TRENDS OF DEVELOPMENT OF FORMS OF ECONOMY IN AGRARIAN SECTOR OF UKRAINE

Iryna I. Mazur, Olena V. Pimenova
Taras Shevchenko National University of Kyiv

Abstract. Trends of development of forms of economy in agrarian sector of Ukraine are studied. Foreign experience of cooperation farmers, their unions with State like partnerships is analyzed. An importance of creation non-commercial production unions as production cooperation in Ukraine is proved.

Key words: cooperation farms, agrarian sector in Ukraine, economic forms of activity

INTRODUCTION

In condition of transforming an agriculture to sustainable (from German Nachhaltigkeit that is means self-repair) development arises a question as to a choice not only economically profitable, but also and rational form of economy for Ukraine, which could provide balanced connection of figures of economic, social and ecologic spheres – an activity of persons of entrepreneurship in agriculture, due to specificity of branch, particular of an existence dependency from natural and climatic conditions. Natural resources together with labour force and capital are used by agricultural enterprise for production goods and services, promoting an efficiency of production, follow on environment. So, a wish of entrepreneurs to receive a maximum profit not always agreed with nature-conservative measures. That comes to extra-exploitation of nature, pollution of the environment, decrease of humus content in soil, reduction of biodiversity of natural resources, destruction of local agro-landscapes, obstruction by hazardous pollutant of water resources etc.

In conditions of transforming to sustainable development in agrarian sector of economy as an important factor is creation and function a socioeconomic model
of agriculture development. To socioeconomic development in agrarian sector on one hand belongs an economic development of rural territories, employed workers in agriculture, effectiveness of employment, which is characterized like population income, ecologically safe production, which is oriented on people’s needs. On other hand a socioeconomic development could be characterized by the role of rural social capital, which should be the part of Agrarian State Policy.

Social capital could be interpreted like social bondings and attitudes, which are based on trust and could be organized in agrarian sector of economy, they prompt people to more effective actions with an aim of receiving common task [Bazilevich 2008, p. 78].

In accordance with F. Fukuyama social capital are general norms and values, which are practiced by group of people and promote their cooperation [Fukuyama 1990, p. 8].

V.M. Gejets researching a socioeconomic model of Ukrainian future, which is presented in his monograph ‘Society, State, Economy’, is mentioned, that main role of social capital consist in providing with development of any country and intercommunication of technocratic and social parts in new philosophy of development [Gejets 2009, p. 317].

In agriculture an effective farm is a balanced connection of economic, social and ecologic parts, because an extra exploitation of natural resources for own benefit often come to their deterioration, which decrease in time and economic figures of entrepreneurs. Among such forms, which historically exist in Ukraine, are farming and peasant economy, their unions in agricultural serve and production cooperatives.

**RESEARCH METHODS**

**Literature background**

An importance of problem of forming and development of socio-ecologoeconomic forms of economy in agrarian sector, which provide a preservation of environment, are proved by studying the problems of many foreign and native scholars. A theoretic base of stated conclusions could be works of well-known representatives of world economic thought like: J. Schumpeter, A. Pigou, R. Cantillon and others. An important contribution to elaboration of technical approaches to evaluations of forms of economy made such scholars: H. Eckert, G. Breitschuh, U. Burth, W. Haber, K. Isermann, I. Mattnes, E. Fleischer; D. Roth, D. Sauerbeck, M. Wasilewski and others. There are Ukrainian scholars, which investigate problems of sustainable development of agrarian sector, especially, social-oriented forms of economy: V.D. Bazilevich, K.S. Bazilevich, O.N. Borodina, S.S. Volkov, N.I. Grazhevksa,

At the same time, in spite of importance of this question and big attention of many well-known scholars, some aspects, which is oriented on sustainable development of forms of organization of agricultural production are not enough studied yet.

The aim and methods of the study

Under globalization the most popular forms of economy in agrarian sector of EU countries, North America, Asia, Oceania are farming and different forms of its unions, especially in social enterprise.

In Latin America, Africa, Australia except indicated forms are popular commercial corporation, which is based on hired labour (agroholdings, latifundium). In according with Professor of agricultural and resource economy of Californian University Alain de Janvry to main problems of latifundium agriculture belong: stagnation of production and encrease a poverty in agricultural districts. The scholar in his work ‘Agrarian question and reforms in Latin America’ proved that a result of agrarian crisis is very low remuneration of labour of rural population and export oriented production. Predominance of latifundium comes to disappearance of villagers. Among main disadvantages of such model of economy in agriculture Alain de Janvry marks namely ecocatastrophe, decrease of birth rate, migration of rural population in cities, peasant lack of land etc. [1981, p. 52].

In Commonwealth of Independent States in a process of reform of agrarian sector were formed of economy, especially personal peasant economies, farms, privately owned enterprises, production cooperatives and agricultural association in the form of agroholdings, that is big capital agro-trade-production enterprises, which use thousands ha of agricultural lands for growing the most profitable and technically mechanized agricultural crops (sunflower, rape, cereals, maize) with using of chemical fertilizer, pesticides, herbicides and other plant protection substances for receiving big harvest. Among big disadvantages of such form of organization of activity are ignore of crop rotation, transforming to production of one-two kinds crops, the result of which is a quick exhaustion of the soil. When an investment become non-profit, like K. Marks proved in the III book of ‘Capital’, capital transfers in other branch, but in agriculture poor soil less for peasant. Agroholdings and other corporations make big social and ecologic problems. Be interested only in some kind of mechanized agricultural crops, they ignore whole series of important kind of hard labour production are vegetable (potato, vegetables) and animal production etc. Like a consequence of it on one hand could be an increase of unemployment, and one other hand an increase of import, which raise a problem of food safety of country.
World practice proves that farming and its production unions mean employment of family members, more responsible attitude to nature and environment, growing healthy and quality food, which is oriented on internal market and not only on external markets, which will give a profit to farmer.

Due to that an importance and necessity of studying forms of economy in agrarian sector with an aim of definition and ensuring not only economically profitable but also rational in the context of sustainable development of agriculture the topic of investigation was determined.

In the study are used general scientific and special methods. With a help of system analysis were determined economic, social and ecologic parts of farming in its interdependence and interaction between each other and other elements of the system.

A methodological base of study as to determine rational and effective forms of economy are general scientific methods.

**RESULTS**

**Peasant economy**

Peasant economy is a special form of organization of agriculture, in which the whole production process is based on own labour of peasant family. Firstly the notion ‘peasant economy’ was used in Tsar’s Russia in 1906 year. In the period of land reform a peasant received a right of free leaving of community and creation of own economy [Shubravska 2012, p. 496]. In Table 1 is presented an evolution as to determination of peasant economy.

**TABLE 1. Evolution of notion of ‘peasant economy’**

<table>
<thead>
<tr>
<th>Period</th>
<th>Notion ‘peasant economy’</th>
</tr>
</thead>
<tbody>
<tr>
<td>1906 to 1917</td>
<td>firstly was used the notion ‘peasant economy’</td>
</tr>
<tr>
<td>1917–1935</td>
<td>land cut</td>
</tr>
<tr>
<td>1935–1938</td>
<td>kolkhoz court</td>
</tr>
<tr>
<td>1958–2001</td>
<td>personal subsidiary plot of workers and kolkhozniks</td>
</tr>
<tr>
<td>3–25 October 2001</td>
<td>personal subsidiary plot</td>
</tr>
<tr>
<td></td>
<td>personal peasant economy</td>
</tr>
</tbody>
</table>

Source: Table 1 is proposed by authors based on Borodina et al. Eds 2012, Schumpeter 1982.

In modern economic literature there are different names, which belongs to the notion ‘peasant economy’ there are: ‘peasant economy’, ‘economies of population’, ‘household’. In accordance with data of investigation of Institute of Economy
and Forecasting of National Academy of Science of Ukraine the notion of ‘peasant economy’ is wider and includes two others: ‘economies of population’, ‘household’ [Shubravska 2012, p. 496].

In accordance with Law of Ukraine about personal economy peasant to economy peasants belong economical activity of citizens without creation of legal entity on the land of 2 ha. Main aim of their activity is to satisfaction of own needs through production, proceeding and realization of agricultural production, possibility of realization of its surpluses and render a service with using a property of personal peasant economy, as well as in the branch of rural truism [Law of Ukraine. p. 342].

Economies of population are a part of household sector. To economies of population except personal peasant economies, belong producers of agricultural production from plots of land attached to a house, from plots of collective and personal garden and from dachas plots [Shubravska 2012, p. 263].

Peasant economy was and it is an economy of peasant family, which is based on own peasant's and his family's labour and the aim of which is to satisfaction of personal and family's needs in food and its realization of surplus for income receiving.

Farming unlike to peasant economy is a form of business activity [Law of Ukraine, p. 63] of citizens with creation a legal entity, who wants to produce an agricultural production, to proceed it and realize with an aim a profit receiving on lands for farming in accordance with a Law of Ukraine about farming [Law of Ukraine, p. 218]. According to data of Ukrainian State Statistics Service for 2010, 4,291 thousands ha of agricultural lands were in property and in use of farming, the quantity of which was equal to 41,542 units [Ukraine State Statistic Committee, http://ukrstat.gov.ua].

A farmer as a rule doesn't use for own need a food production, this fact differ him from peasant. For our mind, a farmer is an entrepreneur, who live in rural area, produce, proceed an agricultural production with using like own labour, family’s labour as well as hired labor and manage by himself own economy.

Main differences between peasant economy and farming are presented in Table 2.

So, farming and peasant economy are producers of agricultural productions and they are subjects of market’s relation, because a production, which is produced by them fully or partially are realized on a market: a farmer realizes his production according to business-plan, a peasant realizes his surpluses. And a farmer and a peasant participate by their labour in production of food and they are responsible for the results of their activity (a quality of produced food, special attitude to the land, regular crop rotation). Due to that and farmer and peasant are masters. But the farmer's work is different from peasant's work. On our mind, farmer unlike peasant has more responsible administrative and management
function in his economy as to establishment of production distribution, development of own customers, increase of production for market’s needs with using new technology, book-keeping etc.

Peasant unlike to farmer has less responsibility as to managing function; he doesn’t book-keep and shouldn’t declare incomes.

The main advantages of peasant economy on our mind are: a production of organic and ecologic products, realization of creative and masterly abilities during his work on the land, own feeling of master and creator of landscape. A peasant is a very responsible for his work, for land, for economy because produce products for own family and sells only surpluses. There are some minuses of such activity: contractors mostly couldn’t work with peasant (cash and carries, big stores, distributors, reprocessors) through little consignments of goods. The main way of profitable collaboration with reprocessors and sale institutes and increase peasant’s incomes from their activity on the land is joining up in agricultural cooperatives.

Under globalization peasant economy is an independent commodity economy which develops in market’s condition. Russian scholar O.A. Nefedova supposes that peasant economies are a part of little enterprise in agriculture because a big

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Farming</th>
<th>Peasant economy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aim of production</td>
<td>profit on capital</td>
<td>earned income from labour</td>
</tr>
<tr>
<td>Task</td>
<td>increasing of production, ensuring of payment and investment</td>
<td>ensuring of mode of existence for own family</td>
</tr>
<tr>
<td>Production factors</td>
<td>land, capital, labour</td>
<td>land, labour</td>
</tr>
<tr>
<td>Approaches, which restrict to receive an aim</td>
<td>peculiarities of agricultural production and allowed size of land</td>
<td>quantity of workers in family, family needs and size of land</td>
</tr>
<tr>
<td>Basis of production organization</td>
<td>business plan</td>
<td>organizational-production plan</td>
</tr>
<tr>
<td>Subject of economy</td>
<td>is a master, because lives and works on own land, which should transfer a property for children</td>
<td>is a master, because lives and works on own land, which should transfer a property for children</td>
</tr>
<tr>
<td>Subject of labour in own economy</td>
<td>own, of family, and partially hired labour</td>
<td>own labour and labour of family, hired labour</td>
</tr>
<tr>
<td>Relation to market</td>
<td>sell own products on market</td>
<td>sell a part of own products on market</td>
</tr>
<tr>
<td>Infrastructure of products realization</td>
<td>tailored of production distribution, customers availability and contracts as to deliveries of goods, has a cooperative market for selling</td>
<td>selling surpluses of production by own effort in retail or sell to resellers</td>
</tr>
</tbody>
</table>

Source: Table 2 is proposed by authors.
part of produced food they sell on markets and receive profits from a realization. In that time a scholar notes that in world agriculture prevails family form of enterprise like peasant economy or farming because in production participate whole the family and namely family form of economy among other forms be the most interested in results in own activity.

**Economy-keeping in agrarian sector**

As farming as well a peasant economy produce main agricultural production a principal difference between them is an aim of production.

So, will study the question as to the essence and the content of notion ‘economy-keeping’ in agriculture. What is the difference between economy-keeping and enterprise in agriculture and is a farming like with other forms of enterprise activity in agriculture?

But firstly let’s study what is it an ‘economy’ and who is a ‘master’ in agriculture and what is a difference between a master and a farmer?

Principally new ways to investigation the subject like object’s attitudes in the process of master’s activity were depicted in the fundamental work of S.M. Bulgakov ‘Philosophy of Economy’. The scholar firstly studied a world like an economy and emphasized that human life is firstly an ‘economic process’ [Bulgakov 1990, p. 8].

S.M. Bulgakov studied an object like an economy:
- human labour activity,
- art and human creative activity,
- spiritual phenomenon and human existence,
- human artistic attitude to the nature.

On scholar’s mind ‘a work is a higher basis of human life’ [Bulgakov 1990, p. 87]. Work is studied not only like a factor of production but also like human creative activity. But work in economy this is only a function of master. Subject of economy is a master, who is not only an owner, superintendent and user of means of production, but also an individual, who responsible for own activity and wants to develop it. S.M. Bulgakov studied economy and work like phenomenon of human spiritual life. Investigating the philosophy essence of economy, S.M. Bulgakov oriented on human inner life and noted that a master is an individual, who do a creative work in own economy.

Due to that a master on our mind is an individual, who doing an activity in own economy combines managing, creative and executive (agricultural) function. Namely a master determines what to produce, how to produce, for whom he needs to produce, how many and when to produce; job stop applications in dependence on natural conditions; he is responsible for own activity [Bulgakov 1990, p. 79].
An economy was studied by Bulgakov like ‘constant modeling and projection of reality’ [Bulgakov 1990, p. 79]. On scholar’s mind subject of an economy studies a nature, communicate with it and in times conquers it. ‘An economy is a creative interaction between individual and nature’ [Bulgakov 1990, p. 110].

Economic activity it is a culture, the way of life and self-actualization for individual who does it.

S.M. Bulgakov in his work ‘National economy and a religioner’ noted, that individual is independent ‘factor’ of economy. ‘An economy is an interconnection of freedom and human creative initiative, it is a human struggle against mechanism of nature and public forms with an aim of adaptation to human spirit. So, in economy works a master’.

In fundamental work ‘Philosophy of Economy’ a scholar firstly tried to comprehend on individual activity through combining economic and philosophic ways. An important role in any individual activity, particularly economic activity, plays a spiritual life and namely it is influence on his economic behaviour. According to Bulgakov, an individual shouldn’t be motivated only by economic interest, because it comes to separation of people, but important is unification.

So, S.M. Bulgakov unlike founders of classical school of political economy in the centre of investigation put not economic person, but independent, creative individual. The individual in economy conquers himself a nature, but become more dependent on economy. Insisting that ‘an economy is a creative activity between individual and nature: managing by the nature he creates what he wants. An individual creates new world, new blessings, new knowledge, new fillings, new beauty, so he creates a culture’ [Bulgakov 1990, p. 110]. According to Bulgakov, an economy is a creative process and individual in it like a painter, who creates a history, works creative in an economy. Economy for individual should be a phenomenon of spiritual life [Bulgakov 1990, p. 187].

A production activity in agriculture due to special features principally differs from other branches.

To special features in agriculture belongs:
- food production, which is a basis of human vital functions,
- special role of earth like factor of production,
- dependence on natural conditions,
- seasonality of production,
- division of labour principally differ from industrial production, because production of agricultural products should come the whole nature cycle from sowing (in spring) to harvest (in autumn). It means that a production of agricultural products couldn’t be speed up due to more perfect division of labour,
- discrepancy of working time with time of production.

Indicated features of agriculture suppose an availability of a master in such forms of economy like competent and qualify specialist in this branch. Such subject
of agrarian attitudes wants to receive not only a profit but he also responsible for using first of all natural and other resources.

Modern school ‘Philosophy of Economy’, which is founded by J.M. Osipov, who is a president of Academy of Philosophy of Economy of Lomonosov Moscow State University, looks a human life like an economy and economy like creative activity, which is connected with a preservation a life on the Earth and its development. This school differ the notions ‘economy’ and ‘economics’ insisting that economics is a part of economy although it is a very big part. J.M. Osipov noted that an economics is an economy, which direct connected with money and value [Osipov 2004, p. 79]. Due to that a scholar picks out such notions like ‘economic economy’ [Philosophy of economy 2005a, p. 190] such an economy, which could be realized only through money and value and ‘vital economy’, which is a realization of human life [Law of Ukraine about economical..., p. 46]. Economics, on scholars mind, is a special form of economy and life, which is not wholly covers a notions ‘economy’ and more over a life [Philosophy of economy 2005b, p. 181]. The scholar notes that during a life an individual keeps an economy, creates a world and creates an economy, so he makes an economic activity in own economy [Philosophy of economy 2008, pp. 16–17]. The researcher mentions, that an individual is a subject first of all of economic economy, due to that his life is an economy-keeping: he thinks, reflects, goes etc. [Philosophy of economy 2005c, p. 11].

New economic dictionary edited by A.M. Azryliyan determines economy-keeping like an activity of keeping, administrative and managing of economy [New economic dictionary 2009, p. 1016]. If economy-keeping is a keeping of economy the basis of it is a work (S.M. Bulgakov) there are some questions: If enterprise activity like to economy-keeping? If a work of farmer equal to economy-keeping? If a work of wage labourer could be an economy-keeping?

J. Schumpeter in his fundamental work ‘Theory of economic development’ notes that agriculture connected as with earth as well with work [Schumpeter 1982, p. 78]. But work on his mind has a special significance because could be managing, executive, hired, non-hired. On J. Schumpeter’s mind a work of entrepreneur is creative, connected with creation new combinations, with innovation, with management [Schumpeter 1982, p. 185]. A work of farmer combines two functions: management, administration and execution. A farmer is an entrepreneur, because his work first of all directs to receive a profit on capital from own economy, although he participate by his labour in own economy. Due to that for him close members of agricultural production cooperative. In accordance with a Law of Ukraine about agricultural cooperation a production cooperative is a voluntary union of citizens on members approaches with an aim of join production or other economic activity, which is based on their own labour activity and joining their holdings of property, participation in management of enterprise and in income distribution among members of cooperative in accordance with their participation in its activity.
Main differences between farming and agricultural production cooperative are presented in Table 3.

To production cooperatives belong to cooperatives, that direct their activity on production of agricultural products. According to the law, production cooperatives works on enterprise approaches with an aim of income receiving [Agricultural cooperation law, art. 2.2].

An Economic Code of Ukraine determines that an income of production cooperative forms from incomes of economic activity and directs to payment of taxes [Economic Code of Ukraine 2009]. On our mind on legislative level should be determine that production cooperative it is non-commercial union, where every member of cooperative personally bring tax return.

As we could see agricultural production cooperative have some social features, which differ it from farming, these are absence in big agrarian production-trade business enterprises (agroholdings), in which attitudes of property and labour attitudes are divided. There are economical association and agroholdings.

In accordance with the Law of Ukraine about economical associations to economical associations belongs enterprises, self-governments, organizations, founded on approached of contracts between legal entity and citizens due to joining their property and enterprise activity with an aim of profit receiving. Economical association is a joining of legal entity and natural person, economic activity of who directs to profit receiving.

To economical associations belongs: joint-stock companies, limited liability companies, closed joint-stock company, special partnership. Economical associations could make an economic activity in accordance with legislation of Ukraine.

Main differences between economical association and farming are presented in Table 4.

Unlike to owners of joint-stock companies a farmer is interested in development of agricultural (production and social) infrastructure, because he is a rural inhabitant, his work differs by special attitude to the land. Farmer like a peasant will grow organic and ecological products unlike stockholders, an aim of who is maximum profit receiving. If for stockholder is not profitably interesting to work in agriculture, he shall change a branch. A farmer will work on the land in any circumstances.

In modern agriculture are very popular organizational forms, economical activity of which connected with a concentration of agricultural lands in big size, oriented as a rule on export, from which participators receive big profits. In countries of Latin America such type of agribusiness represented by latifundia, in Ukraine, Russia and other post-socialistic countries it represented by agroholdings, big agrarian production-trade enterprises, which use thousands ha of agricultural lands for growing highly remunerative agricultural crops.
**TABLE 3. Differences between farming and agricultural production cooperative**

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Farming</th>
<th>Agricultural production cooperative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conditions of existance</td>
<td>own and debt capital and personal labour activity</td>
<td>capital like entrance fee and initial shares, debt capital and personal labour activity</td>
</tr>
<tr>
<td>Aim</td>
<td>receiving profit on capital and receiving payment for own labour activity</td>
<td>increasing of labour incomes of own members</td>
</tr>
<tr>
<td>Labour</td>
<td>management, administrative and labour</td>
<td>members of cooperative have duties as to joining economic activity and division of</td>
</tr>
<tr>
<td>Mobility as to changing of economic activity</td>
<td>work on the land and only in agriculture</td>
<td>work on the land and only in agriculture</td>
</tr>
<tr>
<td>Management</td>
<td>an economy is managed by farmer</td>
<td>management of cooperative is founded on a basis of self-government, publicity, members participation in solve questions as to activity of cooperative. Cooperative is managed by its members on democratic approaches, according to principle: 'one member is equal one vote'</td>
</tr>
<tr>
<td>Subjects of economy</td>
<td>only family members</td>
<td>membership is open and voluntary, but the members of cooperative should be obligatory agricultural producers, who are at the same time and owners and customers of cooperative</td>
</tr>
<tr>
<td>Landownership</td>
<td>private property and rent</td>
<td>economic independence and landownership of members of production cooperative</td>
</tr>
<tr>
<td>Education of workers of agricultural production</td>
<td>agricultural: secondary, non-full high and high education</td>
<td>cooperatives thinks about education of own members</td>
</tr>
<tr>
<td>Result of economic</td>
<td>profitable, part of profit comes to production increasing, and other part a farmer less for himself and his family after discharge of taxes</td>
<td>is non-profitable and divides between members of cooperative like cooperative payments according to participation in economic activity of cooperative. The devidents are not limited</td>
</tr>
</tbody>
</table>

Source: Table 3 is proposed by authors based on New economic dictionary 2009, Gesetz... 2013.
TABLE 4. Differences between economical association and farming

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Activity of economical association</th>
<th>Activity of farming</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conditions of existance</td>
<td>capital</td>
<td>capital and personal labour activity</td>
</tr>
<tr>
<td>Aim</td>
<td>receiving a profit on capital</td>
<td>receiving profit on capital and receiving payment for own labour activity</td>
</tr>
<tr>
<td>Is an owner</td>
<td>of property, which is delegated to him by members in property; produced food and other agricultural production; received incomes from realization</td>
<td>of property, land and own economy; produced food and other agricultural production; received incomes from realization</td>
</tr>
<tr>
<td>Labour</td>
<td>non-obligatory labour activity</td>
<td>obligatory labour activity</td>
</tr>
<tr>
<td>Mobility as to changing of economic activity</td>
<td>easy to change kind of activity and branch of production</td>
<td>work on the land and only in agriculture</td>
</tr>
</tbody>
</table>

Source: Table 4 is proposed by authors based on New economic dictionary 2009, Ukrainian State Statistics Service database 2013.

When investments are not profitable, capital comes in other branch and poor soil less for peasants. Agroholdings establish big social and ecologic problems. Be oriented only on some kinds of most mechanized kinds of production, they ignore a whole series of important for people kinds of labour-intensive productions is a main food (vegetable and animal) production.

Unlike agroholdings farming oriented on that a farmer should live and work in own economy, more economically and kindly take to nature and environment, grow healthy and quality food, which is oriented as on inner as well on foreign markets, which will give a profit to farmer.

On Ukrainian philosopher-scholar professor A.O. Pryyatylchuk mind a notion ‘economy-keeping’ means charisma [Heritage of Serhij Bulgakov 2011], so not everyone could care not only for profit but with a love treat to economy, to put own heart and soul into the work using creative approach, to feel a pleasure not only from profit, but also from results of own work (healthy and quality food from own economy, blooming fields, new trees, clean lakes and other things which did a muster in own economy for improvement an environment).

On our mind an economy-keeping in agriculture should provide a realization of three functions, there are: economic, social and ecologic.

- Economic function provides a receiving of profit from the activity.
- Social function in agriculture should provide:
  - production of qualify agricultural production, which satisfy the human needs,
  - food safety of country,
  - preservation a settling in rural territories,
Social function is one of the important functions of agriculture, due to a direct influence on economic figures in agrarian sector; because of it, on our mind, an economy-keeping in agriculture should be studied from point of view of social development. The ideal on our mind is a model where a problem of employment in a village could be solve through a development of agricultural cooperation. It influence on: rational using of natural resources, production of high quality organic and ecologic food, natural employment of rural inhabitants, filling by money of local budgets, revival of agriculture, improvement of production and social infrastructure, improvement of living standards of peasants, increase a competition of national agrarian sector.

Natural resources play an important role in effectiveness of economy-keeping and influence on its results. A peculiar kind of natural resources could be an economy like: land resource, a place of mineral deposits, place of peasant’s work and life. O.I. Pavlov notes, that the land is a universal natural resource of peasant’s economy, which is includes 44% of natural resource potential. ‘If Ukraine takes 5.7% of Europe territory so her agricultural grounds take 18.9%, ploughed fields take 26.9%: Land at the same time is a place of activity and territory basis and main means of production [Pavlov 2010, p. 12].

So, economic effectiveness of economy-keeping depends on balanced joining of complex of function: economic, social and ecologic and ignore of these figures for receiving a maximum of profit is a loss not only for agriculture but also and for country in general.

There are negative consequences when these functions are ignored:
- threat of food safety,
- disappearance of Ukrainian village and urbanization of rural population,
- increase of unemployed people in the country,
- absence of people in rural areas and self-destruction of soil etc.

A preceding makes deeper a significance of notion ‘economy keeping in agrarian sector’. On our mind economy-keeping in agrarian sector is an activity, which connected with production of agricultural products and provides a realization of complex of joining functions: economic, social, and ecologic in production of agricultural products, where a master realizes of managing, executive and production work.

**Collective forms of economy in agrarian sector**

In accordance with world practice in aggressive market environment farmers have difficult to compete with big agrarian trade-production enterprises due to that they create different non-commercial unions and cooperate with State on
approaches of social partnership, where a State guarantee farmers a high level of social protection. Such forms of social partnerships in developed countries are: social corporations (S-corporations) and partnerships in USA, family agriunions in Germany, unions of collective farming GAEC in France.

Social partnership is a system of institutions and mechanisms of agreement the interests of members of production process: workers and employers, which based on equal cooperation. In the system of social partnership interests of workers are presented as a rule by organized labour and interests of employers are presented by unions of entrepreneurs.

To subjects of social partnership in agrarian sector of Ukraine belong personal peasant economy and farming like main producers of agricultural production, hired workers, employers and State etc. Objects of social partnership on our mind could be social-legal relationship between its subjects.

An aim of social partnership in agrarian sector on our mind should be: a protection of peasants and farmers, as self-employment workers as well as hired workers; sustainable development of agrieconomy and increasing of effectiveness of agriculture; rationalization of using natural resources, providing an employment and preservation a settling of rural population, providing a food safety, achievement goals of sustainable development, providing democracy and stability, assistance in solve of actual economic questions in agrarian sector of economy.

A partnership is a process of agreement interests of subjects of economy, there are State and different representatives of different forms of economy. We suggest that creation of partnerships among peasant economies with a State support in agrarian sector of Ukraine is a new trend of development of forms of economy in Ukrainian agriculture and a way of increasing of competitiveness in agriculture because namely peasant economies are the main producers of Ukrainian agricultural production. In accordance with a data of Ukrainian State Statistics Service in the period of 2000–2009 main part of live agricultural production – meat, milk and some kinds of plants (potato, maize etc.), were produces by peasant economies (Table 5 and 6).

A group of agrifirms includes also farming. In accordance with the data of Ukrainian State Statistics Service farming takes 5% in produced agricultural production. An analysis of Table 5 gives a possibility to confirm that peasant economies take a main part of produced agricultural production in Ukraine.

An above official data allows to confirm that peasant economies are main agricultural producers. Agrifirms (mainly economical associations) produce sugar-beet, oil and grain-crops, unlike to peasant economies which cultivate labour-intensive food such as potato, fruits and vegetables.

According to research data of Institute of Economics and Forecasting of National Academy of Science of Ukraine, a productivity of produced food among
Trends of development of forms of economy in agrarian sector of Ukraine

103

TABLE 5. Production of gross agricultural production, mln grn

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Peasant economies</td>
<td>44,575.8</td>
<td>46,169.3</td>
<td>51,411.4</td>
<td>58,783.2</td>
<td>57,886.4</td>
<td>5,328.7</td>
<td>56,112.5</td>
<td>56,312.2</td>
<td>55,387.0</td>
</tr>
<tr>
<td>Agrifirms (all kinds including farming)</td>
<td>101,299.1</td>
<td>48,625.5</td>
<td>26,478.0</td>
<td>33,802.4</td>
<td>37,008.2</td>
<td>35,439.8</td>
<td>47,865.4</td>
<td>45,780.4</td>
<td>45,149.2</td>
</tr>
</tbody>
</table>

Source: Table 5 is proposed by authors based on Ukrainian State Statistics Service database 2013.

TABLE 6. Production of gross agricultural production by main producers, 2011

<table>
<thead>
<tr>
<th>Producer</th>
<th>Gross production (mln grn)</th>
<th>Part (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>State and private agrifirms</td>
<td>104,861.2</td>
<td>44.61</td>
</tr>
<tr>
<td>Farming</td>
<td>16,192.5</td>
<td>6.92</td>
</tr>
<tr>
<td>Peasant economies</td>
<td>112,642.6</td>
<td>48.2</td>
</tr>
</tbody>
</table>

Source: Table 5 is proposed by authors based on Ukrainian State Statistics Service database 2013.

peasant economies in 1 ha of agricultural land in comparison with agrifirms of gross production in 2010 was in 1.7 more due to big level of used work, used organic fertilizers etc. [Shubravska 2012, p. 279]. Due to that a development of partnerships among little agricultural producers like peasant economies would promote an increase of: quality and organic food, level of Ukrainian agricultural production and level of life of peasants. So, let study an experience of development partnerships in agriculture in developed countries.

In developed countries social partnership in agrarian sector of economy is presented by collective forms of economy like unions of entrepreneurs, which preserve advantages and principals of farming and due to cooperation effect realize advantages of big agrienterprise.

In Germany there are civil partnerships GbR [Gesellschaft... 2009] and family agrunions (AG) [Von Cabras 2013].

Family agrunions (Familien-AG) is the most successful model among other collective unions of little business in Germany. In accordance with investigations of German Institute of Economics (IW) 95% in agriculture of all enterprises of Germany are Familien-AG [Von Cabras 2013].
To main advantages of family unions in agriculture on our mind belong:

- perseverance with work,
- quick realization of successful ideas of entrepreneurs,
- self-employment and employment of family members for providing an income for family.

In such forms usually join members of family for creation farming.

German unions of citizens (GbR) suppose unions of citizens-entrepreneurs with an aim of collective work. In such partnership join mostly lawyers, doctors and also farmers. GbR is a non-commercial union of citizens, such form of economy is not a subject of taxation. In that time an entrepreneur, who is a member of GbR should independently fill in a tax declaration and pay taxes in accordance with his kind of activity [Gesellschaft... 2009]. The main advantage of such partnership is that entrepreneurs shouldn't pay taxes twice.

Non-commercial unions of entrepreneurs are supported by State in developed countries. German legislation gives a possibility for entrepreneurs to create a limited liability company, which is regulated by the law about limited liability company (GmbHG) [Gesetz... 2013]. In accordance with this law members join in such organization-legal form on enterprise approaches, so with an aim of profit receiving and should pay profit tax. For creation limited liability company (GmbHG) it is necessary to work up and sign an agreement between members of company. An agreement should include the name, kind of activity of company, nominal capital, a minimum size of it is equal 25 thousand euro and a size of shares of members in nominal capital (§ 3 Law about GmbHG). Next step of registration GmbHG is putting in a company a half of nominal capital according to the law that means 12.5 thousand euro. In case putting a property to the company to the moment of registration this property became a company's property. At the same time GmbHG is not attractive organization-legal form for German farmers, because on one hand it supposes an availability of rather high nominal capital for start, and on other hand is joining on entrepreneur approaches. That means that in case of choice indicated form of economy farmers should pay taxes and like farmers and like shareholders. Due to that German farmers join in non-commercial unions where a participator should pay taxes personally in dependence on received profit. GmbHG should be created namely when the work would be done not by founders but by hired workers. Creation GbR and Familien-AG means own labour activity of all founders. There is a main difference between GmbHG (LLC) and unions like GbR and Familien-AG.

So, partnerships are commercial unions of producers of agricultural products with an aim of collective farming. State supporting an activity of such partnerships creates possibilities for development an enterprise through exemption from double taxation of members of such unions. So, every entrepreneur, who is a member of such union, pays taxes personally. These unions are social forms of
The main advantage of partnerships is that they don't pay profit taxes. For example, will study S- and C-corporations and partnerships of USA [Hachfeld et al. 2009].

There are two main kinds of partnerships in USA:
- General Partnerships (GP),
- Limited Liability Partnership (LLP).

General Partnerships (GP) supposes joining up two or more persons. In such partnerships all partners fully responsible for debts and obligations of partnership. The law doesn't provide additional agreement between partners as well as inner partnership agreement except labour agreement. If the name of GP includes family from one of the members such partnership couldn't be registered. General Partnership is a legal entity and should be taxable like partnership that means that every member should fill in a declaration and pay taxes personally in accordance with availability of property and personal incomes.

Limited Liability Partnerships (LLP) look like GP, but have some differences. All partners are general partners (no limited partners) but their liability exposure is limited to the assets they have placed into the LLP. Their personal assets are protected from liability exposure. The LLP is taxed as a partnership, pass-through entity.

Limited Liability Partnerships divides on two kinds:
- Limited Partnership (LP),
- Limited Liability Limited Partnership (LLLP),
- Limited Liability Company (LLC).

Limited Partnerships (LP) suppose availability of two or more persons are involved in the partnership. There are both general and limited partners. The general partners have no liability protection on any of their LP or personal assets. The limited partners' assets in the LP are not protected but their personal assets have liability protection under the LP. The LP is classified differently and operates under a different set of statutes than the general partnership. The LP is taxed as a partnership, pass-through entity.

Limited Liability Limited Partnerships (LLLP) suppose a joining of of two or more persons. There are both general and limited partners and they have liability protection of both their LLLP assets and their personal assets. LLLP is a legal entity and should be taxable like partnership.

Limited Liability Company (LLC) is a rather new type of partnership in USA. LLC is taxed as a partnership or as an S-corporation. The LLC can have both members and managers. Managers could elect a director. The LLC can offer one additional level of liability protection by being registered in one of what are referred to as 'protective states'. Those protective states include: Alaska, Arizona, Delaware, Nevada, New Jersey, South Dakota, Texas, Virginia, and Wyoming.

Like it was higher indicated the main advantage of partnership is that they shouldn't pay profit taxes. All profits or losses, capital gains and credits are passed
through to the partners on a prorated basis, depending upon the percent of ownership. However, the partnership must file a Form 1065 informational tax return, which is due each year by April 15th.

There are other non-commercial unions of citizens in USA. That is corporations. Their structure is looks like partnerships. In USA agriculture there are two types of corporations, in which could farmers join up, namely S-corporation. A prefix ‘S’ in this term means social, that means that corporation is social. S-corporation should be registered with the Secretary of State and State guarantees to farmers a high level of social safety. The S-corporation is taxed as an entity with profits being allocated to the stock shareholders based upon their ownership. The income then shows up on the shareholders personal income tax. There is no double taxation issue. So that is the main advantage of S-corporation [Hachfeld et al. 2009].

CONCLUSIONS

Foreign experience says that only on approaches of partnership of agricultural producers and a State successfully works a little business in agriculture, develop production cooperatives and increase a level of life of rural inhabitants. Social partnership impacts not only on rational as well as effective farming. A development of non-commercial production structures in agrarian sector of Ukraine such as partnerships and S-corporations would impact on competitiveness of national agrarian sector. It needs first of all State support like institute of providing the sustainable development as well in agriculture, which should create conditions for development a social partnership in agrarian sector of Ukraine, namely:

− institutional ensuring, namely legislation in the direction of joining up agricultural producers in non-commercial production unions,
− creation a State special purpose economic program of supporting agricultural non-commercial unions.

References

FUKUYAMA F. 2006: Trust: social virtues and the way to prosperity, ACT Moscow: Cus-
dian, Moskva.

GEJETS V.M. 2009: Society, State, Economics: phenomenology of interaction and develop-
ment, Institute of Economics and Forecasting NAS of Ukraine, Kyiv.

Gesellschaft bürgerlichen Rechts (GbR): Gründung und Steuern 2009 [Electronic resource]
http://www.hk24.de/recht_und_fair_play/steuerr echt/steuere x_ordner/366794/
Gesellschaft_buergerlichen_Rechts_Gruendung_und_Steuern.html#6.

Gesetz betreffend die Gesellschaften mit beschränker Haftung (GmbHG) 2013, Federal
Journal of Laws from 2013, Part I, No 15 (28.03.2013 most recent amendment) [Elec-

Transfer Farm Assets (in) Transferring the Farm, University of Minnesota, St. Paul, MN
[Electronic resource] http://www.extension.umn.edu/distribution/businessmanage-
ment/components/M1177-3.pdf.

Heritage of Serhij Bulgakov in modern socio-humanitarian dispute 2011, International
science conference on the honor of 140 years from birthday of S. Bulgakov, Taras She-
vchenko Kyiv National University, 12–14.05.2011, Kyiv.

F97-%E2%F0.

Law of Ukraine about economical association, Journal of Laws 1991 No 49, Item 683 [Elec-

Law of Ukraine about farm, Land legislation of Ukraine, Journal of Laws 2003 No 45, Item
363.

Law of Ukraine about personal peasant economy, Land legislation of Ukraine, Journal of
Laws 2003 No 29, Item 232.

MOLDAVAN L.V. 2010: Forms of economy in agrarian sector of Ukraine under globalization,
Economics of APC 1, pp. 13–17.

MOLDAVAN L.V. 2012: Social-economic essence of agricultural enterprises (in) Innovatio-
nal transformation of agrarian sector of economy, (Ed.) О.V. Shubravska, IEF NAS of
Ukraine, Kyiv, pp. 235–250.

New economic dictionary 2009, (Ed.) A.N. Azrylian, 3rd ed., Institute of New Economics,
Minsk.


PAVLOV O.I. 2010: Management of socio-economic development of rural territories of
Ukraine, PhD dissertation.

Philosophy of economy, Anthology of Centre of Social Sciences and Economic, 2005a: Lo-
monosov Moscow State University 4 (58).

Philosophy of economy, Anthology of Centre of Social Sciences and Economic 2005b: Lo-
monosov Moscow State University 3 (39).
KIERUNKI ROZWOJU FORM GOSPODAROWANIA 
W SEKTORZE ROLNICTWA NA UKRAINIE

Abstrakt. W artykule przedstawiono kierunki rozwoju form gospodarowania w sektorze rolnictwa na Ukrainie. Poddano analizie doświadczenia międzynarodowego, w tym spółdzielczość rolniczą oraz takie formy współpracy z państwem, jak partnerstwo. Podkreślono duże znaczenie niekomercyjnych produkcyjnych spółdzielni, takich jak spółdzielnie produkcyjne na Ukrainie.

Słowa kluczowe: spółdzielczość rolnicza, sektora rolnictwa na Ukrainie, formy gospodarowania