

statistical analysis with the elements of probabilistic approach. Variation pulsometry allows to reveal the law of distribution of the casual process, like the heart rhythm is, and to characterize it quantitatively.

The control of the crayfish functional state was carried out by the analysis of their cardiac activity as follows: heart rate of the animals was registered in the rest and stress functional states. Right at the transition from a rest functional state to a stress one in reply to an influence of the factor, which change the state of the bioindicator, animals show change of the heart rate, proportional to loading, including the pollution of the environment. As the deterioration of environment increases, crayfish show the increase of the intensity of the cardiovascular system condition, so the heart rate will also increase. The similar situation is observed during the process of transition animals from a state of health to illness as a result of the desadaptation to the influences of the certain environmental factors. Hence, by the changes of the cardiograms parameters it is possible to judge about the state of the cardiovascular system, estimated mainly by the size of the heart rate, what objectively testify the stress functional state of the animals in response to the changes of the quality of environment.

RENT-SEEKING AND THE QUALITY OF ENVIRONMENT: THE CASE OF UKRAINE

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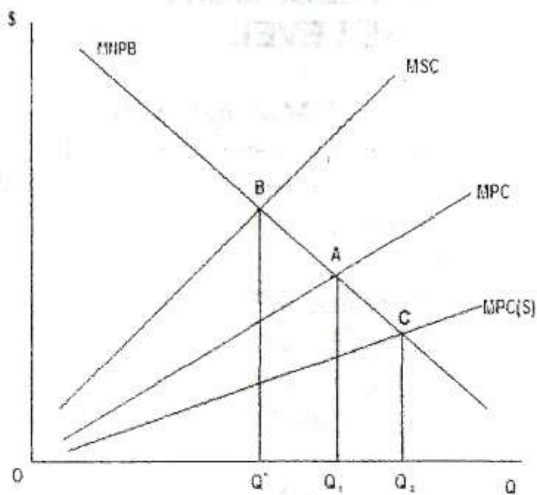
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Market failure is inability of market to allocate resources efficiently or more accurately - inability of equaling quantity demanded to quantity supplied. It means that market forces do not maximize social net benefits by equaling marginal social benefits with marginal social costs. Therefore market failure may create a *divergence between private costs and social costs*. This means that society gets not the optimal proportion of produced good and saved environment but gets more products and less environment than it would rather receive.

Here we will concentrate on inappropriate government intervention as the reason of market failure. This is the case when government intervenes in the economy not to correct a divergence between private costs and social costs, but for other purpose, which can even worsen the status quo.

Rent-seeking is one of the causes of inappropriate government intervention. It is the desire to get through the government some material benefits at the expense of society or individuals.

Rent can be granted to the enterprise as subsidies or tax advantages for example.



On the figure we can see graphically that marginal private cost for production reduces when subsidy or tax privilege is received and optimum for producer goes from Q_1 to Q_2 instead of moving towards Q^* which is a *social optimum*. So inappropriate government intervention creates more production and therefore more pollution without any compensation to the society. Our Marginal Net Private Benefic Curve here includes Marginal Social Benefit curve also as far as society benefits from production also. Still we must say that in this situation we accept the

assumption that production gives no positive externalities because if such externalities are present Marginal Social Benefit Curve would lie above MNPB.

From the figure we see that ideally policy-makers should make all the possible so that points A and B coincided in order to quadrature contradicting interests in the society. But subsidies do the contrary thing and in this meaning contradict the goal of policy.

Still in Ukraine the economy is highly characterized by rent-seeking and the policy goal described is not achieved. Major rent-seekers are the strongest political-economic groups, like Donetska, Kyivska, Dnipropetrovska, Pintchuk and Poroshenko-Yushchenko ones. All of them own rather environmentally dangerous industries but as far as they have an entry to power cabinets they produce even more intensively and damage environment as social good more.

Through the analysis of empirical data we can determine the rate of danger correspondent to every group's activity.

So, besides negative social and economic consequences which 'oligarchs' bring with their activity they appear also harmful environmentally. This is because of several reasons: (a) under subsidies they produce more and as a result pollute more; (b) subsidy leaves the state budget without a substantial amount of money which could have been spent to environment also; and (c) subsidy is usually given to weak enterprises whose productivity is low so we receive not much good but a lot of bad as a result. Besides this we can assume that those weak industries are old ones in Ukraine which remained from the Soviet times and due to this they are not supplied by filters and other environmentally-friendly cleansing devices.

Due to this complex reasons we can conclude that rent-seeking substantially harms the environment and especially in the conditions of Ukrainian "political-economic groups" system.