

AGRICULTURAL LAND-USE PLANNING AND THE ROLE OF THE STATE

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Abstract

Agricultural land-use planning is a socio-economic process and a combination of technical and economic activities, which streamline and optimize land use according to the industrial, economic and social conditions and to the factors of the environment. By taking control on the agricultural land structure, the state plays a major role in solving problems of land tenure, use of the country's agricultural potential and environmental protection. The goal of the paper is to reveal the need, objectives and tools of the state intervention in regulation of the agricultural land-use planning. In the paper, the history of regulation of land use and land use planning is traced. The peculiarities of the agricultural land-use planning and its state regulation in the countries under centrally planned economy are revealed. The essence and the objectives of the agricultural land-use planning under free-market economy are outlined. The need of state intervention and its complexity is analyzed and discussed. The major role of the state in the agricultural land-use planning is to ensure a fair territorial basis for implementation land tenure, for agribusiness development, for regulation of land market and land relations and for implementation of environmental protection measures.

Key words: *agricultural land-use planning, state intervention, land tenure, land market, land relations, environmental protection.*

INTRODUCTION

Many experts believe that in a situation of a global financial crisis agriculture is the fulcrum of any economy and its main asset is the agricultural land. One of the main tools for prospective management of the agricultural land is the science-based agricultural land-use planning.

This can be explained with the nature of the agricultural land-use planning itself as a socio-economic process and a combination of technical and economic activities that streamline and optimize land use according to the industrial, economic and social conditions and to the factors of the environment.

It pursues a complex objective of balancing the land use and of preservation and development of the agricultural land potential of a country. The basic approach is through synchronizing the economic and the environmental issues of sustainable development.

By serving this objective on behalf of every single barer of land tenure rights and of the society as a whole, agricultural land-use planning has the following **general peculiarities:**

- corresponds to the current level of the scientific and technical progress;
- considers the availability and the technical status of the productive forces and the established land relations;
- serves the economy plans and perspectives of the agricultural enterprises
- considers the quality and the peculiarities of the environment
- has an impact on the economy efficiency of the business enterprises;
- it is state regulated.

The history of the agricultural land management reveals that the agricultural land-use planning has always been a part of the state governing system. The state control on the agricultural land structure ensures several important for the business, Nature, land tenure and society items. Firstly, the state has the responsibility to protect and regulate land tenure, which proceeds from of the basic role of private property in the free-market economy. Secondly, the state is interested in exploiting the full agricultural potential of the country and in developing a competitive agriculture. Thirdly, it is state's responsibility for the

control and guarantee of food security for its citizens. Fourthly, no one but the state is to take care for preservation of the national nature resources - both in the national and in the global environment interest. Fifth, it is state's responsibility, too, to provide comparable to the other economy sectors level of the income and employment in agriculture. This is in touch with its greater responsibility for the development of the rural areas.

Generally the state governs the process of agricultural land-use planning by taking into account the market needs, the diversity of forms of land tenure, the requirements of the environmental preservation, etc.

Currently, the governmental regulations of land relations are characteristic for all countries in the world. However, this regulation is observed more strictly in the economically developed countries).

In these countries, it has long been realized that the absence of legally, scientifically and financially ensured agricultural land-use planning causes a hold in land tenure transformations (Volkov, 2005).

The goal of the paper is to outline the role of the state in terms of motivation, objectives and tools of state intervention in the agricultural land-use planning and land tenure regulation.

THE HISTORICAL PATH IN REGULATION OF LAND USE AND LAND-USE PLANNING

The need for land-regulation activities has been proven since ancient times. Human history represents a continuous adaptation of the human activities to the nature peculiarities of a territory and vice versa - adaptation of the territory to the human activities, the latter resulting in distribution of a territory among the land users. The distribution of land during the primitive society had casual nature and was regulated by force (for hunting, for example). When these primitively won rights developed into private property on land, various problems of economic, environmental and social nature had to be solved. A need of governance of land ownership and land use occurred. Land use management was first practiced in connection with agricultural production. Afterwards the scope of addressed activities expanded with

construction, infrastructure (irrigation canals, for example) and other land issuing ones.

At first, the way of governing land distribution was only by stabilizing the borders of the land plots on the terrain and registering the property rights in state books. Land survey and land registration were the first state regulated actions, connected with land tenure. The first cadastral plans were created by land surveying for the purposes of land taxation. The first ordinances on land were written in Russia, Sweden and other European countries in 18th century. Gradually, a process of redistribution of property by division, reunion, inheritance and assignment of rights, exchange of properties, sale and purchase started. Land turned into capital goods and land market emerged. Land turn-over became an unpreventable ceaseless process. The agricultural production in such dynamic territorial conditions could be organized only by land management activities and mostly by land-use planning as state responsibility. A time came when the ordinances turned into the first land management laws.

Necessarily, the land-use governance served the interests of the governing political class. The feudalists expanded their holdings on fertile lands, while the land plots for the peasants were small and poor and so allocated to permit labor exploitation. During the transition from feudalism to capitalism, land management was a tool for land deprivation of the small agricultural producers and turning them into free but landless and no lucrative working class.

Nowadays, the state land policies of the economically developed countries outline several **directions** in the agricultural land-use management (Volkov, 2005):

- land survey for documentation of land tenure
- land-use planning connected with distribution of land for different functions and production
- land management, connected with land preservation;
- land consolidation for improving the functionality of the land properties,
- farm area structuring for optimizing the economy functions and ensuring land protection of the single farms.

Specific features of land management and agricultural land-use planning were created in

the countries that passed a period of centrally planned economy. This period was characteristic for deficiency in three essential attributes of a democratic society - private property, land market and economy competition. For this reason, the agricultural land-use planning was like a passive action in the interest of the only land owner – the state. It also served the socialist-type land relations that were formal. Though the state was the only real governing factor, land-use planning suffered of lack of real governmental actions towards its implementation. Agricultural land-use planning was a consequence of implementation of investment projects. The other activities, which were attributes of the agricultural land structuring projects, were based informally on the expertise of the agronomists and managers of the agricultural enterprises. In other words, there was no officially done agricultural land-use planning. Further, the philosophy of the political system hardly admitted the constraints of the global resources and of the benefits. The agricultural land-use planning contained in itself the risk of land resources exhaustion and their unsustainable use. Today, the countries in transition join the global policy of preservation of land as a planet resource.

The diversity of land ownership, the free choice of land management, the market relations and conversion of land into capital market goods dictate the objectives of the contemporary agricultural land-use planning. The **new issues** for the countries in transition are:

- optimum land use for agricultural production
- regulation of land relations
- protection of land tenure
- soil and environment conservation
- providing information basis for efficient land management.

THE STATE REGULATION OF THE AGRICULTURAL LAND-USE PLANNING IN THE CENTRALLY PLANNED ECONOMY

Land use planning was the main lever of the state for the implementation of the socialist transformation after World War II. Land property was weakened in the processes of nationalization and collectivization. Socialist land relations were established. The purpose

and the principles of land-use planning were defined by the type and nature of the general economic concept of a total state regulation.

The socialist definition of land-use planning specifies that it is a "system of state activities". This is logical, given the centralized management of the processes and linkages in economy. The state efforts aimed at implementing planned production and realization of regulated prices. There were two main negative features of the state behavior in land policy:

- The state was a totalitarian holder of land tenure and defended its own interests with priority. The land-use planning served mainly the mass agricultural production of the socialist organizations and cooperatives but not the farmer himself and his private interests. Due to the strong intervention of the state, the deprived of land tenure farmer lost his stimulus for making labor efforts on his land. He knew that he would not reap the fruits of his labor. In this situation, the agricultural productivity rather decreased than increased. What is worst, the state land policy produced one of the most negative effects, which would not be overcome for decades – that is the alienation effect on land owner's consciousness and emotional connection to land. Getting back to market economy, the motivated interest of the land owner in stewardship of his land and in agricultural production didn't automatically get back.
- The state pursued a maximum production and economic growth but through using more resources, not through a better use of the available resources (Isachsen et al., 1994). In this sense, the state, firstly, realized large-scale operations under the delusion of high efficiency and, secondly, reduced to zero the economy competition as an engine of the development. The state tolerated the monopolistic production that put obstacles to market development mechanisms.

It is obvious that the political system and the state actually worked for slowing down the development of the economy and therefore such public activities like land-use planning became inefficient. The land relations were formal. They were oriented to develop the state-cooperative land tenure. Land relations were restricted by the state and agricultural land-use planning didn't play a role of their

natural regulator as it was in the states of free-market economies.

The maximization of the agricultural production excluded considerations of an ecological balance.

AGRICULTURAL LAND PLANNING AND THE COMPLEXITY OF STATE'S RESPONSIBILITIES IN FREE-MARKET ECONOMY

The essence and the objectives of the agricultural land-use planning under free-market economy are completely different from those under the conditions of a planned economy. This stems from the fact that land is not only a spatial basis, a means of production and a natural production resource but is also a real estate and capital market goods. This determines **the importance of land-use planning for several activities that need state intervention** such as:

- proper use of the agricultural territory for agricultural production
- land registry
- proper functioning of market and land relations
- protection of the environment.

Nowadays, the state is interested in the fact that the Land Fund as a whole and each individual plot is rationally used, thus ensuring the interests of the national economy and all of its branches so that **each hectare of agricultural land gives its production potential**, the land is properly cultivated and its productive properties and other useful qualities are continuously improved.

In almost all developed EU-countries, USA, Canada, Japan, China and other countries the governmental regulation of land relations is intensive (Volkov, 2005). Land management under market economy operates with the land plots as objects of real estate. This presupposes the existence of a system of state **land registry** (for valuation and management). The land plot (real estate) is also a unit of taxation, inventory (for compulsory judicial execution of decisions on land use), building rights etc. Land property is a subject of certain state regulated rights and relations and the state has duty of governing these rights on behalf of economy and a good order in society.

The **market intervention** of the state is connected with shaping of the land properties because of the land transactions and for ensuring conditions for the development of agribusiness. The main objectives of the agricultural land-use planning as a state regulated activity are:

- To establish and record the physical properties of the land plots - their location, area, boundaries and nature quality. This is connected with the release of documents which certify the land tenure and its implementation. The documentation of land ownership helps in protection of the private property rights and is a release option for a free economic choice. Maintenance of a public register of agribusinesses also needs this recorded information.
- To provide the costs of land properties by land valuation. Valuation is necessary for releasing options for land transactions, for providing information in support of the supply and demand on land market, for regulation of the relations within the agribusiness and of the agribusinesses with the state, workers and citizens. State intervention in valuation of the agricultural land helps monitoring the dynamics of the land market and protection of the economic competition.
- To prepare the necessary information for the land tenure transfer, for taxation and for implementation of economic incentive measures and economic sanctions.

It is well known from economy science that the private initiative and the market mechanisms cannot effectively protect the public interest. Nowadays, the public interests in **an environmental protection** are a priority of any activity, connected with the use of the natural resources. From the point of view of the sustainable development, the use of nature resources in geosphere and biosphere reached a critical point at the end of 20th century. The balance of the personal and public interests turned in favor of the latter. Actually, the emergence of misbalances in land use decisions, the risk of pressure which is generated by the private initiative while trying to maximize the results of agricultural production without taking into account the environmental risks, etc. evokes a need of state

intervention. The state should organize the priority defense of the public interest – either economic or environmental. The purpose of the intervention is to minimize the negative effects of any wrong decision on land-use planning for the society, to prevent the loss of effectiveness of this activity and the to prevent the reducing of the welfare of society as a whole. The state should legally define special patterns and conditions of land use and should offer economic and legal measures for proper land-use. It has to regulate special arrangements for protection of the national and citizen's interests by conduction a judicial review and control. The methods through which the state has to affect the agricultural land management are (Belev, 2009):

- direct methods. i.e. legislative measures
- indirect methods, i.e. economic measures.

The state intervention requires creation of **institutions (laws)** on the structure of the agricultural lands, land use and regulation of market conditions. The legislative framework on the agricultural land is a tool for proper land use, including land protection. It guarantees the primary land use of the agricultural territory for agricultural production, implementation of the technical regulations and specifications, soil and land protection and landscape preservation. The direct market intervention puts legal limits on the scope of activities and requirements to the impact factors. The regulatory function of the state comprises rules and procedures for: 1) direct regulation of the real estate market to reduce and correct its uncertainty; 2) control on the liability for any breaches of regulations in the transactions; 3) control of the compliance with the established norms and rules by all market players; 4) registration of the land transactions and the rights obtained, 5) regulation of the private entrepreneurship (through rules and procedures for any business related to land).

The economic regulatory measures can be grouped as: 1) governmental programs for resource prices and tax policy (tax rebates, incentives, etc.) for regulation of land prices; 2) state programs for the development of land property and environmental protection, together with taxation and certain charges related to land use and fiscal and others kinds of policies for land use and land development

ensuring economic stability; 3) compulsory premiums, insurance, subsidizing, etc.

The process of specifying the scale, guidelines and tools of state intervention in land management and agricultural land-use planning is being constantly discussed and adjusted. The reference point is protection of land resources and regulation of rules in order to protect private interests within the priority protected public interest.

CONCLUSIONS

In short, the goal of the state intervention in agricultural land-use planning process is to put a fair territorial basis for the development agribusiness, to implement environmental protection measures, to contribute for land tenure implementation, and to contribute for regulation of land market and land relations. The enterprises, which have land-use plans for their farmland, are more cost-effective than those, which don't have (Volkov, 1994).

For all the participants in the agricultural land-use planning, the important items in state regulation are:

1) Ensuring the legal validity of land tenure and regulation of land market and land relations through:

- an effective system of land tenure normative framework, including protection of land tenure, establishment of standards for maximum and minimum size of land tenure, reconciliation of the interests of the society with the legitimate interests of citizens, regulation of land relations in leasing, cooperatives and rentals, responsibility for failure to comply with the law
- implementation of an effective land policy on based on a concept, plans and programs for efficient management of the agricultural land, rural regions and municipalities
- ensuring reliability of the valuation and registration of land tenure
- operation of a reliable system of taxation
- control over land turnover and land redistribution, as well as on the amount of private land possessed by foreigners

2) Ensuring an efficient use of farmland through:

- following an official methodology in elaborating of agricultural land-use projects

- matching the technological requirements for agricultural land-use planning
- compulsory revision of the existing projects and elaborating new ones in case of change in land tenure
- development of infrastructure
- solving the problems of suburban agricultural areas and suburban agriculture
- solving the problems of the mountainous agriculture and the land-use for agricultural production in the mountainous regions
- use of modern technologies for elaborating projects

3) Ensuring environmental protection through:

- strictly targeted use of the agricultural territories for agricultural purposes and suppression of the negative phenomena in land use
- maintenance of a rational use of the nature resources for agriculture
- efficient use of land resources in the process of agricultural production
- preservation of land and land resources
- development of a monitoring system for land use in the agricultural areas

- subordination of the agricultural land-use planning to the spatial planning of the territory of the country

The governmental regulations of agricultural land-use planning should be viewed not as an interference in life of land as a real estate but as a part of the internal socio-economic policy for a balanced development of the territories, as a support for the depressed regions, as creating zones of economic growth through implementation of programs for land development.

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