

NATIONAL SECURITY & DEFENCE

№ 1 (130)

2012

Founded and published by:



UKRAINIAN CENTRE FOR ECONOMIC & POLITICAL STUDIES
NAMED AFTER OLEXANDER RAZUMKOV

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This journal is registered with the State Committee of
Ukraine for Information Policy,
registration certificate KB №4122

Published in Ukrainian and English
Circulation: 3,800 copies

Editorial address:
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Kyiv, 01015
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The project was supported by the
International Renaissance Foundation

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UKRAINE – ANY CLOSER TO COMPLETING A LAND REFORM?

Land reform in Ukraine lasts for over 20 years now – slow, contradictory, with numerous violations of interests and rights of rural workers and existing laws.¹ During 1990's - early 2000's, most of the villagers became the owners of land parcels, but were left with no means for land cultivation and no funds for their purchase (in particular, due to the loss of savings and galloping inflation in the early 1990's, as well as due to a time-gap between distribution of former collective lands and the actual distribution of collective farms property among the new landowners).

As a result, the villagers – sometimes not voluntarily and not always to the tenant of their choice – were forced to lease out their lands. According to the Razumkov Centre's survey results, as of February 2012, about 52% of landowners leased out their land parcels, and only 7% of them were fully satisfied with leasing terms, another 7% – did not really know who they lease out their land to, 36% – were unaware how much their tenants should be paying them.

At the same time, private ownership rights to land of rural workers are not absolute, since the disposal of land is restricted to inheritance and/or sale for public or community needs. As a result, no one is entitled to buy an agricultural land. This situation has emerged as a result of the moratorium on sale and purchase of agricultural land, introduced in 1992. It remains in power for over 20 years now.²

During this time, the issue of agricultural land market – one of the most controversial and politicized issues in Ukraine – has been widely discussed. However, even today, it seems there is no actual or expected consensus on the issue either in the society or among political forces.

Firstly, the discussions tends to distract public attention from the fact that, apart from the very discussions, little has been done to create the necessary conditions for lifting the moratorium and instituting a farmland market. Until now, despite the time allocated to this process and substantial international assistance (including the financial one), neither the State Land Cadastre nor the Unified System of Registration of Proprietary Rights to Real Estate and their Encumbrances has been established; state and municipal lands have not been separated out; the survey and demarcation work has not been conducted at private farmland parcels, conservation areas and protected areas of historical and cultural significance. Finally, not all the rural landowners have a legal title to land.³

Secondly, the moratorium and longstanding discussions tend to conceal illegal land dealings, including the agricultural land. Corrupt connections and corrupt courts make it simple to change the purpose of land use or change the landowner through a raider attack or acquire land with no right to it. So we may give credit to the Speaker of Verkhovna Rada of Ukraine, V. Lytvyn, who said: *"Today, it is clear that we no longer have any available land left..."*⁴

According to the Razumkov Centre, it is necessary to give up discussions about the agricultural land market in Ukraine (because the private ownership has already been introduced, both *de jure* and *de facto*), and focus on the *quality* of this market. Its introduction should be fully prepared in terms of creating a legal framework and open and transparent access to information. It is necessary to create a unified open State Cadastral and Registration System, introduce an adequate liability for providing false information on land ownership, ways of land acquisition and ineffective and negligent use of farmland.

Illegally acquired lands should be returned to the owners in a legal way: state, local governments, as well as individuals who have legally received it.

Little is required to achieve that – *the political will of the ruling power and curbing corruption in land relations*. And if people become convinced that the government really wants to set things right, the political will will receive strong public support as well.

¹ For details see: Agricultural Reform in Ukraine: Achievements and Failures. Analytical Report by the Razumkov Centre. – National Security and Defence, 2001, No.5, p.2-55.

² Prohibition on alienation of agricultural land for six years after acquiring the title to such land was provided for by the Land Code of Ukraine (1992), furthermore the Law "On Agreements on Alienation of Land Share" (2001) introduced a moratorium on the purchase and sale of these lands. The new version of the Land Code (2002) extended the moratorium till January 1, 2010. Last time the moratorium was extended till January 1, 2013 by the Law "On Amending Chapter X "Transitional Provisions" of the Land Code of Ukraine on the Prohibition on Alienation and Change of Intended Purpose of Agricultural Land" (introduced by members of the Party of Regions; signed by the President of Ukraine on December 12, 2012).

³ For details see: Cadastral and Registration System of Ukraine: Current Situation and Development Prospects. Analytical Report by the Razumkov Centre. – National Security and Defence, 2011, No.6, p.2-37.

⁴ Verkhovna Rada may extend moratorium on purchase and sale of agricultural land till January 1, 2013. – Internet resource "RBC-Ukraine", December 15, 2011, <http://www.rbc.ua>.

PUBLIC OPINION ON LAND POLICY AND LAND REFORM IN UKRAINE



Mykhailo MISCHENKO,
Deputy Director
of the Sociological Service,
the Razumkov Centre

In a democratic state, politicians and statesmen, choosing strategies and ways to implement the policy in a particular area, should take into account the citizens' opinions and attitudes to the issue. On the one hand, this is a prerequisite for public support of any proposed steps and measures (hence – a prerequisite for their successful implementation), on the other hand – an indicator of the very democratic and social nature of the state.

If public opinion on certain reform steps is distinctly negative or controversial, the government should run an active public awareness campaign in order to prove to the society the need for reform and its benefits for different social groups and the country as a whole.

In order to clarify public opinion on land policy in Ukraine and the society's readiness to accept the introduction of an open market for farmland, Sociological Service of the Razumkov Centre carried out a nationwide survey, which results are summarized below.¹ Unless stated otherwise, the results of surveys, conducted in March 2009 and in February 2012, are being compared.²

The land policy in Ukraine: citizens assessments

In Ukraine, the negative attitude toward the government's land policy prevails: negative attitudes predominate both in 2012 and 2009.

In 2012, only 7% of respondents (in 2009 – 6%) assess this policy positively, whereas negatively – 36% and 35%, respectively. Nearly a quarter (24% in 2012, and 28% – in 2009) of respondents know nothing about this policy (Chart “*How would you assess the present land policy in Ukraine?*”, p.4). In contrast to urban residents, more villagers expressed negative attitudes to land policy (according to 2012 survey – 34% and 40%, respectively).

People in the West and Centre more often express negative views of the national land policy (41% and 45%,

respectively), in the South and East – less frequently (31% and 26%).³ More critical approach to the government's land policy in the West and the Centre is likely due to a more pronounced negative attitude in these regions toward the current government in general.

More than one-third (34%) of respondents believe that, as a result of the agrarian reform, the financial well-being of the villagers has deteriorated, 43% – say that their situation has not changed. **Only 9% of respondents mentioned the improvement** (Chart “*Has the financial well-being of village residents changed as a result of the agrarian reform?*”, p.4). As in the previous case, people in the West and Centre of Ukraine are more critical of the agrarian reform results.

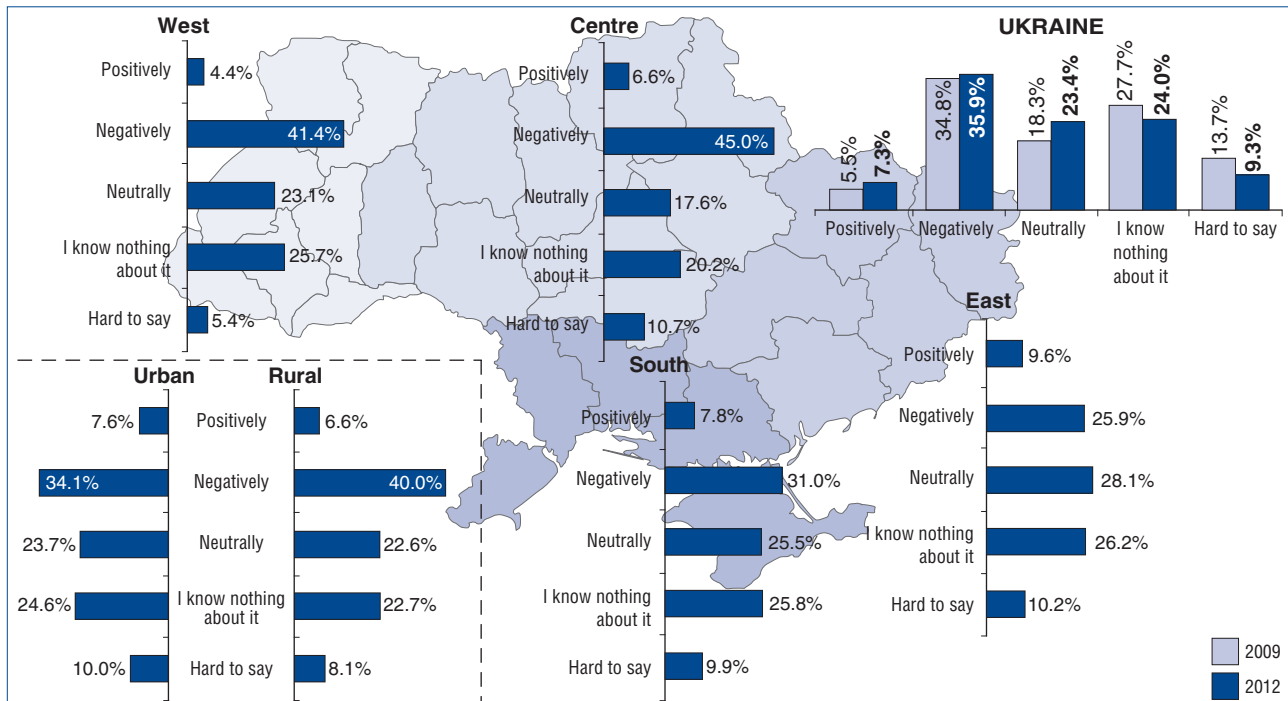
¹ The report is based on results of the survey, held by the Razumkov Centre in February 2012 (2,055 respondents). Some of its separate elements were compared with the survey results conducted in March 2009 (2,012 respondents). The survey was done in a multistage random sampling design, based on quota method of respondent recruitment at a final stage representing an adult population according to the main socio-demographic indicators (i.e. region of residence, type and size of locality, age, gender). The sampling error does not exceed 2.3%.

² In order to simplify reading of the report all the figures were rounded.

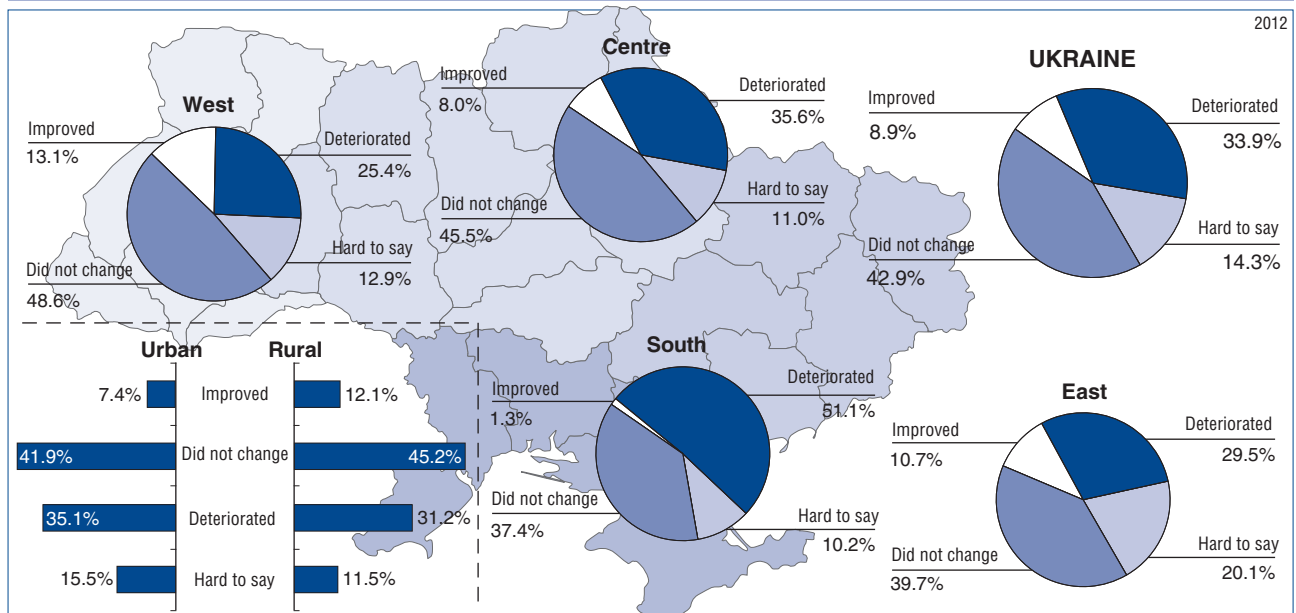
³ Hereinafter the oblasts shall be distributed by the regions as follows: **West:** Volyn, Transcarpathian, Ivano-Frankivsk, Lviv, Rivne, Ternopil, Chernivtsi oblasts; **South:** Crimea, Odessa, Kherson, Mykolaiv oblasts; **East:** Dnipropetrovsk, Donetsk, Zaporizhzhya, Luhansk, Kharkiv oblasts; **Centre:** Kyiv, Vinnytsia, Zhytomyr, Kyiv, Kirovograd, Poltava, Sumy, Khmelnytsky, Cherkasy, Chernihiv oblasts.



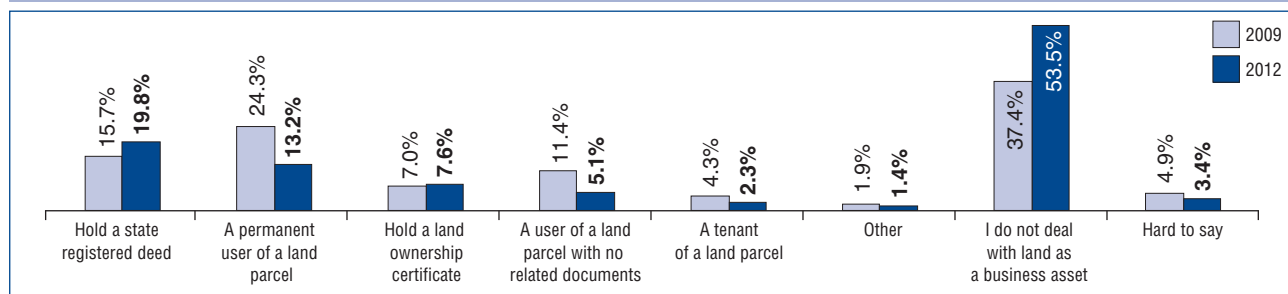
How would you assess the present land policy in Ukraine?
% of respondents polled



Has the financial well-being of village residents changed as a result of the agrarian reform
(e.g., land distribution, possibility of establishing farms, etc.)?
% of respondents polled



With respect to land as a business asset, you are...?
% of respondents polled



* Respondents were allowed to give all acceptable answers.

It is quite clear that the respondents assess the land policy in Ukraine depending on what impact, in their opinion, the agrarian reform had for rural population. Thus, among the respondents, who believe that the villagers' financial situation has worsened as a result of the agrarian reform, 52% negatively evaluate the land policy in Ukraine (positively – only 4%). However, among those, who think that the situation has improved, 32% of respondents evaluated the land policy negatively, 26% – positively.

Most respondents, when answering the question: *“What should the government do as a priority to stimulate the development of the country's farm sector and the development of rural areas in general?”*, mentioned the support for social development of rural areas (development of schools, hospitals, infrastructure etc.) – 38%, combating corruption – 34%, providing subsidies to agricultural producers from the state budget – 30%, more loans available to farmers – 30%. **“Instituting an open land market”** was the least frequent answer (6%).

It should be noted that the villagers emphasize the need to promote social development much more often than urban dwellers: **43% vs. 35%, respectively** (Table *“What should the government do as a priority...?”*, p.6).

Land market situation

Altogether, **41% of the respondents said they either hold a land ownership certificate, a tenancy agreement or are the users of a land parcel** (Chart *“With respect to land as a business asset, you are...?”*, p.4). 18% of them own a farmland parcel, 16% – a house lot, 8% – a land parcel for summer cottage, 1% – a parcel for house construction, 0.3% – for construction of a garage. 54% of respondents have no land in private ownership (Chart *“Do you have land in private ownership?”*, p.6).

Among those who have a land parcel, 40% said they inherited or received land as a gift, 29% – as a result of collective farmland distribution, 18% – via decision of a local self-government body, about 9% – via decision of a local state administration, 14% of respondents purchased their land parcels (Chart *“How did you acquire the parcel of land?”*, p.6).

Only about **21% of people exercised the right to get a free land lot for construction of a house** (among rural residents – 30%) (Chart *“Have you exercised your right...?”*, p.6). Those, who have not exercised this right, stated they had no need (28%), were unaware of this right (27%), lacked the funds for construction (19%), as well as believed they were not entitled to such a land lot (10%). Slightly more than 5% did not want to deal with bureaucratic procedures and spending time on paperwork, another 5% were rejected after the documents were submitted (Chart *“If you did not exercise your right, why?”*, p.6).

About a quarter of respondents said that they received farmland as a result of collective farmland distribution (14% – are the owners of a land parcel without clearly defined boundaries), 11% own a farmland

parcel with specified size, location and boundaries) (Table *“Do you own a farmland parcel...?”*, p.7).

Among those who own farmland, almost **52% rent it out** (Chart *“Are you leasing out your farmland parcel?”*, p.7). **About 7% of them, do not know who is renting their land** (Chart *“Do you know who exactly is renting your land parcel?”*, p.7). This indicates that a number of the lease agreements have entered into force without direct involvement of the landowners (whose function was restricted to “placing a signature in the right place”).

However, the vast majority (87%) of respondents who lease out their land parcels said that the decision to lease (or to lease out to that particular tenant) was taken independently. However, about 3% said that they were exposed to pressure (indicating that they “had no choice”), or avoided the question (10%) (Chart *“Did you take a decision to lease out your land parcel independently...?”*, p.7).

Over a third (almost 36%) of landowners, who lease out their land parcels, do not know how much they should be paid for it (Chart *“Do you know how much and how you are supposed to be paid according to the law?”* p.7). 54% of landowners are paid in kind; 10% – in cash; 34% – both in kind and in cash. A bit more than 1% of respondents stated that they are not paid at all (Chart *“How are you getting paid for leasing out your land parcels?”*, p.7).

Overall, **53% are satisfied with conditions on which they lease out their land** (however, only 7% are fully satisfied, another 46% – “rather satisfied”); **42% of land lessors are unsatisfied** (including 26% of “rather unsatisfied” respondents) (Chart *“How satisfied are you with conditions...?”*, p.7).

3% of respondents are renting their farmland from others (Chart *“Are you renting a farmland parcel at the moment?”*, p.9).

21% of respondents, owning or renting farming land, cultivate it personally or with their family; only about 2% hire workers for land cultivation (seasonal or permanent). Instead, about 12% of respondents, owning or renting land, do not cultivate it (for about half of them or 6% of all respondents, this is explained by the fact that they lease out their land).

For majority of respondents (62%) the issue of land cultivation is not relevant because they are neither landowners nor tenants (Chart *“...do you cultivate that land personally...?”*, p.9). Among those who rent agricultural land, 87% cultivate it personally or with family members, only 20% hire workers for this purpose (15% – seasonal, 5% – permanent). Around 3% of tenants said that they do not cultivate their land.

Future plans of landowners, tenants and people in general

The relative majority (43%) of landowners plan to lease out their land in the future, 29% – to produce agricultural products only for their family needs, 10% – to develop their own agricultural production for sale.



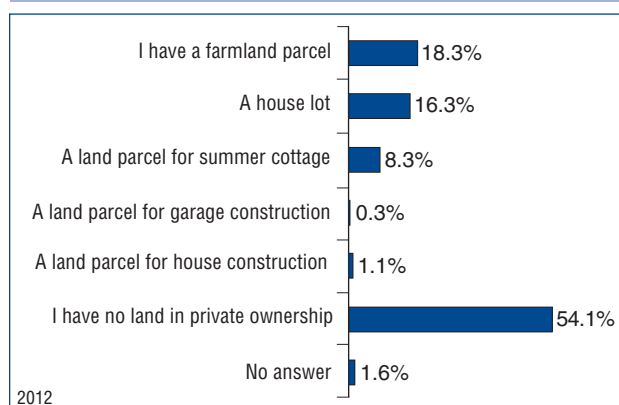
What should the government do as a priority to stimulate the development of the country's farm sector and the development of rural areas in general?*
% of respondents polled

	UKRAINE	Urban	Rural
Support rural social development (schools, hospitals, roadways, etc.)	37.7	35.4	43.0
Combat corruption	33.5	34.4	31.6
Provide subsidies to growers from the State Budget	30.0	29.4	31.2
Make loans more accessible to agricultural producers	29.7	32.2	24.3
Help improve the technological state of the farm sector	26.9	26.8	27.1
Develop the food processing infrastructure	25.3	25.0	26.0
Develop the food sales infrastructure	19.7	18.3	22.9
Provide stable regulation (by stopping the practice of suddenly slapping quotas and restrictions on export, etc.)	15.3	16.3	13.2
Support the expansion of external markets	7.7	8.1	6.8
Institute an open land market	5.9	6.9	3.5
Other	1.4	1.7	0.8
Do nothing	0.3	0.3	0.3
Hard to say	4.5	4.9	3.7

* Respondents were allowed to choose up to three options.

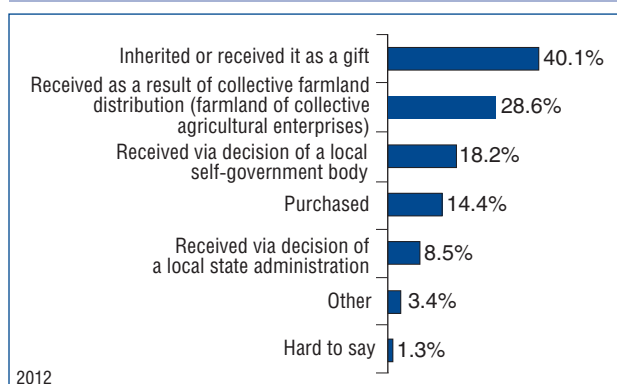
2012

Do you have land in private ownership?
% of respondents polled



2012

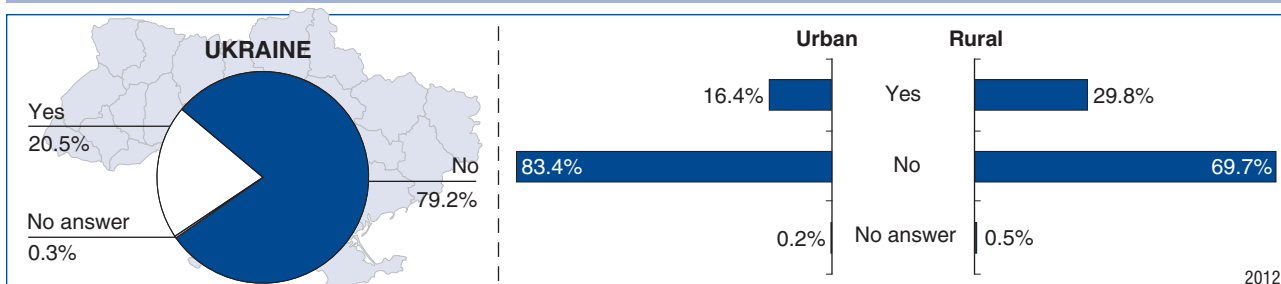
How did you acquire the parcel of land?*
% of respondents polled



2012

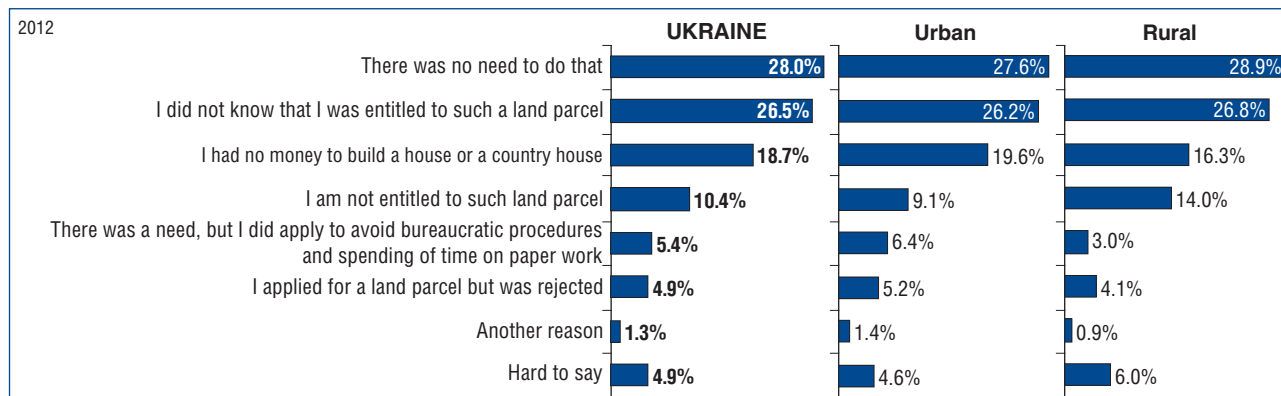
* Respondents, who had several land parcels, were supposed to give all acceptable answers.

Have you exercised your right to get a free land lot for construction of a house (summer cottage)?
% of respondents polled



2012

If you did not exercise your right, why?
% of those polled, who did not exercise their right to get a free land lot for construction of a house (summer cottage)



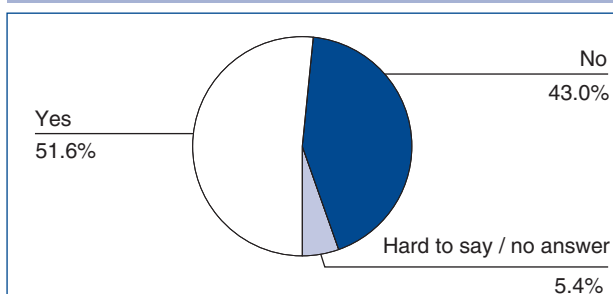
2012

Do you own a farmland parcel, which was received as a result of distribution of collective farmland?
% of respondents polled

I do not own a farmland parcel	71.7
I own a farmland parcel (with no specified boundaries) and have an ownership certificate	10.6
I own a farmland parcel with clearly specified size, boundaries and location and have an ownership title deed	8.6
I own a farmland parcel (with no specified boundaries), but have no ownership certificate	3.4
I own a farmland parcel with clearly specified size, boundaries and location, but have no ownership title deed	2.2
Hard to say	3.6

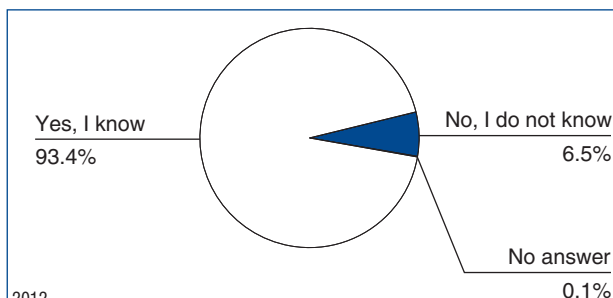
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Are you leasing out your farmland parcel?
% of those polled, who own a farmland parcel obtained as a result of collective farmland distribution



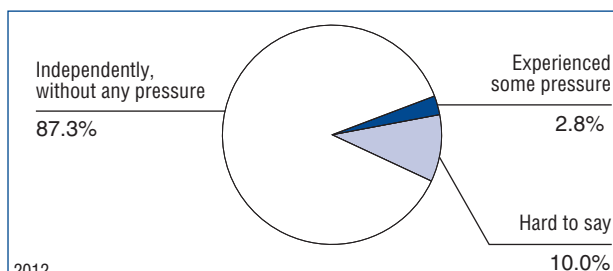
2012

Do you know who exactly is renting your land parcel?
% of those polled, who are leasing out their land parcels



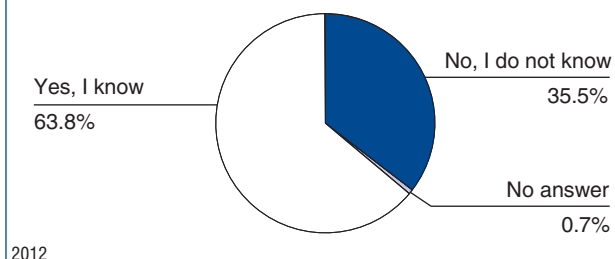
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Did you take a decision to lease out your land parcel (or to lease out namely to that particular tenant) on your own, or experienced some pressure from anyone?
% of those polled, who are leasing out their land parcels



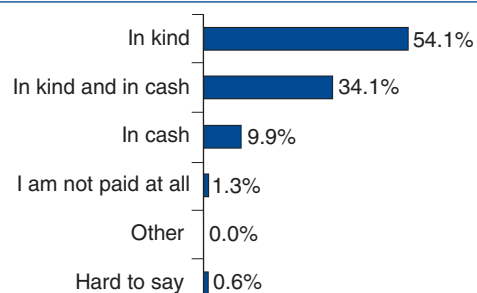
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Do you know how much and how you are supposed to be paid for leasing out a land parcel according to the law?
% of those polled, who are leasing out their land parcels



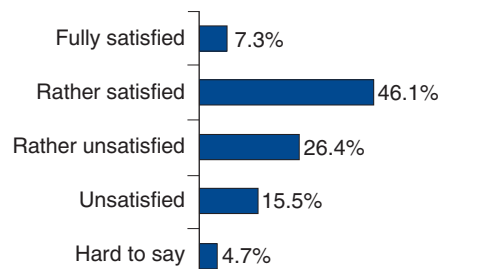
2012

How are you getting paid for leasing out your land parcels?
% of those polled, who are leasing out their land parcels



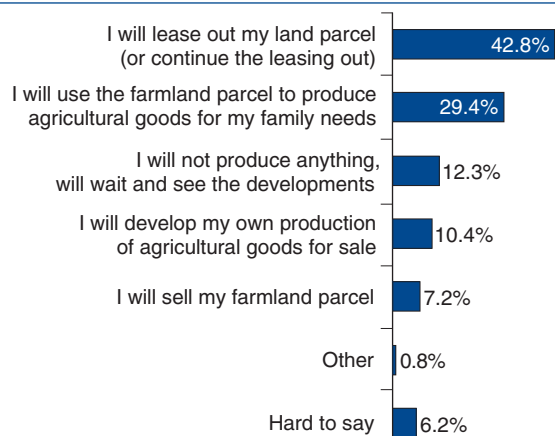
2012

How satisfied are you with conditions on which you are leasing out your land?
% of those polled who are leasing out their land parcels



2012

What are your future plans regarding the use of the farmland parcel you own?
% of those polled, who own a farmland parcel obtained as a result of collective distribution of farmland



2012



Vast majority (above 12%) says they will not grow anything on their land and observe further developments. **Only 7% of respondents plan on selling the parcel** (Chart “What are your future plans regarding the use of the farmland parcel...?”, p.7). **An average sum they are planning to get from the sale is UAH 47,635 (or about USD 6,000) for 1 ha of land.**

18% of respondents with no farmland in ownership or in use, would like to have it in future (Chart “Would you like to have farmland...?”, p.9). Representatives of this group as well as those, who already have farmland at their disposal, indicated an average of 54.6 hectares, as a desirable size for a land parcel.

Majority (58%) of those who own farmland, or would like to have it, plan to cultivate it personally or with family members; 18% – to hire workers (14% – seasonal, and 4% – permanent); 13% – are not going to cultivate their land (Chart “Are you are going to cultivate that land personally (or together with your family members)...?”, p.9).

19% of respondents, if they had an opportunity, would like to earn their living by farming (among rural residents – nearly 30%) (Chart “If you had an opportunity to earn your living by farming...?”, p.9).

Attitude to large joint-stock companies

When answering the question “Which type of agricultural enterprises should be promoted in Ukraine in first place – large joint-stock companies or private farms?” (p.13), the majority (60%) of respondents tend to equally support the development of both types of enterprises, where 20% – support the development of private farms, and only 9% – large joint-stock companies.

Land ownership registration system

Almost a quarter (24%) of respondents mentioned that they encountered certain problems when registering ownership rights, 15% of respondents said they registered ownership and tenancy rights without any specific problems. 58% of respondents did not register ownership and tenancy.

Indicating the problems they met during registration, 17% of respondents mentioned bureaucratic procedures,

the need to gather large number of documents and certificates. They also mentioned the need to spend considerable time standing in queues (8%), execute documents in numerous institutions (8%), spend a lot of time or money to get to the institutions that issue the necessary documents (7%), give bribes and payments not provided by law (6%). Over 1% – mentioned other problems (Table “Have you experienced any problems ...?”, p.9).

37% of respondents personally encountered the cases of corruption in the land sector (Chart “Do you know personally...?”), **and 19% – over the last 10 years have personally encountered corruption when registering land ownership or title to land rent or solving other issues related to land ownership and use** (Chart “In the past 10 years, have you encountered corruption...?”, p.11).

When evaluating whether the land ownership registration system is corrupt, **28% of respondents called the system as entirely corrupt**, 31% said that corruption is widespread, 17% believed that there are only some isolated cases of corruption, **and only about 3% believe that there is no corruption at all** (Chart “Is land ownership registration system corrupt?”, p.11).

Legislation regulating land ownership: awareness and evaluation

Only about 2% of respondents confirmed that they are well familiar with content of the Laws “On State Land Cadastre” and “On State Registration of Ownership Rights to Immovable Property and Their Encumbrances”, another 27% – “more or less familiar”, while nearly 68% – do not know about the Laws at all (Chart “To what extent are you familiar with the content of the Laws...?”, p.11). Among those, who are to some extent familiar with the content of these laws, only 2% believe that they fully guarantee convenient and transparent registration of ownership rights to immovable property and prevent corruption during registration procedures. 47% believe that the Laws guarantee this only partially, and 39% – that they do not ensure this at all (Chart “To what extent do these laws ensure...?”, p.11).

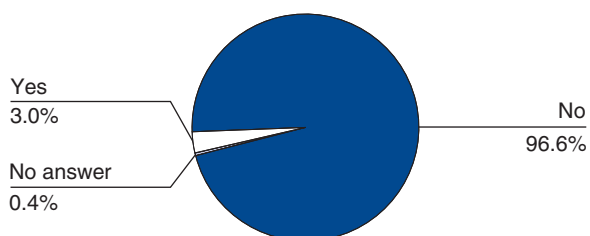
Concern with land market issues

41% of respondents confirmed that they are concerned with issues related to farmland market, private ownership of the land, its sale and purchase (Chart “Do you care about problems regarding the farmland market...?”, p.11). Among rural residents 52% are concerned with these issues; among those who intend to buy the farming land – 59%; among those who have such land in ownership or in use – 69%.

Private ownership of farmland: attitudes, understanding and vision of an optimal model for Ukraine

In general, the citizens of Ukraine have no clear position toward private ownership of farming land: 38% support the private farmland ownership, while 34% of respondents are against it (Chart “Do you support or oppose private ownership of farmland?”, p.11).

Are you renting a farmland parcel at the moment?
% of respondents polled



2012

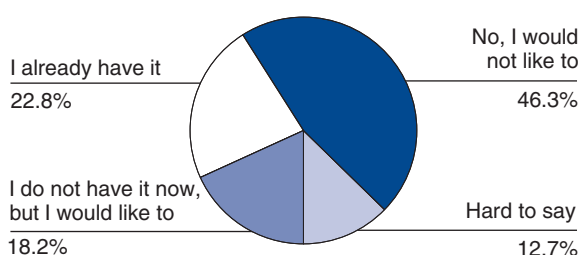
If you own or rent farming land, do you cultivate that land personally (or together with your family members), or hire workers?*
% of respondents polled



2012

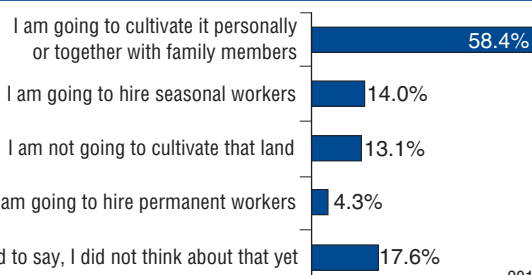
* Respondents were allowed to give all acceptable answers.

Would you like to have farmland in ownership or in use?
% of respondents polled



2012

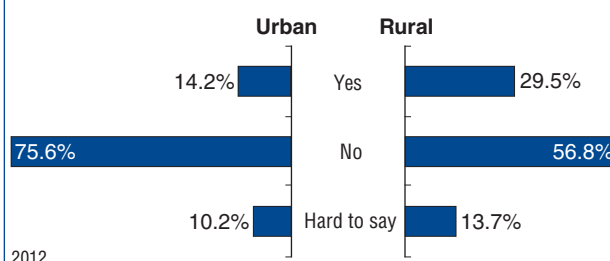
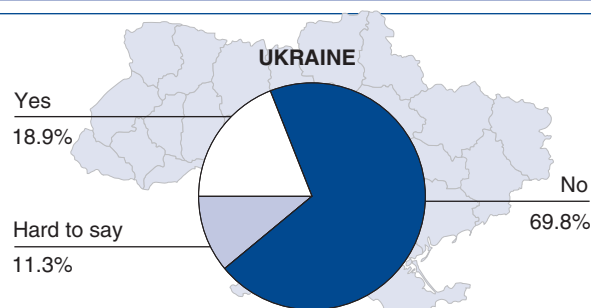
Are you going to cultivate that land personally (or together with your family members), or hire workers?*
% of those polled, who now have or would like to own farmland



2012

* Respondents were allowed to give all acceptable answers.

If you had an opportunity to earn your living by farming, would you like to be a farmer?
% of respondents polled



2012

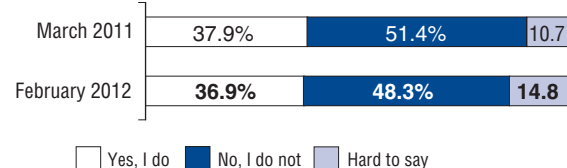
Have you experienced any problems during registration of ownership rights on land parcels or constructions located on those parcels or during the land tenancy registration procedures? If so, what were the problems and what were they caused by?*
% of respondents polled

Problems were related to bureaucratic procedures, the need to gather many documents and certificates	17.3
I had to obtain both the land ownership documentation and the land tenancy registration, but experienced no particular problems	14.9
The need to spend much time in queues	8.3
The need to have documents issued at several offices at a time	7.7
The need to spend sufficient amount of time and money in order to reach the offices that issue the required documents	7.2
The need to give bribes and fees not stipulated by the law	5.7
Other problems	1.2
I did not have to document ownership rights to land parcels or constructions located on those parcels, or register the land lease	58.3
Hard to say	5.0

* Respondents were allowed to give all acceptable answers.

2012

Do you know personally about the cases of corruption in the land sector?
% of respondents polled



□ Yes, I do ■ No, I do not ▒ Hard to say



However, while among the urban population the share of supporters and opponents of private land ownership is not significantly different (38% and 36%, respectively), **rural residents are more keen to show their support** (38% and 31%, respectively).

The differences between people of different generations are significant: if the relative majority of young people aged 18 to 35 support the private land ownership, the relative majority of older group representatives (over 55) are against it. Among representatives of the middle-aged group the percentage of supporters and opponents is almost equal. Supporters of private ownership of farmland prevail only in the West of the country, while in all other regions the percentage of supporters and opponents is not significantly different.

Supporters of private land ownership often justify their positive attitude by ideological motivation: “land must have an owner” – this answer was given by 23% of them (Table “*Why do you support private ownership...?*”, p.12).

Similarly, the opponents of private ownership of farmland often justify their attitude as ideological – 18% of them chose the answer “the land should stay in a state or municipal ownership” (Table “*Why do you oppose private ownership...?*”, p.12). However, almost the same number of opponents chose an option that “land will be bought up by oligarchs, MPs” (15%).

It is important for the people to understand the meaning of private ownership of farmland. Most (56%) respondents understand it as a right to fully manage a privately owned land (including land sale and purchase), without control of the state. However, a significant number of respondents acknowledged some restrictions on private ownership. Thus, 30% of respondents mentioned the restriction on the right to change the intended purpose of land use, 23% – a ban on land sale to foreign nationals, 17% – restrictions and state-control over the purpose and efficient land use. The right of the state to set the upper limit on the size of a land parcel that can be owned by one person (15%) or rented by one person (11%) was also acknowledged. 8% mentioned (the upper or lower) time limits on the lease term (Table “*How do you understand the concept of private ownership...?*”, p.12).

Answering the question: “*Do market relations in agricultural sector always presuppose private land ownership?*”, a relative majority (40%) of respondents indicated that the market relations in the agricultural sector are possible if the state or municipal land ownership prevails, and only about 25% believe that they are possible only with private land ownership (Table “*Do market relations in agricultural sector always presuppose private land ownership?*”, p.12).

Therefore, the relative majority (45%) of respondents believe that a model when there is no private land ownership and the land is granted on long-term lease, is suitable for Ukraine. 29%, on the other hand, believe this model is not suitable for Ukraine (Chart “*In some developed market economies...?*”, p.12).

In general, the relative majority of respondents support the state and municipal ownership of farmland with the right to its lease. 32% – support the right to a long-term lease and tenancy inheritance, 15% – the right to a short-term lease. 26% believe that private ownership should be given a priority. Only about 8% consider that the state and municipal ownership without a right to lease should be preferred (Chart “*Which form of farmland ownership...?*”, p.12).

Although the concept of private land ownership involves introduction of a free land market, land sale and purchase, only a third of respondents believe that “a private ownership of farming land, a farmland market and a free purchase/sale of farmland mean the same thing”, and 44% of respondents think that these are different things (Chart “*Do a private ownership of farming land, a farmland market...?*”, p.13). Thus, it is the supporters of private land ownership, who rarely believe that private ownership implies the right to land sale and purchase and introduction of a free land market (26%), while 43% of private land ownership opponents share the same view. **In other words, the support of private farmland ownership is largely related to the belief that private ownership does not involve the introduction of a free land market and right to land sale and purchase.**

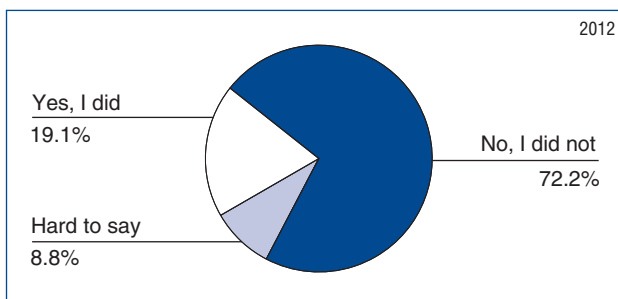
Attitude to farmland sale and purchase

Among the supporters of private farmland ownership, 20% share quite a negative attitude to sale and purchase of these lands (among the respondents, in general – 40%). Only about 11% of supporters of private land ownership (4% of all respondents) support free land sale and purchase without any limitations for individuals and legal entities of Ukraine; another 4% (2% of all the respondents) support introduction of a free market without any limitations for any persons, including foreign nationals.

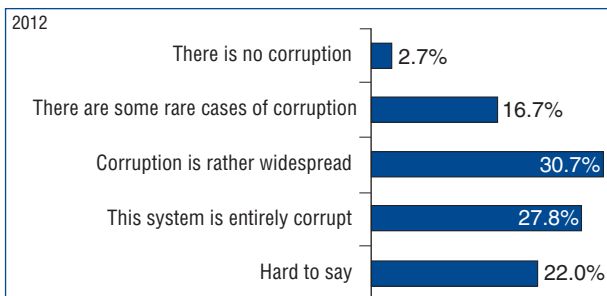
Most (58%) supporters of private property (35% of all respondents) believe that land sale and purchase require necessary conditions before their introduction (i.e. the necessary legal framework, forming a broad stratum of wealthy citizens) (Chart “*What is your*



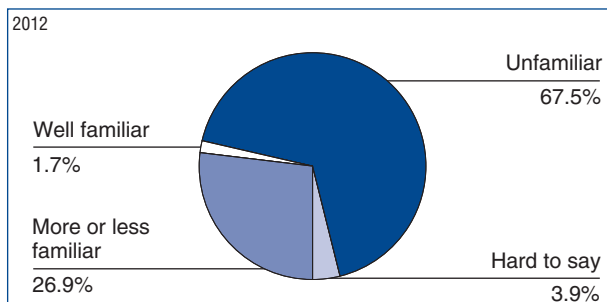
In the past 10 years, have you encountered corruption during registration of private land ownership, title to land rent, or when solving other issues related to land ownership and use?
% of respondents polled



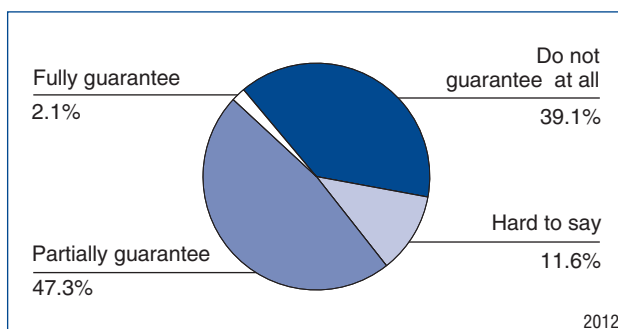
Is land ownership registration system corrupt?
% of respondents polled



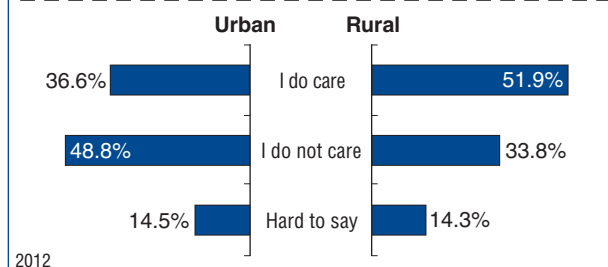
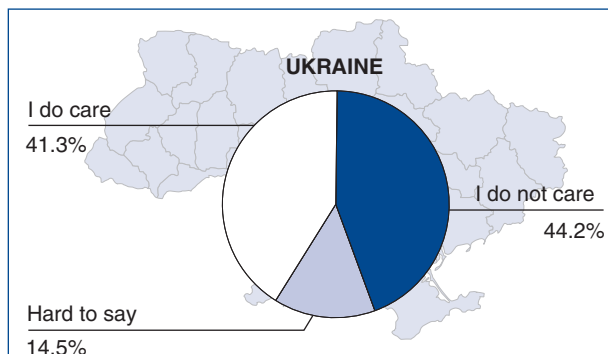
To what extent are you familiar with the content of the Laws "On State Land Cadastre" and "On State Registration of Ownership Rights to Immovable Property and Their Encumbrances"?
% of respondents polled



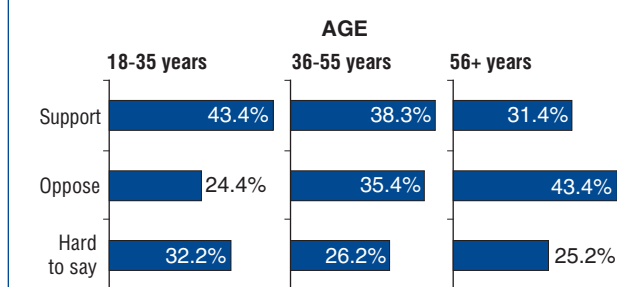
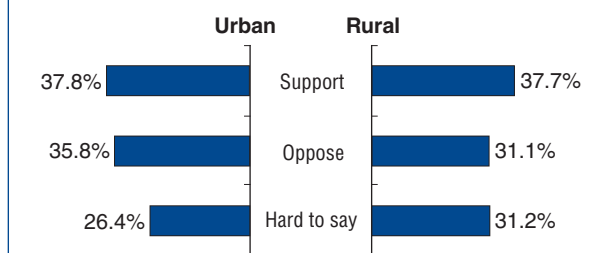
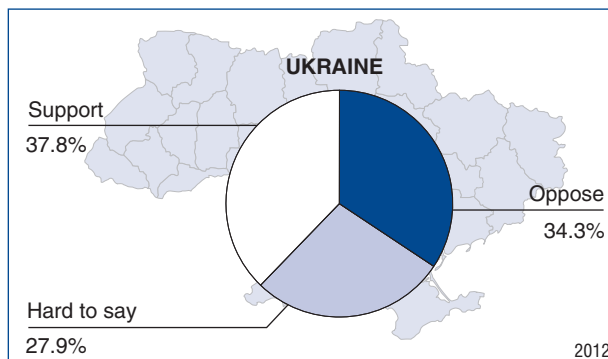
To what extent do these laws guarantee convenient and transparent registration of ownership rights to immovable property and prevent corruption during such registration procedures?
% of respondents, who are at least somewhat familiar with the content of the Laws



Do you care about problems regarding the farmland market, private farmland ownership, the purchase of farmland and its sale?
% of respondents polled



Do you support or oppose private ownership of farmland?
% of respondents polled




Why do you support private ownership of farming land?
 % of those, who support private ownership of farming land

	UKRAINE	Urban	Rural
Land must have an owner	23.2	23.9	21.7
Stronger motivation to cultivate land	11.4	14.4	5.1
One may get money for land	10.1	10.3	9.4
A land owner can do whatever he wishes with his land	9.8	8.0	13.6
Agriculture will develop	9.7	11.3	6.0
Land will be inherited	6.8	5.9	8.5
Land is peasant's bread	6.4	5.7	7.7
No one will be able to take land from you	5.2	4.4	6.8
One can keep only what he owns	4.1	3.8	4.7
Land will belong to those who can correctly use it	3.9	3.1	5.5
There will be fewer cases of fraud related to land	3.6	3.8	3.4
One may lease the land out	0.7	0.4	1.7
European experience shows benefits of private land ownership	0.2	0.0	0.4
There will be reasonable prices on agricultural goods	0.1	0.0	0.4
Hard to say/no answer	4.9	4.8	5.1

2012

Why do you oppose private ownership of farming land?

% of those, who oppose private ownership of farming land

	UKRAINE	Urban	Rural
Land should stay in state or municipal ownership	18.4	19.9	14.4
Land will be bought up by oligarchs, MPs	15.0	16.7	10.3
This will lead to land speculation, corruption	9.9	9.1	11.9
Land, just as freedom, is not for sale	7.6	7.4	7.7
The profile of land use will change (for constructions, waste dumps, etc.)	4.4	3.8	6.2
First, the regulatory-legal framework should be created	4.1	4.2	4.1
The village will be ruined	4.0	4.2	3.6
Land should feed the country	3.7	4.0	3.1
Land mismanagement can do harm	3.6	3.0	5.2
This will lead to the sale of land to foreigners	2.8	3.0	2.1
Only the lease should be allowed	2.1	2.2	1.5
There are no true owners, who could care about land in Ukraine	0.9	0.6	1.5
Private land owners will exploit the hired workers	0.5	0.4	1.0
Private land ownership will lead to the price growth of agricultural goods	0.4	0.4	0.0
It is hard or impossible for a private owner to cultivate land	0.3	0.2	0.5
High land taxes as a result of introduction of private land ownership	0.2	0.2	0.0
Society is not ready for that yet	0.1	0.0	0.5
Hard to say/no answer	22.0	20.5	26.4

2012

How do you understand the concept of private ownership of farming land?*
 % of respondents polled

The right to fully manage a privately owned land (including its purchase and sale) without state control	56.4
Full management of land by the owner, except the limitation on the right to change the initial purpose of land use	30.0
Ban on land sale to foreign citizens	22.9
State limitation and control over purpose and efficient land use	16.8
Establishment by the state of the upper limit on the size of a land parcel that may belong to one person	15.4
Establishment by the state of the upper limit on the size of a land parcel that may be leased by one person	11.1
Establishment by the state of the time limits on the lease term (upper or lower time limits)	7.7
Other	1.0
Hard to say	9.0

* Respondents were allowed to give all acceptable answers.

2012

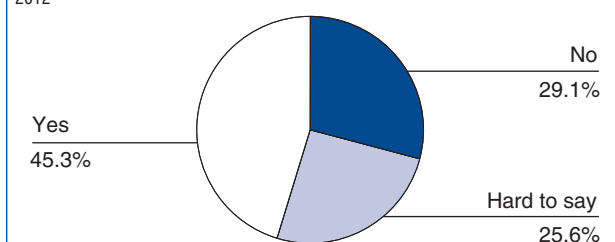
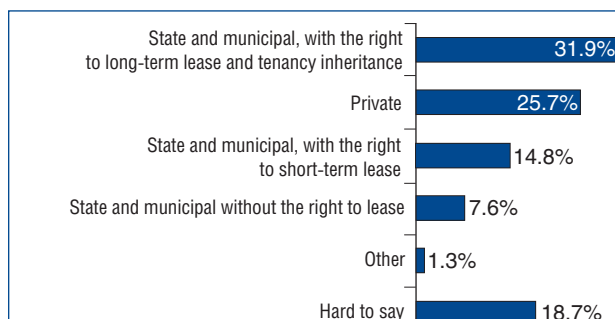
Do market relations in agricultural sector always presuppose private land ownership? Or are they possible even with prevalence of state or municipal land ownership?
 % of respondents polled

	UKRAINE	Urban	Rural
Market relations in agriculture are possible only on the condition of private land ownership	24.5	25.3	22.7
Market relations in agriculture are possible even with prevalence of state or municipal land ownership	39.7	38.8	41.7
Hard to say	35.8	36.0	35.6

2012

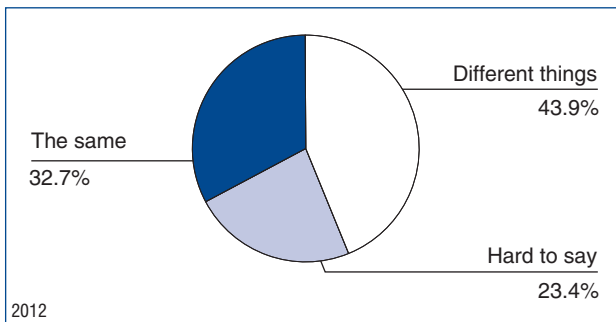
In some developed market economies, there is no private land ownership (only long-term lease of land is allowed – e.g., for 49 or 99 years). Would such a model be good for Ukraine?
 % of respondents polled

2012

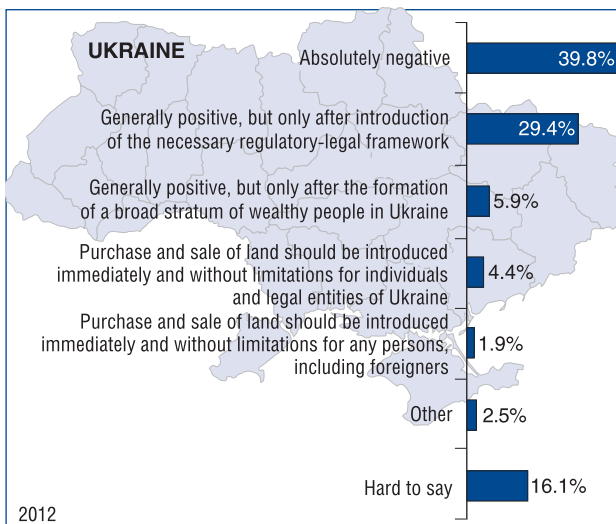

Which form of farmland ownership should be given a priority?
 % of respondents polled


2012

Do a private ownership of farming land, a farmland market and a free purchase/sale of farmland mean the same or different things?
% of respondents polled

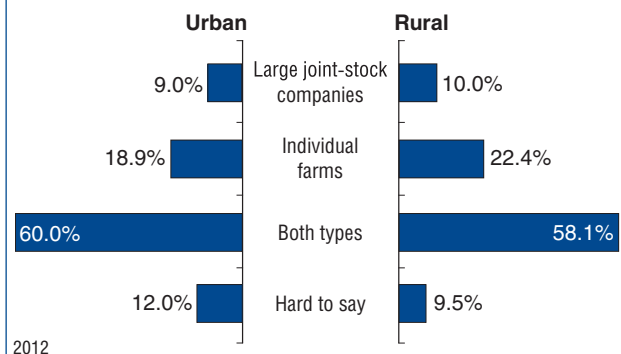
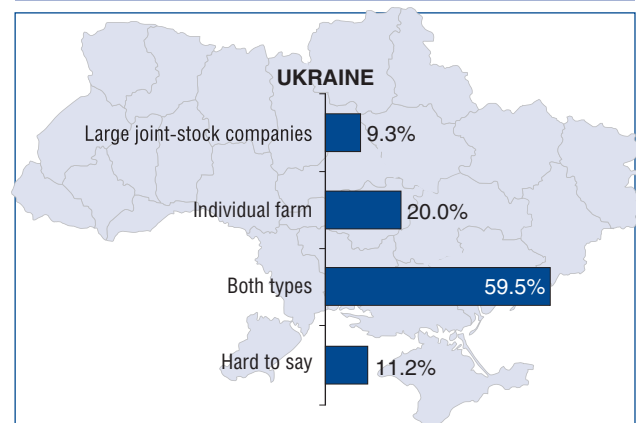


What is your attitude to the possibility to purchase and sale the farming land?
% of respondents polled

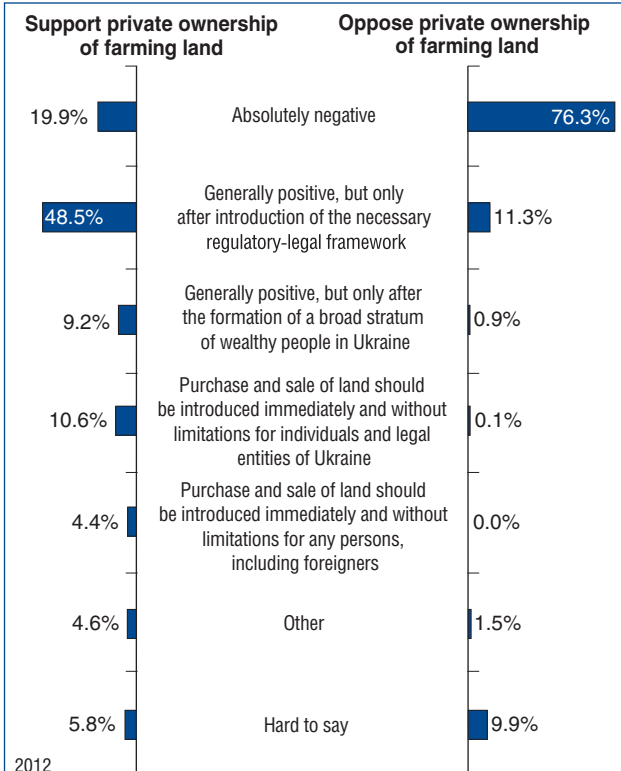


	Urban	Rural	18-35 years	36-55 years	56+ years
Absolutely negative	38.3	43.2	26.7	40.5	52.9
Generally positive, but only after introduction of the necessary regulatory-legal framework	29.0	30.6	32.8	31.6	23.6
Generally positive, but only after the formation of a broad stratum of wealthy people in Ukraine	6.3	4.8	7.6	5.6	4.2
Purchase and sale of land should be introduced immediately and without limitations for individuals and legal entities of Ukraine	4.8	3.5	6.5	4.2	2.5
Purchase and sale of land should be introduced immediately and without limitations for any persons, including foreigners	2.4	1.0	2.1	2.3	1.4
Other	2.9	1.4	3.9	2.2	1.2
Hard to say	16.4	15.5	20.4	13.6	14.2

Which type of agricultural enterprises should be promoted in Ukraine in the first place – large joint-stock companies, or private farms?
% of respondents polled



What is your attitude to the possibility to purchase and sale the farming land?
% of those polled, dependent on the attitude to private ownership of farming land





attitude to the possibility to purchase and sale...?”, p.13). On the other hand, 12% of those who are against the private ownership of farmland would also support the introduction of sale and purchase of these lands, if the above prerequisites are ensured (although 76% of them are totally against the introduction of the market).

Villagers are more careful than the urban population in their attitudes to sale and purchase of land. Among them, the percentage of those, who have a completely negative attitude to this, is somewhat bigger compared to the urban citizens (43% and 38%, respectively). This can be explained by the fact that rural residents, whose income is lower than that of urban residents, fear that they will be uncompetitive in the land market. **The number of opponents to sale and purchase of land increases significantly with increase in the age of respondents** (from 27% among respondents aged 18-35 to 53% among those over 56 years old).

The following reasons are mentioned most commonly among the opponents of sale and purchase of farmland:

- “Land means Ukraine, to sell land is to sell Ukraine” – 26%;
- “Land will be bought up by oligarchs” – 18%;
- “This will lead to land speculation, corruption” – 12% (Table “*Name the main reason for your negative attitude...?”*”, p.15).

Negative attitudes to the sale and purchase of land is largely caused by the fact that a third (34%) of respondents identify it with land speculation (Chart “*Do land purchase/sale and land speculation mean the same...?”*”, p.15). This was mentioned by 46% of those, who oppose the sale and purchase of land, by 48% of those, who oppose private ownership of farmland and by almost a quarter (24%) of land ownership supporters.

Among the respondents standing against the sale and purchase of farmland, 16% responded that they would support this idea provided that the Ukrainian legislation prevents land speculation (Chart “*If the Ukrainian legislation ensured the inability of farmland speculation...?”*”, p.15).

In general, currently only a bit more than 2% of citizens believe that Ukraine has met all the conditions necessary for introduction of a free farmland market, 25% – that only some conditions have been created, and the majority (54%) believes that no conditions have been created (Chart “*Have the right conditions been created...?”*”, p.15).

A cautious attitude toward sale/purchase of land that exists today in the society results in a positive attitude of almost half (47%) of the Ukrainian citizens to the current moratorium on sale of farming land (only 11% expressed negative attitude) (Chart “*What is your attitude to the moratorium on sale of farmland parcels...?”*”, p.15). **Notably, the percentage of those supporting the moratorium has significantly increased compared to 2009**, when it was about 37%. The fact that **rural residents are more likely to express a positive attitude to the moratorium than the urban residents** (54% vs. 43%) is also notable. Accordingly, only 21% of respondents would have reacted positively to a law that allows the sale/purchase of farmland since 2012, negatively – 46% (Chart “*How would you react to a law...?”*”, p.15).

However, in case the private ownership of farmland (including the land market, sale and purchase of land) **is introduced, among those who fully identify these concepts and oppose private ownership of land, more than half (51%) responded that they will not take any actions against it**, 30% are likely to resort to “soft” forms of protests (collecting signatures on petitions; appealing to the Government; participating in the activities of NGOs, political parties; establishing initiative groups opposing the introduction of private ownership of farmland; participating in authorized meetings and demonstrations), and only about 7% showed willingness to use more severe forms of protest (picketing authorities; participating in unauthorized meetings and demonstrations; blocking motorways and railways; street riots) (Table “*...would you resort to any actions...?”*”, p.16). Almost two-thirds (64%) of the members of this group, who are not going to participate in protests, explained this by a lack of confidence in the fact that these protests and their participation will have any impact (Table “*Why are you going to do nothing...?”*”, p.16).

Almost 61% of respondents believe that institution of a free land market should be put to a national referendum and 60% are willing to take part in it (Chart “*Should the institution of a free land market be put to a national referendum?”*” and “*...would you take part in it?”*”, p.16). Among those who expressed willingness to participate in the referendum, 39% intend to vote “in favor” of the introduction of a free land market, 44% – “against” it (Chart “*...how would you vote?”*”, p.16). **If among the urban population, the percentage of supporters and opponents of the land market is approximately the same (43% and 40%, respectively), among the rural residents, the opponents clearly dominate (32% and 51%, respectively).** The older the respondents – the greater gets the number of those opposing the introduction of a free land market: if



Name the main reason for your negative attitude to the possibility to purchase and sale the farming land?

% of those, who reported a negative attitude to the possibility to purchase and sale the farming land

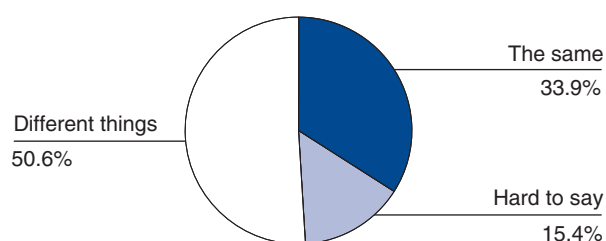
Land means Ukraine, to sell land is to sell Ukraine	25.7
Land will be bought up by oligarchs	17.8
This will lead to land speculations and corruption	12.0
Land will be sold to foreigners	6.5
Land will be bought for other purposes	4.6
Land should stay in state or municipal ownership	4.0
Villages will be ruined	3.3
First, the regulatory-legal framework should be created, the state strategy developed	2.2
It will be bought from ordinary people for a "penny"	2.1
Farmers are unable to buy land	1.7
Leasing land will be enough	1.2
This will lead to irrational use of natural resources	0.8
Land belongs to the people	0.7
Under private land ownership, agricultural goods will be exported	0.2
Under private land ownership, prices for agricultural goods will go up	0.1
Hard to say	17.0

2012

Do land purchase/sale and land speculation mean the same or different things?

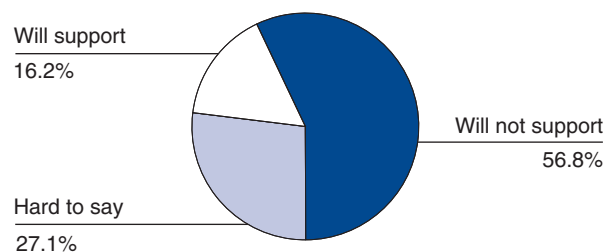
% of respondents polled

2012



If the Ukrainian legislation ensured the inability of farmland speculation, would you support the right to purchase and sale farmland?

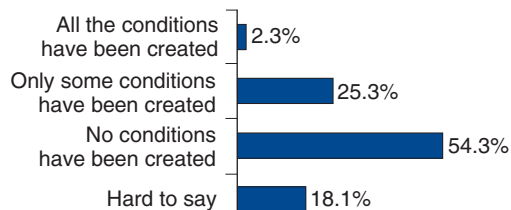
% of those, who reported a negative attitude to the possibility to purchase and sale the farming land



2012

Have the right conditions been created for introduction of the farmland market in Ukraine?

% of respondents polled



2012

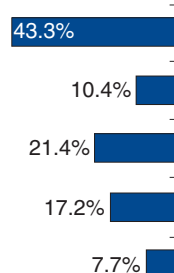
What is your attitude to the moratorium (ban) on sale of farmland parcels, which is now effective in Ukraine?

% of respondents polled

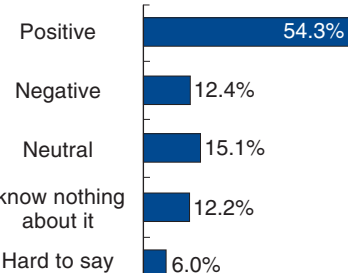


2009
2012

Urban



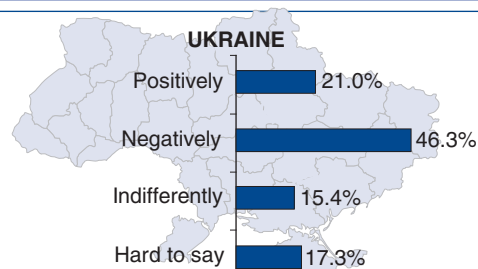
Rural



2012

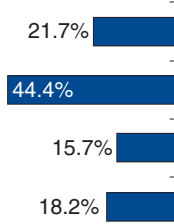
How would you react to a law, which introduces the purchase and sale of farmland starting from 2012?

% of respondents polled

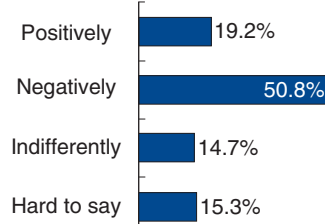


2012

Urban



Rural





If the private ownership of farmland were introduced, would you resort to any actions against it? If so, what would you do?*

% of those polled, who believe that private ownership of farmland, farmland market and free land purchase and sale mean the same and do not support private ownership of farmland

I will do nothing to oppose it	51.4
I will take part in canvassing for petitions and applications to the Government	19.7
I will take part in the activity of public organisations, political parties opposing introduction of private ownership of farming land	8.3
I will take part in authorised meetings and demonstrations against introduction of private ownership of farming land	7.5
I will take part in picketing the state authorities	5.4
I will take part in unauthorised meetings and demonstrations	2.3
I will take part in blockade of motorways and railroads	2.1
I will create a spearhead group, a public organisation that will oppose introduction of private ownership of farming land	1.5
I will take part in street riots	1.3
Other	0.2
Hard to say	15.4

* Respondents were allowed to give all acceptable answers.

2012

Why are you going to do nothing to oppose introduction of private ownership of farmland?

% of those polled, who believe that private ownership of farmland, farmland market and free land purchase and sale mean the same, do not support private ownership of farmland, but will not protest in case of its introduction

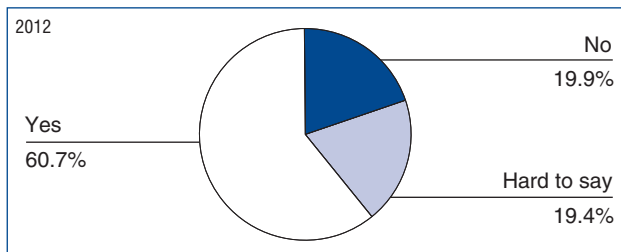
I do not believe that protests and my participation in them will make any difference	64.2
I am not strong and healthy enough for that	25.0
I do not trust the political forces and politicians who can lead protests and do not want to help them in any way	15.4
I believe that in the place where I live, there will be no protests that I could join	14.0
I am not such a strong opponent of private ownership of farming land to actively oppose it	12.7
I believe that any protests, even reasonable, do more harm than good	7.8
Participation in protests may provoke reprisals on the part of the authorities	7.4
I will monitor the developments, maybe I will change my mind and take part in protests	5.7
Other	2.4
Hard to say	2.2

* Respondents were allowed to give all acceptable answers.

2012

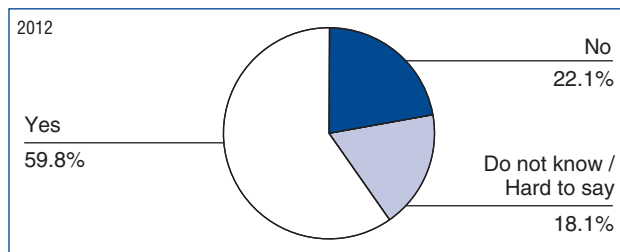
Should the institution of a free land market be put to a national referendum?

% of respondents polled



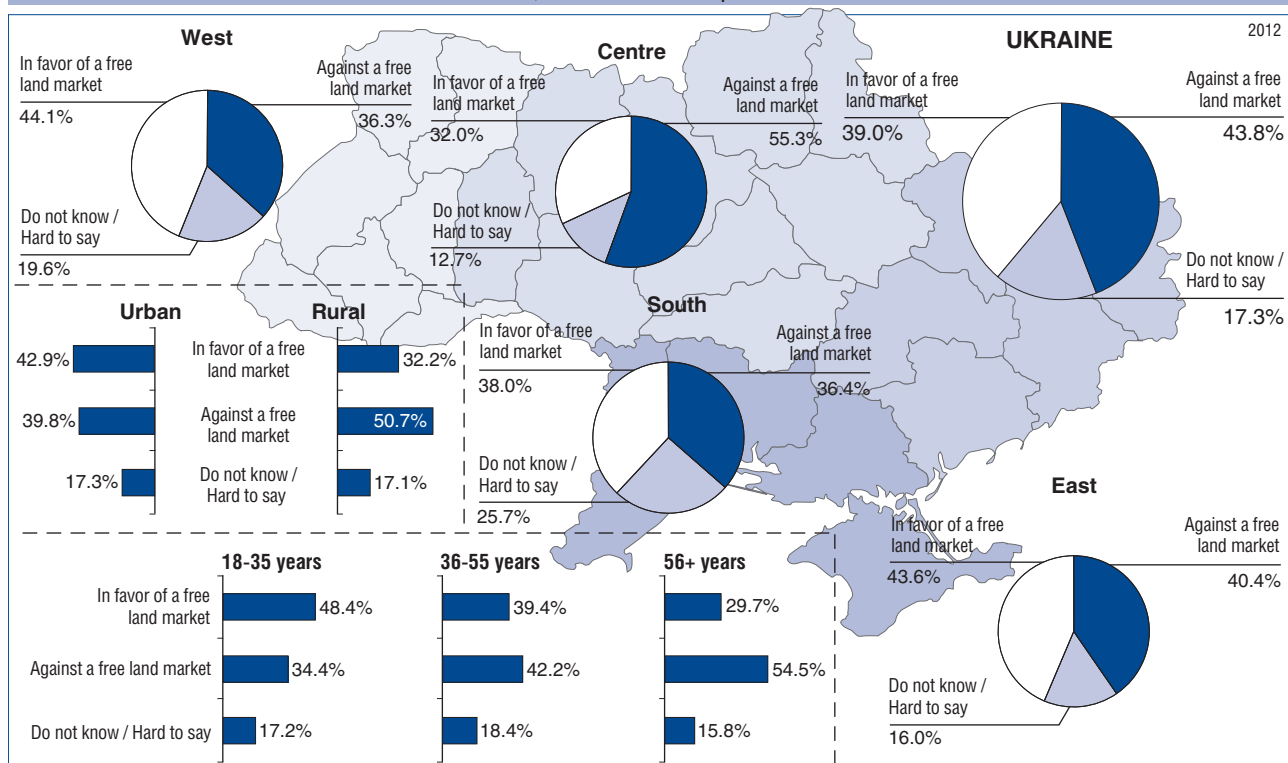
If there were a referendum on a free land market, would you take part in it?

% of respondents polled



If you participated in a referendum on a free land market, how would you vote?

% of those, who would take part in a referendum



the majority of respondents under 35 are ready to vote in support of land market (“in favor” – 48%, “against” – 34%), the respondents aged over 56 years, on the contrary, would have voted against it (“in favor” – 32% “against” – 55%). The opponents of the land market are the most numerous in the Centre of Ukraine, where they account for 55% of those willing to participate in a referendum. In three other regions the percentage of supporters and opponents of a free land market does not differ significantly.

Attitude to adoption of the Bill “On the Land Market”

Only 29% of respondents reported that they are interested in land legislation of Ukraine (among rural residents – nearly 37%, among those who have farmland in ownership or use – 50%) (Chart “*Are you interested in the Ukrainian land legislation?*”, p.18). 41% of those not interested, explained it by the lack of need, 22% – by the fact that in Ukraine it is important “how the executive branch will act, not what is written in the law”, 19% – are unable to understand laws; 12% – are not interested due to the lack of time (Chart “*Why are you not interested in the Ukrainian land legislation?*”, p.18).

The vast majority (69%) of respondents are not familiar with the content of the Bill “On the Land Market”, adopted by the Parliament in the first reading, only a bit more than 1% confirmed that they know its content well, 25% of respondents are “more or less” familiar with it (Chart “*To what extent are you familiar with the content of the Bill “On the Land Market”...?*”, p.18).

However, most people have well-established ideas of what social groups will benefit from the adoption of this Bill. Thus, most respondents believe that it will be beneficial for oligarchs, who have already established control over large territories of farmland (83%), state officials (71%), large agricultural enterprises (companies, agricultural firms) (62%), former heads of collective farms, who are now the tenants of land parcels of those collective farm members (59%). The owners of land parcels (21%), small and medium farmers (18%), the citizens of Ukraine (12%) are mentioned less frequently among those who will benefit (Chart “*Who do you think will benefit from adoption of the Bill...?*”, p.18). **Apparently, these ideas were mainly formed not after reading the Bill, but rather based on a general perception of whose interests are being taken into account in Ukraine, especially during the adoption of laws and resolutions (i.e. the interests of Big Business and state officials).**

Evaluating the extent to which certain provisions should be provided by the Bill, the respondents mentioned the following:

- “Farmland may belong only to Ukrainian citizens, the state and local communities”;
- “Farmland parcels are to be merged only on a voluntary basis”;



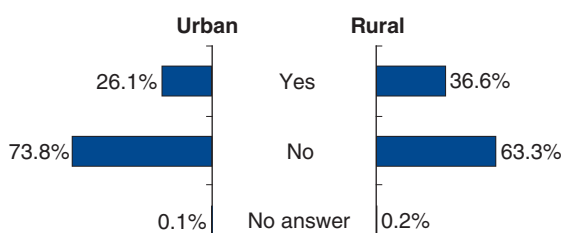
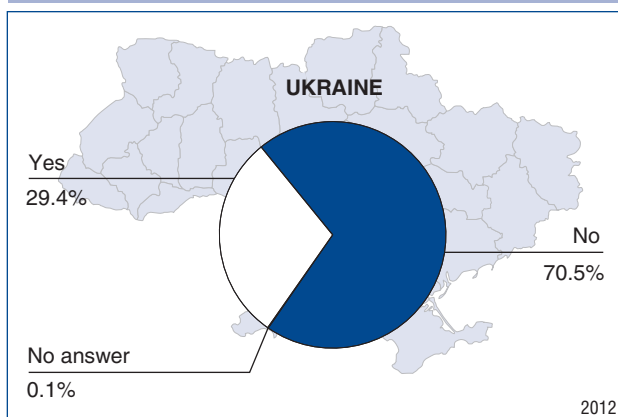
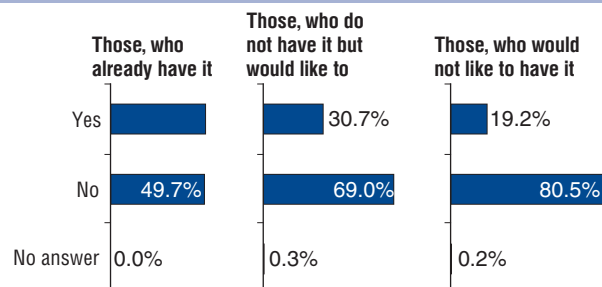
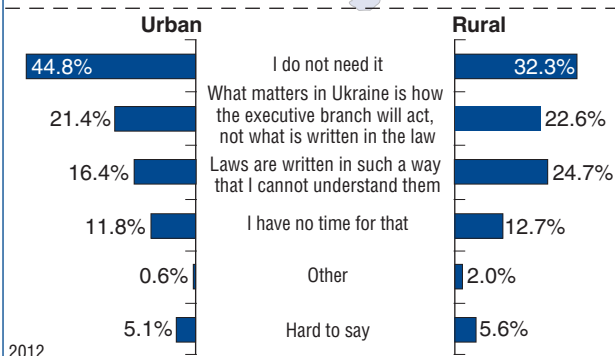
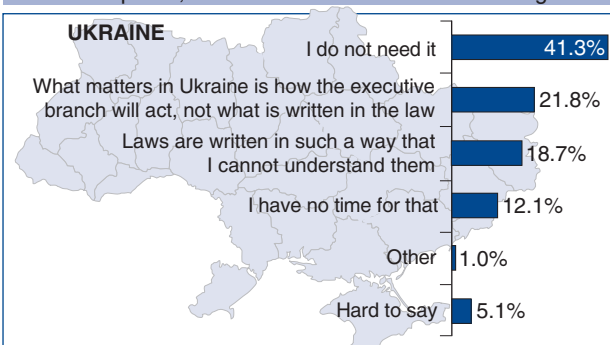
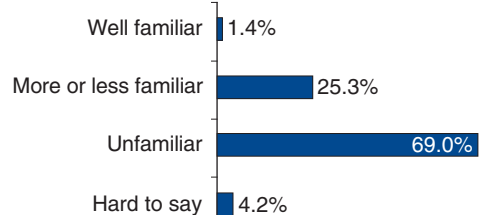
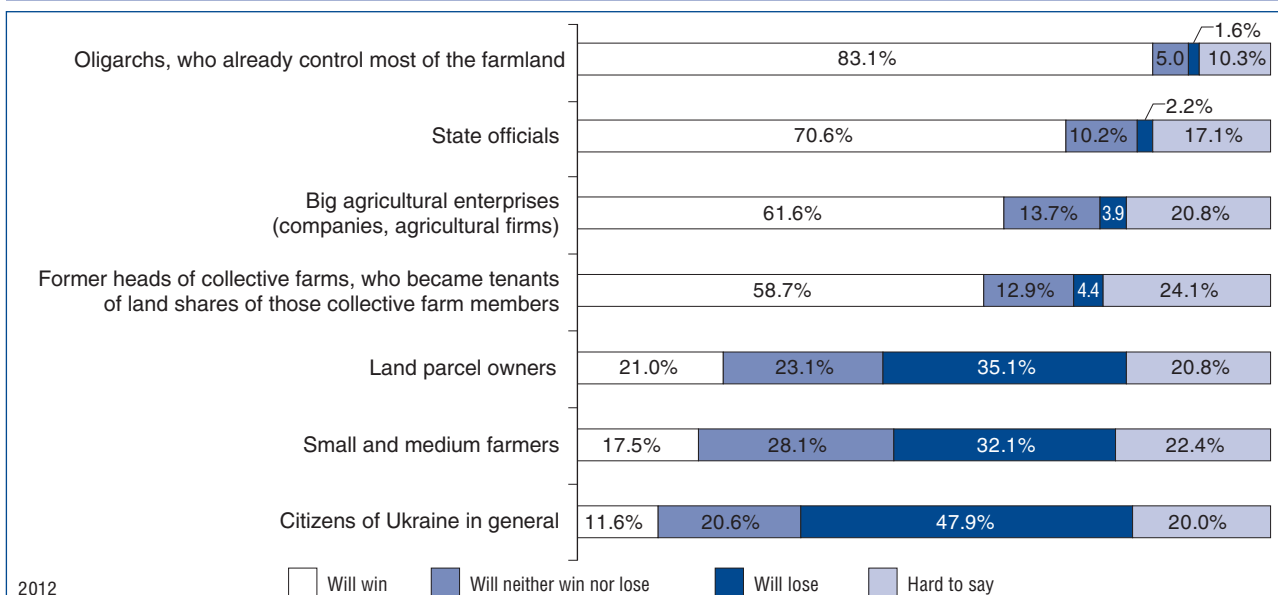
- “A priority right to purchase of farmland parcels is to be granted to Ukrainian citizens, who permanently live on the territory of a local council, where the land parcel is sold”;
- “State support for agricultural producers, tax benefits for those with land parcels under 100 hectares”;
- “A ban to resell land for a certain period of time after its purchase”.

These provisions were supported by more than half of all the respondents (Table “*Would you support amending the Bill “On the Land Market” with the following provisions...?*”, p.20).

Several provisions that received less support – from 38% to 48% (however the number of their supporters exceeds the number of opponents) are the following:

- “Land sale procedures are to be simplified”;
- “The maximum area of farmland owned by one person is not to exceed 500 hectares”;
- “Setting the maximum size allowed for farmland parcels for a market-oriented agricultural production that may be leased to one person”;
- “Farmlands in state and municipal ownership are to be sold and leased only on competitive basis”;
- “Farmland may be leased only for a long term, short-term lease is not allowed”;
- “The purpose of farmland use may be changed in 10 years”.

In addition, the relative majority (46%) of respondents condemn using farmland parcels or the rights to use the parcel belonging to other person as a collateral for loans. Only 22% believe that it is acceptable (Chart “*Could the farmland parcel and the rights...?*”, p.20). Moreover, 46% believe the state should set a minimum value for the farming land, and only about 26% believe that the price of land (including the minimum) should be regulated by the free market (Chart “*Should the state set the minimum value for farming land...?*”, p.20).

**Are you interested in the Ukrainian land legislation?**
% of respondents polled**% of those polled, dependent on whether they would like to have a farming land in ownership or in use****Why are you not interested in the Ukrainian land legislation?**
% of those polled, who are not interested in the land legislation**To what extent are you familiar with the content of the Bill "On the Land Market" passed by the Verkhovna Rada of Ukraine in the first reading?**
% of respondents polled**Who do you think will benefit from adoption of the Bill "On the Land Market", which incorporates the introduction of a free market for farmland?**
% of respondents polled



Finally, some provisions have more opponents than supporters, namely:

- “Purchase and sale of farmland is allowed”;
- “The sale of tenancy rights to farmland is allowed”;
- “Foreign nationals and companies enjoy the right to a long-term lease of farmland”;
- “Under certain circumstances (e.g., to secure public interests or agricultural production development), farmland parcels may be merged on a compulsory basis”.

Overall, summing up the citizens ideas of what the Bill “On the Land Market” should envisage, we will outline the most important aspects. First, there is a dominate negative attitude to sale and purchase of agricultural land. **Provided that a free market for farmland is introduced, the Law should:**

- protect the rights of small and medium-sized landowners, who cultivate land on their own;
- ensure inability of land speculation, its inappropriate use, the emergence of large land holdings;
- ensure transparent operation of a land market;
- reduce heavy bureaucratic procedures, eliminate corruption.

If a free land market is introduced and there is a possibility to sell and buy farmland:

- 10% of all respondents answered that they intend to buy farmland plot(s);
- 2% – will rent (or will continue to rent) the land plot;
- about 4% – will sell the land plot they own at the moment;
- 10% – will lease out (or continue to lease out) their land plot.

The majority (59%) have no intentions regarding the farmland (Chart “*What will you do, if the free land market is introduced...?*”, p.20). Among those, who are going to buy land plot, the vast majority (76%) will do so for their own use, own agricultural production, 8% – for the purpose of resale, 9% – for further lease (Chart “*For what purpose are you going to purchase a farmland parcel...?*”, p.20).

Based on the above, the following conclusions can be made:

In the citizens’ opinion, to develop the country’s agricultural sector, the state should primarily promote social development of rural areas (developing a network of schools, hospitals, infrastructure etc.), combating corruption, subsidizing agricultural producers from the state budget and providing more loans accessible to farmers. The introduction of a free market for farmland is mentioned less frequently among the necessary measures.

The attitude of citizens to private ownership of farmland, land market, land sale is controversial, particularly because many of them do not clearly understand these concepts. The commitment to the idea of private ownership of farmland often relates to the belief that it involves the free land market and rights to its sale and purchase.

The relative majority of citizens believe that the market relations in the agricultural sector are possible if the state or municipal ownership of land prevails, and support the idea of the state/municipal farmland ownership with the right to long-term lease.

Most respondents think that the right conditions for introduction of a farmland market have not been created in Ukraine yet, and the relative majority of citizens share a positive attitude to the current moratorium on the sale of farming land. Negative attitudes to the sale and purchase of land are largely caused by the fact that a third of respondents identify it with land speculation.

Rural residents are more careful in their attitudes to the sale and purchase of land than the urban population. This can be explained by the fact that rural residents, whose income is lower than that of the urban population, fear that they will be uncompetitive in the land market.

Most respondents think that the introduction of a free land market should be put to a national referendum. A relative majority of them is going to vote against the introduction of a free land market.

Most citizens of Ukraine believe that adoption of the Bill “On the Land Market” will be beneficial mainly for the oligarchs, government officials, large commercial farms, former heads of collective farms, which are now renting former collective lands.

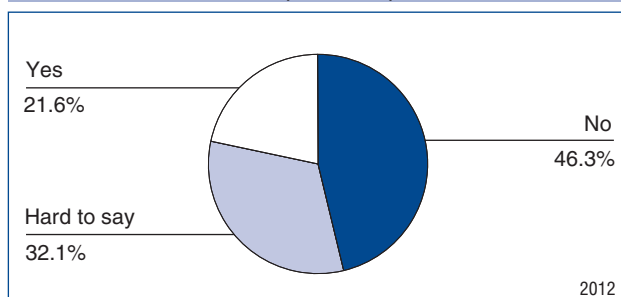
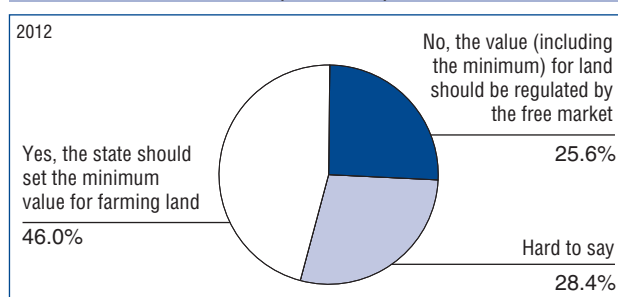
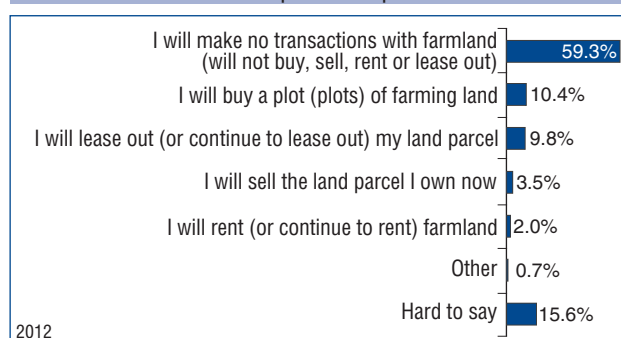
Summing up the citizens idea of what the law on land market should envisage, we may distinguish the most important opinions they put across. First of all, there is a dominant negative attitude to the sale and purchase of farmland.

Provided that the market for farmland is introduced, the law should, first and foremost, provide for protection of small and medium-size landowners, who cultivate land by themselves; ensure inability of land speculation, its inappropriate use, the emergence of large land holdings; ensure transparent operation of a land market; reduce heavy bureaucratic procedures; eliminate corruption.

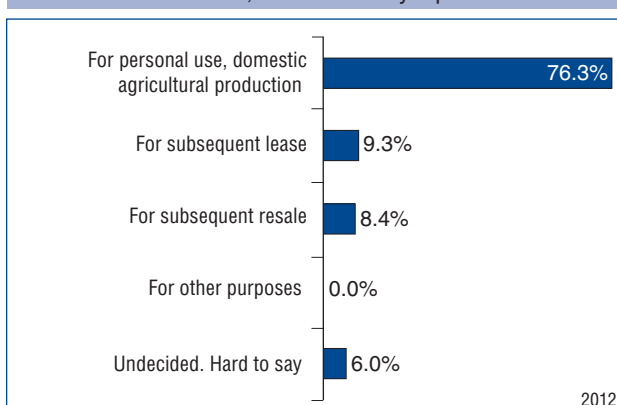
Overall, survey results suggest that the citizens attitude to the issue of the land market is largely formed, and will continue to be formed, depending on the degree of consistency and transparency of the government’s activities in this area, as well as depending on whose interests will be primarily taken into account. For the moment, negative attitude to the government’s land policy prevails in Ukraine.

**Would you support amending the Bill “On the Land Market” with the following provisions...?**
% of respondents polled

	Would support	Would not support	Hard to say
Farmland may belong only to Ukrainian citizens, the state and local communities	78.0	8.4	13.7
Farmland parcels are to be merged only on a voluntary basis	66.1	8.2	25.7
A priority right to purchase of farmland parcels is to be granted to Ukrainian citizens, who permanently live on the territory of a local council, where the land parcel is sold	63.1	12.8	24.1
State support for agricultural producers, tax benefits for those with land parcels under 100 hectares	61.7	8.4	29.9
A ban to resell land for a certain period of time after its purchase	56.8	16.1	27.1
Land sale procedures are to be simplified	47.4	26.1	26.6
The maximum area of farmland owned by one person is not to exceed 500 hectares	46.5	19.4	34.0
Setting the maximum size allowed for farmland parcels for a market-oriented agricultural production that may be leased to one person	45.6	15.0	39.4
Farmlands in state and municipal ownership are to be sold and leased only on a competitive basis	42.8	24.7	32.5
Farmland may be leased only for a long term, short-term lease is not allowed	37.3	27.4	35.2
Purchase and sale of farmland is allowed	36.7	44.9	18.3
The purpose of farmland use may be changed in 10 years	35.9	28.3	35.8
The sale of farmland parcel does not terminate the lease agreement	28.3	26.7	45.0
The sale of tenancy rights to farmland is allowed	27.4	38.8	33.8
Foreign nationals and companies enjoy the right to a long-term lease of farmland	17.0	65.1	18.0
Under certain circumstances (e.g., to secure public interests or agricultural production development), farmland parcels may be merged on a compulsory basis	15.3	49.3	35.4

Could the farmland parcels and the right to use land parcels belonging to another person be used as collateral for loans?
% of respondents polled**Should the state set the minimum value for farming land, or should it be regulated by a free market?**
% of respondents polled**What will you do if a free land market is introduced according to the new Bill “On the Land Market”, providing with an opportunity to sell and purchase farmland parcels?***
% of respondents polled

* Respondents were allowed to give all acceptable answers.

For what purpose are you going to purchase a farmland parcel?
% of those, who would buy a parcel

PROBLEMS WITH INSTITUTING A FREE MARKET FOR FARMLAND: REPORT ON THE RESULTS OF FOCUS GROUPS

On 22-25 January 2012, as part of the project, the Razumkov Centre's Sociological Service held five focus groups: three with landowners in the Autonomous Republic of Crimea, Dnipropetrovsk and Lviv regions, and two with farmers in Dnipropetrovsk and Lviv regions. The results summary and conclusions that followed after discussions are presented below.

I. OPINIONS OF LANDOWNERS

Leasing land: background and practice

As we know, the majority of landowners have to lease their land. The Focus group participants (landowners) described the main reasons for such a situation as follows:

- an average landowner cannot cultivate his land on his own due to the lack of necessary means (funds, equipment, etc.);
- big tenants, as a rule, cultivate all arable land often not asking for consent of landowners, if the adjacent parcels are leased;
- uncultivated land quickly loses its agricultural value, therefore it is better to rent out.

In most cases, landowners do not have a choice since, as a rule, there are only few tenants in the area. A somewhat better situation is observed in the areas that have little fertile soil, or specialise in growing certain agricultural crops (e.g., rice) – then, there is competition among tenants, and landowners can get a higher rent.

As a rule, landowners sign a standard tenancy agreement for five years (sometimes – 10 years), during which, they get the annual rent in the amount of 2-3% of the normative pecuniary valuation of their land parcel, on average estimated at UAH 2,200-3,000 (or approximately UAH 180-250 per month).

Due to the lack of competition, tenants often break the terms of lease or interpret provisions of the lease agreement in their favor and at the expense of landowners. For instance, if the rent is paid in kind, the tenant often inflates the value of their in-kind payments. Focus group participants cited examples of delayed payment or non-payment of rent, land use without an

agreement, or after its expiry. They also mentioned the examples when they were forced to cooperate: tenants used land parcels without a lease agreement and paid no rent, or a lease agreement was signed, but the tenant paid rent only on a condition of extending the agreement for another term.

The majority of focus group participants are dissatisfied with rental rates: many view the noted percentage as unfair and unreasonably low – in particular, because land has no fair (market) value. Some focus group participants said that normative pecuniary valuation of land was last performed in the 90's at the time their land certificates were issued. And although it goes up every year, according to the majority, this rise is insignificant and has little effect on rent price.

In general, landowners feel unprotected vis-à-vis tenants and unable to defend their interests. In some villages, tension arose because of unfair competition among big farmers, who exert psychological pressure on the people, seeking to have land parcels leased to them at the lowest possible price.

The majority of focus group participants in Crimea stated the unjust conditions for repatriates (representatives of previously deported peoples), who were deprived of land. Representatives of other social groups, such as social sector workers (teachers, doctors, cultural workers) living and working in rural areas, experienced a similarly unjust situation – their right to land was seriously limited; the persons who lived in villages, but were absent at the time of collective farmland distribution process, were left with no land possessions.

Registering ownership rights: common problems

Discussing the procedure of registering the ownership rights, respondents often referred to problems with



registering constructions and household plots. **The procedure of registering ownership rights to land parcels and constructions was termed corrupt and bureaucratic. The majority of focus group participants mentioned the following problems:**

- the need to collect too many documents;
- too many organisations issuing these documents;
- the need for frequent visits to the district centre;
- hours-long queues;
- a lengthy registering procedure, even if “financial incentives” (bribes) are given to officials.

Agricultural sector: problems and solutions

According to respondents, major obstacle to development of the agricultural sector in Ukraine is the government’s reluctance to invest in agriculture, especially in small and medium farms. As a result there is no state programme of support for small and medium farms, tax benefits and long-term affordable (in terms of interest rates) agricultural loans.

Respondents suggested the following measures to encourage the development of farm sector:

- developing a support programme for small and medium farms, providing tax benefits and long-term loans at low interest rates;
- arranging the market (infrastructure) for sale of agricultural produce by removing intermediaries that are disadvantageous for producers;
- guaranteed state procurement of agricultural produce, including from small and medium farms;
- restricting agricultural imports;
- terminating smuggling of cheap agricultural produce from abroad;
- controlling fuel prices, especially in sowing and harvesting seasons;
- arranging storage locations for agricultural produce (store cellars, procurement stations) for small farmers to keep their produce in case of problems with its sale;
- encouraging development of processing enterprises at farms, which, in turn, will create new working places and develop rural infrastructure.

According to the majority of respondents, the national agricultural sector should include both small farms and large agricultural enterprises.

The focus group participants mentioned the following advantages of small farms: more working places, higher level of employment among the rural population, preservation of villages.

Among the deficiencies, they mentioned rapid depletion of soil (given the difficulty of crop rotation);

lack of advanced equipment; comparatively low efficiency and high prime cost of the produce, which, in absence of state support, in the long run, makes small farms non-competitive compared to big agricultural holdings.

Among the advantages of large agricultural enterprises, respondents mentioned the low prime cost of the produce; established distribution channels; availability of advanced agricultural equipment; grain elevators; diversified structure; scientific approach to agriculture; crop rotation; and significant tax proceeds to the state budget.

However, at that, **according to many respondents, agricultural holdings now consume the lion’s share of state agricultural subsidies.**

Private land ownership: attitude to institution of the land market

Respondents understand private land ownership as the ability to buy, sell, lease out, inherit, use land as a collateral for agricultural business loans.

At the same time, focus group participants suggest that farmland ownership should have some restrictions:

- land sale to foreign nationals;
- change of the purpose of land use;
- inadmissibility of land degradation, its exhaustion;
- the need to introduce measures preventing land speculations (mentioned less frequently).

According to focus group participants, the land market should be regulated by the state, in particular, by setting the minimum land value.

According to the majority of focus group participants, market relations in the agricultural sector may envisage different forms of land ownership (saying that, many participants referred to the experience of European countries). **Usually, they gave preference to:**

- **private land ownership**, which envisages the possibility to sell a land parcel and to get a loan secured on that land for farming;
- **state and community ownership with the right to long-term lease and descent lease rights.**

Short-term (3-5 years) lease was described as unprofitable (since it does not guarantee a return of significant investments the land requires in the first years) **and/or unreasonable** – if the tenant does not invest in land, but exhausts it.

The majority of respondents are aware of adoption of the Bill “On the Land Market” in the first reading and extension of the moratorium on sale of land till 2013. Many focus group participants noted that the land laws used rather difficult wording; if necessary, people have nowhere to turn for consultations on land issues; no activities to raise awareness are conducted in the media or among local communities.



According to focus group participants, the Bill “On the Land Market” should not be adopted now or in the near future – in particular, due to unfavourable economic conditions and the agricultural sector decay.

Respondents are convinced that the Bill, in the first place, defends the interests of Big Business ready to buy up farmland in the country, and is hostile to small landowners, who cannot cultivate their land: many believe that the adoption of that Bill will be followed by a tax increase on farmland ownership, prompting small landowners to get rid of land parcels or to sell them for a song to big landowners. Many focus group participants compared the Bill with the law on voucher privatisation of industrial enterprises.

Focus group participants spoke of the Bill’s drawbacks that pave the way for land manipulations, contrary to its basic provisions: for instance, today by using figureheads, one may get the ownership of any land; long-term (50 years) lease of land in fact means its sale, which is actively used by legal entities, including foreign companies. As a proof, they cited examples of agricultural holdings organised by big national and foreign business through figureheads.

Many respondents found it difficult to describe their main requirements to such a law. However, they formulated the main idea – the law on land should in the first place defend interests of small landowners, provide mechanisms for state support that will enable them to organise small farms or to merge into medium ones. To provide such mechanisms, according to respondents, a national Land Bank should be established, whose functions would encompass, *first*, issuing long-term interest-free or low-interest loans to farmers (where arable land could be used as a collateral for such loans), *second* – introducing the buyout or return of land in state ownership from farmers, who failed to organise production.

II. OPINIONS OF FARMERS

Small and medium farms: problems of development

Among the main factors that hinder development of small and medium farms, focus group participants (farmers) mentioned:

- absence of state assistance in the form of subsidies, various refunds (expenses on fuel, equipment, mineral fertilisers, etc.);
- absence of a market of agricultural produce, especially for small farmers;
- lack of processing infrastructure of agricultural produce (processing enterprises);
- no access to loans due to high interest rates (over 20%), absence of preferential loans for persons engaged in agriculture;
- absence of advanced national agricultural equipment;

- unregulated high prices for fuel and its low quality;
- absence of quotas (state orders) for growing specific agricultural produce and its guaranteed procurement by the state;
- uncontrolled market of imports and smuggling of agricultural produce (of low quality and at low prices).

They expect from the state, in the first place:

- subsidies;
- long-term loans;
- restriction on import of agricultural goods, which are produced in Ukraine in sufficient volumes.

Land parcel lease: attitudes and problematic moments

Farmers (tenants) are generally satisfied with the conditions of land lease, especially given that a land lease is their only chance, since the vast majority of farmers cannot buy land due to low and unstable profits.

During the calculation of lease value (usually making 3% of the normative pecuniary valuation of land per annum), the greatest difficulties are associated with land valuation. The majority of landowners are unaware of it, and farmers (tenants), when entering into agreements, start with the value of UAH 15-20 thousand per hectare, on the average. At that, the overwhelming majority of participants, both farmers (tenants) and landowners, are not convinced that the process of land valuation is transparent and the official land value is fair.

Introduction of land market: opinions and expectations

By and large, farmers suggest that there should be the right to private land ownership – but only when there are the financial means to buy the leased land. Respondents believe that if the leased land stayed in their ownership, the land would be better treated. At that, discussing the need to limit certain rights of land owners, the respondents proposed only two limitations: to ban land sale to foreign nationals and disallow concentration of large areas of land in the same hands.

Meanwhile, farmers say that at present, introduction of a free land market is highly disadvantageous for them, since they are certain that many landowners will be willing to sell their land parcels to big agricultural holdings, so, farmers face the risk to stay without land areas sufficient for their activity. This is especially true for the regions where there is a lack of fertile land and some competition is being observed among tenants.

That is why farmers are now very cautious and even afraid of introduction of a free land market. The notions of “market relations”, “land market” are usually associated with land purchase and sale, which produces



a similar reaction among all the interviewed farmers – if the law allows selling farmland, nothing will be left from small and medium farms, since they cannot afford to buy land and no legal entity (neither the state nor commercial banks) can provide them with preferential long-term loans.

Regarding the Bill “On the Land Market”, farmers expressed some doubts about introduction of the single state operator (Land Bank) to handle all transactions with land. According to farmers, such an approach can create a new monopolist in the land market and strengthen corruption.

The majority of farmers tend to call that Bill imperfect and believe that it defends the interests not of small and medium farmers, but of oligarchs who, by contrast to the former, have the financial capabilities to buy vast land areas either personally or through figureheads.

By and large, farmers expect to lose rather than win from the adoption of that Bill, since at present, they are unable to buy the land parcels they lease. Farmers have nothing to do, but cultivate their small parcels, since they are convinced that many landowners will eventually sell them (voluntarily or under pressure) to big landowners.

Hence, the majority of participants concluded that there is lack of necessary conditions for introduction of the free land market in Ukraine: the land valuation system is imperfect and non-transparent, preferential loans for land purchase are unavailable, and the Bill, itself, needs to be adjusted.

III. COMMON POSITIONS

Both landowners and farmers found it an optimal solution, when the state (not the oligarchs) buys some parts of land from those unable to cultivate it, and the state also receives land parcels, which are not inherited by anyone.

When talking on different forms of land ownership, both land parcel owners and farmers often preferred private ownership, followed by state or municipal ownership with the right to a long-term lease.

According to the overwhelming majority of focus group participants (landowners and farmers alike), the minimum value for farmland should be set by the state. If regulation of the minimum land value is left to a free market, there is a risk of various land-related machinations and land sale for a song. (At the same time, the farmers suggested that the price in purchase and sale transactions should be set as the sides agree, but the taxes should be paid on the basis of the minimum land value (not lower than that)).

Both landowners and farmers are convinced that the decision to introduce a free land market is premature. In particular, the land market may be instituted only on a condition of sufficient development

of agricultural sector, when it operates successfully in forms of both small/medium and large farms, and is effectively supported by the state.

IV. CONCLUSIONS

Proceeding from the focus group results, the following conclusions can be made.

♦ It is necessary to update the legislative and social mechanisms that protect landowners from pressure on the part of tenants and to prevent establishment of disadvantageous lease terms and buy-up of their land for a song. This can be achieved through encouraging greater role of public associations of landowners that might jointly defend their rights and interests.

♦ The procedures of registering ownership rights to land parcels and structures located on them, as well as to farmland parcels, should be streamlined.

♦ The state should support small and medium farms, in particular, through:

- creating a system of tax benefits;
- providing access to long-term target loans at low interest rates;
- arranging market of agricultural produce without intermediary schemes;
- guaranteed state procurement of agricultural produce, including from small and medium farms;
- introducing ban on low-quality imports and terminating smuggling of agricultural produce from abroad;
- control over fuel prices;
- arranging the agricultural produce storage locations;
- encouraging the development of processing enterprises at farms.

Farmland ownership should be restricted in terms of land sale to foreign nationals, change of purpose of land use, risks of land quality deterioration, land exhaustion, land speculations should be prevented.

Preference should be given to a long-term – not the short-term (3-5 years) – lease of farmland.

Conditions should be created for the development of both small farms and large enterprises.

The land market should be regulated by the state, in particular, by setting the minimum price on private land ownership.

The main risks associated with introduction of a free land market include abuses during land purchase and sale transactions, unequal opportunities for big and small market participants, corrupt and unlawful mechanisms of influence in the farmland market. ■

ON LAND, OR FOOTNOTES ON AN INTERVIEW WITH THE PRESIDENT*



Liudmyla SHANGHINA,
Director for Social Programmes,
the Razumkov Centre

The first of January 2012 was the date when a free market for farmland was supposed to have been introduced in Ukraine, at last. On Dec. 9, 2011, the Verkhovna Rada swiftly passed first reading of a Bill called “On the Land Market” – and extended the moratorium on the sale of farmland to January 1, 2013.

In fact, there were three bills in the original package. One was rejected outright, while the remaining two were kludged into one and passed. The new bill contained more than 1,000 amendments and changes, but by January 11 – despite all the holidays¹ – the profile VR Committee had already reviewed all of them, supposedly carefully, taken them into account, and recommended that the Bill should be adopted. The interest around this Bill among VR deputies was keen, although it passed without fisticuffs, Mr. Solomatin being clearly too preoccupied with his recent promotion to engage in his usual decision-making style... Nevertheless, the Bill currently languishes, second reading having been postponed while somewhere, in the depths of some office, it is quietly being worked on.

On February 27, President Viktor Yanukovych once again raised the issue of this Bill and the land market as a whole, complaining that, *first of all*, “given...the enormous distrust among voters regarding this issue, we obviously need to run a colossal public awareness campaign,” and *secondly*, to determine “how people are going to react to this.” Mr. Yanukovych went on to remark, “After all, there are lessors, you might say the owners of the fields, and those who are leasing that land. The government needs to bring the relationships between these people to order...Well, yes, and there are the large-scale owners – more precisely those who are leasing enormous territories of farmland and are not always making effective use of them.” Mr. Yanukovych’s lapsus “large-scale owners – more precisely those who are leasing” is like a Freudian slip, but more on that later.

The Razumkov Center’s Sociological Service seems to have anticipated the President’s interest in public opinion on this subject. As if they had a prophetic dream, because over January-February, they not only ran a national public opinion poll on land reform, but also held a series of focus groups that included the very people the President had mentioned, that is, with “you might say the owners of the fields,” or more simply the landowners and land tenants, small and medium farmers. Somehow, they did not get around to talking to the large-scale ones, whether they be owners or tenants – and really this wasn’t the goal. To ask these folks about land is about the same as questioning Viktor Yanukovych about his estate at Mezhyhiria. Pointless.

Selected results from this survey – given the limitations of a newspaper spread – are presented here.

Introductory retreat

In the 12 years that the Razumkov Center has been running surveys, this is only the second time that something like this happened: In one of the villages that had been selected according to the required parameters of the survey

and turned out to be in Dnipropetrovsk, the Center was unable to hold its focus group. Quite simply, the landowners in the area flatly refused to talk about land with some strangers from Kyiv. No amount of IDs or persuasive explanations – that they were from a non-government organization or that the discussion would be entirely

Held from January 28 through February 2, 2012, the survey involved 2,055 respondents over the age of 18 in all regions of Ukraine, with a margin of error of 2.3%. Five focus groups were held: two with farmers in Dnipropetrovsk and Lviv Oblasts; three with landowners in those two oblasts and in Crimea – where it’s well known that the issue of land is not just a matter of land and not just an issue, but a major headache. The International Renaissance Foundation provided financial support for this survey.

* The article was published in Dzerkalo Tyzhnia (Mirror Weekly) №8, March 2, 2012, http://dt.ua/POLITICS/pro_zemliu,_abo_notatky_na_poliah_interviu_prezydenta-98185.html (in Ukrainian).

¹ The period between Dec. 31 and January 8 is generally a “dead season” in Ukraine because of New Year and Christmas holidays.



anonymous, meaning that no one would ever publish their names anywhere and that whatever was said would not be connected to their personal data – made any difference. In short, people were afraid to talk. The first time the Center ran into this kind of fear was during the 2004 Presidential campaign. But at least then it made sense: in the East, those who were planning to vote for Viktor Yushchenko were afraid to speak up, while in the West it was those who were planning to vote for Viktor Yanukovich.

What happened this time is anybody's guess. (Maybe the locals simply didn't like the color of our eyes).

The focus groups were held in a different village in the same oblast, Dnipropetrovsk, and also with landowners and tenants. Still, this rejection left a lasting aftertaste.

At this point, it's worth returning to agrarian reform and to what the President of Ukraine has said about it.

The President wants public awareness, voters want a referendum

"Your question would be fair if you were to ask me, 'Why are you ignoring public opinion?...' I'm not interested in ignoring. I'm firmly against not taking public opinion into account in such strategically important decisions."

V. Yanukovich, interview on February 27, 2012

As a poet might say, "The words of a man, not a boy."

But you can understand journalists who take interviews. How can they even think of asking the President his thoughts on public opinion after the way that, say, the return to the previous version of the Constitution, the passing of the new Tax Code and any number of other such key decisions took place. Still, let's give him the benefit of the doubt that, in his third year in office, the President has been smitten with democracy. And that the people are in solidarity with him.

There is probably no country with more direct democracy than Switzerland. There, any issue that is more-or-less important or controversial is decided by referendum – even if it does not concern the entire population, but only some part of it.

Ukrainians are not Swiss, but one look at the table "Ukrainian voters on a referendum regarding a free market for farmland," it is easy to see that the majority of people believe that the issue of an open land market should be decided via referendum, that most are prepared to vote in such a referendum, and that most intend to vote against such a market. Moreover, among rural voters, the majority both favors a referendum and opposes a free market.

So, the President is right, absolutely. He needs a public awareness campaign – desperately so. Only the basis for a public awareness campaign is no longer there, and to understand why this is so, it makes sense to look at the roots, at where this all began.

In the beginning

"Quite simply, land reform was based on a paradox. There was no reason to break up the collective farms: they just needed reforming. This is what started all the anarchy."

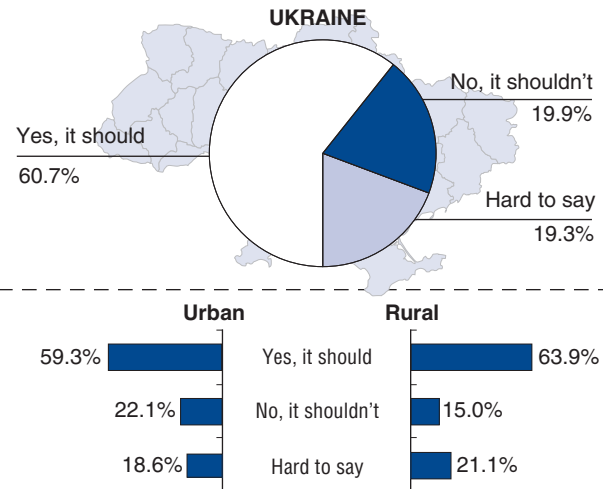
Comments from the focus group with landowners

Speaking about agrarian reform, Mr. Yanukovich has stated that it has been going on for "roughly speaking 15 years." The President is mistaken. Reforms began with a Resolution of the Verkhovna Rada of the then-Ukrainian SSR dated December 18, 1990, and has been going on, speaking more precisely, for 22 years already.

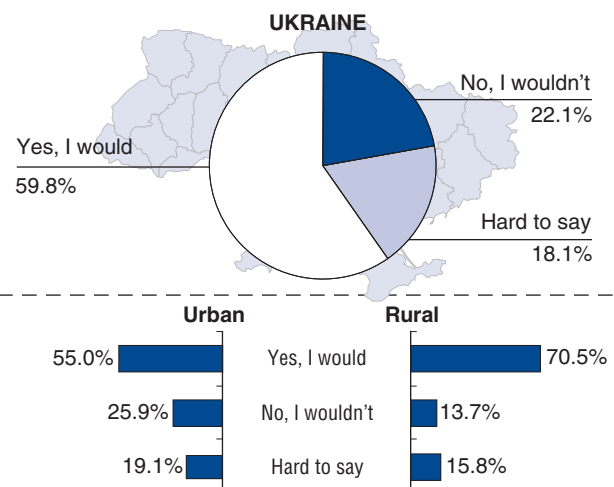
At the beginning, in 1992, the government eliminated that relic of developed socialism, the *kolkhoz* or collective farm. In its place, non-state collective agricultural enterprises (CAEs) were set up and the old *kolkhoz* lands were handed

UKRAINIAN VOTERS ON A REFERENDUM REGARDING A FREE MARKET FOR FARMLAND

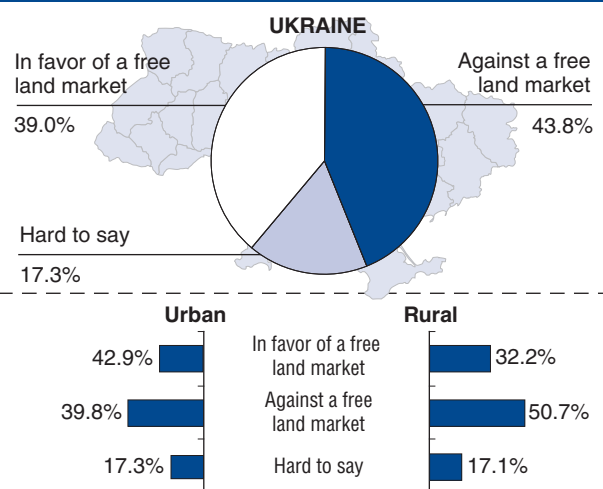
Should the institution of a free land market be brought to a national referendum?
% of respondents polled



If there were a referendum on the land market, would you vote?
% of respondents polled



If you participated in this referendum, how would you vote?
% of those who would participate





over to them, quietly and freely. After all, *kolkhoz* lands had by law never belonged to the state. In case someone needs reminding, in the Soviet Union, “socialist ownership of the means of production” existed in two forms: state and *kolkhoz* cooperative. Which was enshrined in Art. 10 of the Constitution of 1977, the last Constitution of the collapsed Soviet Union. In short, the collective farms were essentially given back their own lands.

President Leonid Kuchma took reforms a little further. Over 1994-1995, he issued decrees that called for the CAE lands to be further turned over directly to the individual members of the collective. This land was to be divided into separate parcels and certificates of ownership were issued to confirm the right to that parcel as well. Importantly, the owners of these parcels were to be allowed to sell them.

After a while, it was decided to the ownership of the CAEs themselves was to also be handed over to individual members. But many dilatory factors began to get in the way: first they couldn't agree what were the assets of the agro-industrial complex (AIC), then they couldn't agree over the term “an individual share in the CAE,” over the term “collective ownership,” a phrase that, incidentally, does not exist in the Constitution of Ukraine. And if it does not exist, then how is it supposed to be divided up? In the end, rather than setting up a clear legal framework, a broad basis for legal debate and interpretation was set up, resulting in an angry battle among lawyers, jurists and bureaucrats.

When the CAEs finally got around to dividing up all the assets, it turned out that there was nothing left to divide. If we are to believe the then-Ministry of Agricultural Policy, only about 23% of the book value of CAE assets remained viable. In the best case, the collective member might have gotten a seeder or two that was ready for the scrap heap or the skeleton of a one-time cowshed, minus a roof, tools or – it goes without saying – cows. In the worst case, they got nothing.

Precisely the same thing happened, albeit somewhat later, with those who had worked at state farms and county farms.

Two final historical details complete this little tale.

First. Land parcels began to be actively handed out after Oschadny Bank, the soviet state savings bank, collapsed and took along with it the vast amounts of cash that had been deposited in it by the country's thrifty, savings-minded populace for a rainy day or for their daughters' dowries. Given that the average salary in the farm sector was about 95% of the average salary unionwide in 1990, it is safe to assume that, of the 330 billion rubles once mentioned by President Kuchma, probably a third was the savings of rural Ukrainians.

Second. 1990 also saw the adoption of a bizarre Law “On the priority social development of rural areas and the agroindustrial complex in the farming sector.” Among its many provisions, this law included a requirement to provide for a trading equivalent for the manufacturing and farming sectors by establishing pricing parity between their products. In reality, prices for manufactured goods rose 17-20 times in the decade between 1991 and 2001, compared to less than 6 times for agricultural products. What's more, prices rose the most steeply on those products without which the land changes from a breadbasket to a mere landscape for Sunday painters who love to dab cornflowers, poppies and other pastoral subject in the open air – fertilizers, farming equipment and, most of all, fuels. Without these, there can be no sowing, no harvesting and no distributing. Indeed, those who sold fuel demanded – and got – six tonnes of grain for

a tonne of fuel, although a more appropriate, economically justified – that phrase beloved of Ukraine's small and large growers – would have been a ratio of about 1:1.

In this kind of situation, most Ukrainian “landowners” – let's call them squires – found themselves unable to work their land. Not so much and not only due to age, the way some like to say, but because of the lack of means to do anything with this land – meaning both the tools for their work and the resources to buy them. And that's that.

They were left with only two options: to sell off their certificates or to lease out their land.

Many took advantage of the first option in the mid-1990s, when such land certificates could still be bought and sold, and effectively “sold” their fields. For peanuts. At a time when the official value of a single hectare of land was UAH 8,700, these hectares were virtually given away, for UAH 100-200. This forced the Verkhovna Rada to pass a Law “On agreements to alienate land parcel,” which forbade the sale and purchase of certificates and allowed them only to be bequeathed to an heir. This law was intended to stay in force until a Land Code was adopted. However, it continues to be in effect to this day in the form of a moratorium on the purchase and sale of all land designated for agricultural purposes.²

Landowners: rights and opportunities

“What rights and opportunities does the private ownership of land offer you?”

“Right now? None.”

Responses from the focus group with landowners

The other option, leasing out land, proved far more interesting and fraught with “adventure.”

Firstly, there were plenty of what Leonid Kuchma once called opportunists among those running CAEs, village councils and other local offices, like the rest of the country's top political leadership, that is, those who knew where their interests lay and were able to grab the main chance and hang onto it. So it was that many owners of land parcels who were not opportunists saw their certificates – later their state registered deeds – for a few minutes at best, just before the official shut them up in his safe, effectively turning the owners of the fields into lessors *in absentia*.

Secondly, many landowners were “strongly advised” to lease out their parcels or (a) they might find themselves out of a job, (b) someone might be coming around for a “friendly chat,” or (c) the land would be taken from them anyway. According to landowners in the focus group, the softly-put message was, “If you don't rent it out, you'll end up with nothing.” And if the squire didn't “get it” the first time around, “Local councilors start coming around and threatening – if we're going to call a spade a spade.” And that was that. Earlier, close-shaven boys in leather jackets would go around. Now, it's hard to say if it was beneath them to go from house to house or they'd all simply arranged to be elected. Given how the landowners in one village were afraid to talk to the pollsters, it can probably be assumed that not all the boys in black are in elected office: someone is still around to keep an eye on ordinary folks.

Thirdly, in focus group discussions, the tenants themselves often organized getting state registered deeds for those who were leasing the land. When the owners tried to do this themselves, they generally failed. Some other comments from participants in one of the focus groups were: “One of us tried to get it on her own and found herself running from office to office. And wherever she turned, she ran into

² This includes land attached to a house that is designated as “subsidiary farm property.”



a wall.” “Can you get your documents quickly and without bribing someone?” “Quickly? No. Without bribes? No.”

One way or another, nearly 90% of the country’s farmland has by now been leased out.

The profile of typical tenants is eye-opening: barely 5% of them are actually farmers. The majority is commercial entities whose ties to farming and agriculture are pretty loose...mostly through the supermarket, lunch in an Italian restaurant and supper via Room Service. The closest of all were the original companies – dealing in petroproducts, grain trading, various types of livestock, both hoofed and otherwise – because they were the closest to those in power. And they most likely turned into what the President called “the large-scale owners – more precisely, those who are leasing.”

Oleksandr Yefremov (Party of Regions) declared recently, “Our country has around 30 major latifundists who have at their disposal some 600,000 hectares of land each – and some are already inching up on a million.” This is one of those rare cases where Mr. Yefremov can be taken at his word, unhesitatingly and indubitably. As head of the ruling party’s legislative coalition, he knows better than anyone. Still, what he went on to say put him in a bit of a dead end: “...Those people who don’t want to see this bill [“On the land market”] amended are supporting the continuing theft of land, because this area is not properly regulated by law.”

First of all, what is the legal meaning of the phrase “have at their disposal”? Don’t we also have a nice term like “control”?

Secondly: What is meant by “unregulated”? There’s a moratorium in place on the sale and purchase of farmland. Whether that is good or bad is beside the point. The question is how these latifundists have been able to have such vast lands “at their disposal”? And if Mr. Yefremov effectively considers this acquisition equivalent to theft, then why isn’t our famous Prosecutor General, whose job is to oversee this kind of thing, not dealing with these “around 30” individuals.

Thirdly. Let’s consider that which is regulated: the drawing up of documents attesting ownership – deeds. Why can this be done neither swiftly nor without bribes? Who is it that is giving these bribes – to an extent that the open-hearted Derzhkomagenstvo boss Serhiy Tymchenko has complained about there being another side of the coin in the struggle against corruption – staff turnover. Because, as he so honestly put it, “You’ll never force someone who has been picking up \$30-40,000 a month in bribes to work honestly for a salary of UAH 1,500.”³ At least, now we have an idea of what one Derzhkomagenstvo official collects in bribes. But these sums are unlikely to be coming from these “landowners”... so who is paying him – and for what?

As usual, such questions are largely rhetorical in Ukraine.

Let’s get back to the rights of the owners of these lands, which today are all parcels designated as farmland.

What the previous discussion has made clear is that the real owners of most of Ukraine’s farmland have no rights at all, because the rules of the game on the land leasing market are not established by the owners but by the tenants. Whatever they may or may not be the owners of, they are clearly masters of the situation in which the actual “landowners” have found themselves. And so...

To start with, many “owners” did not actually draw up leasing agreements with their “tenants”. Many “tenants” only agreed to a lease in return for having the owners turn over their certificates or state registered deeds. Many of the tenants arranged for the state deeds themselves, although they rarely gave them to the rightful owners, of course, preferring to

keep the documents safe – in their own safes. According to testimony from landowners in one Lviv Oblast village, those who never gave back either the certificate or the state deed simply kept using the land and didn’t even pay. And that was that.

Those who have the deeds in their possession might not even bother reviewing them for years, including the assessed value of the land and, accordingly, the value of the lease, while the actual owners get paid in kind, not money, or don’t get paid at all. And even when they pay in kind, these “tenants” happily inflate the value of their in-kind payments. As the participants in one focus group explained, if grain was worth, say, UAH 1 during harvest, the “tenant” would set a price of UAH 1.70 and that was the price at which he paid out his rent. The “owners” from another village stated openly and directly: “They count everything themselves; we don’t count.” And these “tenants” can freely continue to make use of the land even after the term of their lease, typically five years, has expired.

On top of this, these tenants typically also care little about the land they are using. Focus group members noted that their lands were usually being “wrung dry. They take everything and put nothing back in and take no responsibility at all for the land.” Here it may make sense to uncover one bit of anonymity: it was in Dnipropetrovsk Oblast that this predatory use of land was described as: “We’re Ukrainians, after all. We worry about our land.” That’s the east for you, Eastern Ukraine.

Getting back to the issue of rights: Does a Ukrainian landowner have any way of protecting his rights? One focus group provided a good answer: “If you don’t like something, take it to the judge. Go ahead and sue. Who are you going to sue? And who are the judges? A pensioner and a villager will show up in court, and what will be the result? ... Going to court means spending money because you have to pay for the hearing and you’re unlikely to win.”

In short, when asked, “Do you feel yourself the owner of land?” the answer from landowners in the focus groups was unanimous: “No. The real possessors of this land are those who have taken it as tenants.”

The result of the first 20 years of reform

“The main result of the work of villagers should be that the villagers themselves feel a difference. This is also the philosophy behind land reform.”

V. Yanukovych, wrap-up briefing, Dec. 21, 2011

The most striking comments, complete with a salty tear for the paupered countryside and its residents, came from VR Speaker Volodymyr Lytvyn. How many villages disappear off the map of Ukraine every year? How little villagers are paid for working what is now their own land? How many schools and kindergartens, out-patient facilities and hospitals, clubs and libraries are being shut down?... No one knows if not the one-time leader of the Rural Party and now of the People’s Party. So, if it’s about the countryside as a whole, then it’s in articles Mr. Lytvyn has penned for the VR gazette.

Our testimony is far more humble and considerably more subjective. Because that is the trouble with human beings: no matter what you do to them, no matter how many statistics you throw at them, they still see their own lives subjectively and there’s nothing you can do about it.

At the beginning of 2012, the material state of the families of such “landowners” gave much cause for pessimism: 58% of them were barely surviving and 17% of these were below even that level. “We can barely make ends meet. Sometimes there isn’t even enough money for the necessities.”

³ Under US \$200.



The remaining 41% were marginally better off. “We’ve got enough to feed ourselves and to buy the things that we need, as long as they’re cheap.” Statistically, similar figures for the country as a whole are a bit better, but not by much: 13% and 40%.

One third of respondents, 34% vs 39% for the country as a whole, said that they had enough to live on but “buying a major appliance like a TV or a refrigerator is tough.”

Only 6% of Ukraine’s squires, compared to 7% of all Ukrainians said that they live comfortably, although they are currently unable to afford major purchases, such as a car or an apartment. Only one in a hundred of these landowners, 1%, stated that his family could afford just about anything that it might want. Among all Ukrainians, this figure is only 0.5%.

Nor is all well in the social sphere for these “landlords”. When asked to place themselves on the scale of social classes, 48% of them considered themselves middle-class, vs 54% of all Ukrainians, and a nearly equal number, 47%, considered themselves lower class, vs 40% of all Ukrainians.

As to the upper class, the usual 0.4% placed themselves there. They are obviously kidding. If you look at the trend in this group over the last decade, it turns out that their number hasn’t changed in Ukraine. Indeed, it’s a bit of insulting that they themselves don’t appear to know how right they are! In reality, the number of Ukrainians that the number of zeros on their accounts and the color of their credit cards actually do place them in the “top” layer of society and on whose behalf the rest of the country labour, actually is around 0.4%... or maybe a tad less...

When asked whether they thought the material standing of rural Ukrainians had changed after agricultural reform, the response was very curious. The number who thought in 2012 that the material standing of villagers had changed for the better was triple the same figure in 2009!

This result could not but have pleased – had this increase not been from 3% to 9%, and if the number of those who also felt this kind of improvement back in 2001 not been those same 9%. What we have, then, is that 2009 was simply a year of crisis and everybody was having a hard time, whereas now, things are not so much better as, *firstly*, people have got used to it and, *secondly*, the situation really is not much different than 2001.

In 2001, 39% of Ukrainians felt that their material standing had deteriorated; in 2012, 34% did. As to those who saw no change during the course of agricultural reform or as a result of it, 40% said so in 2001 and 43% in 2012.

Put differently, 9% of Ukrainians say that the last 11 years of farm reforms have noticeably improved life for rural residents. Just one question: How much time and how many reforms does Ukraine’s government need before all Ukrainians can notice and acknowledge the same?

About farm policy, or What should be done?

“The gradual adoption of bills, their transparent discussion and the implementation of these laws will make it possible for us to see their flaws from the very first steps. And as soon as we see them, we will fix them.”

V. Yanukovych, wrap-up briefing, Dec. 21, 2011

Clearly, this will depend, not in the last place, on the quality of the government’s farm policy – and that includes its land policy. So far, voters have had nothing good to say about this policy.

In 2009, only 6% of voters gave good marks to the country’s land policy and 35% were negative. In 2012, these

figures were 7% and 36%, a difference that is within the margin of error, that is, insignificant. What *is* significant is something else.

Firstly, rural Ukrainians are more critical of this policy than urban ones. Whereas 7% of both urban and rural voters are positive about these reforms, only 34% of urban Ukrainians are negative while 40% of rural ones are.

Secondly, a very large share of voters – 28% in 2009 and 24% in 2012 – say that they “don’t know anything” about this kind of policy. Indeed, among rural voters, nearly every fourth person – 23% – knows nothing about land reform.

As a rule, voters know nothing about policies and politicians in two instances. Either when everything is going well, seemingly of its own accord, as in Switzerland, and the ordinary person sees no compelling reason to even remember the surname of their premier or president. Or when there are oodles of big name politicians and absolutely no policy, as in Ukraine.

Now on earth can anyone consider all this – reforms, life expectancy, shifting the country from East to West and back again, constant staff shuffles, open lies, and the blatant theft of the Treasury – a “policy”? Nor can anyone consider those who have been in the office for three years and are still talking about how bad their predecessors were and how they intend to reform everything everywhere, as Mr. Yanukovych has said, “politicians”. In other words, people who can only point fingers. All of this has been done before and all the mistakes have been made. Now it’s time to learn from the past so as not to repeat those mistakes – that’s all. The Ukrainian-speaking members of one focus group put it well: “The wheel’s already been invented. And here we are, inventing something so incredibly original, Ukrainian-style, that we’re putting our trousers on over our heads.”

And if Mr. Yanukovych truly wants to “hear from everyone” and categorically refuses to ignore public opinion, then why not offer the country’s voters a vision of what the state, i.e., the government, should do first for its

What should the government do as a priority to stimulate the development of the country’s farm sector and the development of rural areas in general?*

% of respondents polled

	UKRAINE	Urban	Rural
Support rural social development (schools, hospitals, roadways and so on)	37.7	35.4	43.0
Combat corruption	33.5	34.4	31.6
Provide subsidies to growers from the State Budget	30.0	29.4	31.2
Make loans more accessible to agricultural producers	29.7	32.2	24.3
Help improve the technological state of the farm sector	26.9	26.8	27.1
Develop the food processing infrastructure	25.3	25.0	26.0
Develop the food sales infrastructure	19.7	18.3	22.9
Provide stable regulation by stopping the practice of suddenly slapping quotas and restrictions on exports and so on	15.3	16.3	13.2
Support the expansion of external markets	7.7	8.1	6.8
Institute an open land market	5.9	6.9	3.5
Do nothing	0.3	0.3	0.3
Other	1.4	1.7	0.8
Hard to say	4.5	4.9	3.7

* Respondents were allowed to choose up to three options.

2012



“landowners” and for rural areas as a whole. As the table below shows clearly, having an open land market is far from the first priority. In fact, it’s smack at the bottom of the list.

Conclusion, or Government and voters take note

“By the way, the helipad was also built for everyone.”

V. Yanukovych, wrap-up briefing, Dec. 21, 2011

Looking at all this as a whole, there are two messages: one for those in power, and one for the country’s voters.

First things first. If the government and Viktor Yanukovych personally are truly interested in knowing what voters think, then let them hear, right here and now, that their electorate has no interest in the institution of a free land market right now. Only 6% of Ukrainians favor immediately instituting the free and unrestricted sale and purchase of farmland, including 2% that are fine with it going to foreigners.

On the other hand, fully 40% are very much against the idea of buying and selling farmland under any circumstances. What’s more, 43% of rural residents feel this way, compared to 38% of urban Ukrainians.

Just over a third of Ukrainians, 35%, feel fine with the idea of buying and selling land, provided that two conditions are met: for 29% it is “setting up a full and proper regulatory environment” while for 6% it is “establishing a broad population group of better-off individuals.”

Of the remaining respondents, 2% had their own ideas that did not match any of the proposed responses, while 16% were unable to express any opinion at all.

Second. If ordinary Ukrainians really want to know, those in power really could care less what they think about things. Because they don’t have to.

If the government does go ahead and introduce a free market for farmland, those who oppose this step won’t do anything. In any case, more than half, 51%, of them won’t. Another 20% of those opposed will be prepared to sign petitions, while only 8% intend to participate in the efforts of CSOs or political parties that have the same position or to participate in lawful demonstrations and rallies. Only about 7% state that they are prepared to take actions that, so far, the government is not overly concerned about: picketing government offices, unsanctioned rallies and demonstrations, blocking roads and street actions.

This past half-year, the Verkhovna Rada was picketed by Afghan veterans and its only response was to increase policing around the building and add cars to official cavalcades, demonstrating to the entire country that its top officials are a bunch of cowards, like Tabaki the Jackal. Be that as it may, they act as a single organized pack – and therein lies their strength.

And we, ladies and gentlemen, who are so bold and so eager to defend our rights – if we act at all, then in fragmented clusters. Why did the Afghan and Chernobyl veterans picket the Rada separately? Before them, why did the entrepreneurs organize a protest action, yet by the end of their campaign also become unable to agree on a position? And did anyone join the protests of the students against the lawlessness of the police, who had killed one of their classmates?

What would happen if everybody got together?

And therein lies our weakness, ladies and gentlemen.

We don’t believe in ourselves. Of the 51% of those opposed to a free land market who, should it be instituted

against their will, are unprepared to do anything, nearly two thirds, 64%, won’t lift a finger because they “don’t believe that protests and my participation in them will have an impact.” Another 14% are certain that in their city or village, “no protest actions will take place that I might be able to join.” And 7% openly state that they are afraid of being persecuted by the government.

We don’t trust each other. For example, in one of the focus groups with farmers, an interesting exchange took place. The members spoke enviously of a farmers’ cooperative that had been set up somewhere in the neighborhood. One of them then said, “Not just one single farmer, but all of us should be thinking that we need better equipment. I believe that we should cooperate...” and was immediately shot down with: “There won’t be any cooperation like that. Because while two are thinking, the other 15 will be out having a smoke.” And that was that.

We don’t know what our rights are, we don’t understand them, and we don’t value them. Not because we can’t read the laws. And not even because the laws have no force and, if that’s the case, there’s nothing to know. We simply haven’t learned to value rights – just concessions and preferences.

We seem to be unable to understand one very simple thing: a right is one. It is either a right for all, or it is not – if it applies only to certain people. You cannot stand up for your personal right, privilege, pay or whatever. You can and should stand for this right as a common right with your fellow citizens.

And that’s why we allowed a state to be established that works for the big and the fat, that protects Big Money and helps Big Business. And the farm sector is no different. Here, too, the state concerns itself first of all about the ones who at least have a gold card and a six-figure bank account or, in Mr. Yefremov’s words, “are getting close to a million” in hard currency that is freely convertible. Those who have less or who have nothing at all are left to survive as best they can – if they can.

The tossing around of the bill on the land market is only a single incident reflecting three common problems.

First. A team has come to office in Ukraine that is without vision, without a platform, and without a clear understanding of what, when and how things need to be done. Its only purpose was power itself. And how to convert that power into capital, cash and more capital. In Ukraine, the old Marxist formula “money-goods-money bar” has long been written “capital-power-capital bar.”

Second. This team has no inkling what a *citizen* is. It uses the terms “populace,” “workforce” and “labour resources” interchangeably. The threat of a lack of workers arose and immediately an initiative came: Let’s institute a penalty on childlessness. Let them have babies because there’s no one to work in the country. The concept of “citizen” they truly do not understand. Truly, Premier Azarov was truly upset when he said, with tears threatening to water his eyes from the humiliation of the Afghan veterans: “Who are they turning their backs on?!” On you, Mr. Azarov. On you and the people whom you support and who support you. It’s known as an act of civil disobedience.

Third and last. Nothing will be decided on the national scale until it is decided within the Family, its heirs, its household members and its retainers. Until, obviously, everything has been decided, until it has been agreed, until it has been divided among the majors, be they owners or tenants. This is not about “landowners.”

And that’s the way it will be – until we learn to be citizens and teach our government to see us as citizens and not just a populace and cheap labour pool. ■

THE LAND OF OUR DISCONTENT*



Liudmyla SHANGHINA,
*Director for Social Programmes,
the Razumkov Centre*

At a recent meeting with candidates for the post of county administrator, the President lectured them on the extreme importance of organizing spring fieldwork efficiently at the local level. “We need to look at what we need to do in the countryside right now and what work needs to be carried out,” said Mr. Yanukovich. “You will have to take a business-like approach and work together with your oblast governors, deciding what has to be done first, second and third and how to help the farmers.” Not a week passed when the Premier opened a Cabinet session by addressing farmers and saying: “It’s calving time. Feel free to go fatten your heifers and bulls. The Government will back you up...”

In short, as someone once wrote, “Spring is sprung.” But the arrival of the swallow is not the first sign this year. The attention of top officials to fieldwork, the village and, it appears, to calving, is.

If we start with fieldwork, then we might as well consider it time to look at what’s going on with the land and the country’s never-ending land reforms. Reforms that have come down to one single question: To be or not to be, that is the question regarding a free market for farmland in Ukraine. And if it is to be, where is the law about it, not to mention a myriad of other conditions necessary for such a market to function?

What ordinary Ukrainians think, including those who live in the countryside and own land, has already been established by opinion polls.¹ In fact, the mood is not especially positive and neither are expectations.

But if we follow the principles of Roman law, we should also hear out the other side, the government. What it is thinking and doing for a market to emerge. And to be as transparent, clear and attractive that investors will line up in long queues to invest in the country’s farm sector and the village will come to life again, like a painting by Watteau. In case anyone has forgotten, then take our word for it: farmers will be beautiful, pastoral, surrounded by lambs, heifers and young bulls, all of whom will enjoy the personal assistance of the Government and the Premier...

Who the heck needs this reform, anyway?

With land reform in Ukraine entering its third decade already, frankly, no one really remembers why it was started in the first place.

Only one thing is certain: not a single one of the concepts or programs adopted in the course of all those years, regardless of what it concerned, whether it was rural development, meaning the revival or comprehensive support of the village or rural areas, the development

of farming or the agro-industrial complex, or ensuring food security for the country – not a one was ever carried through. No one has ever been held accountable for carrying out these dozens of plans. From time to time, someone remembers about that they were in the opposition when those plans were formalized. And when they come to power, they happily remind their predecessors what they specifically failed to do. And went on to adopt their own programmes, so that their successors would have something to talk about.

* The article was published in Dzerkalo Tyzhnia (Mirror Weekly) №14, April 14, 2012, <http://zn.ua>.

¹ This article uses data from a sociological survey and the results of focus groups organized by the Razumkov Center over February-March 2012. For details, see M. Mishchenko “Public opinion on land policy and land reform in Ukraine” and “Problems with instituting a free market for farmland: Report on the results of focus groups” included in this journal.



For instance, the current Agrarian Policy and Food Minister, Mykola Prysiashniuk, has this to say: “We’re not into scoring cheap political points, but picking the farm sector up off its knees. Because that’s what’s going to pick the country up off its knees. Unless we finish land reforms, we won’t be able to see further economic growth. We will finish land reform because it’s in the interests of our farmers. Those who spent the last 20 years only talking about land reform have driven the countryside into poverty and ruin.”

If we were to take away the “cheap political points,” then the rest is probably easy enough to agree with. Especially the statement that land reform needs to be finished at last. Apparently, we have come to the end of successors. If this government changes, then the predecessors...

Not long ago, it became clear when this reform will finally come to an end. As recently as April 11, Mr. Prysiashniuk announced: “By the end of this year or the end of spring 2013, we should finish with these reforms.” And assured his audience that by that point the ban on the sale of farmland would be lifted.

But not even this is the main point, as her office manager told her principal, Liudmyla Prokofievna Kalugina.² The main point, based on what the Minister’s statements, is that lifting the moratorium is not especially essential for land reform to be completed. “The Law contains restrictions on buyers, but anyone can draw up a long-term land lease,” said Mr. Prysiashniuk. “For our country, that’s the very best option.”

Let’s leave aside the fact that there is no law on the land market and none is likely to appear in the foreseeable future, judging by the remarks of the head of the Main Legal Department of the Verkhovna Rada regarding the Bill prepared for second reading. Whoever is interested can actually read the mere 19 pages that can be summed up into: “This Bill requires substantial reworking.” Or even in the words of the noted Kalugina: “You either do something seriously – or not at all.” These words apply perfectly to the lawmaking process in Ukraine. For, if we note the numbers of Bills adopted by our legislature, they remind us of nothing so much as the price-tags in the boutiques on Khreshchatyk... and so what?

Remember what the Minister said not long ago... “With the completion of land reform, we will inventory land and set up a transparent system for managing agricultural land, the value of land will go up several times, new jobs will appear in the countryside, and the fertility of our land will be renewed and preserved.” This speech raises a number of questions.

Firstly, a strictly philosophical question: what’s first, inventorying land and after that complete the reforms in the shape of a transparent way to manage them or, on the contrary, like the Minister suggested?

Secondly, a mercantile question: regarding the value of land and its going up severalfold. From what benchmark is this growth going to actually start? In other words, what will be the price of land, if and when there is an open land market?

Let’s start with the second question.

On the price of land and its endless rise

In the first year after the moratorium on buying farmland is lifted in Ukraine, the price of a hectare will be between US \$500 and \$800.

S. Tymchenko, August 3, 2011

We expect the value of a single hectare of farmland to be around EUR 300 once there is a proper land market.

S. Tymchenko, October 7, 2011

Brief: Serhiy Tymchenko is chair of the State Land Resource Agency, formerly the State Committee for Land Resources. As a civil servant, his competencies related to land are at the level of a minister.

Now, about prices.

The Razumkov Center’s sociological service ran a poll earlier in which Ukrainians largely agreed that the state should establish a minimum price for land: 46% were in favor of this. Only 26% expected the future free market to determine this, while 28% had no opinion.

The state, in the person of Mr. Tymchenko if we take the earlier quotes to heard, is also in a state of uncertainty on this issue. For instance, we can probably all agree there is a difference between US \$800 and EUR 300, of approximately double. Where he got those numbers and why they were so different in the space of two months, Mr. Tymchenko did not explain.

There is a benchmark assessment prices, albeit a weak one: the normative cash value of land – made in long-ago 1995. And it has only been indexed since that time. Still, as of 2011, this value fully indexed was UAH 11,900 or around US \$1,500. By January 2012, the value had jumped to UAH 19,900 per hectare, or nearly US \$2,500. To be honest, then, from official statements its hard to understand whether we are talking about pastureland or about all land designated for agricultural purposes. But that’s how they’re talking.

But then again, at the last session of the VR land committee, when the latest version of the law on the land market was being debated, they decided that the value of farmland should be no less than the assessed cash value. In that case, the first question is, where did the chair of the State Land Resource Agency get his numbers?

Next question: does it not seem to the chair – and the Agrarian Minister and other civil servants involved in the land reform process – that, before going on to complete land reform and open up the market, it might make sense to complete the inventory of land and to also come up with a standardized cash value that matches the value of this land today?

Just as the Agrarian Minister does, Mr. Tymchenko also assures us that the value of Ukrainian land will just rise and rise inexorably and steadily, pointing to Old Europe, where it is worth EUR 10,000-30,000 in France or Holland, then pointing to New Europe, where prices “start at EUR 3,000” in Poland and Hungary. According to the SLRA head, the rise in value in Ukraine will be driven by three main factors: better infrastructure in rural areas and in the AIC, the consolidation of fragmented holdings of land that are suitable for growing, and better quality topsoil.

² Characters from a popular soviet film called “Office Romance,” which came out in 1977.



So, who is going to improve rural and AIC infrastructure – and how? Or to improve the quality of topsoil? Mr. Tymchenko said nothing about that...

But we do have one proposition.

It would appear from the poll and discussions in the focus groups that both farmers and landowners are particularly unhappy about the lack of sales infrastructure for their products. And this is where the current government could do best. It is particularly good at setting up markets that are just right for the time and the place, such as outside the CEC during the last election. In October 2010, a few particularly active hunger strikes were taking place there as a sign of protest against the registration of clone-parties for local council elections. First they began to bake hot buns under their noses to test their resistance. Then they put up a fair called “Harvest Celebration.” And to this day you can freely buy farm products right under the windows of the CEC at the little market that established itself there. Then there’s Maidan Nezalezhnosti: when the song-and-dance events are over and the elections begin, this is also a great place for a non-stop market...

Let’s return to prices. According to opinion polls, only 7% of Ukraine’s landowners intended to sell their land if there is an open market. And they expect, on average, to get UAH 47,635 or US \$6,000 per hectare, for Mr. Tymchenko’s information.

What’s interesting is that it also became evident that no one knows the opinions of rural Ukrainians as well as the members of the one-time Rural Party. The VR deputy from that party and the deputy chair of the VR on agrarian policy and land relations, Serhiy Tereshchuk, came up with that same estimate, around UAH 50,000 per hectare, in February, and called on the government to set the pace when time came to establishing prices for farmland. “If the state begins to buy up land in a certain price range,” he said, “that will provide the necessary signal for others.”

If only. Then there might be a signal.

And if the state began to pay its hired help – public sector employees – a normal salary, that would also be a signal to others.

Only the government is not about to do that. It won’t start paying teachers, doctors or librarians a livable salary, just like it won’t buy land from those who own it for such a price. For one thing, it doesn’t have the money. But it’s in a constant search of it...

We need plenty of money...

Let me tell you right now that there won’t be any additional taxes, absolutely not, and no one in my Cabinet is seriously even considering the possibility. I don’t know where this idea came!

Mykola Azarov, March 27, 2012

Well, yes, no one is even proposing new taxes: it would be good enough just to figure out the old ones. But this comment by Mr. Azarov appeared on February 15, 2012, the day Hryhoriy Kaletnyk, a member of Party of the Regions, whose leader the Premier is, registered Bill №10051 “On amending the Tax Code of Ukraine regarding the fee for using land parcels designated for agricultural purposes” in the Verkhovna Rada. The purpose of the bill is as clear as water. The preamble talks about the main problems facing the country’s farm sector

that are mentioned the State Targeted Programme to Develop Rural Ukraine through 2011” – which really does exist: “the lack of incentive to work, poverty, migrating labour, unemployment, collapsing social infrastructure, a deepening demographic crisis, and the death of the village.” The author lays the blame for all these plagues of Egypt at the feet of local budgets, impoverished, in part, by “the marginal amounts of resources to develop rural Ukraine coming from owners and users of land designated for agricultural purposes.”

If that’s the case, then the thing to do is to charge these same landowners and users a tax for the specific use of land at 1% of the assessed standard value of that land, in addition to the existing land tax. The author states with fervent conviction that this measure would not only quickly spur people to work and, in particular, would eliminate the demographic crisis. The connection to the last bit is, alas, not entirely apparent. Even children know that they did not appear in this world as the result of a tax on childlessness, never mind one on land use.

Indeed, despite the promise in Mr. Azarov’s epigraph, no one in the Verkhovna Rada challenged the law and, judging by the way things are going, it will be debated and even adopted.

Firstly, how can they not adopt it if it will bring the Budget an easy UAH 3.5-4 billion a year, according to the author’s estimates?

Secondly, the bill was supported by both the management of the State Land Resource Agency (SLRA) and the Ministry for Agrarian Policy.

The head of the SLRA was particularly emotional in his support. Judge for yourselves: “The government’s next major step on the path to completing land reform will be the adoption of this bill, which should provide the basis for systematic work in support of our rural areas and especially farmers – all those who live on and work the land.” What more can you say about introducing yet another tax on “all those who live on and work the land”?

The Director of the Department for Economic Development and Agrarian Market of the Agrarian Policy and Food Ministry, Serhiy Kvasha, was more circumspect with his words, but his reasoning was no less killing. He supported the bill, he said, “because... if business feels no solidarity and responsibility for the conditions in which it is working, that will be unfair because business also uses roadways and other infrastructure that was built in earlier years.” Try to argue against that! Does the farmer use roads? Yes, indeed. So, let him pay.

Let’s face it: this is not a luxury tax. And officials have made it clear that it is an example of social injustice. One-time union man and ardent fighter for the rights of hired workers, Oleksandr Stoyan today sits in the Rada for Party of the Regions and had this to say: “A luxury tax will be a major blow to the middle class.” Also hard to argue against this. Of course, if they introduce a luxury tax that is oriented towards the middle class, then the blow will be painful.

But there’s not a country in the world that establishes a luxury tax with the middle class in mind. But that’s the world. Here, in Ukraine, *first of all*, how much of that upper class is there anyway? Even less than the middle class... *Secondly*, try to tax Rinat Akhmetov’s Donetsk



Palace Hotel... why, it doesn't even belong to him. All hotels are leased from legal entities and no one has dared to even suggest property taxes for them. And *thirdly*, somebody has to decide what "luxury" really means, when it comes right down to it. And that somebody just happens to be a member of this upper crust that happens to also be our government. And such somebodies will go on explaining *ad Calendas Graecas*, that is, until hell freezes over and we all turn blue.

For this, and for many other reasons, the state will continue to not have money to pay a decent salary, or to buy land for a price that has been proposed by 7% of the country's landowners.

But it's doubtful whether there will be much gained from a land tax, even if combined with this invented land use fee. Why not?

Land and private lives

Strange as it may seem, there is a link between these two. And it has less to do with the unrequited love of the landless young villager for a wealthy young lady or vice-versa. But first things first.

Does anyone in Ukraine today know who owns how much land and who uses it for what? Officially, no one. Because there are certain notions here, such as "has at his disposal," "has control of" and others that have never actually been legally defined but that are completely understood by a certain kind of person. Land is leased by a number of holdings and companies that even Mr. Tymchenko admits it is "hard to know who stands behind them." The head of the State Land Resource Agency goes on to develop his thought:

"Because of this, another interesting point arises. We see that there are registered leasing agreements for 17.2 million hectares, but in fact, 27 million hectares were distributed to people. What does that mean? Some 10 million hectares are being worked in the shadows and the state doesn't get anything out of them. In other words, nearly a third of the country's privatized farmland is being shadowed.

It's hard not to share the indignation of the country's land tsar. After all, his predecessors failed to complete the national land cadaster. There isn't a single set of uniform, transparent information about land and its owners. And the state gets nothing out of some 10 million hectares of land being used by Lord knows whom. What do we do now?

The answer is surprisingly simple. Put together the State Land Cadaster. No doubt here we should give credit to the agency Mr. Tymchenko runs and where he is, in his own words, busy as a bee from dawn till dusk trying to do this. But there are two circumstances that put the claims of the Agrarian Ministry that land reforms will be completed by the end of spring next year into serious question.

For one thing, the head of the State Land Resource Agency openly admitted: "We expect to complete a completely accurate inventory by 2020." That's all? Remember, the Agrarian Minister expected to complete land reform and lift the moratorium on the sale of farmland by spring 2013. What a great free market it will be without a "completely accurate" cadaster. Of course, a cadaster can be put together at the same time as land

parcels are being used. But that would have to be in another country. Not in a country where during the period when a complete ban on the sale of land designated for agricultural purposes was in effect and hundreds of officials ostensibly were keeping an eye on it all and controlling things, including in squads... yet millions of hectares of land are being farmed in the shadows.

For another, even when the "completely accurate" cadaster has been put together and launched, we still won't know who is the real owner of private land. Other than "our own." When asked "Will it be possible for ordinary Ukrainians to have open access to trace ownership who of our officials owns how much land? Will information about land ownership really be open?" Mr. Tymchenko answered as openly as he did about how long it would take to do a complete inventory: "No. We will be able to publish all kinds of secondary information about the quantity of land, its boundaries, the quality of land and so on. But not the surnames of the owners. After all, we have a law protecting personal data, which does not allow us to reveal personal information about individual citizens."

There you are, for sure. The Law protects the sacred privacy of owners.

Well, not all owners. Those who originally inherited land are known by name for generations back. But those who have or will get land in some other way – about them it will be hard to find anything out. Yet, if they are government officials, ordinary taxpayers have the complete right to know about their financial status – and not only theirs but that of their immediate families as well.

Here's an example. The head of the administration in one of the counties in Khmelnytsky Oblast – what chornozem they have there! – decided on his own to hand out more than 60 hectares of land to four families belonging to his close relatives and friends. About 2 hectares per person, including minors, "to do family farming." When a deputy from the City council raised a stink, the Prosecutor's Office protested the decision. But only three months later and not because the official in question had abused his office but because the documents were somehow incorrectly filled out. Now locals say it's a toss-up whether the official will return the land or he will pick up even more – to dish it out to those who decide whether or not his documents are correctly filled out...

In short, we can forget about openness, transparency and all those European notions. And forget about the idea that all the land tax, the land use fees, the luxury tax, the property tax and all the other taxes will be paid by all of the country's citizens in accordance with their incomes. Just forget it.

One nose-y fellow asked how much the country's President paid for his house in Mezhyhiria. No answer was forthcoming. Someone else boldly asked the Premier whether or not his wife owned a piece of land in Crimea. Mr. Azarov couldn't remember. Well, so he doesn't remember. And no one will remind him – because they won't find out. And if they try to find out, the Constitutional Court will quickly inform the gentlemen in question that the right of citizens to a private life and to the confidentiality of their personal information.



Somebody had better be prepared to explain what's going on when information that is very valuable to many people is gathered in a single place but access to it is granted only to a few! Yes, it's called corruption.

So Mr. Tymchenko explained about the grey-market use of agricultural land, adding: "This is why certain businessmen have super profits, such a layer of fat that it can corrupt officials and the media, get its own people elected to local councils and with their help distort the point of land reform and intimidate people."

If all they were doing was intimidating...

Ownership as they understand it

Ukraine has certain "businessmen" who not only intimidate people, but also beat them and – in some instances – murder them, simply because the person owned the land they were using. How many cases of this kind there have been is probably impossible to figure out. Let's look at just two.

Viktor Lozynskiy. VR deputy, part-time co-owner of TOV Holovanevskiy Hunting Reserve, who was given 26,000 hectares to use for hunting purposes for a 15-year term, just like that: forests, rivers, and meadows. Lozynskiy killed an ordinary man by the name of Vasyl Oliynyk, a local villager, just for trespassing on his property. In April of last year, the Dnipro County Court sentenced the killer to 15 years in prison. Not long ago, the Court of Appeals softened the sentence to 14 years. That is, the judge recognized that the former deputy was guilty, but decided that the harshness of the sentence did not match the severity of the deed. Imagine... he killed some bloody villager...

Don't be surprised of the Higher Specialized Court shortens Lozynskiy's sentence by another year or two, and, after two or three more years, lets Lozynskiy go free on parole for, say, good behavior. Meanwhile, the locals in Holovanevskiy County have gotten used, once more, to walking in their forests, to pasture their livestock, and to enjoy nature. The owner was told and security guards appeared once more. This time from some TOV Lan founded by a friend of the MP felon. Well, friends are friends, but in the end you have to take care of your things yourself. So, time to be released...

Oleksandr Taran. Member of the Sofiyivka District Council in Dnipropetrovsk and part time owner of Pobeda Agro, an agricultural company that was once the Pobeda Kolkhoz or Victory collective farm. How he took their allotments from the one-time members of the collective farm under lease is a special story told many times in the past, called "I wanted it, I took it." The deputy's territory has a nice pond that's best not approached because it is part of his territory. On July 27, 2010, a local resident not only approached this pond but also had the nerve, apparently, to swim in it. And not by himself. And somehow he hadn't parked his car the way he should have. And somehow didn't talk the way he should have with the "civilian assistant to the pond's security detail. But he drove home from the pond, as far as possible from his sin. It didn't do any good.

The "civilian assistant" complained to the owner. The deputy took to the chase with his bodyguards, his hunting rifle in hand, a gun that it later turned out was not even registered but had been fully rebuilt as a military weapon.

Next thing he broke into the home of the offender and shot him in front of his wife and child. Of course, the offender also tried to protect his own life and that of his family, but when confronted by a deputy with his bodyguards...

The deputy naturally lost his immunity and the Kryviy Rih district court sentenced him to 14 years in prison for murder.

But the Dnipropetrovsk Oblast Court of Appeals overturned that sentence and sent the case back for a new trial. Within days, a second court, the Dolhyntsevskiy District Court of the City of Kryviy Rih reopened the case and concluded that there had not been any murder. Only excessive use of force in the course of self-defense, in other words, manslaughter and therefore that it was reasonable to hand down a suspended sentence for three years. Yet, Art. 263, Para. 1 of the Criminal Code provides for far more severe sentences for the mere possession of a military-quality weapon of that kind and ammunition – even for elected officials: two to five years in prison. The only way to avoid this minimal sentence is to voluntarily give up the weapon, according to Para. 3 of this same Article. But something tells us that Citizen Taran did not give it up voluntarily... Moreover, when he was released, the gentleman threw a grandiose party with fireworks.

Note that this is not intended to scare ordinary Ukrainians. And not to reopen the wounds of the families of the murder victims. But for a completely different purpose.

Firstly, it is in order to see behind these individual tragedies the tragedy of this country: the depth and extent of corruption that has not just infected the abstracted "officials" mentioned by Mr. Tymchenko, but that holy of holies of a healthy state, the arm of the law.

Viktor Lozynskiy's accomplices in life and in murder were the district prosecutor and the district police superintendent. Who were the judges Oleksandr Taran's case who decided that he was not just not a perpetrator but a nearly the victim? No one knows. Maybe they really did not know him prior to the trial, but what they did... was based on simple human empathy? Based on the idea that the dead cannot be brought back to life and here is a young man with all his life ahead him? Unlikely.

Secondly, to remind both proponents and opponents of the market and of private property in general and of land in particular, the main principle proposed by one of the most determined defenders of the market and private property, that most liberal of liberals, economist Ludwig von Mises. And no need to decide that this individual is not well known in Ukraine just because they don't teach him in schools. His works have been read and cited by such as Leonid Kuchma, the inventor of the "vertical of power" and the current economic system in Ukraine, including its corrupt components.

But he seems to have read the great classic of liberalism very selectively – and even more selectively cited it. Because, other than ruthless criticism of socialism and singing the praises of the market economy, von Mises tirelessly argued that **the market and rule of law live together and die together**. Any further explanations needed?



So what more do we need for land reform?

That which is needed to bring anything whatsoever to its conclusion. A beginning.

The beginning of any market reform is a state based on rule of law. A state that has been created and works to protect the rights and freedoms of its citizenry. All of its citizens. And all rights and freedoms at least listed in the Universal Declaration or at least in the country's Constitution. This includes the right to property and free enterprise.

A state that works so that the rights of certain citizens do not violate the rights of others, that the freedoms of one group do not interfere in the freedoms of another. A state in which a violated right is restored while violations of the law are punished. In such a state, corruption may exist because people are people, but it is hidden in shame. Because the judiciary is fair, the executive branch is honest, and the legislative branch is responsible.

And where all of this is missing and there is only all-encompassing corruption, then there can be no talk of a civilized market, be it for land or for vegetables: it simply cannot exist. Even Viktor Yanukovich appears to understand this much.

On September 6, 2011, at a session of the Economic Reforms Committee, he said: "Land continues to be systematically stolen using any number of schemes. I want to ask those in charge of the Ministry for Agrarian Policy and Food and the Land Resource Agency what they have done to counter corruption in relation to land." He then added something that merits bolding: **"I have ordered the Prosecutor General to oversee this process so that, by the time the land market is introduced, we have eliminated this shameful practice."**

In light of this, the expectation that reforms will be completed in the timeframe set out by the Agrarian Ministry – spring 2013 – or even the head of the State Land Resource Agency, whether it's 2015 or 2020, all looks unrealistic, to say the least. Because just one single question must be answered: can this Administration, having warned us all that it has come to stay for at least 10 years, really "eliminate this shameful practice"?

An Administration that has given away Crimean preserve lands for the umpteenth hunting territory for the chosen, "just because" as the former Interior Minister and now Crimean Premier, Anatoliy Mogilev, put it "We need to build roads on this territory and to put in those plants that are necessary for the fauna there to develop... berries, lichens, that kind of thing. Everything needs to be done and the infrastructure for all of it."

Did you understand any of that? Only one thing seems clear. A week or two will go by and "the infrastructure for all of it" will appear: a fence, behind which, along with the fauna you will find "civilian assistants to guard the lichen" wandering around with clubs – and considerably worse.

This is the team that, having instituted fees on everything and anything, is looking for money from any available wallet – other than their own. That somehow has no idea what "luxury" might be while living in it, swimming in it, and seeming unable to get enough of it, when it comes down to it. But that also knows very precisely that it should never institute a property tax on legal entities. Nothing about Mezhyhiria there...

The team that adopted a Criminal Procedural Code for its own purposes. And who knows, maybe there's something to that.

This team and the rule of law are incompatible notions, something like Dmytro Tabachnyk and education.

So there we are. The first, and most important thing that we don't have is the rule of law and a governing team capable of even coming near to establishing it. As Mr. Yanukovich exhorted earlier, "You will have to take a business-like approach and work together with your oblast governors, deciding what has to be done first, second and third..." So the Minister for Agrarian Policy is planning to first open the market and after that get down to taking an inventory of all the land. And the State Land Resources Agency will meanwhile organize the cadaster, while the courts will have the pleasure of dealing with two or three, or even six state-registered property deeds issued for one and the same piece of land...

Anything else that is missing is insignificant. There's no absolutely accurate or, put more simply, single State Land Cadaster; there's no single Cadastral Registration System... nor is there ever likely to be one at this point; the land has not been inventoried; state and community lands have not been separated out properly; and nearly 40% of the country's communities don't even have clearly established boundaries. Last, but not least, there is no understanding of "what has to be done first, second and third."

Everything else, we have. Lots of different kinds of land, lots of unemployed able-bodied hands, lots of people willing to live and work in those of Ukraine's beautiful villages that are still around or that might be built, and lots of people – nearly one in five – that say they would love to farm "if it were possible to freely farm and to make a living on it." So we can agree with our officials when they talk enthusiastically about Ukraine's overall enormous potential and the potential of its farm sector in particular. The potential is definitely there. The problem is that unrealized potential does not give birth to children and in time it begins to simply disappear...

So what, in the end, are we to do about all this? Reforms are needed, one way or the other. And land reforms are needed even more. And a land market is needed. Only we need the kind that will be born and live together with rule of law.

There's one more consideration. There's an election coming up. Shouldn't we consider voting for the opposition, what ever it may be like? At least then there will be some kind of counterweight, someone to somehow stop the bulldozer that is now churning our land under its tracks... ■

POLITICAL PARTIES AND THEIR LEADERS ON LAND RELATIONS IN UKRAINE

The debate on land reform and its separate components (i.e. land ownership, open and transparent land market, the state cadastral registration system, etc.) has been underway for years. Controversial approaches to the issue, its politicisation and emotional nature of the discussion are understandable, since land is an important strategic resource – it represents an integral element of the national (food) security, social and economic development of Ukraine.

The situation is further aggravated by the fact that today the state virtually has no long-term strategy and consistent policy on land relations, land market and land protection. Meanwhile, Ukraine's further successful development directly depends on the efficiency and consistency of land reform that should provide clear and unambiguous solutions to all the above issues.

Thus, it is necessary to draw attention to approaches the leading political forces in Ukraine have taken on land relations. The following Table represents the positions of political parties that, according to the Razumkov Centre's public opinion poll, may pass the election threshold (5% of votes) on the basis of a proportional system in a nationwide multi-member election district at the 2012 Parliamentary Elections: the Party of Regions, the All-Ukrainian Union "*Batkivshchyna*", the Front for Change, the Communist Party of Ukraine (CPU), the Ukrainian Democratic Alliance for Reforms (UDAR) and the All-Ukrainian Union "*Svoboda*". The Table also comprises relevant abstracts from the election candidates programmes for the Ukrainian Presidential Elections in 2010: Viktor Yanukovich, Yuliya Tymoshenko and Arseniy Yatsenyuk.

When analysing the party programmes and public statements of their leaders, one should in the first place pay attention to how these parties are willing to deal with the core element of land reform in Ukraine such as land ownership. Positions vary from a support of private land ownership (the All-Ukrainian Union "*Batkivshchyna*", the Front for Change, UDAR) to an absolute denial of such a right (CPU).

The All-Ukrainian Union "*Batkivshchyna*", the Front for Change and UDAR, albeit being circumspect, do not deny the right to private ownership and purchase/sale of land, but clearly state that the owners of land, including the farmland, can only be the citizens of Ukraine. The Front for Change proposes to restrict the concentration of land in the hands of a few and to conduct a land sale only through the state operator. Additionally, on 17 October 2011, Arseniy Yatsenyuk, as an MP, registered the Bill "On Introduction of Amendments to Some Legislative Acts, concerning the use of objects in agrarian relations (No. 9295), which proposed a moratorium on sale of farmland till 2014, that may be removed after the national inventory of land, separation of state and municipal land ownership, revision of the regulatory and monetary value

of agricultural land and an entry into force of the laws on the state programme for socio-economic, environmental and cultural development of rural areas, land market and others.

UDAR, in turn, calls for recognition of land as a commodity and promotes the idea of creating an open and transparent permanent marketplace (i.e. online auctions) for purchase and sale of land parcels.

The All-Ukrainian Union "*Svoboda*", while opposing the right to sell farmland, proposes to extend land ownership rights to building lots and other immovable property. At the same time, it stands against granting land ownership rights to foreigners and stateless persons. The persons, who have legally acquired an agricultural land, should only be able to sell it to the state. *Svoboda*'s programme also envisages a strict ban on privatisation of "resort and recreational lands throughout Ukraine".

The CPU firmly insists that "turning a farmland into commodity is unacceptable". The communists' principle position is that land, water, forests, subsoil, minerals and other natural resources cannot stay in private ownership. They are convinced that "abolishing private ownership

of the means of production is an essential condition for a complete victory of socialism”.

It should be noted that the parties share a rather ambiguous position toward changes in the purpose of land use. Only two parties have included relevant provisions in their programme documents. For instance, UDAR proposes to substantially liberalize the procedures when changing the purpose of land use in the suburban areas and near motorways as well as to remove restrictions on the marginal land use. *Svoboda* takes an opposite stance – it proposes to ban changes in the purpose of land use for agricultural land, except circumstances when the state needs it. Moreover, the party proposes that lands, which are not used appropriately, should be returned to the state.

The programme documents of the Party of Regions seem the most obscure to those trying to define a future land policy of the Ukrainian government. It consists of mere reflections on “the revival, support, improvement and development”. There is only one concrete statement on “the need to improve the social and legal structure of the agro-industrial sector and accomplish a land reform”. However, they fail to provide clear propositions as to how and by what means such a reform would be accomplished in Ukraine.

Regarding the agro-industrial sector reform, the Party of Regions (in its programme documents) commits to fully implement the Party’s strategy on social development of the Ukrainian village, and the State Target Programme on Village Development of Ukraine for the period till 2015, approved by the Government Resolution No.1158 on September 19, 2007. However, the relevant State Target Programme provides no clear answers regarding the forms of ownership and land market, in general. It focuses on socio-economic aspects of agricultural development i.e. instituting an agricultural market, increasing rural employment, developing social infrastructure in rural areas, increasing gross agricultural output, attracting more investments in agricultural sector, etc.

In order to avoid answering some urgent and sensitive questions when dealing with the issue of land reform in its programme, the Party of Regions have demonstrated different approaches to the same issue on several occasions. For instance, when being in power, the Party stood for liberalisation of approaches to introducing private land ownership (e.g., allowing foreign ownership of land, including the farmland). However, before the elections or when representing the opposition, it took an entirely opposite stance by rejecting a land market and any form of private land ownership). Such an abrupt policy change under the current government, unfortunately, is one of the main causes of an unpredictable economic situation that results in low investment attractiveness of the country and its separate regions.

The election programmes of the candidates for the 2010 Presidential Elections also did not provide any specific details on the completion of land reform in Ukraine. This is not surprising, given that the Ukrainian society has a rather controversial (and sometimes – negative) attitude toward discussions on land relations and its elements (i.e. privatisation; registration of ownership rights; introduction of a free market for purchase and sale of land, including the farmland; long-term land lease opportunities, etc.).

Only Yuliya Tymoshenko’s programme makes it clear that the farmland may belong only to Ukrainian nationals living and working on this land. The election programme novelties also include the proposal to set an annual rent for agricultural land at 10% of its market value, and a commitment throughout the year to issue all the ownership title deeds on household plots free of charge. It also promises to create the associated infrastructure: an agrarian fund and exchanges, wholesale and retail agricultural markets, an insurance fund, a land bank.

The programme of Arseniy Yatsenyuk, as the candidate for Ukraine’s President, approaches land issues in the context of general approaches concerning the need to accelerate the development of Ukrainian agriculture and return to the industrial mode of production: “from field and farm to an end user, both domestic and foreign”.

The election programme of Ukraine’s current President Viktor Yanukovich also did not stand out by elaborating on land issues and comprised only some general provisions on ensuring the implementation of the national programme for revival of Ukrainian village and creating favourable conditions for attracting investment in rural infrastructure development, gasification of rural settlements, construction of roads, etc.

Given the above, it may be concluded that the ambiguous and cautious attitude of the vast majority of Ukrainians to the issues of land reform,¹ including private land ownership and purchase/sale of land, are shaped by a similarly “cautious” official policy of the key political players.

Such a “cautious” position of the political forces, on the one hand, provides with an opportunity to play on land issues during the pre-election campaigns. Moreover, the parties’ rhetoric may often diverge, depending on the region and the audience. On the other hand, such a general and unclear position results in uncertainty concerning the future government policy, and therefore, further worsens the investment attractiveness of the national economy and provides no real chance of raising the appropriate resources (investments) to ensure socio-economic development of rural communities and Ukraine as a whole.

¹ For details, see M. Mishchenko “Public opinion on land policy and land reform in Ukraine” in this journal.

THE LEADING POLITICAL PARTIES ON LAND RELATIONS IN UKRAINE¹

Party of Regions ²	All-Ukrainian Union "Batkivshchyna" ³	Front for Change	CPU ⁴	UDAR ⁵	All-Ukrainian Union "Svoboda" ⁶
General slogans. Description of the situation					
Revival of the Ukrainian village and creation of a competitive agro-industrial sector; Encouraging the development of highly efficient, profitable agricultural production and solving problems in the social infrastructure of the countryside on that basis; Improving the social and legal structure of the agro-industrial sector and accomplishing a land reform.	Establishing efficient control over the use of national wealth and land, in particular... Ensuring Ukraine's food independence and active export of agricultural goods.	During all the years of Ukraine's independence, the government paid no attention to rural areas. The countryside central to agro-industrial sector is also the main element generating growth of the national economy. Land remains our biggest national capital and a unique resource. It should serve the people, not the "feudal lords." ⁷ We should be the masters of our own land. ⁸	Elimination of the <i>kolkhoz-sovkhoz</i> system, distribution of land into private ownership, destruction of social conditions and village infrastructure, dissociation of the state in solving agricultural sector related problems led to an actual liquidation of a highly efficient agricultural production resting on socialist principles, and complete degradation of the country's agriculture. Hundreds of thousands hectares of farming land are seized by new latifundists. Yesterday's collective and soviet farm workers were turned into hirelings... Protecting interests of working peasants, saving the Ukrainian countryside, and first of all, putting an end to the illegal buy up of farmland, all the above the Party considers as important and urgent tasks.	The economic base of local self-government is made up of local finance, communal property and land. Managing these assets is entirely within the competence of territorial communities, except facilities subject to legislative limitations (i.e. historic and cultural monuments, land belonging to conservancy areas and other nature preservation facilities, military facilities, etc.). Introducing compulsory annual council reports to communities on communal property, land and finance management.	
Improving the legal framework for land relations					
Drafting and adoption of the Laws of Ukraine "On Use and Protection of Soil", "On Land Conservation", "On Agrochemical Certification of Farming Land."	Ensuring the development of legislation aimed at effective state protection of national food markets and national agricultural manufacturers from foreign expansion, promoting competitive large-scale agricultural production.				



Party of Regions	All-Ukrainian Union "Batkivshchyna"	Front for Change Land cadastre. Registration of ownership rights	CPU	UDAR	All-Ukrainian Union "Svoboda"
Establishing a national electronic land cadastre and land registry database; Monitoring land resources, comprehensive survey on soil.				<p>We will organise an accurate registration of formal ownership rights. All land parcels and immovable property shall be assigned to concrete owners.</p> <p>Registration of ownership transfer shall take a few days or even hours, and should be conducted under the principle of "one-stop point".</p> <p>Land planning bodies and bureaus of technical inventory should have no powers that lead to corruption and have no direct contact with clients.</p> <p>The fee for reissuance should cover actual costs of reregistration.</p> <p>Territorial communities shall have their charters, general development plans, land cadastres, registers of ownership rights to immovable property and detailed development plans.</p>	<p>To pass the law on the national land cadastre. To make a complete inventory of land parcels.</p> <p>To create a reliable and transparent system of registration of rights to immovable property through public registers and cadastres. To adopt legislative acts on property privatisation located in a block of flats including land parcels under the buildings and in adjacent areas and in joint co-ownership.</p> <p>To perform a complete review of rights to land use and ownership on the territory of the Crimea.</p>
Private land ownership. Restrictions of the land market					
	<p>To create conditions for introduction of private ownership for farmland, the right to purchase and sale land for the Ukrainian citizens, therefore creating a strong financial basis for the agricultural sector of the economy.</p> <p>Land will belong only to the citizens of Ukraine who live and work on it. Owners will not only receive certificates, but will become real owners of land parcels.</p>	<p>The state shall create a land market and exercise control over transactions, since land is the last national capital remaining in Ukraine. Landowners shall only be the citizens of Ukraine.</p> <p>FOR Work on land.¹⁰</p> <p>The right to land possession only for Ukrainian citizens: restrictions on concentration of land in the same hands; land sale only through the state operator.</p> <p>AGAINST Sale of land to foreigners and speculators.¹¹</p>	<p>Turning a farmland into commodity is unacceptable. According to the Ukrainian Constitution land is the main national wealth, an object of property rights of the Ukrainian people and enjoys special protection of the state. Land, water, forests, subsoil, minerals and other natural resources cannot stay in private ownership...</p> <p>As long as there is private ownership...on land and raw materials, the economic basis of capitalism will prevail.</p> <p>Abolishing private ownership of the means of production is an essential condition for a complete victory of socialism.</p>	<p>Land as an object of ownership requires a special attitude. We believe that the farmland market should be introduced on the following principles: Only individuals – citizens of Ukraine may be the farmland owners.</p>	<p>To ban the sale of farmland in Ukraine.</p> <p>To ban privatisation of recreational and resort land across the territory of Ukraine.</p> <p>To allow land ownership only of building lots and other immovable property.</p> <p>Not to allow land ownership to foreigners and stateless persons.</p>



Requirements to land owners			
			To oblige the citizens willing to acquire a farmland larger than the average size of a village land parcel to pass a qualifying test.
Land lease. Mechanism of changing the land owner			
Rental for farmland will be legislatively set at a rate of 10% per annum of its market value. Effective landowners renting farmland will get tax and loan benefits. We will move from an irregular funding of rural communities to development of standard business projects involving the processing of agricultural produce. ¹²		A permanent marketplace shall be created on the principles of transparency and accessibility (for instance, in the format of an online auction) for purchase and sale of land parcels. Bids shall be accepted on all-inclusive basis, including the village councils.	To give a long-term possession of land to Ukrainian citizens with the right to family inheritance. To legislatively specify grounds for termination of holdings ownership when the land is use for a wrong purpose or in case of deterioration of its productivity. To let persons who legally acquired the right of farmland ownership (at sharing) sell those land parcels only to the state. Not to recognise ownership of farmland acquired on the basis of bills of debt.
Nationalisation of land. Changing the purpose of land use			
		Liberalizing the procedures in changing the purpose of land use in suburban areas and near motorways. Removing restrictions on the marginal land use.	To ban changes in the purpose of land use for agricultural land, except circumstances when the state needs it. The lands, which are not used appropriately, should be returned to the state. To restore (in line with the effective legislation) citizens' right to unimpeded use of common lands – beaches and coastal strips within 100 metres from the tide line



Party of Regions	All-Ukrainian Union "Batkivshchyna"	Front for Change	CPU	UDAR	All-Ukrainian Union "Svoboda"
Social problems of the countryside					
	To make wages directly dependent on the labour quantity, quality, and service record, to pursue an active policy of social development of the countryside, to provide for a gradual reduction of disparities in the conditions and quality of live between the city and village residents.				
Reforming the agro-industrial sector (countryside)					
Implementation of the strategy on social development of the Ukrainian village, and the State Target Programme on Village Development of Ukraine for the period till 2015 approved by the Government of Viktor Yanukovich on September 19, 2007. ¹³ Development of the agricultural market infrastructure.	For that (achieving a complete food independence of Ukraine) we shall achieve an optimal ratio between large-scale and small farming sectors, provide for their revival and development on the market. Encouraging joint-stock forms of organisation of large agro-industrial companies, introducing a new system of state regulation, protection and economic encouragement of agriculture, encouraging the final processing and sale of agricultural produce, minimising production losses. Encouraging formation of a market economy in Ukraine's agricultural sector, creation of the middle class in rural areas, including the peasants-owners. Introducing mechanisms for an efficient state protection of the national agricultural manufacturers on the domestic and foreign markets.	FOR Reconstruction and development of the rural infrastructure... Encouragement of business initiative in the countryside... AGAINST Neglect of rural problems by the authorities, treatment of the countryside as a secondary territory. WHY For the agro-industrial sector to develop successfully, the following steps should be made: access to loans for farmers, compensation for loans interest from the state budget, development of the agricultural market infrastructure, and development of the rural infrastructure. For villages not provided with gas, a special electricity rate should be set or alternative energy sources found. ¹⁴		In order to encourage the development of farmsteads subsidies in the agricultural sector should be used for partial compensation of interest on mortgage loans for initial acquisition of farmland parcels within a certain size-limit. Community budgets shall be formed partially based on an individual income tax, immovable property tax, payment for the use of land...	To introduce preferential state target crediting of agriculture. To encourage cooperative movement in the countryside.



STATEMENTS, DECLARATIONS, INITIATIVES, ETC.				
The Bill "On the Land Market" suggests that only the Ukrainian citizens and the state can buy land. Farmland parcels fit for commercial agricultural production may be owned only by: Ukrainian citizens; the state represented by the state land bank, respective governmental authorities, the Council of Ministers of the AR of Crimea; the territorial community of a village, settlement, city in the person of village, settlement, city councils. One person shall be able to buy not more than 100 hectares of land (Hryhoriy Kaletnyk). ¹⁵	If they cannot properly arrange the grain market, imagine what will happen to the land market?! Land in Ukraine is not ready for sale: there is lack of human resources, regulatory framework, by-laws regulating the sale of land, demarcation of city, village and community lands. Land sale will result in huge losses of funds from circulation (Ivan Kurylenko). ¹⁶	On October 17, 2011, Arseniy Yatsenyuk registered a bill on the moratorium on sale of farmland till 2014 that may be removed after a full inventory of all lands, issuing acts of land ownership to all the Ukrainians, after adoption of the programme of socio-economic development of the village. ¹⁷	Alla Aleksandrovskaya: "Land market is actually a step toward land sale, it's totally absurd". ¹⁸	Vitaliy Klitschko: "Land should become a commodity. This question should be dealt with carefully and cautiously. The question of land sale to foreigners is beyond discussion. Our party stands against the sale of the Ukrainian land to foreign nationals at the present stage." ¹⁹
Oleh Tyahnybok: Svoboda firmly opposes farmland sale. We have already made relevant statements in the local self-government bodies where Svoboda has a majority. Our political party will initiate a referendum on unacceptability of land sale." ²⁰				

1 Table represents the positions of political parties that, according to the Razumkov Centre's public opinion poll as of 9-16 December 2011, may pass the election threshold (5% of votes) on the basis of a proportional system in a nationwide multi-member election district at the 2012 Parliamentary Elections.

2 Programme of the Party of Regions: <http://www.partyofregions.org.ua/ru/about/program>.

3 Programme of the All-Ukrainian Union Batkivshchyna Party: <http://batkivshchyna.te.ua/?page=prog>.

4 Programme of the Communist Party of Ukraine: <http://www.kpu.ua/programmakpu>.

5 Programme of the Ukrainian Democratic Alliance for Reforms Party (UDAR of Vitaliy Klitschko): <http://klitschko.org.ua/about/programma>.

6 Programme of the All-Ukrainian Union Svoboda Party: http://www.svoboda.org.ua/pro_partyu/prohrana.

7 Position of the Front for Change Party – what we are for, against, and why: http://frontzmin.ua/mediatiles/pdf/pozicia_partii.pdf.

8 Ideological platform of the Front for Change Party: <http://frontzmin.ua/uryad-zmini/ideology.html>.

9 Election programme of Yuliya Tymoshenko's Bloc "Ukrainian Breakthrough" adopted by a decision of the first inter-party congress of the Bloc on August 5, 2007: http://da-ta.com.ua/election_programs/2871.htm.

10 Ideological platform of the Front for Change Party: <http://frontzmin.ua/uryad-zmini/ideology.html>.

11 Position of the Front for Change Party – what we are for, against, and why: http://frontzmin.ua/mediatiles/pdf/pozicia_partii.pdf.

12 Election programme of Yuliya Tymoshenko's Bloc "Ukrainian Breakthrough" adopted by a decision of the first inter-party congress of the Bloc on August 5, 2007: http://da-ta.com.ua/election_programs/2871.htm.

13 Cabinet of Ministers of Ukraine Resolution "On Approval of the State Target Programme of Development of the Ukrainian Village through 2015" No. 1158 of September 19, 2007.

14 Position of the Front for Change Party – what we are for, against, and why.

15 National Deputy of Ukraine of the 4th-6th convocations, a member of the parliamentary faction of the Party of Regions, the Chairman of the Verkhovna Rada of Ukraine Committee for Agricultural Policy and Land Relations. See: The majority passed the law on land in the first reading. – Ukrayinska Pravda, December 9, 2011, <http://www.pravda.com.ua/news/2011/12/9/6825458>.

16 National Deputy of Ukraine of the 2nd-6th convocations, "Yuliya Tymoshenko's Bloc – Batkivshchyna", Chairman of the Subcommittee for Coordination with the European Union Verkhovna Rada of Ukraine Committee for European Integration. In 2000-2002 – Minister of the Agricultural Policy of Ukraine; a member of the Governmental Committee for the Agricultural Sector Reform and Environmental Issues; in 2002-2005 – Vice Prime Minister of Ukraine for agricultural issues. See: Ivan Kurylenko: BYUT-Batkivshchyna will give not a single vote for sale of the Ukrainian land. – BYUT web site, November 17, 2011, <http://byut.com.ua/news/8804.html>.




17 See: Official web site of the Verkhovna Rada of Ukraine, http://w1.c1.rada.gov.ua/pls/zweb.n/webproc4_1?id=&pf3511=41480.

18 National Deputy of Ukraine of the 3rd-6th convocations, a member of the parliamentary faction of CPU, Secretary of the Verkhovna Rada of Ukraine Budget Committee. See: Alla Aleksandrovskaya: The mechanism of land sale should be started under no circumstances. – Web site of Kirovohrad Regional Committee of the Communist Party of Ukraine", December 13, 2011, <http://www.komunist.kr.ua/news/alla-aleksandrovskaya-zapuskat-m.html?page=14>.

19 See: Vitaliy Klitschko: "The biggest mistake of officials is that they live in their offices not talking to people, not feeling society demands". – Vitaliy Klitschko's Udar Party web site, November 23, 2011, <http://klitschko.org.ua/news/publications>.

20 See: Position of the All-Ukrainian Union Svoboda on land sale. – Svoboda web site, April 3, 2011, <http://www.svoboda.org.ua/media/video/020746>.



ELECTION PROGRAMMES OF THE MAIN CANDIDATES FOR THE PRESIDENT OF UKRAINE IN 2010			
VIKTOR YANUKOVYCH ¹	YULIYA TYMOSHENKO ²	ARSENII YATSENYUK ³	
 <p>Ensuring implementation of the national programme for revival of the Ukrainian village:</p> <ul style="list-style-type: none">• legal guarantees for protecting land parcels;• on-time payment of state subsidies to domestic agricultural producers;• compensation of interest on loans to investors involved in agricultural projects. <p>Creating favourable conditions for investments in rural infrastructure development, gasification of rural settlements, construction of roads...</p>	 <p>Introducing a corruption-free auction system of sale and lease of non-farming land for implementation of investment projects.</p> <p>The main priority – transition from an irregular funding of agricultural production to a large-scale long-term crediting of the complete process cycle, including the agricultural equipment procurement.</p> <p>Creating a complete infrastructure: an agrarian fund and exchanges, wholesale and retail agricultural markets, an insurance fund, a land bank.</p> <p>I place particular importance on creating an extensive network of agricultural service cooperatives.</p> <p>Favourable conditions will be created for promoting Ukrainian manufacturers products to foreign markets. [We] will return to Ukraine the status of a leading supplier of agricultural goods and make the quality of living in villages closer to the city level.</p> <p>Farmland will belong only to citizens of Ukraine who live and work on this land. The annual rent for farmland will be legislatively set at the level of 10% of its market value.</p> <p>A commitment to issue all the ownership acts on household plots free of charge within a year.</p>	 <p>Accelerated development of the Ukrainian agriculture is required. The industrial mode of production should be returned to the countryside. Large-scale commercial farms should have a full cycle production – from field and farm to an end user, both domestic and foreign. Our country shall become a global actor in the food market.</p> <p>A common (with Eastern European countries: Azerbaijan, Belarus, Armenia, Georgia, Kazakhstan, Moldova, Russia) policy in the field of food production and participation in global food markets.</p>	
¹ Election programme of candidate for the President of Ukraine Viktor Yanukovich: http://president2010.info.ua/page/263 (in Ukrainian). ² Election programme of candidate for the President of Ukraine Yuliya Tymoshenko: http://president2010.info.ua/page/269 (in Ukrainian). ³ Election programme of candidate for the President of Ukraine Arsenii Yatsenyuk: http://president2010.info.ua/page/29 (in Ukrainian).			
VOTING FOR THE LAWS EXTENDING MORATORIUM ON THE SALE OF LAND			
Party of Regions	All-Ukrainian Union "Batkivshchyna"	NUNS	CPU
Voting on overriding veto of the President of Ukraine on the Law of Ukraine "On Introduction of Amendments to Some Laws of Ukraine concerning Prevention of Negative Effects of the World Financial Crisis on Development of the Agro-Industrial Sector" – (a ban on sale of farming land till January 1, 2010) (Reg. No. 3353) Present – 437; "For" – 382; "Against" – 0; "Abstained" – 1; "Did not vote" – 54 Veto overridden on 3 March 2009, signed by the President			
For – 155 Against – 0 Abstained – 1 Did not vote – 18 Absent – 1	For – 154 Against – 0 Abstained – 0 Did not vote – 0 Absent – 2	For – 27 Against – 0 Abstained – 0 Did not vote – 35 Absent – 10	For – 27 Against – 0 Abstained – 0 Did not vote – 0 Absent – 0
Voting on overriding veto of the President of Ukraine on the Law of Ukraine "On Introduction of Amendments to Items 14 and 15, Section X "Transitional Provisions" of the Land Code of Ukraine concerning the term of sale of land parcels" – (a ban on sale of farming land till January 1, 2012) (Reg. No. 3425) Present – 426; "For" – 366; "Against" – 0; "Abstained" – 0; "Did not vote" – 57 Veto overridden 19 January 2010, signed by the Verkhovna Rada Chairman			
For – 151 Against – 0 Abstained – 0 Did not vote – 21 Absent – 0	For – 151 Against – 0 Abstained – 0 Did not vote – 0 Absent – 2	For – 16 Against – 3 Abstained – 0 Did not vote – 36 Absent – 16	For – 27 Against – 0 Abstained – 0 Did not vote – 0 Absent – 0
Voting on the Bill on Introduction of Amendments to Section X "Transitional Provisions" of the Land Code of Ukraine concerning the ban of alienation and change of target use of farming land – (a ban on sale of farming land till January 1, 2013) (Reg. No. 9586) Present – 318; "For" – 275; "Against" – 0; "Abstained" – 0; "Did not vote" – 43 Passed on 20 December 2011, signed by the President			
For – 179 Against – 0 Abstained – 0 Did not vote – 11 Absent – 2	For – 0 Against – 0 Abstained – 0 Did not vote – 8 Absent – 95	For – 21 Against – 0 Abstained – 0 Did not vote – 20 Absent – 24	For – 25 Against – 0 Abstained – 0 Did not vote – 0 Absent – 0

* Legislative Activities of the Verkhovna Rada of Ukraine on www.rada.gov.ua.