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## CONCEPTUAL BASIS OF STATE REGULATION OF SUSTAINABLE DEVELOPMENT IN RURAL AREAS

*The analysis of science-based approaches of solving the problems of the development of rural areas is being reflected upon. The main reasons for the deterioration of the territorial organization of the agricultural branch of economy are revealed. Basis for the organization of regulation as a factor in the development of rural territory, which requires an assessment of all elements of the rural area as a subdivision of agricultural areas is studied. Principles of formation of the modern mechanism of state regulation of socio - economic development of rural areas are justified. Agricultural complex of the economy forefronts in addressing economic, social and environmental problems of any state. From the grade of its development to a greater extend depends the level of wellbeing and health of the population. Verified existing problems of social, environmental and economic development of rural areas require finding a comprehensive solution through the application of a systematic scientific approach by using objective assessments of the dynamics and processes of social reproduction of the productive forces of nature and society, based on national interests.*

**Keywords:** government regulation, sustainable development, mechanism, optimality, rural areas.

**Плекханов Д.О. Концептуальні положення державного регулювання збалансованого розвитку сільських територій**

*Здійснено аналіз підходів щодо науково обґрунтованого вирішення проблем розвитку сільських територій. Розглянуто основні причини погіршення територіальної організації сільського господарства. Досліджено засади організації управління як фактора розвитку території, що вимагає оцінки всіх елементів сільської території як територіальної одиниці аграрної сфери. Обґрунтовано принципи формування сучасного механізму державного регулювання соціально-економічного розвитку сільських територій.*

**Ключові слова:** державне регулювання, збалансований розвиток, механізм, оптимальність, сільські території.

**Плекханов Д.О. Концептуальные положения государственного регулирования сбалансированного развития сельских территорий**

*Осуществлен анализ подходов к научно обоснованному решению проблем развития сельских территорий. Рассмотрены основные причины ухудшения территориальной организации сельского хозяйства. Исследованы основы организации управления как фактора развития территории, которые требуют оценки всех элементов сельской территории как территориальной единицы аграрной сферы. Обоснованы принципы формирования современного механизма государственного регулирования социально-экономического развития сельских территорий.*

**Ключевые слова:** государственное регулирование, сбалансированное развитие, механизм, оптимальность, сельские территории.

### Introduction

Agricultural complex of the economy forefronts in addressing economic, social and environmental problems of any state. From the grade of its development to a greater extend depends the level of wellbeing and health of the population. But, in reality, the functioning of the agricultural sector of Ukraine had been negatively

affected back in the early establishment of reforms due to the destruction of large-scale agricultural production along with the absence of adequate government regulation. The result of these reforms became significant adverse changes in the socio-economic sphere with the manufacturing sector experiencing the greatest losses. This situation

had an impact on other areas of social life, namely the following ones: already traditional for domestic reality remain problems of insufficient consumption of staple foods by the population, diet imbalance, significant differentiation of food consumption by individual social groups, the extremely low level of quality and food safety. These factors caused the poor economic accessibility of food, imperfect system to ensure their quality and safety, irrational use of natural resources and poor management at the state level.

Manufacturing sector had been experiencing the greatest loss. This could have had an impact on other areas of public life: traditional for the reality of our country are problems of insufficient consumption of staple foods, unbalanced diet, significant differentiation of food consumption by individual groups, the extremely low level of quality and food safety. These factors caused the poor economic accessibility of food, imperfect system to ensure their quality and safety, irrational use of natural resources potential and poor management at the state level.

#### **Analysis of recent research**

Ukrainian science studies and determines the state of being of agricultural production along with providing suggestions how to improve the situation as well as justifies future directions of its development. Proven track of record of solving these problems is being provided in works of such scholars as V.G. Andreychuk, M.V. Haman, O.I. Datsiy, V.V. Zinovchuk, S.M. Kvascha, M.I. Kisil, M.H. Koretsky, M.F. Kropyvko, I.I. Lukinov, M.I. Malik, V.J. Mesel-Veselyak, B.I. Pashaver, G.M. Pidlisetsky, I.V. Prokopa, P.T. Sabluk, V.V. Ushkarenko, I.I. Khomenko, A.M. Shevchenko, O. M. Shpychak, V.V. Yurchushun and others.

**Statement of research objectives** is justifying conceptual basis of public administration in balanced development of rural areas.

#### **Results**

Destructive socio-economic, natural and economic trends in the economic relations of agricultural complex in terms of financial and economic instability are increasing and therefore limit their own development, which needs further scientific study and finding new ways of making effective management decisions and the formation of theoretical-empirical tool for the regulation of social and economic development of rural areas in order to address the crisis and further sustainable development [1; 3; 4].

Agricultural complex of Ukraine is currently being developed under the influence of new exogenous and endogenous factors. To exogenous factors we shall relate those resulting from the globalization of economic space. Ukraine's accession to the WTO succeeded, which also meant the recognition of the Uruguay Round Agreement on Agriculture, adopted in 1994. This event has certain advantages as it reveals the possibilities for exporting agricultural products and gaining foreign currency funds for innovative development. In addition, it is the matter of question of competition between agricultural complex of Ukraine and other countries of the world market. We shall consider as endogenous those factors that shape the competitiveness of the agricultural complex in the context of threats or percolation or lathufundsismus, which impending with liberal land market in the post-reform period.

In addition, the question of competition between agricultural complex of Ukraine and other countries in the world market is actual. As endogenous we determine the factors that shape the competitiveness of agricultural complex in the context of threats of parts elation or latifundismus impending with liberal land market in the post-reform period.

The driving force and motivation for socio-economic development of the agricultural complex of Ukraine at the state level is the public interest, including: national food security and food safety, which are being defined by stability factors of production, the existence of inventory availability and accessibility of the market; scientific organization of state regulation of the competitiveness of agricultural enterprises and the whole agricultural sector of Ukraine should be based on the unity of political, economic, legal, organizational, technological measures which, in turn, are stationed on a coherent unified system corresponding to the philosophy of governance of economy and developing according to the laws of nature. Any private sector has a social character, whilst private land resources are also the national wealth of Ukrainian state. But private interests will never match the public one, therefore their combination on the terms of the compromise is an essential and objective necessity. The market always destroys the economic balance of the system, and therefore cannot be the regulator of social and economic development of the area. The state should by all means counteract negative processes of partselation and land destruction, degradation of a village, rural depopulation etc.

Analysis of exogenous economic factors indicates that along with the global challenges related to Ukraine's accession to the WTO, prerequisites to motivate entrepreneurship in agriculture are being arisen. Thus, the demand for food and feed grains, meat and milk is increasing, and therefore there will be further increase of prices for agricultural products and foodstuffs. The factor for long term development will become the increase in the production of biofuels, which redistribute agricultural resources in the world. Agricultural production has its own threats. This applies in particular towards climate change, increase in the number of extreme weather situations, including droughts, floods, etc.

By rejecting the forecasting and programming of the future and having taken primitive model of petty commodity business in rural areas as the course of development, reformers violated not only the tradition, but also the scientific foundations of agriculture and livestock, accompanied by the failure of production efficiency, capital-labour ratio of labour, energy consumption, fertilizer quantity, quality of seeds and soil fertility. In the agricultural sector of Ukraine suddenly appeared a monopoly of private ownership of the means of production, which contradicts market principles of fair competitive development.

The main reason for the deterioration of the territorial organization of agriculture in this particular economic sector is the loss levers of land management, impact of local communities to an increasing monopoly of private property, which had replaced state monopoly. Chaotic processes in the industry, which are not supported by the programs of socio-economic development of rural areas cannot be effective.

Rural area is complex, systemic, geographically-formed, multi-purpose space that should harmonically unite society and combine its cultural and spiritual heritage, inventory capabilities of specific rural areas, relationships and connections that arise between them and the factors that influence the formation and development of Ukrainian village. Rural areas should be considered as poly multifunctional unit and geographical area with signs of public system, including population and settlement as a formative factor [3].

Rural areas include agricultural land and rural development, therefore it is reasonable to consider village, which consists of adjoining parcels of agricultural land use as well as economic and

territories around it, as agricultural land being targeted at commercial production.

We shall now refine the definition of the terms "village" and "rural settlement". First of all, rural town is the place of human habitation in rural areas, which has facilities of housing, social and industrial infrastructure. Village as part of the territory is characterized by historical and national cultural characteristics that meet specific living conditions of peasants who are operating farms, livestock and poultry units using the product and adjoining land.

The economic territory of rural settlement is part of the territory of the relevant council, which includes the territory of the settlement alone, agricultural and other distributed closer to the settlement lands and areas occupied by forests, reservoirs, roads, utilities and other facilities that are being operated primarily by its own residents.

Only integrated and systematic approach applied towards rural areas and their components - village and village territory - on the basis of decision-making, guided by social priorities, is able to ensure harmonious socio-economic development.

Solving problems of rural development and, in particular, their combination is possible only on the basis of a systematic approach. It involves the study of rural territories as a system that integrates all the components in which they are located and operated.

Organization management is an important factor in the development of the territory, which requires an assessment of all elements of the rural area as a unit of agricultural areas. Economically and socially coordinated actions of all agents of the territorial market system are subject to the achievement of positive economic end result.

Criteria for the effectiveness of integrated rural development is the efficiency of regional clusters, including: food security, welfare and living standards of the rural population (social component). The condition for achieving this goal is to provide employment and increase revenue, including the one in agricultural sector; optimal development of economic activities based on natural resource potential (economic component); sustainable land use and improvement of the environment of the population inhabitancy (environmental component).

For the purpose of scientifically-based problem solving in the area of rural development there is a need for understanding of the nature

and mechanisms of conditions and factors to ensure the development of the system. The complexity of rural development is achieved according to such important conditions as: clearly-firmed state agricultural policy in general and in the area of rural development in particular; scientific, organizational and personnel support of their operation; development of an appropriate legislative and regulatory framework; drafting of projects aiming at recovery and further development of rural territories, improving their accomplishment; implementation of measures targeted at strengthening of demographic and reproductive potential; ensuring an adequate level of life and well-being, satisfaction of essential life needs of the population of each individual in rural areas; achieving the level of multifunctional rural development.

Modelling of a spatial cluster is a function of public administration to develop rural areas and also an important principle of sustainable development. The development model enables a holistic view of the territory on the basis of which it is easy to form a qualitatively new, effective management decisions that serves the function of the essence of sustainable development. This principle lies in the basis of formation of a new ideology and practice of managing rural development, aimed to overcome the negative effects of branch centralized approach, the solution of problems of socio-economic development and environmental arrangement of rural areas.

The study of experience of European countries shows that the development of rural areas is a priority of agricultural policies, which are being funded from state programs aimed at environmental protection [2]. However, there is a fundamental mechanism of such assistance that deserves our attention and possible transposition to our country. The funds are not provided to maintain production but to promote the formation of self-sufficient spatial and regional economic clusters with wide inter-industry self-regulation problems. Optimal combination of market mechanisms with state support and increasement of the financial and organizational capacity of local governments and local communities are fully compatible with European practice. Thus, market regulation determines the de-agriculturalization of the rural economy, meaning the development of non-farm activities. State funding through targeted development programs stimulate the agricultural sector and enhance its efficiency through the

implementation of already existing mechanisms in the sphere of price, credit and tax policies. Local communities and local administrations are ought to concentrate on the comprehensive development of social infrastructure, support of the rural individual housing construction, regional planning, regulation of land and property relations, rational use of natural resources and maintaining ecological condition of rural landscapes.

The current mechanism of state regulation of social and economic development of rural areas can include a number of principles, among which are the following. Firstly, economic and legal responsibility for the results of the land use. The principle of economic and legal responsibility declares equality of all concerned land and property relations by the law on the one hand, and their responsibility in the economic environment that is subject to the impact of state and local governing bodies on the other.

Secondly, the principle of social and economic priority. On the basis of the process of economic regulation and management of rural areas social priorities are being laid, allowing to synthesize public interests with the needs of individuals related to the attractiveness of life in rural areas, such as reconstruction of social infrastructure, creation of new work places, increased income of farmers etc.

Thirdly, the principle of remuneration of land use. Imperfection of national legislation and insufficiency of administrative decisions in land relations lead to further decline and impoverishment of certain rural areas. Taxes being paid by enterprises and entrepreneurs for land use don't poses the capacity to fill local budgets on a sufficient level, thus cannot serve the purpose of developing industrial and social infrastructure. Therefore, improvement of land-use tax and the mechanism for renting land will form a stable basis for land property relations in rural areas with regard to further sustainable development.

Fourthly, the principle of socioeconomic optimal land use. Land and property relations should provide symbiosis between social needs of the rural area, district, region and state as a whole, interests of potential investors and natural and economic possibilities of exploitation of land resources in the context of a single national economic and legal system.

Fifth principle would be scientific economic justification. Regulation of the land and property relations within rural areas provides comprehen-

sive theoretical and methodological analysis of trends, patterns of socio-ecological-economic and territorial and historical development with further creation on the basis of retrieved outcomes authentic scientific concepts of development, combining our own and foreign experience of regulation and management of the modern village territories.

Sixth principle would be the unity of institutional market and legal and administrative levers of regulation of the economy in rural areas. In the context of this principle there is the existence of the organic combination of market practices and administrative management of economic sanctions in economic relations of rural areas.

The above principles governing economic relations in rural areas form the conceptual background for the state regulation of rural development and reflect the ability of the main functions

of management to closely, organically intertwined and harmonically supplement each other.

### **Conclusions**

Verified existing problems of social, environmental and economic development of rural areas require finding a comprehensive solution through the application of a systematic scientific approach by using objective assessments of the dynamics and processes of social reproduction of the productive forces of nature and society, based on national interests. Scientifically grounded assessments and administrative decisions should be based on systems of public accounting and analysis, and therefore can be considered as the priority in management system. Any governmental program should be based on scientific analysis of the previous versions of the models (economic, logistical, informational, mathematic etc).

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