TITLE: Political Obstacles to Agrarian Reform in Russia

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COUNCIL CONTRACT NUMBER: 807-06

DATE: May 13, 1993

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* The work leading to this report was supported by contract funds provided by the National Council for Soviet and East European Research. The analysis and interpretations contained in the report are those of the author.
Mr. Chairman and members of the subcommittee.

You asked me to address in particular political obstacles to reform in agriculture. The major point to understand about those obstacles is that the system of collective and state farms in Russia which has developed since Stalin initiated forcible collectivization in 1929 is primarily a mechanism for exercising political power.¹ This is so even though the farms obviously have an economic function, and the original justification for collectivization was put in economic terms. Five principal conclusions flow from this fact.

First, since the collective farm system is the bedrock on which the Stalinist system was built, agrarian reform is vital if Russia is to have a stable, democratic future. Agrarian reform, of course, means both the creation of

¹ there were once legal differences between a collective farm (kolkhoz) and a state farm (sovkhoz). However, those differences were and are mostly formal and quite unimportant for the argument I wish to make. Therefore I will refer throughout this presentation to this entire system as the collective-farm or kolkhoz system. For similar reasons I will refer to state-farm directors and collective-farm chairmen simply as “farm managers.”
competitive market structures upstream and downstream of the farms and fundamental transformations within the farms themselves.

Second, many collective and state farm leaders and members have little or no interest in agrarian reform because it threatens the power and position of the leaders and the secure, if poor, life of the workers.

Third, because the old “command-administrative” apparatus has been destroyed but most people have not yet adjusted to the fact, most average Russians have little concern with what goes on in Moscow. Nor can Moscow really do a great deal to affect most people “outside the beltway.” The ties between central policy, actual policy as it is carried out (or, more often, fails to be carried out), and what happens in day-to-day life are too obscure and uncertain. Russia is well on its way towards breaking down into regional satrapies, what Russians fearfully call “appanage princedoms.” It is unlikely there is much we can do to stop that process, even if we think we should (and I am not sure I do).

Fourth, land and agricultural reform are the most politicized issues in Russia and the other Soviet successor states today. Attempts to change the Russian constitutional prohibition on private sales of agricultural land—essential for any real market economy as well as any credit system—led directly to the constitutional crisis in Russia with which we have all been so concerned in the past two weeks. So aid to Russian agriculture cannot be treated as a purely technical problem. Yet understanding that this is a political issue means that the United States must decide what its own interests in Russian development, stability, and democracy are. We must also be aware when attempting to affect those ends through aid and diplomacy that our efforts might very well fail, leaving the United States identified with the (for the time being) losing side in a bitter internal political debate in Russia.
Fifth, giving agricultural aid to the Russians is particularly difficult because to be effective it must not simply be dumped off in Moscow. Effective aid can only be local assistance. But we have little real knowledge of conditions or people outside of Moscow, and simply transferring procedures developed to help very different societies to the Russian context will not achieve their purpose of helping the Russian people. Yet such attempts are certain to cause endless scandals in the US and Russia and ultimately discredit the whole idea of aid to the Newly Independent States.

Let me now expand on the considerations which led me to those general conclusions. I want first to examine the way Russian agriculture has been run and how that created the conservative parliamentary “Agrarian Union” fraction, then describe the on-going Russian agrarian reform. I conclude with some further reflections on the need for agrarian transformation, and aid, “from below.”

About 85% of Russians still lived in the countryside in 1929. Almost all of them were peasants. As a result, the major share of the national income still came from agriculture. Control over rural resources—capital, labor, and especially food—was therefore absolutely essential if rapid industrialization was to be achieved. Yet the Bolshevik Party had little or no presence in the countryside. Stalin solved this difficulty by the rapid imposition of standard-model collective farms throughout the entire country. The costs were enormous, not only in lives but also because the collective system never generated the kind of sharp increase in productivity which preceded the industrial revolution in Western Europe. The Soviet Union was permanently dependent on an each year’s uncertain harvest in a way no western capitalist country has been for a
century. But collectivization achieved its immediate goal of subduing the countryside.

Because they were political devices forcibly imposed, the collective farms were designed and intended to be run on command from above. To this day sowing, harvesting and the other operations of farm life are carried out by directives “sent down” from local, regional, and ultimately national authorities. Managerial initiative has often been harshly punished. Vasili Starodubtsev, the chairman of a model kolkhoz in the Tula oblast' which some of you may have visited and who is now better remembered for his part in the August 1991 coup, was very nearly jailed under Brezhnev for corruption because he did what he had to do to make his farm operate well. Vasili's brother Dmitrii actually did go to jail in the 1970s for similar “offenses.”

Within the farms, the managers tend to treat their workers the way higher authorities have treated them: as automatons to be ordered about. Most good farm managers have an authoritarian management style which would have been congenial—if perhaps harsh-seeming—to Henry Ford. Such paternalism, of course, has advantages for many of the workers. They do not have to work very hard and their needs will be taken care of by the boss. The ties of dependence on the management—not just for work, but for housing, medical care, education, stores, transportation, recreation, and for every other daily necessity—make these farms what the sociologist Erving Goffman called “total institutions,” akin to military units or prisons in the degree of control they exercise over their subjects' lives. Like long-term prisoners or career military personnel, or indeed anyone else with long service in a particular social context, the farm workers have grown used to these conditions and find it difficult to imagine how they could live otherwise. Thus they are very often willing “prisoners” of their managers. Like supporters of any good political
machine in the US a century ago, they are likely to give their political support to their managers in return for what they perceive as real benefits.

For Russia as a whole this farm organization system has become increasingly dysfunctional because it does not reward anyone for initiative. Leonid Brezhnev and his successors tried to fix this defect by throwing increasing amounts of investment at the farms. Through the 1970s and 1980s vast sums were pumped into agricultural development, only to be diverted to other needs, lost to corruption, spent on mis-designed projects like the enormous concrete cow barns which dot the countryside, or passed to monopoly suppliers and processors as the prices they charged the farms rose. By 1989 Yegor Ligachev was promising that food-supply problems could be fixed by the big farms—if only the government would give all state investment to agriculture for the next five years.² Happily, given the farms' previous track record, his advice was not followed, but big-farm managers still believe that their basic problem is one of inadequate state investment. They are perhaps right, but the record of how past investment has been used suggests that they will not use investment any more wisely until the basic organization of Russian agriculture changes.

The entire apparatus of agricultural administration extending from the Agricultural Ministry through provincial and district agricultural administrations served as a transmission belt for central orders. Of course, those local and regional agencies developed their own institutional interests and sought to defend “their” farms. But as long as the Communist Party exercised control and discipline this system was overwhelmingly one in which orders flowed down and reports of success flowed back up.

² Speech to the USSR Congress of People’s Deputies, December 1989.
Party dominance had at least four sources. First was the party’s nomenklatura power of appointment and removal of personnel throughout the party and state. Second was party discipline, effected by the district and provincial party committees’ ability to give party punishments to managers. Too many reprimands certainly stopped career advancement, and could cost a manager his present job. Third was the party member’s immunity from state prosecution. Party members had to be thrown out of the party before they could be prosecuted, so crimes (such as the bribery and corruption needed to make any enterprise work efficiently under the old command system) could not be punished unless the manager has his party card taken away. Fourth was the finely calibrated system of access to privileges and scarce goods. Privilege depended on one’s job. The job depended on the party. So the party’s manipulation of its personnel powers governed who had what privileges, a powerful lever in a society where distribution of all material benefits and all paths of upward mobility were controlled by the CPSU apparatus.

When Gorbachev created the USSR Congress of People’s Deputies in 1989 this system began to break apart. Careers no longer depended on the party. The managers of exemplary farms, who were the overwhelming majority of rural representatives, used the Congress to shake themselves loose from party control and act on their own interests. Once free of party control, they sought first of all a change in their relationship with suppliers and processors, all of whom had exercised monopoly power over the farms, and secondly they sought to retain and improve their own control over their own subordinates within the farms. Thus they were very interested in marketization—so long as

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3 Claiming that all managers felt this way is too broad a generalization, of course. But the overwhelming majority did, and do, seem to do so.
state subsidies made them competitive on the market—but not at all interested in land reform if that land reform meant that their farms would be broken up and they would lose their own positions.

As these changes were underway, the 1989-1990 debates over the USSR laws on land and property served to formalize divisions among USSR deputies, driving most of the rural deputies together into a quasi-party, generally referred to as the “agrarian deputies.”4 This organization carried over into the Russian Congress of People’s Deputies, where some 200 agrarian representatives agreed to act as a bloc even before the first meeting of that Congress in May 1991. Formally organized as the “Agrarian Union,” this group has continued to act together in each session of the Congress up to the present. It is probably the most conservative voting bloc in the Congress, since the agrarians oppose not only the end of state subsidies (a position shared by all enterprise managers), but any and all privatization, especially of land. The chairman of the Agrarian Deputies parliamentary fraction, Mikhail Lapshin, is also a member of the council of the National Salvation Front, the neo-fascist “red-brown” political grouping opposed to any reform.

The land reform to which the agrarian deputies are so bitterly opposed developed in two main stages. The Second RSFSR Congress of People’s Deputies in November and December 1990 approved the first legislation. Collective and state farms were to be divided and reorganized by determining land and property "shares" for all their workers. Individuals could sell their shares to the farm and leave the countryside or withdraw their shares to set up

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family or smaller-group farms. However, free sale and mortgaging of land was forbidden for ten years. During 1991, unprofitable farms were to be encouraged to reorganize themselves, but no general reorganization of the countryside was planned.

A series of presidential and governmental decrees in December 1991 and January 1992 began the second stage of the land reform. Agricultural land would be denationalized and given to the farms. By March 1, 1992, each collective or state farm's "labor collective" was to decide whether the farm's land would become their property as individuals, as a group, or in some other form. By January 1, 1993, all farms were also to reorganize themselves and re-register with the state.

Profitable farms could reorganize in three ways: 1) as new-style collective farms (a hasty congress of collective farmers met in February 1992 to approve a new, more liberal standard set of farm rules); 2) as farmer-owned joint-stock societies (essentially similar to western Employee Stock Ownership Plans); or 3) as associations of independent peasant farms in which land and capital are held privately, but farmers work together on one another's land for specified purposes. They could also decide simply to go out of business. Unprofitable farms were to be broken up, their assets sold to the farmers or outsiders. If the farm's existing work force did not wish to organize a new farm, the State Land Fund would redistribute its land.

Creation of individual farmsteads has been the most publicized part of the agrarian reform. Only marginal political figures, such as the journalist Yuri Chernichenko, argue that all the collective and state farms should be quickly broken up. But many "peasant" family farms are needed, reform supporters say, to give city dwellers incentive to return to the countryside and repopulate areas
which are now almost deserted. Competition from private farms will force the collective and state farms to be more efficient.

As the reform mechanisms have begun to operate, the Ministry of Agriculture has found itself caught in a kind of self-destroying position. The Ministry was established and organized to run agriculture from the capital. Although the Minister, Viktor Khlystun, is a convinced reformer, most of his subordinates, including his deputy and first deputy ministers (who are appointed by the Russian prime minister, not the Minister himself) are professional agricultural administrators who have spent their entire careers in the old system and oppose change. Moreover, Khlystun had few levers for change beyond sending orders for change to the localities, where, as one farm chairman recently told me: "the district authorities called us together and said we had a month to reorganize. Do it or else."

As market mechanisms begin to operate, however, the Ministry's control over agriculture has declined. Economic turmoil, problems in getting allocated funds from the Central Bank and Ministry of Finance, and the general breakdown of the old state-enforced economic system have made the Ministry's activity increasingly irrelevant for the people on the land.

Central authority to carry out the agrarian reform, and the definition of the reforms themselves, were further confused during 1992 by conflict between President Yeltsin and his Vice President, Afghan war hero Alexander Rutskoi. In late February 1992, Yeltsin issued a directive giving Rutskoi personal responsibility for carrying out the agrarian reform as well as converting defense-industry plants and resources to agricultural ends. Since Yeltsin had earlier

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issued a decree relieving Rutskoi of most of his responsibilities in the Russian government, giving him the agricultural portfolio may have been intended to get rid of the increasingly fractious Vice President by assigning him a post which had doomed many careers in the USSR.\(^6\) Yeltsin's later decision placing Rutskoi in charge of the fight against crime as well as the agrarian reform also suggests that the President wanted to rid himself of a political embarrassment, not really have him do anything.\(^7\)

Although he admittedly knew little about agrarian policy when he received his new task, Rutskoi refused to be shunted aside, moving quickly to fulfill his new responsibilities. He learned quickly, managing to produce a four hundred-page book on the agrarian reform in Russia by the middle of 1992.\(^8\)

In mid-April, as the Congress of People's Deputies was refusing to amend the Constitution to permit the free purchase and sale of land, the vice president published a long article in Sel'skaia zhizn'—the old official agricultural newspaper known for its conservatism—proposing general coupon-based privatization of agricultural land. Rutskoi proposed free trade in the

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\(^7\) "Ukaz Prezidenta Rossiiskoi Federatsii: O merakh po zashchite prav grazhdan, okhrane pravoporiadka i usileniiu bor'by s prestupnost'iu," No. 1189 (October 8, 1992), Vedomosti S"ezda narodnykh deputatov Rossiiskoi Federatsii i Verkhovnogo Soveta Rossiiskoi Federatsii, No. 42 (October 22, 1992), article 2373, pp. 3156-3158. The fact that one of Rutskoi's bitterest enemies, State Counselor Gennadii Burbulis, was also named to the crime commission increases the impression that it was not really expected to function.

\(^8\) A.V. Rutskoi, Agrarnaia reforma v Rossii (Moscow: 1992). After 100 copies of formatted proofs were circulated and the book's publication was announced at a press conference in mid-summer, it was withdrawn for revision. The type was reportedly broken up. The so-called Russian-American University, actually a military-industrial complex think tank, issued a 10,000-copy edition of a shortened version of the book in February 1993.
coupons—and, therefore, in agricultural land—for anyone with the money to buy.

Although his ideas seem to be in the spirit of the radical privatization proposed by the Gaidar government, Rutskoi generally sounds "conservative." He has called for returning to a "regulated" (slow) transition to a market economy and says the program to set up individual farms has failed. His proposal would apparently undo all the land redistribution and privatization so far accomplished. The individual farmers' interest group AKKOR—Association of Peasant Farms and Agricultural Cooperatives of Russia—has publicly worried that all the new peasant farms set up so far could lose their land under Rutskoi's plan.

The Russian vice president understands agrarian reform as a technical matter of raising productivity, not as a socio-economic transformation of the country's basic rural institutions. In a probably-unconscious imitation of Stalin's "Dizzy with Success" speech, which ordered a halt to collectivization so that spring planting could proceed, Rutskoi ordered local officials to suspend farm reorganization because production came first in a March 16, 1992 telegram. 9

He has argued that the small farms being established as a result of the division of the collective and state farms on the share system are uneconomical and a waste of resources (which, so long as farmers cannot lease or purchase additional land and equipment, many of them certainly are). Rutskoi accordingly took responsibility for establishing a Russian corporation, ROKAP, which would sell arms abroad and use the proceeds to build "turnkey" farms. 10 These ready-

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9 The telegram is reproduced without a title in Zemlia i liudi, No. 13 (March 27, 1992), p. 1.
made farmsteads would be leased out for twenty years, preferably to
demobilized military officers, who would pay for them with a part of their
produce.

Rutskoi is locked in a bureaucratic battle with the Ministry of Agriculture
and the State Committee on Land Reform, which were charged with carrying
out the agrarian transformation in the 1990 and 1991 legislation. The Vice
President established his own institutional base, the Federal Center for Land
and Agroindustrial Reform, a quasi-private for-profit institution, in mid-1992.\(^\text{11}\)
Former state farm director Vitalii Yermolenko was appointed to head the
Center.\(^\text{12}\) By the end of 1992, the Federal Center seemed to have wrested much
of agricultural policy-making authority from the Ministry of Agriculture and
Goskomzem. The latter agency was stripped of its reform functions, leaving it
only monitoring of land use and surveying, by an early October 1992,
presidential decree reorganizing the government. At the same time, the Ministry
of Agriculture’s Main Administration for Land Reform was shut down.

On October 30, 1992, Rutskoi issued a vice-presidential directive
ordering that all land taken from collective and state farms for redistribution be
returned to them until such time as norms for land distribution should be
properly worked out.\(^\text{13}\) Read literally, this directive seemed to require that land
already deeded to private farmers be given back. Rutskoi’s chief agricultural

\(^{11}\) “Ukaz Prezidenta Rossiiskoi Federatsii: Ob organizatsionnykh merakh
po provedeniui zemel’noi i agropromyshlennoi reformy v Rossiiskoi Federatsii”
\(^{12}\) For an account of a meeting with Yermolenko, see Jerry F. Hough,
“Agricultural Reorganization,” The Politics of Post-Soviet Reform: Agriculture,
No. 2 (November 1, 1992), pp. 1-3.
\(^{13}\) A. Rutskoi, “Rasporazhenie vitse-prezidenta Rossiiskoi Federatsii: O
merakh po ispolneniiu Ukaza Prezidenta Rossiiskoi Federatsii ot 2 marta 1992
g. No. 213 ‘O poriadke ustanovleniia normy besplatnoi peredachi zemel’nykh
uchastkov v sobstvennost’ grazhdan,’” Sel’skaja zhizn’ (November 6, 1992), p. 1.
policy advisor, Nikolai Radugin, justified this extreme measure because of the incompetence of the Ministry of Agriculture and Goskomzem, a clear reference to the struggle for policy authority between those bodies and the Federal Center. However, doubts about Rutskoi's authority to issue such a command, as well as quick clarifications from Goskomzem, blunted the effect of the order. In areas of the country where local officials favored land reform, the directive had little effect. Where they did not favor reform, the directive simply strengthened their reasons for resisting.

Although Rutskoi's attempts to stop institutional change in the countryside, like his repeated declarations during 1992 that the agrarian reform had failed, could be justified as purely technical judgments—food supplies had not been increased by reform, so it was not successful—they effectively allied him with the most vocal opponents of any agrarian reform at all, the most intransigent farm managers and local officials.

Perhaps the most hopeful thing that can be said about this confused tale of central wrangling is that it may not matter very much. The conflict of laws, regulations, and agencies in post-Soviet agriculture is so severe that much of the system is running on inertia or newly established direct ties between producers, suppliers and consumers which avoid all the administrative agencies and so any systematic accounting.

15 This analysis is based on the author's conversations in Moscow in November, 1992.
The governmental breakdown in Russia is not surprising or unexpected. Without party discipline to enforce central orders, and with the increasing importance of market relationships for individual Russians, the government has no way to enforce its decisions. Local authorities have taken the opportunity to establish their own restrictions on commerce, and particularly on the movement of foodstuffs. Growing local autonomy and variations in policy are not surprising, but they further contribute to the disintegration of central government.

It seems unlikely that central authority in Russia can be really re-established until most citizens see a reason to do so. They will have such a reason only when they have real economic interests which they wish to defend. So the market reforms under way are the only real hope to generate a new, competent political system. While that chaotic and extremely painful process is going on, however, there will continue to be governmental chaos in the capital and crises of the sort which has just snared president and parliament. To be effective, therefore, American aid has to avoid much of the central political turmoil, instead concentrating on individuals and voluntary organizations which can rebuild something from the mess.

Don Van Atta received his Ph.D. in Political Science from UC Berkeley in 1984 for a dissertation examining why attempts to reform labor organization on Soviet farms had always failed. He has written widely on Russian and Soviet agriculture. He has also edited a forthcoming collection, The “Farmer Threat”: The Political Economy of Agrarian Reform in Post-Soviet Russia (Boulder: Westview Press, 1993).

Van Atta has done extensive field work in the Russian Federation, as well as living in Latvia for six months with his family on a grant from the International Research and Exchanges Board. He is currently conducting a study of “The
New Stolypin Reforms: The Politics of Rural Privatization," funded by the National Council for Soviet and East European Research. He is an (unpaid) consultant to the Association of Private Farms and Agricultural Cooperatives of Russia (AKKOR), the major Russian private farmers' organization.