TITLE: The New Russian Deputy Premier for Agriculture
Rutskoi Relieved of Agriculture Portfolio

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Summary

Aleksandr Zaveriukha’s appointment as Russian Federation Deputy Premier for Agriculture fills a gap in the country’s bureaucracy. The Deputy Prime Minister is to coordinate a plethora of often competing agencies charged both with managing the day-to-day operations of agriculture and its transformation. However, Zaveriukha’s appointment looks like a stop-gap. The new man is experienced at operational management, but will not have the political weight to resolve the continuing policy conflict between the Minister of Agriculture, Khlystun, pushing reform, and Vice-President Rutskoi and the "Agrarian Union" faction in the parliament which have tacitly sought to oppose it.

As a result of the increasingly open conflict between Boris Yeltsin and his Vice-President, Aleksandr Rutskoi, the Russian President stripped Rutskoi of his major substantive policy responsibility, oversight of the ongoing agrarian reform and the application of the resources of the military-industrial complex to rural development. Rutskoi remains constitutional Vice President and the leader of the largest mass-membership political party in Russia. He still sits in the Kremlin office which once belonged to the pre-revolutionary agrarian reformer Petr Stolypin. But his fourteen-month-long attempt to wear Stolypin’s mantle is over. Rutskoi’s Federal Center for Land and Agroindustrial Reform has been shut down. According to informants in AKKOR, a presidential ukaz giving the center seven days to liquidate has been signed.

A biographical sketch of Zaveriukha follows the text on page 11.
The mid-February appointment of a new deputy premier for agriculture, Aleksandr Kharlampievich Zaveriukha, confirms that Russian agricultural policy — or the lack of policy — is not changing very quickly. Zaveriukha is clearly a competent agricultural specialist, but in that respect he is no different from hundreds of other mid-level Russian managers and politicians. He has little experience in national politics, and is unlikely to be able to resolve the fundamental debates about agrarian policy which have hamstrung agricultural administration for the past two years. He was appointed because without an authoritative coordinator, even day-to-day work in Russian agriculture as it is now organized is hard to carry out. Zaveriukha’s appointment should be understood in terms of the administrative imperatives of agricultural organization and the then-declining position of President Boris Yeltsin. The administrative structure in agriculture is extremely complex, and it requires an authoritative official to coordinate it. Zaveriukha now has this thankless task.

Agricultural Management

The political events of 1990-1991 — first and foremost those that ended the leading role of the Communist Party organs — effectively destroyed the agricultural management system. The provincial party organs had been the powerful linchpins of a bureaucracy that managed production at a level of detail difficult to imagine for a western farmer. What to grow, when to plant, how many head of cattle to keep, which fields to put under what crops, how quickly equipment should be repaired for the next season, and all the other minutiae of farm work have been the subject of endless resolutions sent down from above. In 1989, a

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typical collective or state farm received two to three thousand directives requiring a response. Farm managers spent up to one-third of their working days attending meetings in the district or provincial capital.

This system is no more. Sources at all levels within agriculture interviewed in October-November 1992 and February 1993 agreed that local and provincial agricultural administrators were no longer subject to such detailed command from Moscow. No formal legislation had ever made them subordinate to the center, they said, and so in theory they had become autonomous agencies answerable only to their own soviet.

In fact, however, the central authorities retained important levers for influencing local agricultural authorities. The Ministry of Agriculture kept direct control over the distribution of about 60 percent of total physical inputs, which are given to farms on the basis of allocation orders from the ministry. It also continued to control investment funds ("loans" and credits), and it remained the chief procurement and food processing agency.

The removal of state price controls and the subsequent rapid inflation of 1992 had conflicting impacts on the power of the actors. On the one hand, farm managers became increasingly reluctant to make deliveries to the state at government-set prices when they knew that prices would be higher in the future. On the other hand, the farms had been paid for last year's harvest at then-current prices, and the prices of their inputs were soaring. They became dependent on the state for massive cash and credit to cover these rising costs. Individual farm managers had always made deals with higher authorities about farm prices and outputs. But in 1992 negotiations between the government and a variety of legally recognized farm organizations and interest groups about the changing prices of, say, petroleum and grain became a part of the system.

The essential structure of the collectivized farm system changed little even as it became less responsive to central control during 1992. Private farms produced a very small percentage of production marketed through officially-accounted channels, and private trade in agricultural products also grew slowly. There was more open bargaining in the relationship between the farms and higher authorities. But the authorities in Moscow continued to provide many supplies at prices that were directly or indirectly subsidized and most farm products continued to be delivered to government procurement agencies at prices that were
not market ones. Managers had been freed from party interference and the system was more disorderly, but overall Russian agriculture continued to operate in 1992 as it had since collectivization in the 1930s. Grain production, always the most important indicator of agricultural success for Soviet-era political leaders, remained on the previous level. After all the struggles over government assistance and threats of imminent bankruptcy, about 24,700 of Russia's 27,200 farms and food processing enterprises finished 1992 with a profit.2

Gaidar's Agricultural Policy—"Malign Neglect"?

But if nothing changed catastrophically for the worse, there was no sign of impending improvement. The disparity between prices for industrial inputs—including mixed feed made from the farm's own grain but sold back to them at much higher prices by "Roskhlebo-prodekt," the semi-autonomous grain procurement arm of the Ministry of Agriculture—and prices paid farms for their products drove down production of labor-intensive vegetables and fruits and capital-intensive livestock products. Diets in the big northern cities, where much of the fruit and vegetable supply comes from intensive, costly hothouse cultivation, especially suffered.

During 1992, even what had been the most profitable farms went far into debt to the banks in order to cover their wage bills as inflation drove up prices and wages faster than farm incomes. Use of fertilizer and pesticides declined by more than fifty percent because of high prices and transportation difficulties. Sales of new agricultural equipment declined, and spare parts, fuel, and lubricants became much more costly. Under these circumstances farms carried out little or no capital investment, and their savings disappeared.

Livestock raising had been emphasized in the past twenty years as the Brezhnev regime made enormous investments in huge feed lots and cowsheds. As a result of this government support, livestock has been the most profitable branch of Russian agriculture throughout the 1980s. Urban Russians are accustomed to eating diets which include a great

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deal of meat relative to the country's national product and level of development. So meat and dairy producers' sudden inability to get unlimited cheap feed was particularly painful. As the year unfolded, agrarian members of Parliament became increasingly vocal in their demands to stop what they described as the approaching destruction of livestock raising.

But no meaningful agricultural policy line was established in 1992. The Gaidar cabinet followed a policy of "malign neglect," ignoring the demands of conservative rural Parliamentarians and individual farmers alike. As we enter the growing season, it is clear that the new Chernomyrdin government will not make any concerted, fundamental changes in agriculture proper this year. As a result of Yeltsin's land reform decrees of late 1991 (see The Politics of Post-Soviet Reform: Agriculture, Number 1) most farms have now been reorganized, taking title to their land and assets from the state. But the vast majority of those farms became "closed" joint-stock enterprises owned by their workers and managers. Their shares cannot be openly traded or even cashed in without the approval of the farm's general meeting. Until farm workers are freely allowed to leave all the farms, and until they see a reason to, the legal change is purely cosmetic. Privatization is proceeding fairly rapidly in the agencies servicing agriculture, and this will have important long-term effects. But this year the farms are simply facing new owners of the same regional-monopoly supply and processing enterprises.

The Job of Deputy Premier for Agriculture

A variety of ministries, semi-autonomous joint-stock companies and "concerns," and parastatal interest groups are involved both in agricultural policy-making and production. One universal given in the old structure was that the government at each territorial level — all-union, republican, regional (oblast), and county (raion) — had a deputy chairman who coordinated the agroindustrial complex (agriculture proper and the agencies dealing with it upstream and downstream). This position carried the rank of first deputy chairman in regions where agriculture was the basic economic activity. After the break-up of the Soviet Union, deputy premiers were appointed in the new Russian government for other spheres of the economy. But the post of deputy premier for agriculture remained unfilled throughout 1992.
Last fall, it seemed that Vitaly Yermolenko, the head of the Federal Center for Land and Agroindustrial Reform, would be appointed deputy prime minister for agriculture (see The Politics of Post-Soviet Reform: Agriculture, Number 2). The post was formally created by a September 30, 1992 decree. Yermolenko spoke vigorously about the policy he intended to follow. However, no appointment was made. Yermolenko told a later American visitor that he had refused the appointment because he did not want to serve under acting Prime Minister Yegor Gaidar. Yermolenko is one of Vice President Aleksandr Rutskoi’s principal advisors on agricultural policy, and the Rutskoi camp has been struggling with Agricultural Minister Viktor Khlystun for dominance over agricultural policy ever since Yeltsin charged Rutskoi with overall guidance of the Russian agrarian reform in February 1992. Yermolenko probably did not get the job, in fact, because Gaidar and Yeltsin did not want to commit themselves to one side or the other in the bitter dispute about agrarian policy.

Who's In Charge Here?

Over the last year, to the extent there has been any coordination of agricultural agencies at all, guidance has come from within President Yeltsin’s staff. Since Yeltsin appoints all ministers, only his office has had the authority to tell feuding cabinet members what to do. This "Apparatus of the President," served as staff for both the President and Prime Minister throughout 1992. (Viktor Chernomyrdin began forming his own staff in late January 1992.) Yeltsin’s people took over the office space on Old Square in Moscow, and, implicitly, the super-governmental coordinating role, formerly occupied by the CPSU Central Committee Secretariat.

Aleksandr Kalinin, a professional agricultural economist, directs the Department for the Agroindustrial Complex within the Presidential apparatus. As a deputy to the St. Petersburg regional soviet elected on the platform of the Pushkin popular front, Kalinin is clearly identified with the "democrats" in the intragovernmental struggle. He came to work in Moscow only after the August 1991 coup, although the secretaries, the furniture, and everything else in his office has remained from the previous regime.

But Kalinin himself explicitly denied that his office performs functions like those of the old CPSU Agrarian Department in a February 1993 interview. He describes himself as a
staff person who does not have the status to argue with the President or Prime Minister. He was not fired after the Gaidar government’s fall, as one would expect to happen to key policy-makers. Nor, he said, did he expect his job to change much as a result of Zaveriukha’s appointment. These comments probably reflect the natural reticence of a staff person, whose real power is all informal, to talk about what he does in an interview, but they also suggest that Kalinin’s office has been a poor substitute for the missing cabinet official.

Chernomyrdin’s Bombshell

Vice President Rutskoi spoke as a representative of the government on the opening day of the Fourth Congress of the Association of Peasant Farms and Agricultural Cooperatives of Russia (AKKOR), February 9, 1993. In the following question period, the government was criticized for the lack of a consistent policy of supporting private farmers. Rutskoi said that policy was being worked out, and promised that a deputy premier for agriculture would be appointed within a month. That evening Rutskoi told Yeltsin privately that he was tired of being criticized by agrarians for poor coordination of day-to-day agricultural work, and he presented a draft decree appointing Zaveriukha as the new deputy prime minister. Yeltsin agreed. Prime minister Viktor Chernomyrdin announced Zaveriukha’s appointment publicly at the AKKOR Congress the next day.

Aleksandr Zaveriukha Who?

Zaveriukha was little known. Several members of the Russian Academy of Agricultural Sciences and a Vice President of the Federal Center for Land and Agroindustrial Reform with whom I was sitting in the audience when Chernomyrdin announced the appointment had never before heard Zaveriukha’s name. The US CIA had no information at all on the new deputy prime minister at the time of his appointment, although it routinely tracks the careers of all visible Russian politicians and economic leaders.

Zaveriukha has spent his entire career in Orenburg. Although he had been elected to the Russian Congress of People’s Deputies, that election clearly came in the then-usual way for Soviet politicians, as a consequence of his post as head of the oblast’s agriculture, not because he sought the job actively. In the Russian Congress, Zaveriukha’s voting record was
conservative, but middle-of-the-road for the conservative "Agrarian Union" fraction to which he adhered. He clearly came to Moscow only for the infrequent sessions of the full Congress. He had never been elected to the Supreme Soviet — which meets much more often and does most of the day-to-day legislative business — and hence had little real experience in parliamentary life in Moscow.

Although Rutskoi claimed to a reporter that he knew Zaveriukha well, he probably did not. On the day the appointment was announced, Rutskoi told the reporter that Zaveriukha’s son ran a private farm. In fact, as the reporter quickly ascertained, Zaveriukha has two children, both daughters. The two men almost certainly met for the first time when Rutskoi visited Orenburg in mid-November 1992.

The conservative "Agrarian Union" parliamentary bloc certainly supported Zaveriukha’s appointment because of his experience as a provincial agricultural administrator and his connection with livestock raising. Zaveriukha’s institute was organized by Gennady Voronov in the 1960s as part of his campaign to change Soviet herds from dual-purpose (meat and milk) cattle to specialized breeds. Voronov proposed this change as a less-costly alternative to the huge investments and increased herd sizes General Secretary Brezhnev favored in order to improve consumer supplies of meat and milk. Brezhnev won the elite policy struggle, forcing Voronov into early retirement, but the institute remained.

Results of the Appointment

Opponents of reform clearly took Zaveriukha’s appointment as a good omen. Some journalists also interpreted it as a major victory for conservative forces. This analysis is almost certainly wrong. It is very unlikely there will be any new centrally-directed agrarian reform — although privatization will continue — until next winter, because it is unwise to

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change agricultural organization drastically during the growing season. But surely once the present political struggle is resolved, the winners will do something, one way or the other, to introduce more order in the way that agriculture is being run. Next winter is the logical time for such action. There is no reason to believe that Zaveriukha’s appointment sheds much light on the nature of the decisions that will be taken at that time.

A deputy premier can be a powerful advocate for agriculture and for an agricultural policy line. For that reason the post was left open for so long.

Zaveriukha’s appointment looks like a compromise—a man with enough status to coordinate the operational activities of the agroindustrial complex, but not with enough personal authority to be a powerful policy actor. He is a competent specialist. With the decline in the power of the democrats and the President, the alliance of the Civic Union and the more conservative agrarian faction in the legislature was strong enough to secure the post for one of their own. But either they were not strong enough to impose a clear policy line or could not agree on one even among themselves. Since the alliance of the industrialists in Civic Union and the rural leaders in the Agrarians is a marriage of convenience rather than a principled agreement on basic issues, Zaveriukha’s appointment probably represents only consensus that someone has to have authority to manage the whole agroindustrial complex on a day-to-day basis. Their own differences aside, leaders of both groups probably did not consider it politically wise to declare any clear policy line — which would certainly lose them some support from electors who agree only that they do not like the results of the Yeltsin-Gaidar policies — before a possible referendum or new national elections.

Rutskoi Relieved of Agriculture

As a result of the increasingly open conflict between Boris Yeltsin and his Vice President, Aleksandr Rutskoi, the Russian President has stripped Rutskoi of his major substantive policy responsibility, oversight of the ongoing agrarian reform and the application of the resources of the military-industrial complex to rural development. Rutskoi remains constitutional Vice President and the leader of the largest mass-membership political party in

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5ABC Evening News (April 15, 1993).
Russia. He still sits in the Kremlin office which once belonged to the pre-revolutionary agrarian reformer Petr Stolypin. But his fourteen-month-long attempt to wear Stolypin's mantle is over. Yeltsin charged Rutskoi with responsibility for agrarian reform through a Presidential ukaz, and he has taken away the task the same way. The President's action is unlikely to lead to any drastic hastening in the process of land reform both because of the strength of parliamentary opposition and because most reformers themselves do not want the transformation of the rural sector to take place more quickly since the country lacks the resources to do so. Yeltsin's decision is likely to end a period of "dual power" over agrarian policy, however. Rutskoi's Federal Center for Land and Agroindustrial Reform has been shut down. According to informants in AKKOR, a Presidential ukaz giving the center seven days to liquidate has been signed. USDA's advisor to the Ministry of Agriculture, Dr. Craig Infanger, indirectly confirmed this by reporting that the Center's director, Vitalii Ermolenko, has been negotiating with the Minister of Agriculture in order to find new jobs for the approximately 150 employees of the Center.

Rutskoi's Impact on Agriculture

The Vice President meant well, but his inexperience, as well as the unhappy conditions of constant conflict under which he clearly worked, showed plainly in his policies. Throughout 1992 and early 1993 Rutskoi increasingly allied himself with the most vocal opponents of any agrarian reform at all, the most intransigent farm managers and local officials. The parliamentary fraction composed predominantly of farm officials, the "Agrarian Union," (coordinated by National Salvation Front board member Mikhail Lapshin), led the opposition to a constitutional amendment to allow the free sale of agricultural land — needed for the land reform to spread widely — throughout 1992. Attempts to resolve the constitutional issue by a referendum led directly to the confrontations between Parliament and President in December 1992 and March 1993. Since this large and influential voting bloc cared deeply about the land issue, it was not surprising that Rutskoi and his party should have adopted their positions in order to maintain an alliance against the "greater evil" of Yeltsin/Gaidar shock therapy.
In the long term this alliance is unlikely to hold together, since the agricultural lobby is now effectively demanding all state investment. The large farms proved themselves incapable of productively absorbing vast investments under Brezhnev and his successors, and there is no obvious reason — despite the assurances of Yegor Ligachev at the Second USSR Congress in December 1989 and Lapshin and others at each Russian session — that the kolkhozy and sovkhozy could do so now. The industrial managers and progressive nomenklatura who are the backbone of Civic Union and Rutskoi's party have no clear interest in continuing to throw good money after bad in the countryside, nor do they oppose marketization so long as they themselves benefit. Yeltsin's decision to strip Rutskoi of his agricultural responsibilities will not change Rutskoi's position until the conflict between the President and the Parliament is resolved. But if Rutskoi emerges as a major political player from that struggle, there is a good chance that his party will split with the agrarians. The countryside, whether controlled by farm managers or composed of smaller farms, will always be more conservative than the cities. Smaller farms, whether cooperatives or family-run, are almost certain to emerge victorious over the dinosaur kolkhozy and sovkhozy in any real economic competition. So in the long term the interests of Rutskoi's supporters do not conflict with those of Yeltsin on the issue of rural change and decollectivization. Indeed, if Rutskoi's party retains its "centrist" position, it will probably gain more support from a decollectivized countryside than radical democrats are likely to garner because of normal peasant/private farmer individualism. Rutskoi's unhappy experience with agrarian policy may have helped to convince him of this long-term possibility even as the logic of immediate political conflict drove him to support the old order in the countryside for the moment.
BIOGRAPHY

Aleksandr Kharlampievich Zaveriukha was born April 30, 1940 in a village in the Novosergievsky raion, Orenburg oblast in Western Siberia. His passport identifies him as Ukrainian.

After completing ten-year school he worked as a sovkhoz tractor driver, then did his military service. A graduate of the Orenburg Agricultural Institute's Agronomy Department, he began work after college as a kolkhoz chief agronomist, then became a kolkhoz chairman. While a farm chairman, he found time to defend a candidate of economics dissertation on the economics of livestock raising.

Zaveriukha ran agriculture in Orenburg oblast for thirteen years, first as head of the oblast' agricultural administration and then, after a reorganization, as chairman of the oblast union of agroindustrial associations. For the past year he has been general director of the All-Russian Scientific-Research Institute of Meat-Cattle Raising in the city of Orenburg.

Zaveriukha is a deputy to the Orenburg oblast Soviet as well as a Russian People's Deputy. In the Congress of People's Deputies he has been a member of the Russian Federation Supreme Soviet Committee on the Social Development of the Village, Agrarian Questions, and Food Supplies. He is also a member of the Supreme Soviet Commission on Deputies' Ethics. He is registered as a member of the "Agrarian Union" parliamentary fraction in the Russian Congress.