was 7.1%, in 2016 – 3.9%. Ukraine lost its positions by all crops (apart from oats) in global production more than twice, which is demonstrated in **Table 1**.

Even superficial economic-historical analysis of land reforms, which were conducted on Ukrainian territories throughout last one hundred and fifty years,

demonstrates that one can dismiss economic rules on purpose, one may not be aware of them altogether, but they are operating in contradiction to voluntary actions of government agencies. They are driven by material necessities and interests, which are defining behavior and directions of activity of agricultural business' subjects and final recipients of bureaucratic rent.

CONCLUSION

Reforms were mostly directed on bringing agricultural relations to level and character of productive forces development, which is supported by agriculture's progress, inception of processing industry, appearance of additional possibilities for farming development.

Usually, reforms were conducted by shop floor initiative in the form of rural population's revolutionary movements, so their social foundation were rural dwellers with small areas of land in their possession or no land at all (landless), progressively inclined elite and foreign companies, which were looking for new markets for their products, especially industrial-oriented products, in order to trade for food.

Main contradiction of considered period in land relations sphere is inadequacy of reforms to content and character of productive forces' development. This is excluding "stolypin's" reforms, which were directed at farming development. Due to non-operational political-economic model of agriculture's control, Ukraine was not able to realize its existing agricultural potential during 70 years. During this time, majority of countries became world leaders in production and export of raw materials and food, utilizing new technical modes' possibilities, results of several green and industrial revolutions. This is one of the main reasons of Ukrainian agricultural sector's lagging behind similar countries with dominating raw materials-oriented economy.

We are forced to admit that rural dweller with his needs and interests is in the epicenter of land relations and productive forces, so it is inefficient to rely on cause-effect economic rules regarding their adequate development without considering multiple angles of the problem. Land relations are equally influenced by various non-economic factors (political, legal, social, psychological, social-psychological, sociological, cultural-historical, mental, religious), other factors. Hence urgent need in integral studies, which shall unite all parts of systemic and integral event, in order to produce appropriate instruments of communal influence and adequate state control.

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