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FACTORS AFFECTING AGRICULTURE AS GUIDELINES FOR THE ECONOMIC DEVELOPMENT

In the article the factors of influence on economic growth of agriculture in the future are given: final consumption, exports, production cost, market, inventory change, taxes, the value of state support etc. As an important part of the national economy, agriculture has a number of specific characteristics of different activity fluctuations that directly affect the contribution of industry as a percentage of gross domestic products, and the degree of the needs satisfaction of the domestic consumption of the population. High seasonality of production, correlates with a significant degree of fragmentation of agricultural land, to which may be added certain conditions more or less subjective factors influencing economic development, realize the intense impact on the industry's sustainable growth. It is argued that practice of economic development of agriculture based on market principles, improve production efficiency, taking into account all of the factors of formation of economic stability, using the latest achievements of scientific and technological progress and efficient forms of organization of production and labor, improving business integrated approach in the context of the institutional changes that occurred. In the economic development of the country's agriculture the role of economic factors is crucial.

Keywords: impact factors, economic development, agriculture, strategy.

Introduction. The basis for the stabilization of agriculture and conditions for its successful operation is the economic development of sector. Formation of economic stability is able to balance economic system of agriculture and ensure its stability. As an important part of national economy, agriculture has some specific characteristics of different vibrations of activities that directly affect the contribution of the sector as a share of gross domestic product and the satisfaction of domestic consumption needs of the population. The high seasonality of production correlates with a significant degree of fragmentation of agricultural land, which can be added to certain conditions, more or less subjective factors affecting its economic development; carry out intense impact on sector sustained growth.

Analysis of recent research and publications. Determinants of economic growth in the national economy and agriculture have been studied by experts, since the definition of indicators considered as the engine of economic growth, the correlation between them, and the interpretation of results. The economic development of agriculture depends primarily on the formation of financial resources and adequate system of formation, distribution and use of income. Economic problems of agricultural development are discussed in the writings of such scientists as: I.I. Vinichenko, N.I. Demchuk, G.E. Pavlova, S.Yu. Haminich, P.S. Berezivsky, I.A. Blanc, F.F. Butynets, S.V. Zazanska, G.A. Ohanyan, F.P. Ohiychuk, K. J. Petrova, A.M. Poddyerohin,

T.I. Chornopyschuk and others. Such scholars as S.F. Pokropyvnyy, G.A. Pryymak, P.T. Sabluk, N.M. Tkachenko and others drew attention to the study of the sustainability formation of the sector. In their work they consider the problem of economic stability formation of agriculture and the possibility of economic evaluation of this category.

However, there is a need to investigate the factors that determine the formation of economic stability and which are the economic development foundation of agriculture.

Task formulation. The purpose of this article is to identify the factors that will make an immediate impact on economic growth of agriculture. Our research uses common statistical methods based on public information.

Main material exposition. Economic growth in agriculture can be characterized and evaluated in terms of growth in gross value added produced in the sector or the value of agricultural production in which, we consider, the most important role played by such factors (determinants):

- the level of production in the market;
- intermediate consumption;
- taxes;
- total final consumption;
- the level of exports.

Let's consider the types of determinants (factors) that affect the economic development of the rural economy. There are basically two types of determinants (factors) that affect the economic development of the rural economy (fig. 1).

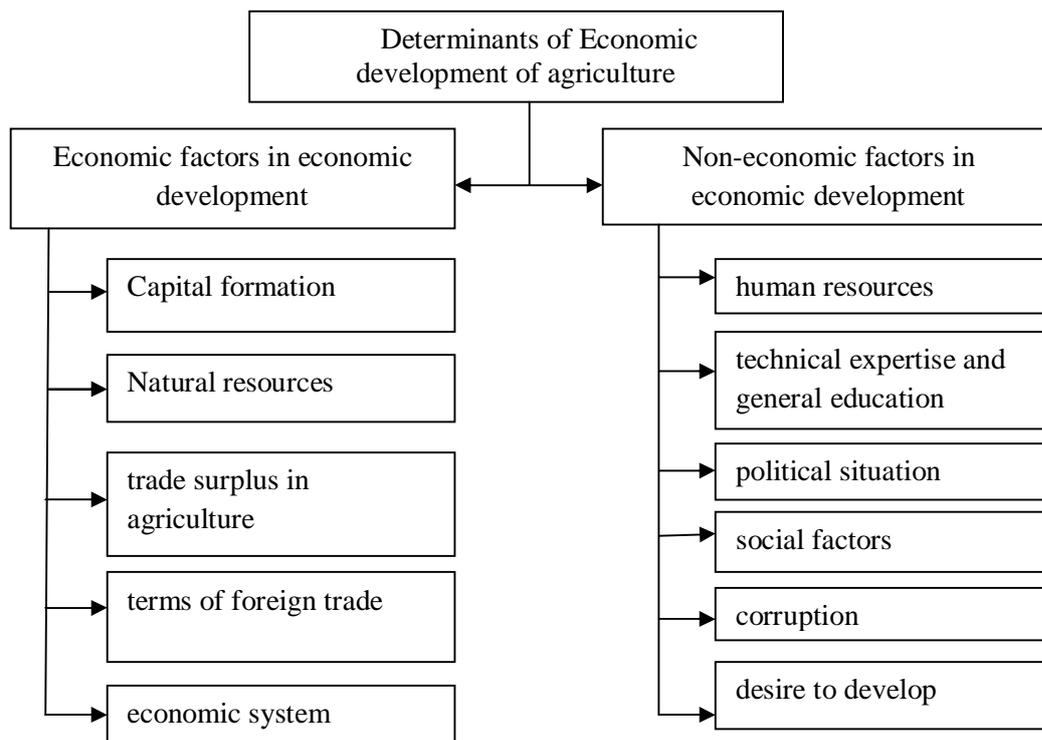


Fig. 1 Economic development determinants of agriculture

Source: author's own implementation

Economic factors in economic development. In the economic development of the rural economy the role of economic factors is essential. Capital volume and the rate of capital accumulation in most cases decide whether to grow the agricultural production of the country or not. There are several other economic factors that also affect the development of agriculture, but their importance can hardly be compared with the formation of capital. Let's analyze the factors whose role in the economic development of agriculture is considerable:

1) capital formation. The traditional strategic role of capital in economy is raising of the agricultural production level. To accelerate growth, we should maintain a high level of income to raise the level of investment. High dependence on foreign aid is rather risky, and therefore should be avoided. Economists rightly argue that lack of capital is a major obstacle to growth and development plans will not be effective without sufficient reserve of capital. Whatever the economic system, the country's agriculture can not achieve economic progress, if it is implemented only a minimum rate of capital accumulation.

2) natural resources. The primary factor affecting the economy development is its natural resources. The first, this is area of land and quality soil, forest resources, water, minerals, favorable climate. For the economic growth of agriculture, natural resource availability in sufficient quantities is essential. However, the country with the most natural resources is not able to quickly develop their

agriculture. That is, natural resources are a prerequisite for economic growth, but not sufficient. Japan and India are two contradictory examples.

3) trade surplus in agriculture. Increasing the intensity of agricultural production is accompanied by increased productivity and is essential in the development of this sector. The term "trade surplus" means the excess of output over the needs of people in production of agriculture. With the development of economy, the ratio between the growth of urban population and increasing of demands for agriculture and for food production increases these requirements must be met, otherwise the lack of food in urban areas, will hold economic growth. If a country wants to strengthen the pace of industrialization, it should not allow its agriculture lagged. Supply of agricultural products, especially food grains, should be increased to create industries in cities.

4) terms of foreign trade. According to the classical theory of trading goods trade barter between countries is always beneficial. It is believed that currently less developed countries should specialize in the production of commodities, because they have a comparative advantage in the cost of their production. In developed countries, by contrast they have a comparative advantage in the value of brands, including machinery and equipment and therefore specialize in them. In recent years, powerful School of Economics was formed under the leadership of Raul Prebisch, who questioned the benefits of unrestricted trade between developed and

underdeveloped countries on the theoretical and empirical basis [8]. Foreign trade was beneficial for countries that were able to set up agricultural production in a relatively short time. These countries will sooner or later capture international markets for their products. Thus, developing countries should not only try to become independent as soon as possible, but also "push" the development of agriculture to such a high level to eventually replace the basic product or main country of export.

5) economic system. The economic system and the historical features of the rural economy have significant impact on the development of agriculture.

Next, let's consider non-economic factors of economic development of agriculture, and try to find out the impact of these factors on the economic development process of this sector.

1) human resources. Human resources are an important factor in the economic development of agriculture. Man offers labor for production, and if the country's work is effective and efficient, its contribution to agricultural growth will be significant. But in case of lack of demand or inefficiency the human resource is the economic "burden" and a negative impact on the economy.

2) technical expertise and general education. Never had a doubt that the level of technical "know-how" has a direct impact on the pace of agricultural development. With technological progress, people have more and more sophisticated methods of production, steadily increases productivity.

3) the political situation.

4) social factors. Mass participation in development programs is a prerequisite to accelerate the growth of agriculture. However, people with an interest in activities only when they feel that the

results of economic growth will be distributed fairly. In addition, the new agricultural strategy bore class of wealthy peasants, divided the population in rural areas.

5) corruption. Corruption that is in countries at different levels negatively affects the development of agriculture. As long as these countries do not eradicate corruption in the administrative system, the most natural which producers, traders and other powerful economic classes continue to use national resources for their own benefit. Tax evasion also contributes to the economic development of agriculture.

6) the desire to develop. Key development - it is not a mechanical process, not a simple summation of various factors. Ultimately, it is the human enterprise. The results will ultimately depend on the skills, qualities and attitudes of people who deal with agriculture. Economic growth of agriculture in any country depends largely on the willingness of people to develop. If there is a low level of consciousness, and the total mass of people accepts poverty as destiny, it is useless to hope for its development [3, p. 30].

The prosperity of society and the state depends on the sector. The development of agricultural areas affected several interrelated factors. The main factor which determines the level of agricultural development is the support from the state. In almost all countries, this sector needs subsidies that allow a market economy to eliminate the disparity in prices for agricultural products.

Analysis of state items of expense in Ukraine during 2011-2016 years shows a gradual decrease in funding for agriculture during research period of time (table 1).

Table 1

Budgetary financing for agricultural development programs in Ukraine for 2011-2016.

Years	2011	2012	2013	2014	2015	2016
Volume of expenditures, mln. grn.	6 936,4	4780,5	4699,5	3439,6	875,5	691,9
Growth rate, %	-	31,08	-1,69	-26,81	-74,55	-20,97

Source: developed by the author according to [3-8]

There are especially noticeable changes in the level of state support in 2015, when budgetary allocations to the agricultural sector decreased by 74,55% compared to 2014 year. The main reason for the reduction of financial security of agriculture is the crisis in the economy and the phasing out of a policy of active participation of the state in financial support of agriculture. During the years 2011-2016 there is a negative trend to reduce the share of

budgetary allocations to agriculture in the total budget expenditures. If in 2011 they accounted for 2.02%, in 2015 - only 0.38%. This reduction is unreasonable in circumstances where agriculture forms a significant GDP. In particular, in 2011-2014 shares of agricultural products in Ukraine's GDP value fluctuated around 7% and in 2015 reached the mark of 10.43% (table 2).

Comparing the share of agricultural products in GDP of Ukraine and share of expenditures on agriculture in total expenditure in 2011-2015.

Years	2011	2012	2013	2014	2015
The share of agricultural output in GDP,%	7,67	6,9	7,76	7,07	10,43
The share of expenditures on agriculture in total expenditure, %	2,02	1,16	1,12	0,78	0,38

Source: developed by the author according to [3-7; 9]

Agricultural part of budget of 2016 is characterized by saving resources and the refusal of some programs that took place in previous years.

As a continuation of the research topic, the problems of economic growth and determinants of intensive or extensive character still causing heated debate, taking into account the specific features of the sector and its importance in ensuring the domestic demand for food for the population. Starting from general economic theory, this approach makes an attempt to identify the determinants (factors) that affect the intensive and extensive economic development of agriculture. Given the characteristics of agriculture it is revealed the existence of a correlation between gross value added and number of factors. It should be noted that the determinants that do significant impact can be attributed intermediate consumption, final consumption and taxes, while the category of intensive agricultural production factors includes the price of products on the market, changes in inventories and the value of exports.

It is believed that the main factor of production in this sector of the economy is land. To remain fertile land, it must be used rationally, conducting regular renewals. Another efficiency condition of agriculture is natural and climatic conditions. Human activity on the ground is often associated with adverse conditions: drought, prolonged rains, frost on the ground. Severe climate is capable of turning the area into a zone of risky agriculture. Favorable natural conditions make it possible to effectively develop the sector, sometimes throughout the year.

In the agricultural sector fixed assets obsolescence is much faster than most other sectors. Agricultural works are risky in nature; often depend on changing external conditions and hazards. The risk arises, for example, the use of pesticides and fertilizers. National insurance helps to cope with these problems, which is one of the main factors supporting agriculture. The state of science and technology influences on the activity of the agricultural sector.

As a rule, innovations in this area are implemented slowly. Scientific and technological progress is also becoming a major factor in reducing the cost of agricultural products.

The next factor relates to the characteristics of the market structure of the economy. For agricultural development it is important the presence of a healthy competitive environment. This area is regulated in developed countries by special state antitrust agencies. Their task is to prevent the rise of monopolies and promote the maximum development of small and medium-sized manufacturers. These measures can keep the prices of agricultural products at a reasonable level.

In Ukraine, the importance of the agricultural sector rose sharply against the backdrop of the global economic crisis. In the crisis only agriculture provides positive production dynamics. The guidelines of economic development: the agricultural industry is strategically important to ensure the independence and viability of the country; investment attractiveness potential of the agricultural sector increases [12, 13, 14, 15].

However, agriculture affects imperfect governance. The guidelines of economic development: public administration of national economy and its sectors should be done through detailed comprehensive program system-related with instruments of government regulation, correct filling nature of these instruments, with very detailed implementation mechanisms in the dynamics defined priorities and changes rules of priorities, compliance stable key principles.

Unresolved problems of the economy and sectors of the economy negatively affect on agriculture of Ukraine:

- Ukraine has no clearly defined criteria and clearly not established systematic work to ensure food security. This creates uncertainty in the priorities of agriculture, inconsistency in foreign policy of the state relative to agricultural products and processed products;

- the lack of stability and certainty in land relations limits long-term investment in the development of agricultural production;

- uncertainty in innovation policy (strategic areas of innovation support, content and targeted integrated application of state instruments to stimulate innovation in accordance with the level of priority topics) leads to deter innovations and businesses, as well as abuse of taxes and customs tariffs, losses in the public sector;

- the country's energy dependence and the need to "flirt" with countries - suppliers of energy;
- disparity of prices of products of agriculture and industry;
- poor adaptability sea, river and rail transport and logistics infrastructure to work with agricultural products (primarily - crop);
- because of the lack of coordination and understanding between the Ministries state does not use the possibility of raising funds under the Kyoto Protocol (including in agriculture, where there is great potential for the introduction of technologies that reduce greenhouse gas emissions);
- agriculture, with primary importance in the life-support system of the country, is considered by the state as a secondary sector (in terms of state funding, solving socio-demographic problems, technological development) the high cost of funds in Ukraine, which at times exceeds the cost of the global financial markets [1, 2, 3, 9, 11].

The guidelines of economic development of agriculture requires a complex system changes; require changes in the system of inter-branch relations with focus on the needs of the agricultural sector; basis of competitive agricultural sector must be at intellectual and high-tech production; sustainability of the agricultural sector the higher, at the lower the energy and specific resource consumption of agricultural technologies; development of agriculture requires the establishment of mechanisms and institutions cheap timely earmarked funding [2, 3, 10].

The agriculture of Ukraine is negatively affected by the deterioration of the ecological state of the country: the steady growth of anthropogenic impact on the environment; steady degradation of soils (wind, water, mechanical). The guidelines of economic development of agriculture should be developed on the basis of environmental technologies that ensure restoration of soil fertility, recycle organic waste, reducing the emission of polluting compounds.

Overcoming the recession, large-scale modernization and recovery of the reproductive process in all its levels are the most important problems of the modern economy of Ukraine. All this comes together with a complete lack of working capital, low assets liquidity of domestic enterprises, outdated material and technical resources and imperfect legal framework, which regulate their activities.

The financial position, industrial and economic activity largely depends on the effective and efficient fixed assets usage. Reliability, durability and modernization of fixed assets, according to the latest advances in science and technology are the main problems that affect the continued operation of

the company. Effective use of assets leads to increased production. So, in the agricultural enterprise a question of efficiency comes at the forefront, and the financial position and competitiveness on the market depends on its resolution.

To create an economic development strategy it is necessary, above all, to identify the key problems of the agricultural sector in Ukraine:

- unevenness of various forms (structures) in the mid-size manufacturer weakening due to the creation of different size and social burden of economic entities formally similar, but not equal business conditions;
- insufficiency of regulatory and legal framework and lack of motivation for cooperation and consolidation of small farms within rural communities, low marketability of production, weakening economic foundation of rural communities;
- unstable competitive position of domestic agricultural products and foodstuffs on international markets due to not complete the process of adaptation to European standards of quality and safety of agricultural products and food;
- low rates of technical and technological renewal of production;
- risks of increase in production costs due to rising depreciation of equipment, the prevalence of the use of outdated technologies, the rising cost of non-renewable natural resources in the cost structure. The aim of development is the creation of organizational and economic conditions for the effective development of the agricultural sector on the basis of common economic, social and environmental interests of society to ensure a stable population quality, safe, affordable food and agricultural raw materials for industry.

Conclusion. To form the economic sustainability of agriculture must be:

- creating conditions for expanding the scope and scale of demand, supply and dissemination of scientific and technical knowledge to become an integral part of the national innovation policy;
- flexibility and possibility to adjust market conditions, competitive products, high investment activity, liquidity and financial stability;
- formation of economic sustainability of agriculture is made taking into account all the factors contributing to its stability.

After all, it is necessary the practice of economic development management of agriculture on the principles of the market, increase the production efficiency, taking into account all factors of economic stability, the latest achievements of scientific and technological progress and efficient forms of production and labor, increase business

integrated approach in the context of institutional changes which have occurred .

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Анотація

Світлана Халатур

**ФАКТОРИ ВПЛИВУ НА СІЛЬСЬКЕ ГОСПОДАРСТВО
ЯК ОРІЄНТИРИ ДЛЯ ЙОГО ЕКОНОМІЧНОГО РОЗВИТКУ**

Визначено фактори впливу на економічне зростання сільського господарства в майбутньому: кінцеве споживання, експорт, вартість виробництва, ринок, зміна запасів, величина податків, величина державної підтримки тощо. Як важлива частина національної економіки, сільське господарство має ряд специфічних характеристик різних коливань активності, які безпосередньо впливають на внесок галузі в частку валового внутрішнього продукту, і ступінь задоволення потреби внутрішнього споживання населення. Висока сезонність виробництва корелює зі значним ступенем фрагментації земель сільськогосподарського призначення, до яких можуть бути додані певні умови, більш або менш суб'єктивні фактори, що впливають на його економічний розвиток, здійснюють інтенсивний вплив на галузеве стійке зростання. Стверджується, що практика управління економічним розвитком сільського господарства здійснюється на основі принципів ринку, підвищення ефективності виробництва з урахуванням усіх факторів формування економічної стабільності, використання новітніх досягнень науково-технічного прогресу і ефективних форм організації виробництва і праці, підвищення ділового комплексного підходу в контексті інституційних змін, що відбулися. В економічному розвитку сільського господарства країни роль економічних факторів вирішальна.

Ключові слова: *фактори впливу, економічний розвиток, сільське господарство, стратегія.*

Аннотация

Светлана Халатур

**ФАКТОРЫ ВЛИЯНИЯ НА СЕЛЬСКОЕ ХОЗЯЙСТВО
КАК ОРИЕНТИРЫ ДЛЯ ЕГО ЭКОНОМИЧЕСКОГО РОСТА**

Определены факторы влияния на экономический рост сельского хозяйства в будущем: конечное потребление, экспорт, стоимость производства, рынок, изменение запасов, величина налогов, величина государственной поддержки и тому подобное. В качестве важной части национальной экономики, сельское хозяйство имеет ряд специфических характеристик различных колебаний активности, которые непосредственно влияют на вклад отрасли в долю валового внутреннего продукта, и степень удовлетворения потребности внутреннего потребления населения. Высокая сезонность производства коррелирует со значительной степенью фрагментации земель сельскохозяйственного назначения, к которым могут быть добавлены определенные условия, более или менее субъективные факторы, влияющие на его экономическое развитие, которые осуществляют интенсивное воздействие на отраслевой устойчивый рост. Утверждается, что практика управления экономическим развитием сельского хозяйства осуществляется на основе принципов рынка, повышения эффективности производства с учетом всех факторов формирования экономической стабильности, использования новейших достижений научно-технического прогресса и эффективных форм организации производства и труда, повышение делового комплексного подхода в контексте институциональных изменений, что произошли. В экономическом развитии сельского хозяйства страны роль экономических факторов является решающей.

Ключевые слова: *факторы влияния, экономическое развитие, сельское хозяйство, стратегия.*

Стаття надійшла до редакції 06.06.2017