TITLE: POSTSCRIPT to "The 18th Brumaire of Boris Yeltsin"

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This report, based on research in Russia during May and June 1994, updates the author’s report titled *THE 18TH BRUMAIRE OF BORIS YELTSIN: Agrarian Reform, Macroeconomic Policy and Rural Political Interests in Post-Soviet Russia*; distributed by the Council on April 23, 1994.
By the early summer of 1994 another round of conflict over agrarian reform in Russia was well under way. Issues which had seemed to be settled by the December elections, especially land ownership and sales, were again in contention. The chances of a rural backlash against reform also continued to increase. Although the long-term economic failure of the collective farm system, and the need for its transformation, were at least as obvious as they had been in 1990, overall economic conditions had largely negated the incentives to reform and to exit from the large farms created by the agrarian reform since the II RSFSR Congress of People’s Deputies.

As late as May 1994, large and small farms continued to complain that they had not been paid for produce delivered to the state the previous fall. Production credit posed another problem, as government promises to provide funds for spring field work were not always fulfilled.

The nonpayment crisis meant that farm workers were not receiving their wages, being paid instead in kind -- grain, young animals, feed, or other products. One individual farmer interviewed by the author in May 1994 reported that his attempt to raise capital by opening a rural store had failed. Although the store offered goods needed by the local population and the prices were reasonable, no one had any cash to pay. At the same time urban fortunes are being made by reselling Snickers bars and liquor.

Russian agriculture is marketized, dependent on urban inputs and sales to survive. Although there is no evidence as yet of declining sowings or marketings -- and one would expect farmers, who live by their crops, to reduce them only as a last resort -- the chances seem to be increasing that a drastic reduction in sowings or a failure to harvest much of what is grown might be forced on the countryside by lack of funds to pay for inputs and labor. The continuing importance of private plots makes this possibility greater. As Table 1 shows, the proportion of collective farm workers’ income derived, in cash and kind, from their private plots is once again increasing, after declining throughout the 1980s. As long as local residents maintain their own private plots, they could simply refuse to work on the big farms.
and stop selling to the cities. This scenario may seem far-fetched -- especially since much of the support for private plots comes from the large farms -- but this same fear of a decline in peasant marketings led Stalin to initiate collectivization.

Table 1
Private Plot Income in Cash and Kind as Proportion of Total Collective Farm Household Income, 1980-1992

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>25.1%</td>
</tr>
<tr>
<td>1985</td>
<td>21.8%</td>
</tr>
<tr>
<td>1990</td>
<td>21.5%</td>
</tr>
<tr>
<td>1991</td>
<td>30.0%</td>
</tr>
<tr>
<td>1992</td>
<td>41.6%</td>
</tr>
</tbody>
</table>

Source: Agrarian Institute of the Russian Academy of Agricultural Sciences, unpublished

These economic conditions, and the still-increasing disparities between frequently-still-controlled food prices and the cost of agricultural inputs, clearly do not motivate the would-be individual farmer to leave the relatively greater security of the collective farms. The rate of formation of new individual farms has declined in 1994.

The presidentially-mandated national drive to reregister state and collective farms in forms which would ensure that farm workers could leave with a share of land and property to set up their own individual farms was essentially completed by January 1, 1994, when, according to the Russian Federation Committee on Statistics, some 95 percent of all farms had completed the process. But some 47 percent of the reregistered farms had legally become "closed" joint-stock societies, or "limited partnerships." Depending on individual farms' charters, such limited partnerships might require that anyone who wished to leave to establish his or her own farm, or to sell his or her land share, must obtain the agreement of every other member of the society to do so. Such an impossible condition might constrain the would-be farm leaver or land seller more than the previous situation, when the Law on the Peasant Farm at least allowed unconditional exit from a collective or state farm.
Although the reregistration campaign, which, judging from the original Ministry of Agriculture recommendations was intended to create mostly "associations of peasant farms," it did not do so. However, despite the continuing legal difficulties over farms' legal incorporation, the reregistration process has set in motion a ground-swell of change within the new farms. Eventually, as more people wish to leave and more pensioners seek to pass on their land and property shares to heirs who may no longer live on the farm, the collective and state farm structure should wither.

But some Russian Federation governmental officials have played into the hands of rural conservatives by arguing for increased governmental pressure to dismantle the collective farm system. Members of the Agrarian Party focused particularly on a discussion paper issued from presidential advisor Petr Filippov's research center in mid-winter which argued that all the collective and state farms should be dismantled "before the next spring sowing" (see for instance the interview with former RSFSR Minister of Agriculture Gennadii Kulik in Zemlia i trud, no. 18, May 3-9, 1994, p. 3).

The April 15, 1994 Russian Federation government resolution approving the IFC's Nizhnii Novgorod experiment caused another furor since it was reported to have been prepared in tandem with a presidential decree ordering all farms to undergo the breakup procedures worked out there, and penalizing them if they refused to do so (Andreï Konovalov, "New Ideas for Our Peasants, or, the New Is the Thoroughly Forgotten Old," Izvestiia, April 16, 1994, p. 2). While the impending bankruptcy and near-collapse of many farms (some 20 percent of which were reported to be without a chairman in early June, 1994 [author's interview, June 1994]) requires a careful policy response, such attempts to enforce change, especially when the central government clearly lacks the power to make such changes effective, are likely to be ill-advised at best.

Even after the October 1993 presidential decree on land relations and the passage of the Yeltsin constitution explicitly permitting agricultural land sales in December, resistance to allowing the purchase and sale of land in the countryside has remained strong. According to a variety of officials interviewed in May 1994 by the author, purchase and sale of agricultural land is still impossible because, although the constitutional prohibition is now gone, there is still no "mechanism" for carrying out land transactions.
Within the Russian Federation government a battle continues over whether or not land requires regulation by a separate legal document, a new Land Code, or should simply be treated like any other commodity, thus falling under the Russian Federation Civil Code which is being drafted simultaneously by a different ministry and working group. This theoretical dispute is made more bitter by a struggle over who should actually handle the registration of land transactions between the State Committee on Land Surveying (Roskomzem) and the Ministry of Justice. Meanwhile, the State Committee on Management of State Property (Goskomimushchestvo), with support from USAID, has consistently claimed that it should be handling all land registration and the creation of a land market, a position welcomed by none of the other bureaucracies and especially distasteful to the Agrarian Party, which sees Goskomimushchestvo as speaking for urban real-estate development interests (Elena Iakovleva, "Chastnaia volia i gosudarstvennoe regulirovanie stalkivaiutsia v zemel’nom kodekse," Izvestiia, May 13, 1994, p.1; and Irina Savvateeva, "Zemel’nyi kodeks: sovetskie feodaly toropiatsia upravit’sia s privatizatsiei dokhodov," Izvestiia, June 3, 1994, pp.1-2). All of this intragovermental dispute is likely to be purely academic, however, since it seems unlikely that the Duma’s Agrarian Committees will pass very market-oriented legislation.

Instead, the Duma’s Agrarian Committees, in particular the Federation Council’s body, have occupied themselves by condemning any kind of agrarian reform. According to the chairman of the Federation Council’s committee, the Agrarian Institute of the Russian Academy of Agricultural Sciences which has supplied much of the policy analysis skills for the reform and where several leading reformers work (including the Russian architect of the Nizhnii Novgorod experiment, Vasilii Uzun), should be closed down in order to save money in a time of fiscal austerity (Izvestiia, April 12, 1994, p. 4). In mid-May 1994, the upper house adopted a resolution proclaiming that the entire agrarian reform was "deeply erroneous" and implicitly demanding that the whole thing be undone ("Deputaty delaiut vybor," Zemlia i trud, No. 20, May 17-23 1994, p.1).