

**MARKET EQUILIBRIUM AS A CRITERION OF ACHIEVEMENT
OF THE GOALS OF THE AGRICULTURAL POLICY OF UKRAINE**

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Abstract. Topicality. *The research of the features of the establishment of the market equilibrium state and use the indicators of its attainment as a mark of solving of the tasks of the agrarian policy are actual.*

Purpose of the article conclude in the disclosure of features of the establishment of market equilibrium state as a criterion of effectiveness of achievement of the goals of the agricultural policy of Ukraine in the conditions of the spread of global economic processes.

In the process of writing of the article have been used the following **methods**: deductive – for theoretical understanding of the problem, graphic – for the graphic display of peculiarities of establishment of market equilibrium state as the result of the interaction between demand and supply forces.

Results. Two main external tendency are picked out, that impact on the development of the domestic agrarian sector: the enhancing of the globalization of the world economical processes and the restriction of the resource. Seven goals of the agrarian policy are determined by the results of the analyses. Six factors of the agrarian policy are added the seventh – the orientation of the policy towards market equilibrium. The peculiarities of interaction between demand and supply and establishment of the market equilibrium state are disclosed. Proved the expediently of using the criterion of “the establishment of the market equilibrium” as an criterion of evaluation of the efficiency of attainment of the tasks of the agrarian policy.

Perspectives of the further study consist in determination of features of the establishment of the market equilibrium on different product markets and indicators of equilibrium at various characteristics of demand and supply.

Keywords: demand, supply, market equilibrium, globalization, agricultural policy, criterion of solving of the tasks of the policy

Introduction. The success of agricultural reform in Ukraine depends from taking account of tendencies of global economic processes and peculiarities of reforming in various countries of the world. This largely

depends on the proper formulation and realization of agricultural policy, which takes into account the specificity of organizational structure of the sector and features of impact of internal and external factors on the conditions and the results of accomplishment of the policy. According to this, the choice of the criterion and indicators for assessment of the reforming is significant, the achievement of which will satisfy to its effectiveness. The main characteristics of the market state are the state demand and supply and the interrelation between them. One of the goals of the reforming is providing of balancing of the market, the criterion of achievement of which can be the state of market equilibrium. This is manifested in the attainment of relative satisfaction with the market state as demand forces and supply forces. In connection with this, the research of peculiarities of achievement of market equilibrium state and use of the indicators to reach it, as the benchmark of solving of the tasks of agricultural policies, are actual.

Analysis of recent researches and publications. Various branches of the agricultural sector have distinctions concerning placement, resource requirements and final consumption. The economy of Ukraine and its agricultural sector becomes more open. The governing bodies of the state fulfill the steps to integrate into global economic space. It generally can be characterized via: peculiarities of display of global economic processes; key factors of these processes; demand and supply tendencies. Among the foreign researches by these questions can be noted the publications of William Stanley Jevons [3], N. Gregory Mankiw [6], Michael Eugene Porter [7], William D. Nordhaus [9], Paul Anthony Samuelson [9], Klas Eklund [11], Lee Kuan Yew [12], Vaughan Higgins [13], M. Ataman Aksoy [14], Kym Anderson [15] and others.

The agricultural sector is a compound structural economical system of the state, that covered various branches of production and processing of crop and livestock production.

The agricultural sector is a compound structural economical system of the state, that covered various branches of production and processing of crop and livestock production. The decision of public determined tasks of reforming and development of the agricultural sector is accomplished within the agricultural policy. The peculiarities of formation and realization of the noted policy are revealed in the publications of Sabluk P. T [8], Lupenko Y.O. [4], Andriichuk V. G. [1], Heiets V. M. [2], Kovalenko Y. S. [4] and others. However further study require the issues of formation of agricultural policy in the conditions of expanding of the process of globalization with substantiation of criterion for assessment of attainment of the objectives of the policy.

Purpose of the article conclude in the disclosure of features of the establishment of market equilibrium state as a criterion of effectiveness of achievement of the goals of the agricultural policy of Ukraine in the conditions of the spread of global economic processes. **Tasks** of the article are: the disclosure of the essence of the market equilibrium state on the agricultural market; the ascertainment of the main tendencies of economic processes in the world; the determination of the main objectives of the agricultural policy of

Ukraine; the characteristic of an efficiency criterion to reach the agricultural policy purposes on the basis of the establishment of the market equilibrium state.

Materials and methods. The theoretical basis of the article is the system approach to the study of cause and consequence relationships and knowledge of fundamental principles of economics. In the process of writing of the article have been used the following methods: deductive – for theoretical understanding of the problem, graphic – for the graphic display of peculiarities of establishment of market equilibrium state as the result of the interaction between demand and supply forces.

Results and discussion. The main determinant factors, that stipulate the economic development in the world, are: limited resources and enhancing the economical globalization. Accordingly, each country seeks to form its own model of economic development as much as possible using their national advantage in the global division of labor. This fully relates to the agricultural sector of any country. Thus the agrarian sector in the economy of Ukraine fulfills backbone function and: “forms the bases the preservation of state sovereignty – food and within determined boundaries the economical, ecological and energy security, ensures the elaboration of technologically related branches of the national economy and creates the social and economic framework of development of rural areas” [10].

“The Strategy of Development of Agrarian Sector of Economy for the Period till 2020” (in further “Strategy”) determines the strategic role of the agrarian sector to provide the population of Ukraine with food and fulfillment of considerable contribution in solving of global problem of hunger. In the process of integration into the world economic space advisable to consider the tendencies of international trade liberalization. This requires improving the agricultural policies based on the transition to flexible mechanisms of interaction between economic, inter-farm and state levels of management and government. Herewith the realization of potential of agricultural sector should be accomplished by stages. For one of the stage is necessary to ensure the production of food at rational nutritional standards. For the second stage is advisable to stipulate the production of more profitable export products.

The progress of agricultural sector can ensure the multiplicative effect of development of other sectors of the economy, its integration into world economy, solution of the problem of job placement of the population and increasing income of workers. The elaboration of various targets of development of agricultural sector is significant by reason of implementation of multifunctional role of the sector in the economy. Among the targets can pick out the support of competitive environment in the sector on the basis of multistructural forms of management and priority assistance to owners of farms, who live in rural areas, work on the land and have social responsibility before communities [10].

The agricultural policy is a compound of the economic policy, that is implemented by the state in the agricultural sector and related branches. The essence of the agricultural policy consist in creation the institutional, organizational and economic, social and cultural conditions for the effective

functioning of the sector and formation of appropriate life conditions of rural population. The formalization of the objectives of the agrarian policy will promote to effective implementation of this policy (fig. 1).

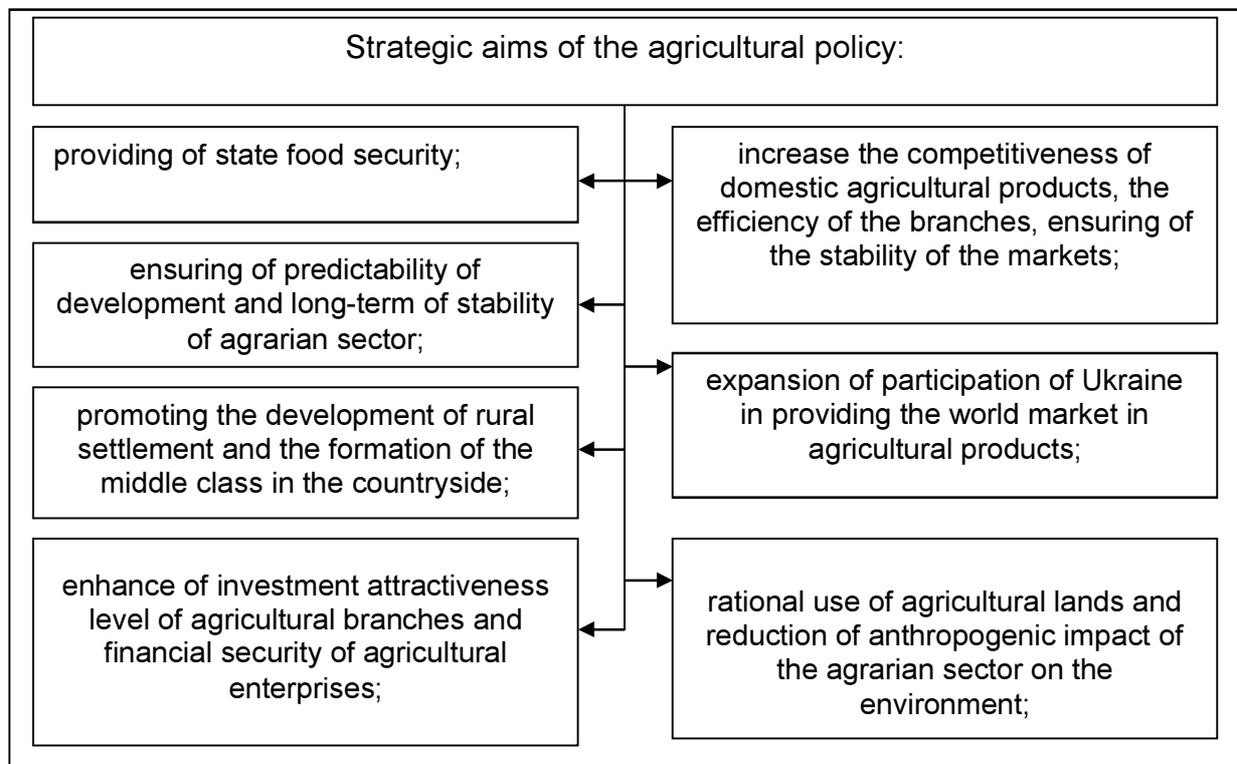


Fig. 1. Strategic aims of the agricultural policy [1]

The agricultural policy is accomplished by appropriate instruments or forms, methods and mechanisms of impact on business and life processes in the sector. The coordination and governance of development of agrarian market is the component of the agricultural policy by the interpretation of Y. S. Kovalenko. In its turn, this policy is regarded as a system of organizations, governance practices and sectoral resources for adjustment of the processes of exchange for satisfaction of consumer needs [4, p. 21–23]. It is expediently to expand the factors of the agricultural policy in the approach of V. M. Geyets [2, p. 95] (fig. 2) on the basis of additions by factor – “the orientation towards market equilibrium”.

The placement of accents is the significant in the process of substantiation and accomplishment of the agricultural policy. Thus, P. T. Sabluk [8, p. 4] indicated on the minimum value of the standard 15 % of the profit by all involved assets in the production as a criterion of efficiency of fulfillment of the agricultural policy and appropriate of behaviour of the reproduction processes. V. G. Andriichuk considers the key issues of the agricultural policy in next: providing the transition from polycentric to polarized of the organizational structure of the agrarian market; the strengthening of the role of industry associations of agricultural producers in the solving problems of the governance of the market and ensuring of proportional income between the links of production, processing and trade [1, p. 104–111].

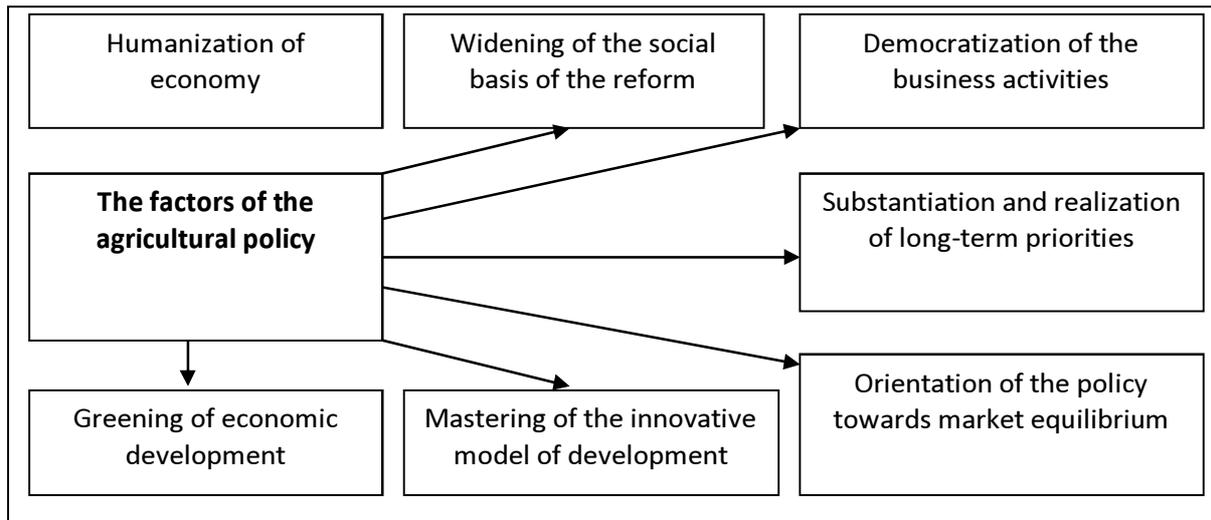


Fig. 2. The factors of the agricultural policy of Ukraine

The determination of the criterion of correlation of solving problem of the agrarian policy with the state of the agrarian market is reasonable in the process of realization of this policy. In this respect the state of “the equilibrium” can be used as an orientator and as the condition, that satisfy the demand and supply forces. Thus, the equilibrium state is characterized by the equilibrium output and the equilibrium price. In turn the equilibrium output shall be the level, that is formed at the state of balancing between demand and supply. In this condition the price shall be equilibrium. The indicated market state characterizes the situation, when supplied volume of production is realized utterly or can be realize. At the same time, it should be noted that the formation of this condition means the absence in the market both deficit and excess of the certain good. The equilibrium state can be establish in the separate product market or in agrarian market generally. In the first case it means the establishment of a partial equilibrium, while in the second – achievement of general equilibrium.

The issues of values of the good and the regularities of the change between demand and supply is the starting economical characteristic. These problems of interaction between market forces are considered in the vast majority of scientific papers. W. S. Jevons [3, p. 89–90], N. G. Mankiw [6, p. 50–58], P. A. Samuelson and W. D. Nordhaus [9, p. 99–106], K. Eklund [11, p. 55–61] and others paid attention to study of the issues.

In a simplified interpretation, the regularity of the demand is characterized by the line of demand (D). This line show the dependence of between the change of the level of demand (in units of output) from the price of one unit of the product. Herewith the general regularity conclude in the enhancing of the demand level after decreasing of the price of one unit of the product. In turn, in a simplified interpretation, the regularity of supply is characterized by the line of supply (S) and consist in tendencies of increasing of supply level after enhancing of the price.

The intersection point between the lines of the demand (D) and the supply (S) is the point of equilibrium (E). This point is characterized as the

point of the compromise between the demand and the supply forces with proper value of the output and the price, which are called the equilibrium price and the equilibrium output (fig. 3).

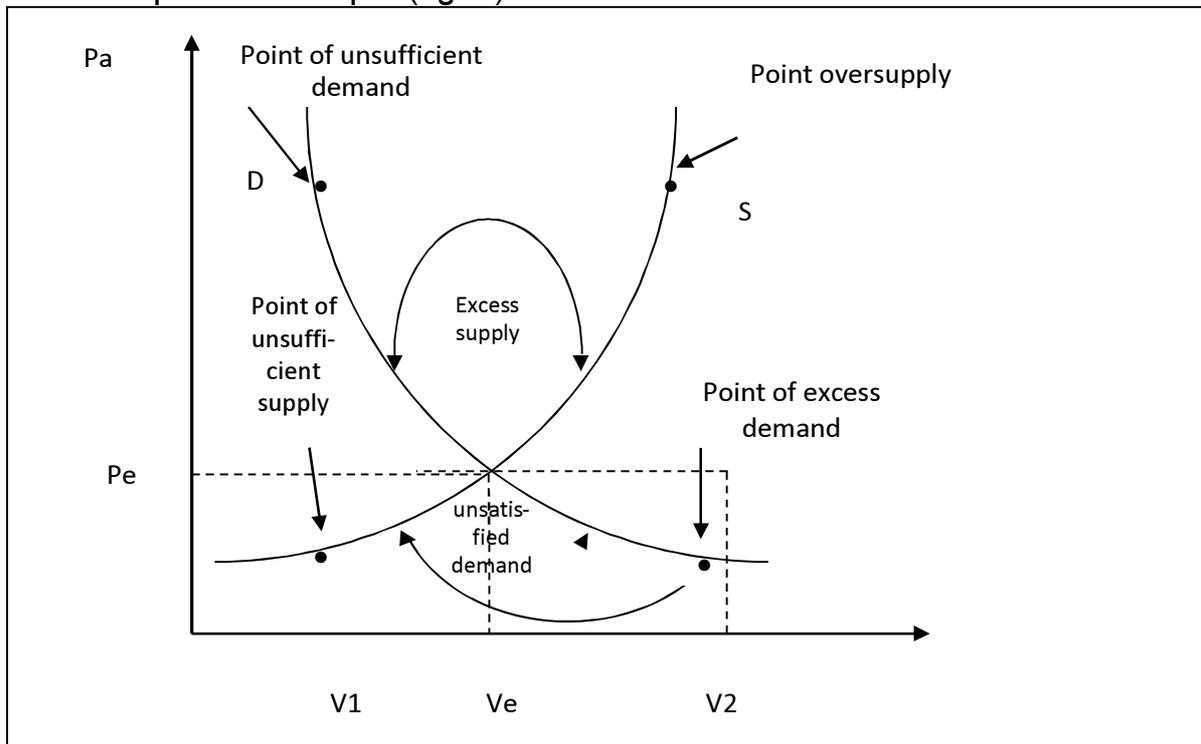


Fig. 3. Interpretation of balanced volume of production in the context of the model “demand – supply”

The line of the market supply (S) describes the marginal social costs. Representatives of the supply power consent on a minimum market price per unit of a product, that will cover at least the production expenditure (marginal expenditure).

The graphic approach expediently to use for interpretation of peculiarities of establishment of equilibrium volume of production. It allow to perceive visually the features of various market state after changing its separate characteristics. So the peculiarities of formation of equilibrium volume of production in the model “demand – supply” are represented on the fig. 3. Herein the next designations are used in the graphic interpretation of the model : V_1 , V_2 – actual output, V_e – equilibrium volume of production, P_a – actual price level, D – the graphic of demand, S – the graphic of supply. One of the property of the establishment of the equilibrium state is the periodicity of its breach. After infringement the balanced output is carried out changing the level of the equilibrium price also. Herein the mutual contrarily dependence is denoted. After contravention of the equilibrium state carry out the decrease of the equilibrium volume of supply ($V_2 > V_e$). Together with this the stabilization until new balanced condition attend with enhancing of the level of equilibrium prices ($P_a < P_e$). In turn at the other version of the stabilization of the equilibrium state with enlarging of the equilibrium volume of supply ($V_1 < V_e$) mark the reduction of the level of equilibrium prices ($P_a > P_e$).

Globalization is the process of expanding of influence of economically developed countries on the economies of other countries. Ukraine belongs to the group of countries with transition economies and is increasingly suffered from the impact of globalization. The features of the globalization are: integration of different markets, mobility of capital and labour force, international trade, strengthening of role of the information in ensuring of the effective functioning of the firms, sectors and the economy as a whole. Globalization necessitates to pay attention to innovation of production for provide of the appropriate level of competitiveness of products in the domestic and foreign markets. This should make priority for deepening of specialization in those products for which the state has advantages among other countries. A manifestaion of globalization is integration of different markets both in geographical context (local and regional) and in factor ratio (market goods, labour, capital).

The generalization of the experience of the transformation of any country is useful. So breakthrough position “from the third world to the first” of Singapore is based according to Lee Kuan Yew [12] on enhancing of technological and institutional innovation especially during the structural crises. He underlined the significance of the institutional support of the reforming and introduction of innovation. He pointed out the significance of formation and use of proper to this innovation the institutions either formal or informal “rule of the game” also. Earlier the country with high share of the agricultural production in the structure of GDP (gross domestic product) related to backward. However the agricultural sector is a priority for innovations at the current period. For example, the management of the corporation “John Deere & Company” evaluates, that the modern combine of this company dominates above the spaceship ”Soyuz – Apollo” (1975) at the innovation level. Canada and Netherlands are the countries with developed agricultural sector. The countries realize the active export of the agricultural products.

Along with this the stable tendency of increasing demand for the agricultural products is observed as in the developed countries and in the developing countries. Herein the features of demand are noted in these groups of the countries. Thus the predominance of the rate of enhancing of demand on the food products comparatively to the rate of change of demand for resources is marked in the developing countries. This is stipulated the fact of the need of large-scale food import for overcoming hunger. The specificity of demand for foodstuffs in developed countries is conditioned the increasing of the priorities among the citizens of these countries towards a healthy lifestyle and ecological products in its ensuring. This indicated on the perspectives for Ukraine the deepen of export orientated development of the agricultural sector and the formalization of the issues by means of the tasks of the agrarian policy.

Conclusions. In general, the summarizing of the previously mentioned leads to the following conclusions:

1. The restriction of the resources and the enhancing of the processes of globalization are two key factors, that stipulate the economic development in the world.

2. The phenomenon of globalization leads to obliteration of the economical borders between countries and strengthening the requirements to innovativeness of the economy for ensuring of proper level of competitiveness of the products.

3. The effective functioning of the agrarian sector can be provide on the base of the formation and realization of the active agricultural policy. The estimate of the efficiency of solving the tasks of the policy should be accomplish by the certain criterion. The attainment of the general state of market equilibrium expediently to choose as such criterion, that satisfy the demand and supply forces.

In the results of the reforming the agrarian sector should become the effective and social oriented sector of the economy, capable to satisfy the requirements of the domestic market and to provide the leading positions on the international markets of foodstuffs. In turn the state agricultural policy should be adequate existing challenges and orientate on ensuring of the market equilibrium state for balancing demand and supply.

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РИНКОВА РІВНОВАГА ЯК КРИТЕРІЙ ДОСЯГНЕННЯ ЦІЛЕЙ АГРАРНОЇ ПОЛІТИКИ УКРАЇНИ

А. В. Іванько

Анотація. Актуальність. Актуальним є дослідження особливостей встановлення стану ринкової рівноваги на аграрному ринку та вико-
тання показників з його досягнення як орієнтиру для вирішення завдань
аграрної політики.

Мета статті – характеристика особливостей встановлення
стану ринкової рівноваги як критерію дієвості досягнення цілей аграрної
політики України в умовах поширення глобалізації світогосподарських
процесів.

Під час написання статті було використано такі **методи**:
дедуктивний – при теоретичному осмисленні проблеми, графічний –
для графічного відображення особливостей встановлення стану
ринкової рівноваги у результаті взаємодії сил попиту та пропозиції.

Результати. Виокремлено дві загальні зовнішні тенденції, що впли-
вають на розвиток вітчизняного аграрного сектору: поширення глобалі-
зації світогосподарських процесів та обмеженість ресурсів. За результа-
тами аналізу визначено сім цілей аграрної політики. Шість чинників аграр-
ної політики доповнено сьомим – „орієнтація політики на забезпечення
ринкової рівноваги”. Розкрито особливості взаємодії між попитом і пропо-
зицією та встановлення стану загальної ринкової рівноваги. Доведено
доцільність використання критерію „встановлення ринкової рівноваги” як
критерію оцінки дієвості виконання завдань аграрної політики.

Перспективи подальших досліджень полягають у визначенні
особливостей встановлення ринкової рівноваги на різних продуктових
ринках та показників рівноваги за різних характеристик попиту й
пропозиції.

Ключові слова: попит, пропозиція, ринкова рівновага, глоба-
лізація, аграрна політика, критерій вирішення завдань політики

РЫНОЧНОЕ РАВНОВЕСИЕ КАК КРИТЕРИЙ ДОСТИЖЕНИЯ ЦЕЛЕЙ АГРАРНОЙ ПОЛИТИКИ УКРАИНЫ

А. В. Иванько

Аннотация. Актуальность. Актуальным является исследование
особенностей установления состояния рыночного равновесия на

аграрном рынке и использование показателей по его достижению в качестве ориентира для решения задач аграрной политики.

Цель статьи – характеристика особенностей установления состояния рыночного равновесия как критерия действенности достижения целей аграрной политики Украины в условиях расширения глобализации мирохозяйственных процессов.

В процессе написания статьи были использованы такие **методы**: дедуктивный – при теоретическом осмыслении проблемы, графический – для графического отображения особенностей установления состояния рыночного равновесия в результате взаимодействия сил спроса и предложения.

Результаты. Выделены две общие внешние тенденции, влияющие на развитие отечественного аграрного сектора: расширение глобализации мирохозяйственных процессов и ограниченность ресурсов. По результатам анализа определено семь целей аграрной политики. Шесть факторов аграрной политики дополнены седьмым: "ориентация политики на обеспечение рыночного равновесия". Раскрыты особенности взаимодействия между спросом и предложением и установление состояния общего рыночного равновесия. Доказана целесообразность использования критерия "установление рыночного равновесия" в качестве критерия оценки действенности выполнения задач аграрной политики.

Перспективы дальнейших исследований заключаются в определении особенностей установления рыночного равновесия на разных продуктовых рынках и показателей равновесия при разных характеристиках спроса и предложения.

Ключевые слова: спрос, предложение, рыночное равновесие, глобализация, аграрная политика, критерий решения задач политики

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MODERN TENDENCIES IN ECONOMIC GLOBALIZATION PROCESSES

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Abstract: For various reasons at the end of the 70s, the process of economic globalization has been changing, as well as real interest rates have increased significantly since that time. This factor, and the low profitability of