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ECONOMIC AND LEGAL ASPECTS OF INCENTIVIZING ENTREPRENEURS FOR LAND CONSERVATION

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Abstract

It has been established that gardening and winegrowing are contingent on multiple application of pesticides, very hazardous to nature and humans alike, the question of stimulating gardeners and winegrowers to land conservation is a pressing issue. It has been shown that the Land Code of the Russian Federation (LC RF), unlike LCs of many other countries, does not provide economic measures to stimulate entrepreneurs for land conservation of agricultural lands. Negative economic and social consequences of insufficient stimulation of entrepreneurs in this direction are shown. The principal attributes of incentives aimed to stimulate land conservation by gardeners and winegrowers are formulated. The paper shows causes of deficiencies in the Russian land incentives system and proposes measures for their rectification. There are arguments given for application of systemic approach to solving the problem of incentivizing market gardeners and winegrowers. It is proposed to incentivize not only land conservation, but also use of immune cultivars of fruit crops and vine, as well as environmentally friendly and permissive growing techniques. To give wide currency to the incentives for gardeners and winegrowers involved in land conservation, it is proposed to supplement the Constitution of the Russian Federation with Chapter 10 “Foundations of Award Policy of the Russian Federation” and additionally supplement the LC RF with a section on “Incentives in soil conservation and procedure for their application”. Economic and legal definitions are provided for the concept of “incentives for entrepreneurs stimulating soil conservation in gardening and winegrowing”.

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1. Introduction

Beliefs common in post-USSR gardening and winegrowing regulation that only a system of penalties may stimulate gardeners and winegrowers to conservation of gardening and winegrowing lands turned out to be untrue and fell short of target, resulting in inefficient use of lands under gardens and vineyards. As gardening and winegrowing are contingent on multiple (up to 40 times per season) application of pesticides, very hazardous to nature and humans alike, the question of incentivizing gardeners and winegrowers to land conservation is a pressing issue. Optimal combination of penalties and incentives, environmental interests of society and economic priorities of the entrepreneurs may provide conservation and rational use of lands under gardens and vineyards.

2. Problem Statement

While there are a multitude of works dedicated to development of theoretical aspects of penalizing farmers for wastage of land, there are very few dedicated to incentives. Speaking of the problem of incentives in gardening and winegrowing, there are almost no works on the issue. It is supported by the fact that a monograph “Incentives in Law...” published in 2016, contain articles on different branches of law, but does not touch upon land or environmental legislation. Gushchina (2003) also supports this: Solution of environmental problems requires powerful incentive used in parallel to penalties (Malko, 2004), linking environmental interest with the economic ones. This is indeed true, as the obligations of land users in Article 42 of the Land Code of the Russian Federation (hereinafter – LC RF) are vastly out of proportion compared to their rights stated in Article 40 of the LC RF.

3. Research Questions

The research subject of this paper is willful responsible land relations between the society and Russian entrepreneurs, arising from business activities in gardening and winegrowing.

4. Purpose of the Study

The purpose of this study is to develop economic and legal measures for incentivizing entrepreneurship in gardening and winegrowing with the aim to provide land conservation and production of environmentally friendly fruits and berries.

5. Research Methods

The research has been conducted with the following methods of abstract thinking: analysis, synthesis, analogy, deduction, induction and abstraction, as well as with such methods as historical, comparative and logical-legal techniques.

6. Findings

Beliefs common in post-USSR gardening and winegrowing regulation that only a system of penalties may stimulate gardeners and winegrowers to conservation of gardening and winegrowing lands

turned out to be untrue and fell short of target, resulting in inefficient use of lands under gardens and vineyards (Ibragimov & Ibragimov, 2017). As gardening and winegrowing are contingent on multiple (up to 40 times per season) application of pesticides, very hazardous to nature and humans alike, the question of incentivizing gardeners and winegrowers to land conservation is a pressing issue (Dzanku, 2018). At the same time, the LC RF, unlike LCs of many other countries, does not provide economic measures to stimulate entrepreneurs for land conservation of agricultural lands.

While there are a multitude of works dedicated to development of theoretical aspects of penalizing farmers for wastage of land, very few are dedicated to incentives. Speaking of the problem of stimulation in gardening and winegrowing, there are almost no works dedicated to the issue. It is supported by the fact that a single-issues monograph “Incentives in Law...” includes articles on different branches of law but does not touch upon land or environmental legislation (Incentives in Law: General theoretic and sectoral aspects, 2016). This is also supported by Gushchina (2003): “Solution of environmental problems requires powerful incentive used in parallel to penalties, linking environmental interest with the economic ones” (p. 57). This is indeed true, as the obligations of land users in Article 42 of the Land Code of the Russian Federation (hereinafter – LC RF) are vastly out of proportion compared to their rights stated in Article 40 of the LC RF.

During the last two decades, the USA pay much attention to issues of increasing the efficiency of utilizing human capital and application of modern methods of labor motivation. The motivation of farmer to conform to the land conservation regulations is a cornerstone of the land policy in the US. Rapid growth in soil fertility and explosion in development of agriculture and well-being of Americans quickly followed (Peculiarities of Economic Development of the USA: Trends of the second decade of the 21st century, 2016). The following principal attributes of incentives aimed to stimulate land conservation by gardeners and winegrowers may be formulated. 1) incentive is applied when an entrepreneur performed measures provided by the land code for land protection and land conservation in gardens and vineyards with due diligence, and ensured high yields of high-quality fruits and grapes as a result; 2) incentives emphasize diligence and responsibility of market gardeners and winegrowers; 3) the incentivized gardener or winegrower is worthy of the incentive due to their responsible attitude to their obligations stated in Article 40 of LC RF and developed a correct internal attitude to them; 4) incentive, unlike penalty, is good for everyone: the candidate themselves, state and society; 5) presence of a set of incentives in the economic and legal system of a country shows not only the real state of the incentive policy of the state, but the process of democratization of society as a whole. There is a belief that an easy way to corrupt a state is to incentivize not those getting positive results from diligent work (Nyrkov, 2006), but those who grovel before the people in power instead of honest work, spending all their labor hours to peep, eavesdrop, denounce and scheme.

To exclude such misguided practices of influencing the state award policy, which is undoubtedly bringing about much harm, the following measures are necessary: 1) The Constitution of the Russian Federation shall be supplemented with Chapter 10 “Foundations of Award Policy of the Russian Federation” that shall provide regulations, codifying:

- fair and appropriate state award is a responsibility of relevant state executive authorities, local governance authorities, enterprises, organizations, institutions, their managers on the basis of decision of a

consultative assembly that includes representatives from public organizations, collective of the awarded entity, regional bodies, public prosecution and courts, professionals from each area of professional activity;

- one month before the candidate award is to be considered by the consultative assembly, the Award Bulletin of Russia (region) publishes a biography, photographs and merits of the award candidate;

- senior officers of state authorities, local governance bodies, collectives, official and other persons responsible for making a decision on award are legally responsible in accordance with the current legislation for unfairly obstructing the performance of legal award policy;

- each person has a right to appeal in court the decisions and actions of persons making unfair decisions applicable to awarding;

2) It is necessary to develop and adopt a Federal Law “On Foundation of Organizational and Legal regulation of State Award Policy in the Russian Federation”, which shall codify provisions stating goals, objectives, principles, financing and other issues related to implementation of the law;

3) In the federal center and every region, it is necessary to create a periodic publication – *Award Bulletin of the Russian Federation (region)* to publish personal merits of awardees depending on the territorial status of award;

4) In the center of each settlement – city, town or village – it is necessary to set up an Award and Recognition Board, used to display photographs of awardees – best people in the settlement;

5) Following the award, the awardee's merits shall receive wide publicity through media. There shall be a special television broadcast on the Russian TV covering the topic: “They achieved high results – and have been awarded!”

6) Annual publication of Russian Statistics Bureau shall include a new reporting indicator — index of population encouragement, which may be expressed, e.g., by the following ratios: “number of awarded with Federal awards per 1000 inhabitants”; “number of awarded with regional awards per 1000 inhabitants”, “percent of profit from efficient activity of awardees, etc.;

7) Commission the General Prosecutor Office of the Russian Federation and/or Court of Auditors of the Russian Federation to inspect the state of award proceedings in Russian regions, and from analysis of the inspection’s results substantiate proposals for improvement of the award proceedings in the federal subjects of the Russian Federation, etc.. There is a need for applying the systemic approach to resolving the problem of incentivizing market gardeners and winegrowers. It is proposed to promote not only land conservation but use of immune cultivars of fruit crops and vine (Batukaev, Shishkhaeva, & Sadaeva, 1997), as well as environmentally friendly and permissive growing techniques (Khamuhzaev & Borzaev, 2016). In order to give wide currency to the incentives aimed at entrepreneurs involved in land conservation in gardening and winegrowing, the incentives shall be codified in the relevant provisions of the Land Code of the Russian Federation:

- the incentives defined in advance and have a high guarantees in the Land Code of the Russian Federation; legislator, in accordance with high significance of preserving land fertility shall establish strict procedures of award proceeding for entrepreneurs with the aim of providing efficiency of implementation of the incentivizing regulations of the land law;

- a scope of persons shall be provided with authority to incentivize outstanding gardeners and winegrowers and shall strictly follow the principles of legal award regime;

- clear gradation of attained positive results in providing soil fertility in gardens and vineyards shall be set: for example, if the soil fertility is kept at the same level as before the land plot was rented out, the entrepreneur is incentivized to the amount of 2,000 rubles for each 600 square meters; increase in humus content by 1% from its initial level leads to augmenting the incentive by 1,000 rubles;

- controls shall be provided to check implementation of the incentives by the incentivizing bodies;

- it is deemed that the LC RF shall include an additional section on “Incentives for preservation and regeneration of soil fertility and procedures for their application”, following the Article 42 “Responsibilities of land plot owners and persons...”.

Those entrepreneurs, who for 10 years and more ensure exemplary performance in preservation and regeneration of soil fertility in gardens and vineyards, may be awarded with a newly-created badge of honor *Honored Gardener (Winegrower) of the Russian Federation*. As an incentive to increase soil fertility, renting entrepreneur shall have a priority for renewal of the rent, on condition of preservation or improvement of soil fertility under a garden or vineyard. Thus, it is proposed to supplement Item 4 of Article 39.6 of LC RF with a provision: “A citizen or a legal entity renting a land plot in a garden or vineyard has a right for rent renewal on condition of preventing impoverishment and degradation of soil and other negative impact onto garden and vineyard lands, as well as provision of land conservation and preservation and improvement of soil fertility in the rented plot”.

7. Conclusion

Thus, incentivizing entrepreneurs for land conservation in gardening and winegrowing in the legal sense shall be understood as various forms of positive assessment on behalf of the state of responsible performance of land-related obligations, as set up by provisions of the land law of the Russian Federation; at that, they shall exceed the regular requirements stated in Articles 13 and 42 of the LC RF”. Economically speaking, it means that market gardeners and winegrowers have conducted legal actions for improvement of land conditions, which is endorsed and incentivized by the state. Application of incentives in such context would be a powerful legal and socio-economic stimulus, encouraging preservation and regeneration of soil fertility and provision of high results in potential productivity of land under gardens and vineyards, leading to ensuring high yield of environmentally friendly fruits and berries.

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