

The last one reduces an amount of assets disposable in economy, thus causes inefficiency:

$$\begin{cases} C \uparrow \rightarrow AD \uparrow \rightarrow Y \uparrow \\ T \downarrow, Tr \uparrow \rightarrow (Y-T) \uparrow \rightarrow S \uparrow \rightarrow I \uparrow \rightarrow AD \uparrow \rightarrow Y \uparrow \\ S_{precaut} \uparrow \rightarrow S > I \rightarrow Y < Y^* \end{cases}$$

Indirect taxes act through price level: $t \downarrow \rightarrow P \downarrow \rightarrow (M/P) \uparrow \rightarrow C \uparrow \rightarrow AD \uparrow \rightarrow Y \uparrow$. Nevertheless indirect tax changing causes consumption distortions, consequently a risk of excess tax burden is high in this case.

In a case of debt financing of budget deficit the transmission mechanism will be the next.

$$\begin{cases} I^D \downarrow \rightarrow K \downarrow \rightarrow MPL \downarrow \rightarrow W \downarrow \\ G > T \rightarrow Def \uparrow \rightarrow B \uparrow \rightarrow i \uparrow \rightarrow MPK \uparrow \rightarrow Profits \uparrow \\ I^F \uparrow \rightarrow q \uparrow \rightarrow NX \downarrow \rightarrow AD \downarrow \rightarrow Y \downarrow, TB < 0, BP > 0 \end{cases}$$

Government borrowing provokes interest rate boosting aimed to cover extra risks. On the one hand, domestic investment falls so far as the money is more expensive. Thereby reduced amount of capital in economy incites marginal productivity of labor decreasing and marginal productivity of capital rising. Consistent simultaneous wage cutting and profits increasing aggravate economic inequality in society.

On the other hand, foreign investment increasing and domestic currency revaluation provoke aggregate demand falling in the part of net export. In addition, imbalance between trade balance and balance of payment favours flight of capital out of a country.

The resulting higher debt burdens may have long-term consequences which are far worse than the short-term increase in GDP. Analysis shows that the crowding-out effects of government debt are substantial, both at home and abroad. Fiscal deficits lead to a substantial deterioration in the current account, about half the size of the decline in the revenue-to-GDP ratio, during the entire period of fiscal loosening [16, p. 43].

Conclusion. To sum up, we frame certain principles of macro-prudential fiscal policy.

Firstly, to choose fiscal instrument, it is necessary before to estimate and compare benefits from multiplied effect of government purchases and detriments from implicit waste rates.

Secondly, it is required to elect the more effective tax instrument: lump sum taxes influence disposable income (so, this is a derivative fiscal stimulus), while automatic

stabilizers affects propensity to consume causing however customer choice distortions.

Thirdly, the policymakers should weigh positive multiplier and negative crowding out effects.

Fourthly, to weigh tax revenues and excess tax burden before new tax imposing.

Ultimately, concerning debt policy, to evaluate short-term benefits from budget balancing and long-term loss connected with a debt burden.

These theoretical generalizations require future empirical evidence and corresponding detailed models of macro-prudential fiscal policy.

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LAND MARKET FORMATION IN UKRAINE: KEY OPPORTUNITIES AND THREATS

В статті досліджено можливий вплив формування ринку землі на українську економіку. Зазначено ключові можливості та загрози для ринкового регулювання землеволодіння та землекористування. Визначено головні проблеми концентрації та централізації на ринку землі. Запропоновано способи запобігання монополізації на ринку землі.

Ключові слова: ринок землі, ціна землі, землеволодіння, землекористування, концентрація земель.

В статье исследовано возможное влияние формирования рынка земли на украинскую экономику. Указаны ключевые возможности и угрозы для рыночного регулирования землевладения и землепользования. Обозначены главные проблемы концентрации и централизации рынка земли. Предложены способы ограничения монополлизации на рынке земли.

Ключевые слова: рынок земли, цена земли, землевладение, землепользование, концентрация земель.

The paper examines possible effects of land market formation on Ukrainian economic system. Key opportunities and threats are pointed out for market regulation of land tenure and land use. Major problems of land market concentration and centralization are identified. Ways for avoiding monopolization on land market are suggested for governmental policy.

Keywords: land market, land price, land tenure, land use, land concentration.

Land market formation can be considered as a final stage of national economy liberalization. Therefore, this process can lead to serious problems in land ownership and land redistribution, while decreasing role of government in land use regulation. Moratorium on land sale will soon be repealed in Ukraine and agricultural land market will start functioning [1]. Sure enough, legal basis, land

condition, as well as the condition of land improvement systems and facilities should have been well prepared by that time – which is still arguable question. Uncertainty about results of land market formation in Ukraine causes necessity for detailed research of possible consequences, opportunities and threats of land reform.

Problems of land use and land market formation considered in scientific papers of Pavlo Sabluk, William H. Scofield, Stephen K. Wegren, Jim Higgins, Emery N. Castle. Wide range of issues concerning land tenure and land distribution was researched by Edward F. Renshaw, Frank H. Maier, Robert Innes, William G. Murray.

Land market formation in Ukraine aimed for more efficient agricultural land use by redistributing land to more efficient landowners. Meanwhile current economic situation demonstrates negative trends in land tenure and land use. Ukrainian capitalism model creates favorable conditions for land concentration by financial groups. In other words, there is a possibility of large-scale merger and acquisition between financial, industrial and agricultural capital while monopolizing land market because of market failures, unadjusted by the government.

Land market should establish and defend private land ownership as a traditional triad – full juridical faculty.

Key opportunities for Ukrainian economy in this case are: land legislature improvement, private ownership establishing, formation of system for private ownership defense. Also, Ukrainian economy can achieve serious stimulation of small-scale agricultural business development. In addition, improvement in land use efficiency can boost labor demand in agricultural sector. Cooperation development in small-business sector can lead to credit transmission improvement in agricultural sector [2]. Price discrepancy liquidation and governmental pricing policy offsetting also can be a strong opportunity for further agricultural development. Market infrastructure can be improved with development of land banks and agricultural insurance companies.

Expected threats of land market formation, such as generating a new model of land market – a virtual market, in which planning expectations are unconnected with real current demand and attain an inordinate role, siphoning off capital which will thus become unproductive, or which will be non-taxable if the money is black [3] – should become a subject for governmental regulation. Also, we can add to possible threats next expected results of land market formation: consequently higher rather than lower land prices, and the creation of a highly speculative virtual market of real-estate assets; possible situation, when agricultural land can be turned into urban-use land; land overdevelopment, exhaustion of the soil, decrease in land fertility; landscape demolition; uncontrolled conversed land sales; decrease in qualification of agricultural workers; landowners, uninterested in efficient land use; labor migration from countryside toward cities; agro-industrial concentration and deepened price discrepancy; as a result – establishing of complete cycle conglomerates.

Current situation illustrates controversial trend in Ukrainian economy – land market formation while unprofitable agricultural production. And this problem can't be solved only with mortgage or bankruptcy procedures.

Land market formation may transform to land redistribution to more efficient landowners only whereas fully unadjusted by government land market will be imbalanced with demand-supply land pricing. Meanwhile, land as a strategic resource would be underestimated [4].

Besides that, global financial crisis demonstrates possibility of land market "overheating" with derivative operations and mortgage.

Typical problems of land reform and land market formation are:

- land reform usually conducts administratively and land distribution decisions makes not by the market but by bureaucratic procedures. Therefore, in the rural sphere, for example, farm members can be given equal land shares, irrespective of the recipient's age, ability to use the land, or

skill level. Such approach can lead to inefficient land redistribution and high social and pension costs in agricultural sector, thus creating a heavy burden on agricultural enterprises' budgets and exacerbating their financial condition;

- non-use of rights conferred on land owners (taking into account previous problem, we must admit, that right to sell land shares is often not utilized for a variety of reasons). One reason is that in most cases land shares remains little more than a paper entitlement. Another reason is related to the demographic problem discussed above: persons of pension age often do nothing with received land shares, thus freezing the land reform process. Moreover, even if a person obtains physical possession of a land plot, the tendency is to use it to meet subsistence needs;

- land use is often regulated. Typically legislation creates a number of restrictions on land use – it obligates the land user to meet certain requirements: to cultivate agricultural land and not to let it lie idle, to use agricultural land for agricultural purposes only and to maintain the land's fertility [5];

- possible land use conversion, large-scale transformation of agricultural land into urban or suburban land.

Colossal land improvement program in Ukraine failed to meet the expectations. Therefore, land market formation in Ukraine placed a number of specific problems in front of land improvement, related to such specific features of the sector as natural monopoly, considerable dependence on governmental funding, insufficient development of self-sustaining and contractual relations between water supply organizations and manufacturers.

Moreover, the issues of irrigation cessation of fields in negative ecological state, application of complex reconstruction and modernization of irrigation systems, introduction of progressive cropping systems and the use of A-grade water for irrigation still remain unsolved [6].

Land reform policy in Ukraine also reveals key false beliefs, which can lead to unsuccessful results. For example, the erroneous assumption that land restitution and private ownership of the land could by themselves solve the problems of low labor productivity definitely needs to be compared with foreign experience. The paradoxical resilience of the idea that large farm size is an ideal form of organization of production in agriculture, and the only one capable of capturing economies of scale in agriculture also can lead to numerous mistakes, such as imbalanced infrastructure of agricultural market. The misplaced belief that rural markets, for example, for labor, and capital, were to emerge naturally as a result of the reintroduction of private property rights over land can lead to unreasonable land policy. Another false belief is a compartmentalized view of the economy, with the consequent view that agricultural policies can be designed in isolation from the policies concerning other sectors of the economy [7].

Ways for avoiding monopolization on land market may be included in governmental program, considering governmental protection of economic competition and limitation of agricultural land shares for avoiding land concentration; price regulation, establishing minimal limit for land price, market price stabilization; including agricultural land to the market as equal to urban land. Among the efficient ways for avoiding monopolization are combination of administrative and economic methods of land tenure regulation; avoiding of information asymmetry on the land market; fixing maximum land share for each category of landowners and limitation of transnational corporation expansion on the land market [8]; non-admission of parceling out agricultural land shares and limitation for mortgage and derivative use to avoid land market "overheating".

Also, market concentration can be limited with institutional program, which should contain such constraints as:

- only individuals holding Ukrainian citizenship should own land after land market formation;
- land owned but not cultivated should be a subject to fines and possible loss of the right of use after two years of non-cultivation;
- new landowners should be given two options to organize production: they could farm individually or they could set up associations by pooling together the newly distributed land;
- land should be free of land taxes for few years of market adaptation;
- soil degradation prevention and amelioration should be financed and coordinated largely by the government [9].

In general, strategic role of land market in Ukraine stipulates active governmental participation in land ownership and land use regulation. For example, government should establish special fiscal regimes for agricultural land sales on derivative market and prohibit conversion of agricultural land to urban land, while stimulating exhausted land purchasing. Government should provide sound land cadastre management and monitoring of such indices as: land exhaustion, soil depletion, land development and land reclamation. Also, information system development for registration, arbitrage, controlling of land sale and land lease [10] and avoiding of market shocks, overestimation of assets, fictitious capital expansion, derivative "overheating" of land market should help to stabilize land market.

JEL classification G38

Conclusion. Land market formation in Ukraine strongly influenced by different contradictions such as: liberalization of land market while unprofitable agricultural production, active use of derivative instruments under global financial crisis, total large-scale transformation of agricultural land into urban or suburban land etc.

Private land ownership abridgement, responsibility for improper land use and land conversion, restriction of TNC participation in land concentration is a subject for further researches.

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THE DEVELOPMENT OF FORECASTING METHODS FOR INCOME TAX OF UKRAINE IN THE MEDIUM TERM

Досліджено підходи до розробки методик прогнозування податку на прибуток підприємств при формуванні Державного бюджету України. На основі зарубіжного досвіду та вітчизняного законодавства запропоновано методику розрахунку прогнозу зборів розглянутого податку у середньостроковій перспективі. Запропоновано сценарні підходи для розрахунку прогнозних значень в залежності від впливу зовнішніх та внутрішніх факторів на 2013-2014 роки.

Ключові слова: податок на прибуток підприємств, сценарний прогноз, бюджет.

Исследованы подходы к разработке методик прогнозирования налога на прибыль предприятий при формировании Государственного бюджета Украины. На основе зарубежного опыта и отечественного законодательства предложена методика расчета прогноза сборов рассматриваемого налога в среднесрочной перспективе. Предложены сценарные подходы для расчета прогнозных значений в зависимости от влияния внешних и внутренних факторов на 2013-2014 годы.

Ключевые слова: налог на прибыль предприятий, сценарный прогноз, бюджет.

The approaches to develop methods of forecasting the income tax were researched while forming the Government budget of Ukraine. Based on foreign experience and domestic laws the method of calculating forecast charges was considered in the medium-term. A scenario approach was proposed to calculate predictive values depending on the external and internal factors for the 2013-2014 years.

Keywords: Income tax, scenario forecast, budget.

Fiscal reform remains a key issue of public policy in Ukraine. The Economic reform programs for 2010-2014 identified the necessity for strengthening financial and fiscal discipline, introducing medium-term planning of public finance [1]. It must be noted that planning budget incomes and expenditures as well as funding budget programs is only possible with well-performing forecasts. At present it is of paramount importance to adopt the methods of forecasting in the medium term at the state level and approve them by the regulations.

The problem of medium-term forecasting revenues of budgets in different levels is becoming very actual for scientific research and for practical activities of central government. The use of medium-term budget planning affords an opportunity for participants of the budget process to agree the strategic plans according to the available budget funds

within the framework of the draft budget for the relevant year and for subsequent periods, provide a transition to the formation of long-term budget policy [9]. While implementing the medium-term budget planning and forecasting the task of high priority is to consider new approaches to the formation of budget revenues, the main budget taxes.

The development of medium-term budgeting and making forecasts for the medium-term are considered in scientific investigations of such scholars as G. Akerlof, J. Stiglitz, R. Solow, J. Tobin, T. Efimenko, I. Lunina, I. Luty and others.

The active implementation of medium-term forecasting and planning requires the development of new methods of forecasting, based on overseas experience, adapted to the Ukrainian context and meet the objective of the state economic policy.