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INSTITUTIONAL MECHANISMS OF LAND DEVELOPMENT MANAGEMENT

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Introduction. The historical development of economic theories is determined by the efforts of scientists to find methodological econometric patterns of development of the world and domestic economy in this historical period.

The dominance of neoliberalism in Ukrainian recent economic policy and the governance of post-Soviet countries and countries of Eastern Europe have pushed Ukraine and the Eastern European region for decades in their socio-economic development. It is possible to point to the institutional traps which have found not only the economy and land development but also the state administration, as the main public institutions, which are especially difficult to get out of the institutional pits of the shadow economy and corruption.

In Ukraine, primitivism in the imagination and extreme economic opportunism in the actions of the state elites, solely for their own economic benefit, leads to primitivism in the management of land development and catastrophically negative socio-economic, demographic and geopolitical consequences.

In Ukraine, there is a need for movement towards financing basic scientific research in the field of land management, especially in the phase of stimulating the scientific and innovation process – invention. The loss of the scientific component in the activities of the research institutes of land management and the transfer of them from the National Academy of Agrarian Sciences of Ukraine into submission to the Cabinet of Ministers stopped systematic scientific research in Ukraine in the land sphere.

The quality of managerial decision-making in the short and long term, at the macro and micro levels depends on from the objective knowledge of economic laws. It is legitimate to raise the question of the rationality of institutional economic theory, as a basis in the knowledge of economic phenomena and processes. In its favor, it is legitimate to attribute the complexity and systematic knowledge, where, along with the economic factors of influence on the results of the functioning of market structures and the market in general, there are those, which also act, that do not belong to the last ones. The institutional methodology does not apply the principle of abstraction, as in classical economic theory, especially at the stage of Marxism.

The objective role of government as a public institution was rationally manifested during the first global crises of capitalism through the adoption of antitrust laws, in particular the Sherman Act of 1890, the

Clayton Act of 1914. The following was the Great Depression of 1929, from which the Keynes theory on the basis of the state, under the leadership of the US President F. Roosevelt, subsequently worked.

Non-economic factors are exacerbated, as is the regularity of the global process of deepening the socialization of the spheres of people's lives and, above all, in production (deepening the process of division of labor). The question arises about assessing the impact of non-economic factors on the final product (domestic gross product, gross national product) in general and in land relations in particular.

The traditional land valuation through the mechanism of economic rent is considered by the authors as a component of an objective assessment taking into account the environmental rent, institutional etc. Summarizing or combining into the objective (integral) valuation (price) of land is associated with the problem of combining seemingly disproportionate components, but one of methods of solving is the form conversion theory.

The institutional content of the infrastructure of land relations is determined by the institutions that form it. At this stage of research, it is advisable to divide institutions into economic and non-economic ones. Non-economic institutes require the classification in the future.

The contemporary assessment of the results of land relations in Ukraine is burdened with, on the one hand, derivatives of purely value content, and, on the other, the lack of assessment of influential social institutions and problems, their consideration in land relations. The state, having administrative advantages, acting through economic and legal influence methods, should change and adapt the institutional environment, ensuring the rational use of natural resources, the secure stability.

Overview of the latest sources of research and publications. The 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. Weeblen, 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 diffusion of the institutional approach in Anglo-American science. We separately distinguish the works by J. Hertzler «Social Institutes» (1929), «American Social Institutes» (1961), W. Hamilton «Institutes» (1932), F. Chepin «Social Institutes» (1935), L. Ballard's «Social Institutes» (1936), G. Barnes' «Social Institutes» (1942), K. Panunzio's «Principal Social Institutes» (1946), and J. Feibleman's «Institutes of Society» (1956) [2].

The works by D. Nort, Yu. Lopatynskyi, R. Nureyev, V. Yakubenko are also devoted to the study of problems of institutes and institutions.

Purpose of the article: to rethink the theoretical apparatus and institutional mechanisms of the land development management by analyzing the norms of behavior of agents (participants) in the land sphere.

Basic material and results. Economic processes in a society not subordinated to pure market economic theories but determined in each country by the historical traditions, customs, social and institutional and regulatory norms of behavior, both of individuals and legal entities, whose actions have significant limitations [3]. The actions of individuals and legal entities that have legal consequences in Europe, in Asian countries they are legal and European norms of behavior also have legal consequences in many countries up to criminal liability.

The history of economic scholarship has led humanity to the institutional economic theory, which most methodologically approximates and objectively describes models and determines the further development of the economy. Institutionalism in modern economic science, in our opinion, plays a leading role.

Social economic relations, especially land, have an essential structure: in the form of an institutional complex, based on the traditional, customary and religious norms of behavior of individuals, as well as social, political, economic, legal and other institutions, as stable socio-economic, organizational – legal structures, institutions and organizations [4].

Institutionalism has three main ideas [5]:

- a broad interpretation of economic theory, which should take into account and explore not only economic but also other factors affecting economic life: social, religious, traditional, customary, psychological, legal, political, geopolitical;
- functioning, development, transformation of social processes under the condition of social and state control over the economy;
- refusal to consider economic relations solely from the position of "economic person" as an economic agent, and consideration of social-habitual behavioral assessments, forecasts at the micro-economic level.

Researchers, when revealed the essence of the term, understood by the institutions (primarily social) 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 unchanged; 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 works 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 field of science characterizes them from their own point of view [6].

In some countries there is a substitution of the concepts of «institute» and «institution»; the duality of the concept is also present: the institute as a norm of behavior and the institute as an organization.

In our opinion, institutions are the foundation and key concept of institutional theory. There are many definitions of this concept. One of the founders of institutionalism T. Veblen believed that institutions are sustainable customs. A scientist W. Neal proposed his own interpretation of the concept of «institute» as a set of three complementary elements: rules, standards of behavior and stereotypes of thinking.

In our view, the paradigm of institutionalism defines the concept of «institute» as a set of conditions, rules and enterprises that, in the process of interaction, ensure the normal functioning of the natural environment and socio-economic systems and structures to achieve this goal [7]. In our opinion, the most effective model of economic development for Ukraine is that it uses the concept of the paradigm of institutionalism.

More precisely, from the author's point of view, the institute is a set 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 economic, political and social life, society, including not only the integral national economic mentality, but also the organizational and legal structures, institutions, organizations in the country. The institution is an element of the institute, as a rule, a norm, a certain order, a technique [8].

The concept of «institution» is defined as a rule, the rule of law, the norm of behavior, the totality of traditions, the order that exists and exists in society and in the state. With the help of institutions, public institutions regulate various relationships in society, including land. Understanding the essence of institutional economy helps to analyze the evolutionary path of its development [9].

To understand the difference between the concepts of «institute» and «institution» is worth it to take into account that the term «institute» comes from the Latin «institutum» which meant the establishment, introduction, custom. Instead, the term «institution» comes from the Latin «institutio», «institutiones» the so-called textbook. The first known institution was the textbook of the Roman lawyer Guy in civil law (second half of the second century AD), which consisted of four books [8]. Researches, which are devoted to the institutional sphere, have a semantic duality of the concept – institute as norm and institute as organization [10].

Institutions governing land relations have existed in the history of civilization since ancient times, but are constantly changing and improving. The institutional provision of domestic land policy was a barometer of assessing the attitude of society to the land good, and the relation of the main public institute the state to the land, assessing the resilience of the state on a geopolitical scale.

Institutions emerge in society as a result of the process of institutionalization (development) and for its implementation the following conditions are necessary [11]:

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

Institutes are built: on the basis of 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.

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

Old institutional school scientists realized that in most countries of the world, neither at the macroeconomic nor microeconomic levels, purely market theories do not work, but other mechanisms work, and based on the inductive method, they analyzed actions, not individuals, but collectives, and studied economic methods using methods of sociology, law and political science [12], going to extremes, ignoring the mechanisms of market economy and its laws [8].

On the basis of the institutional school, two scientific schools emerged a new institutional and neo-institutional economy.

The new institutional economic theory 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.

The neo-institutional economic theory, not denying the essence of the classical core of economic theory, modifies the shell of economic relations, considering not only private but also other ownership, regulatory legal, social, religious and other mechanisms and norms of behavior, including the concepts of transaction costs and other.

The neo-institutional economic theory penetrates more deeply into public relations in the land sphere than microeconomics, studies relationships within the organization at the micro-microeconomic level, up to the actions of individuals, i.e. specific landowners and land users. The institutional analysis in the land sector is quite effective, because it generalizes methods of analysis using the structuring of economic and social phenomena using institutional normative methods.

Theoretical aspects of the new institutional economy are most acceptable in the study of economic processes in public administration and land management and land development, where further institutionalization is significantly influenced by social norms of behavior, rules and traditions.

The baseline for the analysis looks for a new institutional approach 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, and uncertainty, especially regarding land rights and land relations in Ukraine [13]. Land development is dominated by the opportunistic behavior of economic agents, both landlords and landowners, who act for their own private interest, by consuming natural fertility, receive their current economic benefit.

It is possible to distinguish the main principles of institutional economy in the field of land development:

- institutionalism – it is impossible to study the process beyond a specific institutional form, which presupposes unity in the land sphere of human activity and social relations;
- limited rationality – asymmetry of information of economic agents does not allow the individual to make rational decisions, and to evaluate possible alternatives of prospects for land development;
- historicism – economic phenomena in the sphere of land relations are formed by historical tendencies, customs, historical mentality and cultural traditions (the effect of the trail);
- economic opportunism – the actions of individuals (land users, landowners) in the land sphere are sufficiently opportunistic and take into account, first and foremost, their own, rather than public interest and sustainable development;
- land good – land acts not only as an object of exchange, equated with goods, spatial basis, means of production, but good, a resource of consumption of useful properties by the public at large. The consumption of land good entails negative and positive externalities, which are limited, and regulated by society and the state. Free, non-regulated, agricultural land market is absent in the world, and in many countries (Israel, Belarus, Asia) agricultural land is not an object of sale but is included in the economic turnover and circulation through lease and transfer of rights of user.

Transaction costs are also particularly 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 land rights movement, a land transaction. The payment to the owner of the plot in the shadow format for the right to lease is 5 thousand hryvnias per 1 hectare, and if it is estimated the advertising costs, the work of agitators, yard patches, socially significant measures, the costs of manufacturers for the arrangement of social sphere and infrastructure, legal costs, formation of public opinion, PR-company, costs for the treatment and rehabilitation of unit owners, funeral expenses, education costs to the family members of landlords, anti-raiding and corruption costs, then transaction costs per 1 ha of leased land are 10 thousand.

The state regulating land relations, while managing land development, should try to objectively identify and redistribute property rights, while transactional, including corruption, costs will be minimized and personal allocation of property rights will not affect on the efficiency of final consumption of resources [14].

According to the authors, the institutional role of the state as a public institute of management in the field of land relations and land development is seen in:

- formation of the purposeful regulatory influence through the system of economic, legal, administrative and organizational methods and mechanisms of providing the support for nationally just and economically expedient processes in the land sphere by development and implementation of governmental rules, norms, standards that change and control the activity in the land sphere;
- conducting measures of economic, legal and organizational influence on the land economy, including through the creation of state mortgage institutions, state support and protection of business entities, individuals, progressive taxation, infrastructure of land circulation;
- creation of conditions for adaptation of economic entities and individuals to change macroeconomic parameters in the land sphere, in order to increase the level of rationality in the actions of economic agents of land relations for the purpose of progressive land development;
- regulating the influence of subjects on an object (land plots) to bring it to a certain state, limiting the opportunistic behavior of land users and landowners, in the direction of sustainable development and protection of land and soils;
- ensuring the balance of interests of participants in land relations, minimizing external negative externalities and minimizing shadow transaction costs of society and corruption in the field of land development management.

The land sector is also characterized by backward integration, when tenants seek to transform from the purchaser the right to use the land resource into a full-fledged owner. However, under the moratorium, only a shady circulation of rights of use is possible, and it amounts to 3,000 US dollars per hectare in Ukraine and covered up to 5 percent of agricultural land.

A unique manifestation of land development can be defined by the limited rationality and overt opportunism in the actions of not only tenants but also landlords, land owners. In the context of structural uncertainty, lack of information makes it impossible for the landowner to anticipate all possible contingencies, risks and factors of influence and to calculate the most optimal (rational) behavior.

Protecting more landlords than tenants, states regulate leases, minimum and maximum levels of rent by reducing the aforementioned negatives to a minimum, but in Ukraine it only shadowed the sale of land rights and land relations.

In the land sphere, economic opportunism of tenants, who are trying to save part of their costs through consumption of natural soil fertility and environmental degradation is particularly noticeable.

Public land management should limit the phenomenon of extreme opportunistic behavior of landowners and land users as economic agents, especially on agricultural land, by ensuring the protection and conservation of natural fertility.

The new institutional and neo-institutional economy sees the land as a public good. And the benefit of the good for the individual depends on the number of potential consumers of the benefit, but consumption and opportunistic attitude to the good reduces and even destroys it. The norm of Article 13 of the Constitution of Ukraine is of particular relevance, because the landowner – the individual does not take care of the fertility of the land received free of charge, and renting out, ignores the protection of land in favor of a high rent, and the tenant, in the interest of profit, goes for the consumption of natural fertility exchanging it with artificial one.

The individual producers and scientists of Ukraine are trying to reduce these negatives. 40 years ago, the scientific-production private enterprise «Agroecology» 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 [15]. Having lost about 800 million hryvnias (in modern prices) of income, it has been recovered 9 thousand hectares of arable land belonging to peasants owners of shares and the state. A special monopoly rent ecological rent is formed on these lands for 40 years. After all, the uniquely reclaimed soil produces the environmentally pure organic production of agricultural products, which is valued on the market at monopoly-high prices, higher than the ordinary counterparts in the commodity market. The specified price allowance compensates for the losses incurred for soil improvement.

If environmentally and socially important norms of behavior are not protected by customs, religious precepts, traditional norms – they must be determined by the state institutionally [16]. The owners of the units break the contractual relations with the Scientific-production private enterprise «Agroecology» and, acting opportunistically, for the purpose of their own fertility, transfer the units to the farmers (in the shadow format) and continue to consume the restored natural fertility in the form of differential rents.

Actually active participants in the socio-economic process, including purchasers of agricultural products, paying a high price for organic products, determine the development of organic, environmentally

pure food, which necessitates the return of agro-production to organic farming systems, soil health and without using chemicals in the production process [17]. But in Ukraine the institute of organic farming in the legal field has not been institutionally fully formed and the legislative institutions adopted are not perfect.

If the state doesn't limit with the government the manifestations of extreme economic opportunism of landowners and land users it will reduce the country's natural resource potential and reduce not only fertility but also an appreciation of Ukrainian agricultural land [18].

According to social requirements, the following are rightly attributed to the basic needs of the society and the tasks of the state administration for the circulation of agricultural lands [19]:

- strengthening the country's food security;
- protection of the legitimate interests of land owners and users;
- improvement of rural employment and rural demographic status;
- ensuring the sustainable land use, rational and efficient land use;
- ensuring the sustainable development of rural areas and communities [20];
- raising the capitalization and liquidity of the land as an economic asset;
- ensuring the fair land valuation and land use fees;
- avoidance of fiscal losses and avoidance of shadow schemes of tax evasion, raider schemes of land seizure, use of front persons in case of acquisition of ownership and use of land;
- introduction mechanisms for preventing speculative transactions and monopolization of agricultural lands, limiting the legal personality of buyers and introducing standards for land acquisition.

The specified facts determine the institutional ways of implementing the tasks of managing land development on agricultural lands by:

- fixing minimum employment rates of the population per unit area of agricultural land;
- limitation of the area of land that can be owned by one person;
- prohibition on resale of land for a certain period;
- introduction of a differentiated amount of the state duty during the sale and purchase of land;
- establishment of certain requirements for potential buyers of land plots, limiting only to citizens of Ukraine living in rural areas and personally engaged in rural labor;
- avoiding the fragmentation of land by introducing the unity of inheritance and norms of land consolidation;
- bans on changing the purpose of arable land, except for alienation for public needs and for reasons of public necessity for the purpose of protection and preservation of soil and natural fertility;
- changes of minimum up to 5 years and maximum up to 20 years of land lease term, and setting of lease rates;
- introduction of a progressive scale of tax payments for agricultural land during which they are not used and depending on the size of the land.

Studying the institutional mechanisms and practical implementation will allow:

- to secure the interests of the state as a representative of the people of Ukraine during the inclusion of agricultural land in economic circulation, creating a national land fund;
- to direct financial activity in the circulation of agricultural land in the realm of real production, to increase the productivity and efficiency of agricultural production through the creation of state mortgage institutions, investment programs, state administrative infrastructure;
- to stop the illegal use of agricultural land without proper legal grounds (land of extinct heritage, unclaimed shares, designed field paths, farm yards, hayfields and pastures, etc.);
- to achieve the sustainable land use through the introduction and implementation of land management projects, ecological and economic justification of crop rotation and land protection;
- to increase the investment attractiveness of the agrarian sector and the economy of Ukraine as a whole [8].

The nature of the relationship of the means of institutionalization of land relations with the peculiarities of the formation of the financial and economic space of the state in the author's interpretation is considered at the level of development of institutional infrastructure of land circulation in Ukraine, the formation of the State Land Bank and the National Land Fund as state institutes. These structures will provide the incentives, support and regulation of land development; form a favorable investment climate in the countryside, sustainable social and sustainable rural development.

Conclusions and prospects for the further research. The social land development is characterized by evolutionary institutional changes, when partial peripheral gradual changes in the rules and

regulations lead to gradual changes and the land development of a coherent system of economic land relations.

The ideas of institutionalism underlie the economic policies of the developed countries of the world, where social norms have become the practice of public administration, especially highlighting the role of state regulation in land development, especially in the modern world of optimizing life.

The state must, in accordance with the requirements of the institutional economy, regulate and normalize the access to a limited resource agricultural land. The land ownership acts as a «bundle» of rights over the owner's behavior and should be defined in the public interest, for the benefit of future generations. It is necessary to write out institutionally, nationally-justified «rules of the game» in the field of agriculture in Ukraine and management of the land development.

The state, having administrative advantages, acting through economic and legal influence methods, should change and adapt the institutional environment, ensuring the rational use of natural resources, the secure stability and even spatial self-isolation in coronary virus epidemics.

The methodology of institutionalism forms the foundations of a nationally just, economically feasible system of the land development mechanisms and optimal scenarios for the development of land relations in Ukraine.

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Шарий Григорій Іванович, доктор економічних наук, доцент. **Нестеренко Світлана Вікторівна**, кандидат технічних наук, доцент. Національний університет «Полтавська політехніка імені Юрія Кондратюка». **Інституціональні механізми управління земельним розвитком.** Переосмислено теоретичний апарат нової інституціональної й неінституціональної теорії у сфері земельної економіки та визначено необхідність подальшої інституціоналізації земельного розвитку в Україні. Проаналізовано суспільні економічні відносини. Виявлено, що саме земельні відносини мають сутнісну структуру: у вигляді інституційного комплексу, в основі якого лежать традиційні, звичаєві й релігійні норми поведінки індивідів, а також соціальні, політичні, економічні, правові та інші інститути, як стійкі соціально-економічні, організаційно-правові структури, установи й організації. Визначено головні принципи нової інституціональної та неінституціональної економіки в земельній сфері, а саме: інститутоцентризм, обмежена раціональність, історизм, економічний опортунізм, земельне благо. Характер співвідношення засобів інституціоналізації земельних відносин з особливостями формування фінансово-економічного простору держави в авторській інтерпретації розглянуто на рівні розбудови в Україні інституційної інфраструктури земельного обігу, формування Державного земельного банку та Національного фонду земель, як державних інститутів. Виявлено, що суспільному земельному розвитку притаманні еволюційні інституціональні зміни, коли частинні периферійні поступові зміни в нормах і правилах обумовлюють поступові зміни й земельний розвиток. Доведено, що держава, маючи адміністративні переваги, діючи економічними методами та методами правового впливу, повинна змінювати й адаптувати інституціональне середовище як сукупність правил, норм, що формують базис виробництва, обмін і перерозподіл у земельній сфері, адже головна ланка в комплексі земельних прав належить народу України.

Ключові слова: земельний розвиток, інститут, інституціональна економіка, методологія, методика, земельна економіка, рентні відносини, екологічна рента.

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Hryhorii Sharyi, D.Sc. (Economics), Associate Professor. **Svitlana Nesterenko**, PhD, Associate Professor. National University «Yuri Kondratyuk Poltava Polytechnic». **Institutional Mechanisms of Land Development Management.** A new institutional and neo-institutional theory theoretical apparatus in the field of land economy are revised and the necessity for further land development institutionalization in Ukraine is determined. Social economic relations are analyzed. It is revealed that land relations have an essential structure: in the form of an institutional complex, based on the traditional, customary and religious norms of individuals behavior, as well as social, political, economic, legal and other institutions, as stable socio-economic, organizational and legal structures, institutions and organizations. The main principles of new institutional and neo-institutional economy in the land sphere are determined, namely institute-centrism, limited rationality, historicism, economic opportunism, land good. The relationship nature of land relations institutionalization means with peculiarities of state financial and economic space formation in the author's

interpretation is considered at the development level in Ukraine of land circulation institutional infrastructure, The State Land Bank and the National Land Fund formation as state institutions. It has been found that evolutionary institutional changes are inherent in social land development when partial peripheral gradual changes in rules and regulations cause gradual changes and land development. It is proved that state, having administrative advantages, acting by economic methods and methods of legal influence, 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 sphere, because the main link in the bundle of land rights, belongs to the people of Ukraine.

Keywords: land development, institute, institutional economy, methodology, land economy, rent relations, ecological rent.