TITLE: I. The Return of Individual Farming in Russia
II. Conflict over Agrarian Reform and Privatization in Russia

AUTHOR: Don Van Atta
PROJECT INFORMATION:

CONTRACTOR: Duke University

PRINCIPAL INVESTIGATOR: Don Van Atta

COUNCIL CONTRACT NUMBER: 807-06

DATE: April 14, 1993

COPYRIGHT INFORMATION

Individual researchers retain the copyright on work products derived from research funded by Council Contract. The Council and the U.S. Government have the right to duplicate written reports and other materials submitted under Council Contract and to distribute such copies within the Council and U.S. Government for their own use, and to draw upon such reports and materials for their own studies; but the Council and U.S. Government do not have the right to distribute, or make such reports and materials available outside the Council or U.S. Government without the written consent of the authors, except as may be required under the provisions of the Freedom of Information Act 5 U.S.C. 552, or other applicable law.

* 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.
Neither of the two articles contained in this report is for specialists on Russian agrarian reform. Written in the latter half of 1992, the papers do not reflect the most recent developments, and are too general in nature for those with specialized knowledge who follow those developments closely. As will be evident from the Contents on the following page, the first is an historical review and description of determining events in the slow growth of private farming; while the second reviews the more recent formation of conflicting forces and positions on private ownership of agricultural land, which the author deems essential to progress in reform. The value of these papers to the generalist lies in the acumen and knowledge of the author, himself directly engaged in the reform effort, with extraordinary access. Given the slow pace of change in the agricultural sector, much of his perspective is still valid. His loose uses of "Soviet" and "USSR" should not detract.
THE RETURN OF INDIVIDUAL FARMING IN RUSSIA

Don Van Atta
Center on East-West Trade, Investment and Communication
Duke University

Since 1990, food shortages, growing lines and dire predictions of impending famine have concentrated attention on agriculture in the countries of the former Soviet Union. They do not face starvation from an absolute shortage of foodstuffs. Diets are unbalanced. The high proportion of family budgets spent on food is more reminiscent of developing countries than the US. The Soviet Union's successor states, like Western European countries before the industrial revolution, still live from harvest to harvest. A bad year can disrupt the whole economy much more than local harvest failures would in any developed capitalist country. But these difficulties make agricultural policy important. They do not imply famine unless the political leadership wills it, as Stalin did in the 1930s.

Agriculture must be radically improved if the entire post-Soviet economy is to revive. Industrial workers need reliable food supplies at reasonable prices. Much of the current budget chaos has been caused by high subsidies to both agricultural producers and urban food consumers. Destruction of the independent peasantry during collectivization initiated and generated the whole command economy. The central planning and management structure that evolved from those collectivization-era attempts to control the countryside has outlived its usefulness and blocks further economic growth. Yet it generates and provides the political base for opposition to reform. Leningrad and Moscow suffered especially severe local food shortages in 1990-1991 because economic reform had not been carried through. Administrative coercion over the big cities' food suppliers weakened, but the new, incomplete market relations provided few incentives for food producers to sell to the two capitals. Since no independent peasantry survives in Russia, the task of economic transformation in the Soviet Union will be much harder than in, say, Poland, where market relations remained between city and countryside.¹

Even before the USSR broke up in the wake of the August 1991 coup attempt, individual peasant farms were being increasingly emphasized as a solution to the countryside's difficulties. The March 1989 plenum of the CPSU Central Committee
officially approved peasant farms in speeches and resolutions advancing the idea of "mnogoukladnost," roughly "a variety of forms of organization and management," to replace the old universal model of the collective and state farms. Supporters said that creating new small farms would increase food supplies, end catastrophic loss of population in some rural areas, improve land use and conservation and provide a yardstick by which the productivity of the state and collective farms could be judged. The Russian republic land reform legislation in December 1990 and President Boris Yeltsin’s December 1991 land reform decrees paid special attention to peasant farms as a means to increase food supplies and bolster political support.

Only the most extreme advocates of so-called "farmers' farms" have even indirectly implied that individual farms by themselves can or should quickly replace all the large farms. Even the most extreme advocates of de-collectivizing the Russian countryside such as long-time agricultural journalist Iurii Chernichenko, head of the Peasant Party of Russia, or agricultural economist Vasilii Vershinin, head of the breakaway Peasant-Democratic Party of Russia, admit that some form of large-scale farming descended from the kolkhozy will continue to exist for the foreseeable future. Advocates of peasant farms therefore laugh at the idea that there is a "farmer threat." But opponents of any change claim for polemical reasons that hasty de-collectivization is exactly what the "farmers" want. Moreover, conservatives warn, any attempt to break up the large farms will inevitably lead to catastrophic universal de-collectivization because of the Soviet administrative pyramid’s tendency to impose the same policies everywhere all at once. The opponents of "farmerization," as it is called, are probably right, but for the wrong reasons. The kolkhoz and sovkhoz system created by Stalin is unlikely to be able to compete with other forms of rural enterprise in the long run, and to the extent that rural elites’ power depends on those big farms it will be threatened if smaller farms become widespread and economically effective. If the big farms cannot compete, only a few functioning small farms will be needed to demonstrate the fact.

This article considers the situation, definition, prospects and needs of individual farms in Russia. Smaller farms will not replace the gargantuan state and collective farms quickly or everywhere. But within ten years the large farms standard in the Soviet Union since the 1930s will no longer dominate the Russian countryside.
The Background: Command Farming

For the past sixty years, only large "industrialized" farms, organized according to a single model and governed by a hierarchy of political and administrative agencies centered in Moscow, have existed in the Soviet countryside. Although formally of two different types, collective farms (kolkhoz, plural kolkhozy) and state farms (sovkhoz, plural sovkhozy), there has been little practical difference between them since the mid-1960s when kolkhozy were ordered to begin paying state-guaranteed wages to all their members. Sovkhoz and kolkhoz farmers have been paid state-mandated piece-rates based on the operations they perform, whether or not their farms have produced anything.4

Central agencies have allocated supplies and equipment to the farms at government-set prices. What and when to grow have been determined by the plan "sent down" to the farms from party and state authorities. Almost all produce has been delivered to off-farm state agencies, which pay government-set prices for it. A pyramid of managers extending from the rural district through provincial and republican offices to the center in Moscow has controlled the farms' activities. In early 1989, it was reported that a directive went through thirty-two levels of management on its way from the central agricultural authorities to a farm manager or director.5 In turn, farm chairmen and directors sit at the top of a hierarchy of administrators and accountants within their farms. Often as much as twenty percent of the total farm labor force does administrative work.

Soviet farms are vastly larger in area, number of workers and sheer mass of equipment, than American farms. In 1987, the average kolkhoz had 6,300 hectares of agricultural land, 3,500 hectares of sowings and 45 tractors with which to work the land. State farms, always larger, now have an average of 15,600 hectares of agricultural land.6 By comparison, in 1985 the average American farm was just less than 450 acres, or 180 hectares, in size.

Yet these huge Soviet farms are not very productive. Average potato yields have gone up little if at all since the 1920s. Overall production on the kolkhozy and sovkhozy has increased in recent years. But labor productivity remains low. Soviet sources conventionally estimate that five Soviet farm workers do the same amount of labor as one American.7 Estimates of harvest losses range up to fifty percent depending on the crop. A Newsweek
reporter who wrote about a farm near Moscow in late 1990 to illustrate how poorly Soviet agriculture works was taken to that particular kolkhoz because of its outstanding results.

The political obstacles to reform are immense. After the October revolution, all farmland was nationalized. The prohibition of private land ownership and a land market, together with increasingly strict limits on the use of hired labor (banned outright at the end of the 1930s), were central to the Soviet state's claim to have ended economic exploitation of the poor by the rich. Reprivatization challenges the legitimacy of the whole system. Peasants have lived as day laborers for two generations. They know how to manipulate the system in which they live for their own benefit. Pensions and other social benefits have come from the farms. Kolkhoz chairmen and sovkhoz directors, as well as the district officials who were once the farm managers' bitterest enemies but who have become their frequent allies, have been able to utilize vast material and political resources to control their peasants. Although the farms were starved of investment under Stalin and Khrushchev in the name of crash industrialization, since 1965 they have become sinks for capital. Twenty to thirty percent of annual gross investment has gone to agriculture since the mid-1960s. This money has been an enormous political resource for the managers and local officials.

Much of the investment has been stolen, wasted, or diverted to other purposes by planners and party authorities—but opportunities for theft can also be manipulated to purchase political support. In a system where resources are distributed purely according to political clout, with no external checks on the economic rationality of the investment from market competition, interest rates, or a capital market, such irrationality and waste is predictable. Indeed, misdirection, waste and outright theft of investment and supplies has increased as controls imposed by the central planners loosened and discipline in the CPSU, the basic lever for coercing farm managers to behave according to their plan assignments, disappeared in the wake of the August coup when Yeltsin banned the party. The lack of central discipline may make big farm managers even more dependent on local officials. Historically, the district and oblast' level party and state officials have used their contacts to acquire scarce supplies for "their" farms. These "prefects," as American Sovietologist Jerry Hough once called them, served a vital function as expediters. During the 1991 harvest in the Sal’skii district of Rostov oblast’, for instance, "representatives" of the district agro-
industrial association (the district-level farm management agency) "threw themselves into the search" for batteries, belts, and harvester blades, "undoing complex knots" in the supply system. Although the old party leaders have been replaced by appointed "presidential representatives," those officials have taken over not only the offices but also the functions of the former CPSU officials. District or provincial monopolies controlled by the administrators frequently handle the barter relationships that have grown up since the old system collapsed at the end of 1991.

Because of the long years when the countryside was treated as an "internal colony" to be exploited by the cities, and because of the structural inefficiencies of the command system, the big farms still lack everything, from all-weather roads to adequate repair facilities to housing and amenities to processing and storage facilities. Conservatives, such as former Politburo member Egor Ligachev, argue that all the farms need is for current high levels of investment to be continued and even increased. Vasilii Starodubtsev, the head of the USSR Peasants' Union, a semi-official body dominated by farm managers and bureaucrats, got into a shouting match with Gorbachev at a conference in May, 1990 when Starodubtsev demanded that the state should stop all investment in anything but the farms in order to solve the food-supply crisis.

Starodubtsev undoubtedly believes what he says. But his solution to the agricultural crisis would also maintain his own power as the manager of a successful kolkhoz. Starodubtsev's presence on the junta which led the failed coup convincingly demonstrates how the old collective and state farm system is an organic part of the Stalinist system. But elimination of the Communist Party apparatus in the countryside will not solve the problems of peasant farmers. While market relationships are developing to replace the party "prefects," the farmers' situation could temporarily worsen. Moreover, the likelihood of further attempts at unseating the democratic forces from power, as well as the democrats' own disunity about what to do for their country (in contrast to their agreement on what they opposed) will do little to assure private farmers in the short run that their new farmsteads will be safe from renationalization.
What is a Peasant Farm?

For most Americans, a "peasant farm" is cultivated for subsistence by people who are relatively untouched by a market economy. American farms, by contrast, while generally family operations, are closely linked to markets in produce, supplies, land, and consumer goods. If a peasant farm is backward, using manual labor and primitive tools, the ideal family farm is modern, capital-intensive, and full of shiny machinery.

Soviet commentators share this double vision. Some opponents of agrarian reform, imagining the new farms to be little more than a return to the log huts and wooden plows of old Russia, have argued that individual farms will impoverish the countryside because subdividing the family property over generations as many sons come to till the land of one ancestor will create uneconomically small plots. This argument is true only where there is rural overpopulation and there are no attractive urban alternatives to farming. Much of the Russian countryside is now depopulated. Like other developed countries, the USSR suffers from a tendency by its young people to flee the land for the cities. Beyond their appeals to historical memory and emotion, these objections to peasant farming have little substance.

Other authors assert that the cost of setting up well-equipped family farms which can successfully compete on the market with the sovkhozy and kolkhozy is prohibitive. Providing one family farm with land, equipment, and buildings to support 25 cows is said to require an up-front investment of about 270,000 rubles at 1989 values. According to informants in Moscow, the specifications were drawn by a Dutch company in order to create farms like those in the Netherlands. Similar costs are reported elsewhere, for instance for the construction of a complete farmstead in Orel oblast'. The investment costs were then determined by pricing out improvements according to Soviet rural construction enterprises' standard price lists. Not only are these cost estimates likely to be high because the builders work on a "cost-plus" basis with the state covering their excess expenses, but because of the irrationality of Soviet prices the estimates themselves are effectively arbitrary. Moreover, it is hardly clear why the Soviet Union should leap to Western European standards in a single bound. It is more reasonable to assume that Soviet farmers will be able to develop their farms over time, building and investing as their incomes permit. They will
surely need credits, but why so much in one lump sum? The inflated investment figure looks more like an attempt to prevent agrarian reform than a serious argument against it.\textsuperscript{16}

Individual Soviet farms, then, will be neither throwbacks to the bad old days of peasant agriculture nor technological marvels of the most modern world practice. A new-style peasant farm, or "farmer's farm" (fermerskoe khoziaistvo), as Russian Republic Prime Minister Ivan Silaev explained in his speech on the Russian government's land reform proposals in late November, 1990, will be

a free enterprise, founded on possession, on private ownership of the land and other means of production, and basically on using one's own labor, with the limited utilization of hired labor. It independently determines the direction of its activities, and the structure and volume of production, proceeding from its own interests. To the peasant farm belongs the exclusive right to dispose of production output and to sell it to any consumer according to contract [i.e., mutually-agreed, free-market—DVAJ prices.

Most importantly, Silaev continued,

Interference in economic management and other activities of the peasant farm by state, public, and cooperative bodies is not permitted.\textsuperscript{17}

This condition is needed for the new farms to survive and prosper without being stamped out by the local authorities as individual farms were crushed during collectivization. It also emphasizes that the creation of peasant farms is not a neutral, "technical" matter of reorganizing agricultural production, but a critical political issue which attacks the basic sources of power and control of the beneficiaries of the old centralized system, the hordes of local managers and party-nomenklatura administrators.

Sources for Recreating Peasant Farms in Russia

Part of the confusion about the nature of a peasant farm stems from their various origins. Soviet peasant farms have been created in four basic ways:

1) by expanding the kolkhoz or sovkhoz farmers' household ("private") plots:
2) by leasing tracts of land or livestock sheds from the farm to individuals, something often done to put underutilized assets or plots located far from the main farm settlements back into production;

3) by creating individual farms from shares of kolkhoz or sovkhoz land and capital assets; and

4) by directly creating new farms on waste land.

The individual farms vary greatly in size, production, ability to survive without direct support from a kolkhoz or sovkhoz, and degree of legal independence. Peasant farms have developed from all four sources, and much more field work will be required to determine which method is most important in the decollectivization of a given village. Riihito Yamamuri's detailed study of the Pytalovo raion, Pskov oblast', where early experiments with creating peasant farms from abandoned livestock barns were made, found that 44 percent of the farms there began as expanded private plots, 69 percent began by leasing their land, and 38 percent of the new farmers got land from the local Soviets when they migrated into the raion.18 So in that case, and probably in most others, all three methods of creating farms are likely to be important.

**Expansion of Private Plots**

After collectivization, kolkhoz members and sovkhoz workers were guaranteed the use of a small plot next to or near their house for their own gardening and livestock. Although these "household," or "private," plots were strictly limited in size (and heavily taxed under Stalin), peasants largely lived from what they could produce and sell from them until at least the mid-1950s and in some areas until the mid-1960s because farm wages were so low.

From the 1930s on, party resolutions repeatedly condemned a tendency by private plots to encroach onto the collective lands. Contracting young animals to be raised on private plots with collective-farm-provided feed began to be officially pushed in the early 1980s.19 The CPSU Central Committee resolved to make determination of the amount of land a peasant family could have in its private plot a strictly local decision in September 1987. However, as of late 1990 the average household plot was still only 0.2 hectare (about
one-half acre), including land under structures and the house. Only then were the restrictions really being loosened. As the chairman of a district Soviet executive committee (roughly, a county executive) commented at that time, peasants are by law entitled to 50 hundredths of a hectare, but "we are now considering whether to let them have a hectare or even two hectares if they want." Anecdotal evidence suggests that a good many private plots have now been expanded into small farms either by direct absorption of communal lands or by leasing them. But the process is still too scattered to be discussed in much detail in any available source.

Leasing

Leasing of land and equipment to individuals or small groups by the kolkhozy and sovkhozy evolved naturally from attempts to make agricultural work groups more responsible for their work officially approved in March 1983. Experiments with internal leasing seem to have begun at about that time. Although not legalized until 1989, a centrally-directed drive for internal leasing began after General Secretary Gorbachev praised the practice in a speech to a Central Committee plenum in mid-1987. Such leasing arrangements were legally just innovative forms of wage payment in which earnings were to depend on output (the amount of produce sold) rather than fulfillment of piece-work norms (payment for individual operations, whether plowing a field or weeding a hectare). These sharecropping arrangements also had the advantage for management that much of the uncertainty of farming was placed on the farmer, while the management retained control over what the renters produced. The farm was no longer obligated to pay if no produce was grown, although the leaseholder, as an employee of the farm, had no way to force the farm to uphold its commitments about supplies or assistance if the management decided it was inconvenient to fulfill them. Such wages savings have become more important as farm managers are required to show a profit on operations while gradually losing state subsidies.

Sovkhoz employees or kolkhoz members who lease land from their own farms are sharecroppers, not independent operators. As inside contractors, they are subject to all the farm's rules and lack any legal recourse if the farm management fails to observe its contract with them. Soviet internal lease-holders are not even as independent as tenant farmers in
other societies, who have their own bank accounts and legal personality although they depend on a landlord for their farmland.

Internal and external leasing have been used widely in areas of the country, such as northern European Russia, which have lost much of their population to the cities. There, where dairy farming is often dominant, small, no-longer-used cowsheds and associated pastures and arable tracts for growing feed are now often leased out to individuals or small groups. The most famous Soviet individual farmer, "Arkhangel' peasant" Nikolai Sivkov, began his farm in this way. Sivkov and the obstacles he faced have been widely discussed in the Soviet press, and a made-for-TV movie about him won a USSR state prize as best documentary in 1989. The legal status of these leaseholds has often uncertain and contentious because farms continue to claim the peasants' land, even though they received it from local Soviets.

Leaseholds have a tendency to develop into tenant farms or even true private farms. New laws introduced in the USSR in 1989 and the RSFSR in 1990 and 1991 encourage this process. The USSR legislation allowed leaseholders juridical independence, the right to individual bank accounts (required to buy supplies or sell produce to anyone except the parent kolkhoz or sovkhoz), and inheritable fifty-year leases. Official statistics reported that most Soviet farmland and livestock facilities were leased out by the time the USSR collapsed. But it remains doubtful that most farmers saw any difference in their work beyond a new way of calculating wages. More radical land reform legislation, such as the measures adopted in the Russian Republic in late 1990, is needed to create true individual farms.

**Breaking Up the Kolkhozy and Sovkhozy**

A third way in which peasant farms are being created is by separation from kolkhoz or sovkhoz lands. All or part of a large farm may be reformed into a group of peasant farms which continue to be organized as an "association." Moreover, in many parts of the former Soviet Union which were not ethnically Russian or had different traditions before their incorporation into the Russian or Soviet empires, Collective farms have been completely dissolved. All or most farms have been reorganized in parts of the Baltic states, mountainous regions of Georgia, and Armenia. In those areas, however, the large farms' division
was relatively uncontested because of geography or a still-recent tradition of individual farming.

A major political battle developed over allowing individuals to secede from the collectives in the Russian Republic. Until 1988, peasants had absolutely no legal right to leave the collective farms with any land allotment or share of the farm’s assets. They had no practical way to leave the farms until the 1990 Russian republic Law on the Peasant Farm and its implementing recommendations were adopted.24 Many farm managers have bitterly resisted these laws because they threaten managers’ control over farm labor. Farm managers and local political figures organized in the USSR Peasants’ Union and USSR Council of Collective Farms, have led opposition to any land reform in the USSR and RSFSR Congresses of Peoples’ Deputies. The leader of the big-farm lobby, Vasilii Starodubtsev, threatened to ‘shake the world’ by withholding kolkhoz and sovkhoz produce if peasants received the right to leave the farms without the managers’ approval or if managers were not allowed to decide what tracts of land, equipment, buildings, and supplies the fugitives might withdraw.25 The managers lost the battle in the Congress of People’s Deputies.

The RSFSR legislation approved in December, 1990, gives peasants the right to withdraw without their managers’ approval and provides legal mechanisms to appeal denials of this right or unfair allocation of land and production facilities. Russian president Yeltsin’s December 1991 decrees reemphasized these rights and required all kolkhozy and sovkhozy to reorganize, breaking up on the “share system” if their members so desired.

Founding New Farms on Waste Land

Individuals may also receive land directly from the local Soviet, which can take land which is not being used or being improperly utilized away from the industrial enterprise or farm which occupies it. Would-be farmers may lease such confiscated tracts or be granted use rights or ownership subject to an agricultural tax. Since farm authorities have been the major contributors to the budgets of local soviets and often dominated them politically because a majority of deputies are farm employees, even applications to the local soviets for land have often been blocked.
The Number of Individual Farms in Russia

Peasant farms are beginning to be established even in the RSFSR. Supporters of the draft law on Peasant Farms told the RSFSR Supreme Soviet that

in Russia it is possible to form about 300,000 peasant farms with an average area of agricultural land of 50 hectares. The estimated cost of the gross output of these farms is 25 billion rubles, while the profit is 10 billion rubles. The farms will pay for themselves within five years.26

Table 1 (page 19) shows the changing official count of peasant farm numbers. The actual numbers are somewhat uncertain because of long-standing tendencies by local officials to adjust statistics depending on what they think their superiors want and definitional issues. Official Russian statistics are supposed to count only farms which have received the legal "act" certifying their registration with the local Soviet.27 Once peasant farms began to be created, a backlog of unprocessed applications quickly developed. According to sources in the RSFSR State Committee on Land Reform, another 10,000 applications were awaiting processing in May of 1991, for instance.

Obstacles to the Spread of Individual Farms

Individual farmers throughout the former USSR face at least four sets of obstacles. First, although legal issues about the rights of farmers, land ownership, and the status of individual farms in relation to the large collective and state farms have largely been resolved in principle, the existing legislation is more declarative than operational and in any case far from functioning smoothly. As the union republics have claimed sovereignty and declared the right to annul USSR laws with which the republics do not agree, the "war of laws" has trapped the legal changes in a morass of jurisdictional disputes. Second, the structure of the existing command economic system offers a framework for opposition to individual farmers. The farmers do not yet have the political weight or organizational clout to overcome their opponents' political base. Third, individual peasants are often not accepted by their neighbors, who tend to resent anyone who attempts to pull himself above the general level by individual effort. Finally, a whole set of serious practical difficulties confront any aspiring farmer.
Legal Obstacles

The USSR adopted a Land Law providing for long-term inheritable leases and proprietorship, but forbidding land sales, in early 1990. The RSFSR laws adopted at the end of 1990 permit land sales, but only after a ten-year moratorium period, designed to discourage speculation by rich black marketeers, has expired. Some other republics allow individual farming, others do not, and each has hedged its laws with various conditions. The situation is most complex in the Baltic countries, where people who owned the land before the Soviet Union annexed Latvia, Lithuania and Estonia in 1940 have been allowed to reassert their rights.

The legal confusion is increased by the Soviet tradition of ignoring or arbitrarily changing legislation. The mere existence of a law does not mean that it can be implemented or enforced. The repeated changes in the tax rates and permitted lines of business for cooperatives since such private enterprises were legalized in 1988 are a current, frightening example of these difficulties for anyone seeking to set up an individual farm.

Political Obstacles

The vast party and state administrative apparat which has ordered agriculture about from the capital cities and put those orders into practice in the countryside have generally opposed any changes in existing farm organization. The central planning and procurement agencies are basically concerned with keeping the country fed at the present moment. They oppose changes which might disrupt the immediate production and processing of agricultural output. The formal elimination of the Communist Party has done little to change the basic structure of agricultural management.

Farm managers and local bosses, who only yesterday were at loggerheads about plan fulfillment and supplies, have joined in a misnamed "USSR Peasants' Union" to defend their interests. Some of the most far-sighted managers, including the Peasant Union’s chairman, Vasili Starodubtsev, have allowed their children to prepare to establish family farms as a hedge against change. But such moves are a fall-back position which could leave the current rural elite dominant even if a general land reform were implemented. (After introduction of the household responsibility system of family farming in the People’s Republic of China
rural party and state officials in China often managed to translate their political power into economic success and influence in a similar way.)

To overcome these obstacles, the RSFSR legislature created a new ministerial-level State Committee on Land Reform (Goskomzem) which is independent of the republican Ministry of Agriculture and the Deputy Prime Minister for agriculture and the food industry. The Land Reform committee has its own agents at all levels of Russian administration down to the individual rural districts. At the same time, the State Committee is encouraging the formation of an interest group to represent individual farmers, the Association of Peasant Farms and Agricultural Cooperatives of Russia (AKKOR). An AKKOR member elected at the Association's congress sits on the collegium of the State Committee, its policy-making body. This representation may or may not be a good thing. AKKOR's equivocal position as an interest group with the right to be represented in the RSFSR government may help to keep the bureaucracy aware of peasant farmers' needs, or it may make AKKOR into just another state-controlled "transmission belt" which represents state policy to the farmers.

Community Opposition

The pioneer individual farmers have encountered a great deal of resistance from their neighbors as well as their former bosses. Ostracism of individual farmers, theft from their fields and barns, and even cases of arson by envious neighbors have all been reported. Since the farm managers also control the local law-enforcement agencies, the aggrieved farmer has little hope of justice in such cases. To an unknown extent, such popular resistance grows from acceptance of the ethic of lowest-common denominator egalitarianism (so-called "uravnilovka," or "levelling") consciously fostered by the state over the past sixty years. Like ethnic prejudices, such attitudes are likely to be difficult and time-consuming to change. (However, some western specialists have turned up less such opposition in their field work than anecdotal evidence from the Soviet press had led them to expect.)

Practical Obstacles

Soviet agricultural education, like all Soviet schooling, is narrowly focused, designed to impart a single skill. Only the most experienced and driven farmers, or lower-level
managers, are likely to understand more than their relatively narrow specialties very thoroughly. Few, if any, have the management skills needed to keep accounts and handle the business of farming. Nor will most have the capital needed to establish an individual farm, even if only enough to see the farm through its initial stages until it can begin to market its produce. Training courses like those established by AKKOR, and the periods of study abroad can begin to fill this gap, but participants must still have the means to support themselves and pay travel costs while studying, a significant obstacle to the wide dissemination of the needed knowledge and skills. Moreover, because Russia has been closed so long, such trips abroad are enormously sought after, and personal ties or simple bribery may have as much to do with the selection of participants as real interest in farming. In Riazan’ oblast’, for instance, the local AKKOR asked the Goskomzem to find land for two “candidate farmers” who were going to be sent to study in the FRG. Clearly for those two men the foreign trip, not farming, was important.

The RSFSR is addressing the problem of lack of capital through a newly-established Peasant Bank as well as direct appropriations administered by AKKOR’s "Russian Farmer" fund. In addition, individual ministries which seek to ensure better food supplies for their workers may provide start-up capital for peasant farmers, as is the case in the conversion of a state farm to an association of individual farms in Iaroslavl’ oblast’. Private citizens may also loan money to aspiring farmers, although such individual entrepreneurs are likely to be especially suspect in the Soviet context. The difficulties of Artem Tarasov, the USSR’s best-known "cooperative millionaire," who was investigated on suspicion of slandering President Gorbachev after he suggested that the USSR might be ready to sell two of the disputed Northern Kurile Islands to Japan in return for a substantial package of economic aid, are a cautionary example.

The individual farmer faces a physical environment created and built for a very different kind of farming. The infrastructure of roads, power and water supplies and communications, inadequate and in terrible condition anyway, has been designed for large farms. Warehousing and processing plants may be located in the large farms’ central villages, but they are more likely to be located hundreds of kilometers away over gravel and mud roads. Central siting of storage and processing is a legacy of the time when Stalin
wanted to ensure that kolkhozy could hold nothing back from the state’s procurement agents. But this policy will hurt the individual farmer more than the kolkhoz manager, who has a transportation brigade available to do nothing but engage in the long hauls needed to move produce and supplies.

The fields, like the production buildings, have been designed for very-large-scale agriculture. Since the farmer lacks the very large equipment needed to work such fields, and since full sets of equipment often don’t exist anyway, one family will find it very difficult to take over many kolkhoz or sovkhoz farms or livestock facilities. The volume of work needed would simply be beyond them without a degree of mechanical assistance which they can neither afford nor buy even if they have the funds. Very little small farm machinery is made in the USSR, and little of that is on open sale. Like everything else, farm machinery is normally distributed by state allocation orders.

The economic environment, too, works against the individual farmer. Simply establishing his own bank account is a major difficulty, and often impossible. The private farmer finds that his supplies and sales outlets, like the land and production assets, are all controlled by state monopolies. These agencies are often simply unwilling to deal with individual farmers or willing to do so only at prices higher than those charged the kolkhozy and sovkhozy and only after the big farms’ needs have been met.

Given all these difficulties, it is a tribute to the resilience and determination of the first individual farmers in the former USSR that any have been able to survive and prosper, as some are beginning to do. Despite the determined political opposition to them, their survival also testifies to the fact that even some farm managers and rural officials understand that the old system simply cannot be saved unless individuals and small cooperatives are allowed to take some of the burden of feeding the country.

**Individual Farmers’ Needs**

More than anything else, potential individual farmers in the Soviet Union need evidence that they can succeed. Opinion polls taken over the past two and one-half years show a steady, if slow, growth in interest in individual farming. The increasingly obvious collapse of the old system, paradoxically, may help to overcome people’s fears simply by
demonstrating that there is no choice. Many of the pioneer Soviet individual farmers are clearly true believers in their enterprise, the kind of stubborn individualists who are often successful entrepreneurs (or political fanatics) in other countries. But family farming will need to attract more than just individuals who are willing to stake everything on an idea to succeed.

Beyond faith that individual farming is possible, Soviet farmers need more training in farm management. They also need extension services which work for the farmers rather than to fulfill plan targets. Soviet theorists have argued for the creation of cooperatives to perform extension and other functions. Help in setting up such enterprises is also an urgent need.

Soviet industry does not provide the small-sized equipment that farmers need. Nor can individuals count on obtaining supplies of building materials or simple tools. Small-scale production facilities to make such things, on the order of the "intermediate technology" enterprises prescribed for self-sufficient agricultural improvement in much of the Third World, are an urgent requirement. Imported goods can also find a market, if the importers are willing to wait for payment or take their earnings in produce. McDonalds and other food-supply companies have already demonstrated that such deals can be made successfully in the USSR, although they have dealt with managers of successful suburban state and collective farms rather than individual farmers. There is also a market for catalog sales of tools, equipment and consumer goods by mail or express to farms. This business, which made Sears and Roebuck a household name in the United States, might do more than anything else to equip the new farms and slow the catastrophic exodus of Soviet young people to the cities.

Prospects for Individual Farmers in the USSR

Individual farming will survive and ultimately prosper in the USSR because the large farms have shown themselves to be unable to provide more than a dearly-won subsistence for the country. Whatever the outcome of the current political struggles, the old Stalinist system cannot successfully be revived. Yet many large farms will survive and prosper, if only
because the Soviet Union does not have the resources in people, facilities, or equipment to disband them all and organize individual farms instead.

Agrarian reform will take a long time, at least a generation. The physical problems of establishing peasant farms could be resolved fairly quickly. But it will take a long time for farmers to come to believe that the state might not dispossess them tomorrow. Habits of husbandry must be relearned. The farming traditions and knowledge that collectivization destroyed in a few years will take a long time to recover.

Individual farming is no panacea. As the Soviet Union painfully makes its way to a market economy, problems like those which confront farmers in the rest of the world will become increasingly important. Just having a market economy is not enough. What is the relationship of agricultural prices to foodstuffs to be? How can individual farmers defend themselves against large-scale processors and suppliers who monopolize farm supplies and sales of farm produce? How can farmers cope with the long hours and lack of time off that successful farming requires? Will enough young people return to the land to maintain individual farms? The catastrophic situation of Soviet agriculture will be improved. But the "usual" problems of agriculture in an industrialized society will remain. At best, one might agree with a Soviet agricultural economist, who, on hearing the litany of American farmers' problems as evidence that simply creating individual and family market farms doesn't solve all agricultural difficulties, replied "We should be so lucky as to have those problems!"
<table>
<thead>
<tr>
<th>Date</th>
<th>Number of Farms</th>
<th>Total Land in Peasant Farms (ha)</th>
<th>Average Farm Size (ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 1, 1990</td>
<td>231</td>
<td>11,600</td>
<td>50</td>
</tr>
<tr>
<td>July 1, 1990</td>
<td>890</td>
<td>30,500</td>
<td>34</td>
</tr>
<tr>
<td>January 1, 1991</td>
<td>4432</td>
<td>181,100</td>
<td>41</td>
</tr>
<tr>
<td>July 1, 1991</td>
<td>25,159</td>
<td>1,065,600</td>
<td>42</td>
</tr>
<tr>
<td>December 1, 1991</td>
<td>41,481</td>
<td>1,640,600</td>
<td>40</td>
</tr>
<tr>
<td>January 1, 1992</td>
<td>48,975</td>
<td>2,049,600</td>
<td>42</td>
</tr>
<tr>
<td>February 1, 1992</td>
<td>57,747</td>
<td>2,454,200</td>
<td>42</td>
</tr>
<tr>
<td>April 1, 1992</td>
<td>94,946</td>
<td>3,897,800</td>
<td>41</td>
</tr>
<tr>
<td>July 1, 1992</td>
<td>127,856</td>
<td>5,181,818</td>
<td>41</td>
</tr>
</tbody>
</table>

Sources: Goskomstat RSFSR, "Krest'ianskie (fermerskie) khoziaistva RSFSR na 1 oktiabria 1991 goda" (xerox); Goskomstat RSFSR, "Krest'ianskie (fermerskie) khoziaistva Rossiiskoi Federatsii na 1 aprelia 1992 goda" (xerox); "Fermerov mnogo, no o-chen' malen'kikh (Dannye statkomiteta SNG)," Krest'ianskie vedomosti, No. 30 (July 27-August 3, 1992), p. 7.
Notes


Revisions were supported in part from funds provided by the National Council for Soviet and East European Research, which however is not responsible for its contents or findings.

Research assistance by Lynn Erin McNeil and Aaron Dun is gratefully acknowledged.

1. This difference has been noted by the principal architect of Polish "shock therapy," Jeffrey Sachs. See Sachs and David Lipton, "Poland's Economic Reform," *Foreign Affairs*, Vol. 69, No. 3 (Summer 1990), p. 54.

2. Official approval of these ideas can actually be traced back to Central Committee resolutions reported in *Pravda* on September 25, 1987. But those resolutions seem to have had little effect.


4. This piecework scheme has been challenged in recent years. Payment by the task, long used on an experimental basis in a few farms, has become more common. The 1987 Enterprise Law inspired some farms to begin to adopt so-called "second-model khozraschet," paying farmers out of gross profits. ("Khozraschet" is an untranslatable Soviet economics term which essentially means keeping track of profits and losses.) Under this system, if farms didn't make a profit, farmers earned nothing. When the legislation implementing the March (1989) Central Committee plenum's agricultural reforms went into effect at the beginning of 1991, all farms were supposed to begin paying their workers out of profits rather than guaranteed piece-rates.

5. V. Somov, "Pered plenumom TsK KPSS: Kuda venet gosagroprom," *Pravda* (March 6, 1989), p. 2. This number was cited to justify the reorganization of the "super-ministry," the State Agro-Industrial Committee (*Gosagroprom*). Although the central agricultural management apparatus has been reorganized twice since then, it is unlikely that the principles of bureaucratic responsibility, or the volume of paper generated, have changed very much.

7. Labor productivity is very difficult to measure. It is harder to compare, since Soviet farms have many employees who do things (running schools, libraries and cafeterias, for instance) that are done by non-farm enterprises or local government in the United States.


11. CPSU Central Committee Secretary for agriculture Egor Stroev called the Stalinist system of agricultural management "internal colonialism." "Rynok v krest’ianskom izmeneni," *Pravda* (July 17, 1991), p. 3.

12. "Cherez mnogoukladnost’ ekonomiki—K effektivnosti proizvodstva: Vstrecha Prezidenta SSSR s arendatorami," *Izvestiia* (May 23, 1990), p. 3. This is an even more extreme version of Ligachev’s prescription for solving the country’s food crisis. Compare his speech at the Second Congress of People’s Deputies in December, 1989, which promised that agriculture would begin to work if only it received as much more investment in the next five years as it had in the last five. *Izvestiia* (December 15, 1989), p. 10, as translated in *Current Digest of the Soviet Press* (hereafter CDSP), Vol. 41, No. 52 (January 24, 1990), p. 23.


15. Author’s interview in Moscow, October 1990.

16. Ligachev’s December 1989 Congress of People’s Deputies speech cited above estimates the cost of a peasant farm at 300,000 rubles.


22. On Sivkov’s farm see, for instance, V. Anufriev, "Odin den’ Arkhangelskogo muzhika," *Fermer*, No. 1 (March 1990), pp. 4-5. This is the first issue of a magazine put out by the Association of Peasant Farmers and Agricultural Cooperatives of Russia (AKKOR).

23. On July 1, 1990, there were reportedly 29,547 individual farms in the USSR, of which slightly more than 1,000 were in Uzbekistan, 16,516 in Georgia, 1,718 in Lithuania, 6,974 in Latvia, and 2,000 in Estonia. By January 1, 1991, the total had grown to 40,600, apparently largely through an increase of some 3,500 in the RSFSR (up from only 900 in July), 1,000 more in Lithuania, and an indeterminate number in other republics. There is no evidence on the point, but most of the balance of the increase was probably in the Western Ukraine, in areas annexed to the USSR after World War II.


CONFLICTS OVER AGRARIAN REFORM AND PRIVATIZATION IN RUSSIA

Don Van Atta
Center on East-West Trade, Investment and Communication
Duke University

Only agrarian reform can increase food availability and quality for Russians in the long run, and economic logic requires that land reform be done rapidly and thoroughly. However, changes will reduce immediate output, and, in the short run, all Russian politicians publicly claim that food supplies must be maintained to avoid massive public disorders.

This dilemma must be resolved in a country in which privatizing land challenges both the most fundamental values of the population and the basis of power of the old rural elite. These tensions provide the basis for strong conflicts of power, policy, and personality in the Russian government.

The Russian Land Reform Program

The land reform 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 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 publicly that all the collective and state farms should be 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. This will provide the collective and state farms competition to force them to be more efficient. Whether marginal land in the north in fact can compete with collective farms in the south is another question.

Although a substantial number of individual farms have been legally registered (Table 1, p. 19), they are still very small, producing only one or two percent of total agricultural output. Few market more than 'niche' products such as onions or seeds. Some private farmers who have returned to the countryside from the city may be more interested in land speculation than agricultural production.

The Rutskoi Alternative

Political incoherence at the top of the Yeltsin government now threatens any land reform. In late February 1992, Yeltsin gave vice president Aleksandr Rutskoi general responsibility for the land reform and conversion of military enterprises to produce agricultural equipment. 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 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.

Rutskoi is locked in a bureaucratic battle with the existing 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 Russian vice president has set up his own for-profit Federal Center for Land and Agro-industrial Reform, and says he will not rely on any other agencies. Rutskoi tried to arrange the firing of Agriculture Minister Viktor Khlystun, a former institute rector. Rutskoi's nominee for the Ministry was Mikhail Lapshin, head of the parliamentary agrarian deputies--a principal opponent of the Yeltsin land reform. But Acting Prime Minister Egor Gaidar countered by suggesting that Khlystun would make an excellent deputy prime minister, filling a vacant slot in the governmental apparatus and making him an even more direct competitor for the vice president. Khlystun remains Minister of Agriculture.

Retreat from Land Reform

As of May 1, 1992, 4,481 of the approximately 26,000 state and collective farms had reorganized (Table 2), but, the farm reorganization process apparently halted in late spring. Since the farms had to produce food for this year, it is no surprise that land reform has been put off until after the harvest.
Table 2
Number of Reorganized Collective and State Farms in Russia, May 1, 1992

<table>
<thead>
<tr>
<th>New Organization</th>
<th>Collective Farms</th>
<th>State Farms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peasant Farm Associations</td>
<td>605</td>
<td>440</td>
</tr>
<tr>
<td>Joint-Stock Societies</td>
<td>959</td>
<td>944</td>
</tr>
<tr>
<td>Other</td>
<td>864</td>
<td>636</td>
</tr>
</tbody>
</table>


Much of the old collective and state farm system remains. The disappearance of the rural party apparatus means that the collective- and state-farm managers have become the only real political authority in the countryside, gaining substantial control over the disposition of the harvest. Given a rapidly depreciating ruble, they have little incentive to sell their crops and every reason to hold them for better prices. The state bought only about 25 percent of the 1991 grain harvest, compared to about 40 percent annually in the mid-1980s, and the state procurement target was not met. Grain procurements this year are even slower. Rural ‘strike committees’ have been organized in more than sixty provinces to coordinate withholding grain to drive up prices. They also demand that the state restore subsidies and price controls on industrial inputs for agriculture. But a national ‘Peasant Unity Day’ protest on August 5 received wide media coverage with little apparent effect.

The government is resisting attempts to use the ‘food weapon’ against it. At a July 18 meeting, Rutskoi told farm trade union representatives that the state simply does not have the money to pay the subsidies they demand. Protests and inflation have had some effect, however. Prices paid for grain have been raised several times since the beginning of August.

Despite its claims that relations with the countryside are being marketized, the Russian government has resorted to a mobilization campaign—just as the Soviet regime did
every year after collectivization—to bring in the 1992 harvest. Yeltsin issued a harvest
decree in early June. A government headquarters to ensure the delivery of supplies to
agriculture, to mobilize extra labor for the harvest, and to oversee storage and procurements
was set up under first deputy premier Vladimir Shumeiko, a former plant manager in charge
of economic reform as a whole.  

**Land Tenure and Ownership**

The agrarian reform can make little further progress until the issue of full land
ownership and a free market in landed property is resolved. Although the RSFSR Constitu-
tion forbids any land market, Yeltsin's 1991 decrees allowed purchase and sale between
farmers within particular farms and between individuals and the state. As in the 1990 laws,
his decrees will allow free general sales after a ten-year waiting period. In April 1992 the
Sixth Congress of People's Deputies rejected a new constitution that would have permitted
land sales. So land titles are very cloudy.

But farmers need the right to freely buy and sell land to obtain credit on mortgage,
which is the basic source of agricultural investment capital in the West. Three different draft
decrees giving farmers the right to mortgage their land have been stopped by disputes within
the presidential apparatus on their way to Yeltsin's desk.  

Some 'democrats,' in particular the followers of Nikolai Travkin and Gavriil Popov,
suggested that the constitution be put to the population by referendum. However, the
Congress (Supreme Soviet) must still approve and schedule such a vote, and the question of a
free land market has been put off until the Congress' next session. Peasant farm supporters
are willing to compromise by cutting the land-sale moratorium to five years. Since two
years have passed since the 1990 legislation, free purchase and sale of land would be allowed
in 1995—soon enough for banks to begin accepting land mortgages now. Until farmers can
mortgage, the state will have to continue direct subsidies from its budget, worsening the
financial crisis.
General Privatization and Agrarian Reform

The relationship between privatization in agriculture and other sectors is uncertain. In mid-July the Russian government published its general privatization program, which mentioned forming a 'regulated land market' and reducing limitations on land purchase and sale. But it gave few details about agrarian reform and said nothing about the conflict between the 'accepted' agrarian reform already being implemented and Rutskoi's alternative version. While it still provided that the farms should be reorganized this year, it postponed any serious land reform. Its program would take four years and leave the collective farms substantially intact. It seemed to promise more change in the sectors serving agriculture.

Yeltsin's announcement on August 19, 1992, that every Russian would receive 10,000 rubles in coupons to acquire property implemented one of the provisions of the July privatization program. The president did not say explicitly whether or not agricultural land would be affected. Since the July program set out a separate schedule for privatizing agricultural land, the August coupon plan apparently affected only industries supplying or selling agricultural products, not the farms themselves.

Bigger Changes Coming?

Given the chaos within the Yeltsin government, the competing plans for agrarian reform and privatization, the frequent reorganizations of the central bureaucracies, the likelihood that local land reform agencies can be captured by rural leaders, and political leaders' lack of good information about the real situation in the countryside, it is not clear how much land reform has really been done. The degree of popular support for radical agrarian reform, like privatization in general, should not be exaggerated. City dwellers want cheap food and care little about how it gets to them as long as it does. Even in the largest cities, only a plurality of residents support decollectivization. In the countryside the peasants are quite suspicious. Many more programs are likely to be announced and even completed on paper, but there actually will be only a very gradual reorganization along with a great deal of continuing confusion and political conflict.
Notes

Work leading to this article was supported in part from funds provided by the National Council for Soviet and East European Research, which however is not responsible for its contents or findings.


