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Executive summary

For the last twenty-five years urban bias has been the most prevalent theoretical framework for analyzing urban-rural relations among developing nations. Urban bias is commonly thought to be of greater intensity in non-democratic nations, in particular one-party systems. As post-Soviet states democratize and open their political systems to competition, urban bias would be expected to be more difficult to maintain. Robert Bates hypothesized that in "nations with competitive party systems, political competition for votes leads to a shift in policy in favor of rural interests." However, during Russian democratization, urban bias has intensified.

This paper identifies urban bias in Russia by describing the following developments: a widening price scissors, an open trade policy, low domestic purchase prices, and sectoral differentiation. What explains the occurrence of urban bias in Russia during democratization? The following hypothesis is presented in the paper to explain why rural interests have been weak in Russia: Rural groups have been divided and unable to present a united front vis-a-vis urban groups. Ideological differences have prevented rural groups from presenting a unified bloc of interests able to lobby effectively. Political division has led to electoral weaknesses and alliances that harmed, rather than helped, rural interests.
Preface

Since the beginning of agrarian reform, the Russian countryside has been ideologically split between rural “liberals” and rural “conservatives.” Liberal rural groups include the Association of Peasant Farms and Agricultural Cooperatives (AKKOR), which held its founding congress in January 1990 and has convened congresses annually since then, and the Union of Landowners, formed in late 1994. Rural conservatives are represented by several organizations. The umbrella organization is the Russian Agrarian Union, created in April 1990, which later changed its name to Agroindustrial Union of Russia. There are two subsets of this larger Union, one of which is the Agrarian Party of Russia (APR).

At the core of the splintering of rural interests, liberals and conservatives have fundamental differences over the preferred course of agrarian reform and agricultural policy. Differences span a range of policy issues, including whether or not retail food prices should be regulated by the state, how much state intervention there should be in the wholesale food market, and the degree of freedom in domestic and international food trade. There are also differences over which sector of the rural economy should be prioritized for investment, credits, and loans. The most notable, and bitter, difference is over the nature of the land market.

The division of rural interests has had significant policy consequences, particularly as agricultural and urban interests clashed. Both rural conservatives and rural liberals suffered from political weaknesses vis-a-vis urban interests. Both rural liberals and rural conservatives have had to search out alliances with urban-based parties. Of the two rural interests, rural liberals were inherently weaker in the countryside. Urban alliances were pursued out of necessity, owing to the weaknesses of rural liberal interests. Liberal rural-urban alliances were based on shared philosophies of economic reform, even though the policy platforms were sometimes incompatible.

The conservative Agrarian Party of Russia also entered into an electoral alliance with an urban based political party, the Communist Party of the Russian Federation. This alliance was different, however, as the two parties had similar ideological philosophies and compatible policy platforms. During the 1990s, rural conservatives lobbied in three main directions: (1) to slow the pace and course of agrarian
reform; (2) to slow the decline of resource flows into the countryside; and (3) to obtain Soviet-type state protection from free trade and foreign competition.

Even though representatives of the APR (Alexander Nazarchuk and Alexander Zaveryukha) were minister of Agriculture and deputy prime minister in charge of agriculture during 1994-1996, respectively, they were unable to stop the progress of rural reform. For example, during this time period, former state and collective farms completed reorganization, and a national program for farm privatization was introduced which divided large farms into several smaller, privately operated farms (based on the Nizhnii Novgorod model of farm privatization). Farm land was privatized, and land certificates were distributed.

By late 1999 experts in Russia estimated that 83 percent of all farm land was in private hands. A land market emerged, though rudimentary. Starting in 1994, several hundred thousand rural land transactions occurred annually. Furthermore, international food trade policy was liberalized, leading to increases in food imports. Finally, subsidies and resource flows to agriculture declined precipitously.

Moreover, even though APR representatives chaired the Duma Committee on Agrarian Questions during different sessions in the 1990s, the president retained the right of veto and was able to block the most important agrarian legislation, for example several versions of the new Land Code which passed in the Duma but were vetoed by former President Yeltsin.

Thus, divided, incohesive rural interests have contributed to intensified urban bias. Intensified urban bias in Russia flows from incompatible ideologies between dominant rural interests and the state, incompatible ideologies between rural interests themselves; and from political and policy divisions between rural interests. Rural weaknesses were evidenced by the fact that even when in positions of power, agrarian leaders were not able to stop the course of reform. Moreover, despite representation in the State Duma, agrarian deputies were not successful in turning their policy preferences into state policy. As a result of political weaknesses, political alliances were sought, alliances that harmed rural liberals and further divided rural conservatives, portending more difficulty in overcoming urban bias in the future.
Introduction

For the last twenty-five years urban bias has been one of the most prevalent theoretical frameworks for analyzing urban-rural relations in developing nations. Urban bias is commonly thought to be of greater intensity and duration in non-democratic nations, in particular one-party systems. As post-Soviet states democratize and open their political systems to competition, urban bias would be expected to be more difficult to maintain. Robert Bates hypothesized that in "nations with competitive party systems, political competition for votes leads to a shift in policy in favor of rural interests." According to this argument, rural groups in competitive political systems are able to organize for the purpose of seeking and mobilizing electoral support, thus influencing policy in ways that are advantageous to rural interests. Moreover, rural interests and the rural population at large present opportunities for urban interests to build support through alliances. In seeking out rural alliances, urban groups would court rural interests and make policy concessions that benefit the rural sector in exchange for electoral and political support.

The analytical problem is trying to figure our why urban bias has remained, and even intensified, during increased political competition and democratization in post-Soviet Russia. This article seeks to answer why democratization has been accompanied by such a significant decline in the ability of rural interests to influence policy in ways that are beneficial to them. How are we to explain this apparent paradox, whereby democratization in Russia has been accompanied by economic policies and policy outcomes that are characteristic of urban bias in non-competitive one party states?

In addressing this question, the purpose of this article is twofold. One of the problems that scholars have been wrestling with is to identify the conditions under which urban bias dissipates. Therefore, the first goal is to contribute to the specification of urban bias theory. This article presents aspects of the urban bias problem that have not been previously considered, and furthermore, have not been applied to post-Soviet states. The importance of political cohesion and differences over ideology have not received the emphasis they deserve, thus creating a theoretical vacuum for understanding rural politics in post-Communist nations. In particular, this article will contribute to urban bias theory by analyzing four factors that previously have been ignored

(1) ideological differences between the state and rural interests;
(2) the ideological compatibility of rural interests;
(3) the internal coherence of rural interests; and
(4) the nature of political alliances formed by rural groups.

The second goal of the article is to analyze peasant-state relations in post-Communist Russia, bearing in mind what the analysis suggests about Russian democratization. Rural political weakness due to ideological differences and lack of cohesion led to several consequences that affect the nature of rural politics and the prospects for societal democratization. Political consequences include the ability to turn policy preferences into policy, the need for urban alliances, and the alienation of rural elites.

**Urban bias as an approach to rural politics**

Flowing from the work of Michael Lipton in the mid-1970s, urban bias became widely accepted as an explanation for why rural interests were often discriminated against in developing nations. The urban bias model became a powerful explanation for urban-rural relations in Third World and one-party states. Urban bias defines urban-rural relationships and the ways in which regimes extract resources from the agricultural sector to the benefit of the non-rural sector. The urban bias argument maintains that states act to protect urban interests and discriminate against rural interests. The urban bias theory argues that financial, productive, and human resources are deliberately “pumped” out of the countryside in order to benefit urban dwellers. Food producers are discriminated against on price and resource flows (although there may be variation according to type of production). Urban bias, therefore, leads to extractive and discriminatory policies against the rural sector.

Why does urban bias occur? According to the theory, the countryside is economically poor because it is politically weak. A politically strong countryside would act to prevent or block urban bias. It is relatively easy to understand how, in rural Africa for example, an unorganized, dispersed, largely illiterate, ethnically or tribally segmented rural sector finds it difficult to defend its economic interests. Second, urban bias theory maintains that the state is a not a neutral institution but rather a vehicle used by urban interests to promote their good. The urban political elite uses the state and the instruments of power
as a vehicle to discriminate against rural dwellers by intervening in markets and discriminating against food producers in order to ensure urban support.

At the same time, because states in which urban bias is found are dominated by the rural population, the urban elite has to devise political strategies in order to develop rural alliances. Lipton and others argue that a common strategy for the urban elite was to "buy off" big farmers by providing subsidized inputs and tax advantages. In return, large farmers support the urban elite even though they are discriminated against on price. Thus, urban bias discriminates against food producers, but not all food producers. Governments, therefore, intervene to protect urban consumers against high food prices. The failure to protect urban interests may result in political instability, as food riots in Indonesia in 1997-1998 clearly showed. Robert Bates has summarized the situation governments face:

\[ \text{Governments face a dilemma: urban unrest, which they cannot successfully eradicate through co-optation or repression, poses a serious challenge to their interests as employers and sponsors of industry. Their response has been to try to appease urban interests not by offering higher money wages but by advocating policies aimed at reducing the cost of living, in particular the cost of food. Agricultural policy thus becomes a byproduct of political relations between governments and their urban constituents.} \]

Thus, urban bias theory emphasizes the state as a vehicle for urban interests and the difficulty of organizing rural interests. This article will use the state (at the federal level) as the unit of analysis, an approach that is compatible with previous studies of urban bias, thus making this article directly comparable to the existing literature.

While there is diversity in the treatment of agricultural interests among Russia's 89 regions, an analysis of that diversity is outside the scope of this paper. It is worth noting that even where regional governments might be pro-rural, regional policies are not able to compensate fully for the disadvantageous macro-economic policy environment (namely pricing and trade) that results from federal policies. Agricultural performance is not necessarily better in regions where regional governments are "pro-rural," and in fact, agricultural production during the 1990s fell most across southern areas commonly referred to as the "red belt" because of their support for communist political candidates.
Urban bias in post-Communist Russia

Urban bias was a policy of long-standing in the Soviet Union. The philosophical basis for Communist peasant-state relations can be dated to Marx and Lenin. The real progenitor of urban bias, however, was Stalin and his policy of collectivization. While the post-Stalin leadership moderated somewhat the excessively anti-rural orientation of the regime under Stalin, rural life remained primitive, harsh, and cruel. The situation in agriculture was aptly described by former General Secretary Mikhail Gorbachev, who also served as party secretary for Agriculture during 1978-1985:

The traditional concept of the peasant as a second class citizen had a further negative effect.... The countryside, with 100 million people, received only 10 percent of electric power.... A gas network was introduced in urban areas but farmers were deprived of it, and there were no plans to make gas available to them.... Rural areas were badly off for roads, schools, medical services, public services, newspaper and magazine supplies, cinemas and cultural entertainment.... Statements claiming that agriculture was 'unprofitable' were found to be wrong. All data pointed to the fact that much more was siphoned off from agriculture than invested in it. And, of course, the nation's economic development had been achieved at the expense of the countryside.8

Gorbachev further notes that 60 percent of expenditures on agriculture went for industrial supplies to rural areas, thus casting a new light on the monies invested in agriculture and our understanding of who really benefited from those policies.9 Moreover, retail food prices were held artificially low to benefit urban consumers. When the Gorbachev government unsuccessfully tried to raise food prices for the first time since the early 1960s, concerns over political instability were evident, and the government backed off in 1990. Gorbachev explains the situation: "At the time, any noticeable increase in retail food prices was resolutely rejected. The problem was totally divorced from economic considerations, and regarded as purely a political issue."10 When retail food price increases were announced in early 1991, the government was careful to protect urban consumers by compensating for 85 percent of the increase in the form of higher wages, despite warnings by economists that compensation undermined the logic of the price increase.

Since the collapse of the Soviet Union, there has been a significant deterioration in policy outcomes favorable to rural interests during the period of economic and political reform — exactly the opposite of what the theory would predict. In particular, the transition in post-Communist Russia has
witnessed significant declines in financial resource flows to agriculture. In addition, rural living standards and farms’ productive capacity have fallen since agrarian reform was begun in 1990-1991. By the end of the 1990s, a series of trends contributed to declines in food output by an estimated 40-45 percent in comparison with 1990.

The decrease in resource flows to the rural sector is characterized by the following trends: (1) A marked decrease in federal monies to agriculture. When calculated in constant rubles, during 1991-1999 the percentage of federal budget expenditures devoted to agriculture fell from 19 percent in 1991 to .8 percent in 1999. 11 (2) A decline in federal investments in the rural sector. By 1998, farms were providing almost 72 percent of investment capital (up from 56 percent in 1995), while federal capital investments declined from 17 percent of all rural capital investments to less than four percent during the same period. 12 (3) A significant urban-rural wage gap. Whereas during the late Soviet period, average rural wages were about 95-97 percent of average industrial wages, ten years later rural wages comprised just 35-40 percent of the average industrial wage. 13 (4) Unfavorable terms of trade for agricultural producers, leading to decreased profitability. In 1991, about five percent of state and collective farms were unprofitable. By 1998, an astounding 89 percent of large farming enterprises were unprofitable (the percentage dropped to 59 percent in 1999 as a result of increased demand for domestic products following the devaluation of the ruble in August 1998).

Why have these, and other, unfavorable trends occurred during a period of transition that should have led to increased rural bargaining power? In the theoretical literature on urban bias, analysts have pointed to sociological and demographic factors to help explain urban bias. Because of its extractive properties, urban bias characterizes developing states making the transition from “traditional” agriculture. 14 Although there is a long list of characteristics of traditional agricultural states, a short list where urban bias is evident would include a rural population of 50-60 percent of the total population, where agriculture generates more than 50 percent of gross national product but receives less than 30 percent of investment, and where food is the principal item of consumption by the rural population. Despite its size, the rural population in Third World nations is often uneducated, divided along ethnic or tribal lines, and spread over large geographic areas with significant natural obstacles. Communication between villages is difficult, and
therefore political organization is hindered. Thus, in the Third World, the lack of political organization by rural interests is, at some level, understandable as a result of sociological and demographic factors.

Those conditions either do not exist in post-Communist Russia or are ameliorated by a higher level of societal development. Rural Russians are more educated and literate than traditional peasants. For example, the 1989 census – the last available data – showed that for every 100 rural persons in the Russian Republic, 19 percent had a higher education or incomplete higher education, 33 percent had completed a secondary education, and 28 percent had an incomplete secondary education. In Third World states, not only is higher education rare, but the vast majority of the rural population is illiterate. In addition, rural Russia, at least in the European part of Russia, is largely ethnically homogeneous and not prone to tribal conflict. Finally, rural Russians are linked by transportation and communication, even if the quality is not equal to that found in Western Europe. Thus, the usual sociological and demographic factors used to explain rural political weakness in developing states do not appear in Russia.

Evidence of urban bias in Russia

In the urban bias literature, governments use different strategies, both price and non-price, to discriminate against the rural sector. However, urban bias is not a simplified, linear, blanket policy applied against all food producers. Governments differentiate among crops (cash versus export), as well as among food producers (large versus small farms). Thus, while the rural sector as a whole is disadvantaged, not all producers suffer equally, and some, based upon political alliances and urban links, may actually benefit. Nor is urban bias a single policy. Instead, urban bias is a constellation of different policies, which are applied in different combinations, with different degrees of intensity, according to the existing political and economic conditions in a given country.

Generally speaking, urban bias has been measured in various ways. Basic characteristics of the urban bias model may be summarized as follows:

1) "price scissors" (price disparity) between agricultural products and industrial goods;
2) lack of protection for domestic producers from foreign food imports;
3) an extractive resource policy toward the countryside;
4) domestic purchase prices which are below world market prices;
5) low levels of investment and material resource flows to the countryside;
6) protection of urban consumers from the true market cost of food;
7) selective discriminatory tax policies toward food producers.

For purposes of this article, evidence of urban bias in Russia may be measured in four ways: price scissors between industrial input prices and agricultural prices for produce; lack of protection for domestic producers from foreign food imports; domestic purchase prices which are below world market prices; and sectoral differentiation. Each of these factors is explored below.

**Price scissors**

During the Soviet period, state and collective farms benefited from state regulation of the wholesale market. The price of farm inputs was controlled by the state, as farm inputs were subsidized and sold to farms at advantageous prices. Farms were largely shielded from price increases in basic inputs, for example fuels, fertilizers, and energy. These were political decisions, not really based on economic rationale, and the consequences included steadily rising subsidies to producers and an ineffective use of inputs, leading to waste and lower productivity than found in Western nations.17

In the post-Soviet period, wholesale and retail prices were freed from state control, and input producers and suppliers were privatized (although not always de-monopolized). As a result, the terms of trade faced by food producers created a “scissors” crisis between agricultural prices and the cost of farm inputs. For example, available data show that during 1991-1997, prices for industrial inputs and services increased more than agricultural prices in every year except 1995.18 Other Russian scholars calculated that using a general price index, prices for industrial goods used by agricultural producers had increased five times faster in comparison to agricultural products.19 Particularly affected were regions of high agricultural output, such as Krasnodar kray in the south of Russia, where prices for gas, oil, diesel fuel, and electricity increased between 5-20 times faster than wholesale food prices received by farms.20

**Low protection from foreign imports**
During the Soviet period, foreign trade was controlled by the state and farms were protected from foreign competition. In the 1990s, foreign trade was liberalized. The freeing of foreign trade was accompanied by three other factors. First, Russian domestic producers lost not only their previous protection from foreign foodstuffs, but the Russian government, under pressure from international lending institutions to open its borders, pursued a liberal trade policy in which import tariffs were set significantly lower than world standards. For example, in the European Union some tariffs on specific food imports may reach 200 percent. More generally, agricultural tariffs average 40 percent worldwide. However, aggregate Russian import tariffs are only about one-half of world levels, and many food tariffs do not exceed 10 percent. To benefit urban consumers, food bound for the largest Russian cities are exempt from import tariffs. Second, as prices for industrial inputs used by farms and agricultural purchase prices diverged, financial pressure on large farms forced them to respond. Third, with the onset of rapid inflation and declines in real income among the Russian population, consumer demand for high preference items decreased, which meant that farms had excess capacity and often found it difficult to sell their production, in particular higher priced animal husbandry products.

To offset decreased domestic production, and as a benefit to urban consumers, an open trade policy was pursued, leading to a significant increase in imported food. Prior to the collapse of the ruble in August 1998, imported food was cheaper, of better quality, better packaged than domestic produce. In 1997, Russia spent as much on food imports as was allocated to the agricultural sector in the federal budget: the equivalent of thirteen billion dollars. From 1992 through 1997, total meat imports increased 440 percent, including chicken meat, which increased over 2,500 percent, pork imports which increased by nearly 500 percent, and beef imports which increased by almost 245 percent.

By the beginning of 1997 Russia imported more than 50 percent of its total supply of poultry meat. Overall, during 1997 Russia imported more than 35 percent of its meat supply, most of which came from the European Union, the United States, and China. Following the collapse of the ruble, which made imported food more expensive, Russian meat imports declined to about 29-30 percent of total meat supplies. However, in the first quarter of 1999 imports once again rose to pre-collapse levels. During 1999, foreign imports again comprised an estimated 35 percent of total food supply. Of particular note is
that Russia's largest cities, Moscow and St. Petersburg, import an estimated 70-90 percent of their meat and meat products.\textsuperscript{26}

\textit{Low domestic purchase prices}

The difference between domestic purchase prices and export prices is a common strategy of states to raise revenue for investment, modernization, or other purposes. States benefit either through the direct control of food trade, or by taxing the profits that private traders reap by buying low and selling high. This strategy is not unique to post-Soviet Russia and was used in the past, most notably to fund Tsarist industrialization in the early 1900s, and to fund Stalin's industrialization during the 1930s. During the post-Stalin period, the state paid lower domestic prices and sold at higher world market prices. However, the net effect was marginal for the state because Russia was not a significant food exporter, and the net effect was marginal on farms because they benefited from a range of subsidies, soft credits, low interest loans, and price supplements which offset discriminatory pricing policies.

In the post-Soviet period, Russia remains a food importer and less so a food exporter. Therefore, farms derive a much greater percentage of their income from purchase prices, and much lower percentages of income from credits, subsidies, and loans. In other words, many of the benefits that Soviet-era farms received to compensate for low purchase prices have evaporated during the post-Soviet period. Thus, farms are more dependent on "fair" domestic purchase prices. Furthermore, during the Soviet period, there was no pretense that there was a market economy, whereas in post-Soviet Russia market capitalism is the official policy orientation.

Three significant aspects stand out in the relationship between purchase prices and export prices. First, Russian farms are not being paid world market prices; second, there is often a significant gap between domestic purchase prices and export prices; and third, Russian food exports are being sold at somewhat lower than world market prices. The reasons for this disparity are partly higher levels of subsidization by other governments for food exports, a policy the Russian government has eschewed. Another reason is deliberate state policy to underpay domestic producers, reminiscent of "primitive
socialist accumulation" during War Communism. The following examples will illustrate the relationship between purchase prices and export prices in Russia.

Despite increased farm dependence on “market” prices for food production, domestic purchase prices are often significantly below export prices. Export prices are a close approximation of world market prices, but Russian farms are being underpaid for their production, and the state is at least indirectly benefiting from the gap between domestic purchase prices and export prices. Export prices for grain in the US and Western Europe ranged between $100-$110 a ton during 1999 into early 2000, but farms in Russia were being paid the equivalent of $50 a ton.27 For wheat, Russian farmers were being paid about 50 percent of the world market price, while the export price was 67 percent of the world market level. More generally, this pattern existed for several other important food products as well: the domestic purchase price for corn was 34 percent of the world market price while the export price was 75 percent of the world level; for sunflower seeds: 13 and 64 percent; for potatoes, 66 and 91 percent; and for tomatoes, 90 and 120 percent, respectively.

*Sectoral differentiation*

As urban bias theory indicates, not all producers are treated equally, and this applies to Russia as well. While agriculture as a sector suffered during the 1990s, one could argue that towards that latter part of the decade the government was taking steps to help the animal husbandry sector, in which productive capacity had fallen the most. By the late 1990s, animal herds had declined in size equal to those in the early 1950s. Two policies in particular illustrate sectoral differentiation.

First, the relationship between domestic purchase prices and export prices was better for animal husbandry than for plant products. State subsides for both animal husbandry and plant products decreased significantly during the 1990s. For plant products, for example, subsidies comprised nearly 18 percent of the wholesale price of grains in 1993, but only 2.5 percent in 1997.28 Similar declines occurred in animal husbandry, but, animal husbandry products were paid closer to world market prices and could take advantage of exports. In 1998, the beef producing sector received 55 percent of the world market price, while the export price was 58 percent of the world market level. Pork producers fared even better: in 1998
the sector received 96 percent of world market price, while the export price was 99 percent of the world market level. By early 1999, the poultry industry was being subsidized: poultry producers received 227 percent of the world market price, while the export price was 123 percent of the world market level.29

The second policy was the acceptance of food assistance from the United States and the European Union. Throughout the 1990s, the United States had exported food to Russia, mainly poultry products. US policy was designed to help Russia meet its food needs given the decline in animal stocks and to provide US farmers with export markets. Following the disastrous drought and harvest in the summer of 1998, the worst in more than 40 years, the following November the United States set up a one billion dollar food aid package: 600 million dollars worth of wheat and 100,000 tons of food as humanitarian assistance, and a 400 million dollar line of credit at two percent interest for 20 years to purchase additional food.30

Food aid began to arrive in Russia in March 1999 and continued through the rest of the year. An interesting fact is that large percentages of aid coming from the United States was allocated to the cities with the largest populations and most pro-reform voting patterns: St. Petersburg and Moscow received 34 percent of U.S. wheat, 44 percent of beef, and 30 percent of powdered milk.31 Domestic critics in Russia argued that food assistance hurt Russian grain growers, undercut market processes in Russia, and was intended to benefit American farmers. While Russian grain growers were hurt by foreign food assistance which competed with their output, a policy of grain importation for animal feed was pursued, totaling four million tons in 1998.32 In the fall of 1999, when former minister of Agriculture, Viktor Semenov, approached the United States about continuing food aid to Russia during 2000, he emphasized that grain aid should “consist only of fodder.”33

Sectoral differentiation had political importance. Advantageous price relationships for animal husbandry products vis-a-vis grain growers occurred in response to the high level of meat imports from abroad in the face of a political campaign for national “food security.” Animal husbandry products are more politically sensitive because they are a higher preference food item, and because declines in herd sizes would take many years to reverse. As domestic herd sizes declined, and as meat imports constituted 30 percent of supply in 1999, broad-based alarm over “food security” gripped policy makers in the State Duma, agricultural academics, and Russian society. As meat imports equaled and then exceeded pre-crisis
volumes during 1999, the Duma prolonged a special tariff on meat products until the end of 1999 to protect domestic producers.  

In conclusion, the four elements of urban bias analyzed above have occurred in post-Soviet Russia despite consistent and vehement opposition from rural interests. The question is why were rural interests unable to defend their interests better, and why were they susceptible to state urban bias?

**Explaining urban bias in post-Soviet Russia**

In the early 1990s, in order to address the agricultural problems inherited from its Soviet past, former Russian President Boris Yeltsin introduced a course of institutional and policy change that broke sharply with the Soviet past: reorganization and privatization of state and collective farms, the privatization of processing and agricultural enterprises, land privatization and the adoption of supportive legal institutions, the creation of an individual private farming stratum, and the development of a land market. Yeltsin’s agrarian reforms were intended to transform Russia’s agricultural economy along market lines. The results of the reforms are beyond the scope of this article. Suffice it to say that during the 1990s, Russian rural interests witnessed a deterioration in their social, economic, and political standing. Why?

One plausible argument is that under pressure from international lending institutions, who used loans as leverage to influence domestic economic policies, the Russian government was forced to adopt free trade and to pursue budgetary policies that led to the cessation of direct production subsidies from the federal government. In this respect, Russia diverged significantly from advanced capitalist nations such as the US, Japan, and the European Union, all of which protect their food producers and provide production subsidies (to varying degrees). Ironically, rural producers constitute a small percentage of the population in these nations.

The argument forwarded in this paper concerns political representation, unity, and the ability to turn policy preferences into policy. The weakness and division of agricultural interests has prevented the development of a cohesive policy agenda or the representation of rural interests as a unified front. Political division and lack of common goals, in turn, meant that neither rural conservatives nor rural liberals were effective in defending their interests.
To protect the interests of rural producers, coherent, unified, political organizations are necessary. During 1989-1990, Russian agrarian leaders declared that a unified political organization was needed to protect and promote rural interests, because this was not being done adequately by existing political organizations. On the eve of agrarian reforms in 1990, for example, one agricultural leader noted that “unless we have political power we will be unable to really struggle for the peasantry’s interests.” Early on, rural conservative and liberal interests united, as did workers within the agroindustrial complex, thus presenting a united front in the form of the Russian Agrarian Union. In time, however, the Union fractured as liberals resigned from the coalition because of disagreements over delegate selection and policy positions regarding the interests of private farmers. Henceforth rural interests in Russia were divided.

To begin the analysis, the following hypothesis is offered to explain why rural interests have been weak in Russia: Rural groups have been divided and unable to present a united front vis-a-vis urban groups. Ideological differences have prevented rural groups from presenting a unified bloc of interests able to lobby effectively. Political division has led to electoral weaknesses and alliances that harmed, rather than helped, rural interests.

The importance of political and ideological differences can hardly be overstated. When rural conservatives and rural liberals did work together, there is evidence that they were at least moderately successful. For example, in the summer of 1993, under joint pressure from rural liberals and conservatives, the Russian government raised the purchase price of grain dramatically and agreed to index grain prices to inflation. Ultimately, price indexation was dropped in October 1993 because the government could not afford to maintain those expenditures, but the point was made that rural interests, when joining forces, could influence agricultural price policy.

A full explanation of urban bias in contemporary Russia necessitates a consideration of rural political actors, their policy positions, their alliances, and the consequences of these alliances. These aspects are analyzed in the sections below.

Rural political actors
Since the beginning of agrarian reform, the Russian countryside has been ideologically divided between "liberals" and "conservatives." Liberal rural groups include the Association of Peasant Farms and Agricultural Cooperatives (AKKOR), which held its founding congress in January 1990 and has convened congresses annually since then, and the Union of Landowners, formed in late 1994. Both are voluntary organizations. The primary constituency for both AKKOR and the Union of Landowners is private peasant farmers. There were about 270,000 private farms at the beginning of 2000. Of the two organizations, AKKOR is better organized and has national and regional organizations in all of Russia's 89 regions. In mid-2000 AKKOR had more than 100,000 members. AKKOR's functions are economic, providing technical assistance, training and education; it was also used as the conduit through which state credits were channeled to private farmers during 1992-1994.

In December 1994 a new organization was spun out of AKKOR, the Union of Landowners, led by Vladimir Bashmachnikov (also the president of AKKOR). The Union of Landowners holds the same liberal goals as AKKOR, that is, the promotion and defense of private farming interests and an unregulated land market. The Union of Landowners has organizations in less than half of Russia's 89 regions. The Union of Landowners has overlapping membership with AKKOR, also holds regular congresses, but differs in that it has political functions and offered candidates for national office during the 1995 and 1999 Duma elections.

Rural conservatives are represented by several organizations. The umbrella organization is the Russian Agrarian Union, created in April 1990, which later changed its name to Agroindustrial Union of Russia. The Agroindustrial Union of Russia unites the interests of large farms and food processors, representing some 14 million rural workers in all. There are two subsets of this larger Union, one of which is the Agrarian Party of Russia (APR). The Agrarian Party represents first and foremost the interests of large farming enterprises, that is, state and collective farm interests and their legal successors, even though some attempt has been made to obtain support from private farmers. The APR is a political party and offered candidates in each of the three elections for the State Duma in December 1993, 1995, and 1999. The APR held its first meeting in Nizhnii Novgorod in December 1992, and its founding congress in February 1993, holding annual congresses. According to the APR, party membership increased from
around 100,000 in late 1993 to an estimated 300,000 members by mid-1995, at which time the APR had more than 700 raion and 3,000 primary party organizations throughout the country.41

A second conservative group is the Trade Union of Workers in the Agroindustrial Complex, representing the interests of workers in food processing, wholesale trade, and food retailing. Members of the Trade Union may also be members of the APR, and in fact several of the leading members of the Union ran on the APR’s party list in the 1993 and 1995 Duma elections.

Policy positions of rural actors

During 1993-1999, the Russian countryside was split along a liberal/conservative axis, preventing formation of a rural united front that could influence policy and negotiate resource flows to the rural sector. The split had distinctly ideological overtones, affecting voting patterns in the State Duma. At the core of the splintering of rural interests, liberals and conservatives have fundamental differences over the preferred course of agrarian reform and agricultural policy. Differences span a range of policy issues, including whether or not retail food prices should be regulated by the state, how much state intervention there should be in the wholesale food market, and the degree of freedom in domestic and international food trade. While advocating a mixed economy, the APR’s party program insists that the economy should not be a laissez-faire economy, but a regulated market economy. There will be a mix of “market self-regulation combined with state planning and regulation.” The party also favors “strong state control over prices” in order to forbid high monopolistic prices.

There are also differences over which sector of the rural economy should be prioritized for investment, credits, and loans. Rural liberals advocate a private farming sector based upon private property, backed by state protection of the legal rights of property owners. Rural liberals favor substantial state resource flows and other economic advantages to private farmers. Rural conservatives argue that the most resources should flow to the largest producers – collective farms and their legal successors.

The most notable, and bitter, difference is over the land market. AKKOR and the Union of Landowners differ with rural conservatives over the ability to change land use, and the unregulated sale of land and land shares.42 In particular, AKKOR and the Union of Landowners favor an unrestricted land
market with the freedom to change land use, that is, the freedom to buy and sell land, and to convert rural land use to urban land use. The Agrarian Party opposes the "uncontrolled" sale and purchase of agricultural land, "which may lead to landlessness and the further destruction of the majority of peasants." Its party platform advocates the "strict state regulation of land use" and proceeds from the principle "that land first and foremost is for those who work it." Further, "the party is... against a new rich [class], created from land latifundia for personal enrichment." This fundamental difference between liberals and conservatives is reflected by the stalemate over passage of a Federal Land Code that has held since 1994.

*Rural political weaknesses*

Urban groups pursue policies to benefit their urban constituency, often to the detriment of agricultural interests. During market reforms, urban interests wanted protection from domestic "market" food prices, but access to cheaper imported food. After decades of being controlled by Soviet economic planners, agricultural interests wanted higher wholesale and retail food prices. A major weakness of rural interests, argued western analysts, is that "in the process of coalition formation, agricultural producers constitute relatively unattractive partners, for should they be granted a price rise, this would be very costly to all other members of the coalition."

Given their unattractive policy platform, the division of rural interests had significant policy consequences, particularly as agricultural and urban interests clashed. Both rural conservatives and rural liberals suffered from political weaknesses vis-a-vis urban interests. I will start with rural conservatives and then analyze rural liberals. Even though representatives of the APR (Alexander Nazarchuk and Alexander Zaveryukha) were minister of Agriculture and deputy prime minister in charge of agriculture during 1994-1996, they were unable to stop the progress of rural reform. For example, during this period, former state and collective farms completed reorganization, and a national program for farm privatization was introduced which divided large farms into several smaller, privately operated farms (based on the Nizhnii Novgorod model of farm privatization). Farm land was privatized, and land certificates were distributed. By late 1999, experts in Russia estimated that 83 percent of all farm land was in private hands.
A land market emerged, though rudimentary. Starting in 1994, several hundred thousand rural land transactions occurred annually.

Furthermore, international food trade policy was liberalized, leading to increases in food imports. Finally, subsidies and resource flows to agriculture declined precipitously. Moreover, even though APR representatives chaired the Duma Committee on Agrarian Questions during different sessions in the 1990s, the president retained the right of veto and was able to block the most important agrarian legislation, for example several versions of the new Land Code which passed in the Duma but were vetoed by former President Yeltsin.

A second weakness was that even though the APR had representation in the State Duma (45 representatives in the State Duma from the December 1993 election and 20 from the December 1995 election, out of 450 seats), this representation did not necessarily convey much actual political power. For example, since 1998 Agrarian representatives in the State Duma have attempted to aid food producers by legislating “price parity” between agricultural and industrial products, but have been unsuccessful.

A third factor was that the APR had inherent electoral weaknesses. It had minimal support in the largest cities where the most voters were located. In the 1995 Duma elections the APR received .3 percent of the vote in Moscow and .4 in St. Petersburg. Support for more liberal candidates predominated in large cities and in industrial, urban areas. Over all, the rural population is less than one half the size of the urban population. And, moreover, the popularity of the APR, and thus its political support, declined over time. Nationwide, the APR received only eight percent of the vote in the 1993 Duma election and failed to cross the five percent barrier in the December 1995 and 1999 Duma elections.

AKKOR and the Union of Landowners also faced several political weaknesses. First, AKKOR’s views on agrarian reform did not reflect mainstream rural opinion (although attitudes toward reform varied by sex, age, and level of education). For example, rural public opinion has consistently favored a regulated market for agricultural land, whereas AKKOR has favored a market where agricultural land could be bought and sold without restriction. Furthermore, rural public opinion supports the continuation of state support for large farm enterprises (collective farms and their successors) while AKKOR favors the gradual elimination of large farms and a rural economy based entirely on individual or family farms. Thus,
AKKOR did not enjoy as much grassroots support as did the APR for the simple reason that the countryside is more conservative and rural liberal views did not resonate well.

A second political weakness was the fact that the largest constituency of AKKOR and the Union of Landowners are private farmers, but private farmers comprise less than three percent of the rural population. Moreover, membership in AKKOR was often a function of private farmers wanting access to subsidized credits. When the government stopped subsidizing credits in 1994, AKKOR lost an important selective incentive to attract private farmer support. As a result, a defection of some private farmers from AKKOR to other parties, including the APR, occurred. Finally, the Union of Landowners has minimal official representation in legislative bodies at federal and regional levels. At the national level during the 1990s, only one member of AKKOR and the Union of Landowners had a seat in the State Duma (Vladimir Bashmachnikov), and no private farming representatives were found in Duma committees, were appointed as deputy prime ministers, or served as Cabinet members.

Thus, ideological differences, political incohesion, and differences over policy preferences have been key factors in the political weakness of rural interests. As a consequence of rural political weakness, rural interests have had to search out electoral alliances with urban parties and interests, whose main constituencies are urban consumers. What were these urban alliances and what consequences flowed from them?

Rural-urban alliances

Both rural liberals and rural conservatives have had to search out alliances with urban-based parties. Of the two rural interests, rural liberals were inherently weaker in the countryside, making such alliances a necessity. Liberal rural-urban alliances were formed based on shared philosophies of economic reform, even though the policy platforms were sometimes incompatible. AKKOR, and later the Union of Landowners, sought out urban alliances and subsumed its policy agenda to the urban agenda. The “urban agenda” includes, for example, reduced subsidization for food producers, state withdrawal from regulation of the rural economy, and open trade policies combined with low import tariffs on foreign foodstuffs. The
alliances that were forged with urban liberals did not serve rural interests, but the alternative – to ally with rural conservatives – was undesirable for ideological and policy reasons.

The first instance of rural-urban cooperation was during 1993 when AKKOR joined in a parliamentary alliance with Yegor Gaidar’s “Russia’s Choice,” a party of urban interests, reflected by the fact that it did not even have an agrarian plank in its party platform. AKKOR lobbied for rural support for Russia’s Choice in the election to the December 1993 Duma. “Russia’s Choice” was the main reform party, a pro-Yeltsin party which supported “shock therapy” in the economy, price liberalization, a neoliberal economic philosophy regarding state regulation of the economy and trade, and sharp reductions in government spending and particularly subsidies. After the election, in which Russia’s Choice obtained a disappointing 73 seats, AKKOR’s leadership backed urban policy positions in order to gain liberal and government support for the issues on which they disagreed with the Agrarian Party, principally over the nature of the land market and financial resource flows to private farmers.

AKKOR’s rural policy preferences were not fulfilled. Rural liberals argued for more financial resources from the state, better terms of trade, and higher purchase prices, while urban political interests, Russia’s Choice, and the Yeltsin government resisted these claims. Financial policies of the government hurt private farmers even more than larger farms because private farmers were more economically vulnerable. Several examples illustrate the ways in which rural interests were not served through the urban alliance.

First, in late 1994, the Yeltsin government ended subsidized credits to private farmers. During 1992-1994, the state offered subsidized loans at negative interest rates to private farmers. As a result, the number of private farms increased rapidly, from 49,000 in January 1992 to more than 285,000 in mid-1994. Following the cessation of subsidized credits, private farm bankruptcies increased, the number of new farms fell, and the overall private farm movement stagnated. At the beginning of 2000 there were about 260,000 private farms.

Second, rural liberals also wanted trade protection from food imports for nascent private farms, but the government pursued an open trade policy for food imports. In the largest cities, where the most
concentrated support for Russia's Choice and economic reform was found, an estimated 70 percent of meat and meat products came from imports.

Finally, private farmers were especially hurt by divergent industrial-agricultural prices because private farmers derived more of their income from production and less from subsidies. Unequal terms of trade and the price scissors discussed above had a direct impact on private farm production and profitability. As new rural entrepreneurs, private farmers were vulnerable to the tremendous price increases of farm machinery and equipment, as inflation exceeded 2,000 percent in 1992 and 800 percent in 1993. In December 1992, one tractor cost from 800,000 to several million rubles. By December 1993, the smallest, cheapest tractor cost three to four million rubles.51

Surveys have shown that the largest source of investment capital for private farms came from farmers themselves.52 Private farmers depended on state credits to meet operational and production costs. As the price scissors went unabated, private farm profitability fell, so much so that by the end of 1994, only 20 percent of private farms were profitable.53 The rate of increase in the creation of new private farms stagnated while farm bankruptcies soared.

From the beginning then, the alliance between AKKOR and Russia's Choice was borne of necessity, not compatibility of policy preferences or political bases of support. AKKOR, which had few alternatives in its search for coalition partners who shared its neo-liberal views toward economic reform, remained allied with Russia's Choice and the Yeltsin government even as urban liberals and the government pursued policies that harmed private farmers. As a result, rural liberal leaders increasingly castigated the Yeltsin government for not fulfilling their policy promises and blamed it for the troubles that beset the rural private sector.

A second liberal rural-urban alliance was between the Union of Landowners and the moderate party “Russia is Our Home” (NDR) during the December 1995 and December 1999 elections. Prior to the December 1995 election, Union leaders expressed a desire to distance the organization from the Yeltsin government and to try to recapture support from private farmers who had gravitated to the Agrarian Party because of the latter’s strong pro-rural platform. However, the Union suffered from many of the same weakness as did AKKOR, and these weaknesses compelled the Union of Landowners to enter another
urban alliance with then-Prime Minister Viktor Chernomyrdin’s party, a pro-government party which supported the course of economic reform pursued by the Yeltsin administration.

The original announcement of an electoral alliance with NDR caused a bitter fight within the Union. Since his appointment in December 1992, Prime Minister Chernomyrdin had been responsible for reduced financial flows to agriculture, and it was he who signed the government resolution ending subsidized loans to private farmers in September 1994. Chernomyrdin had overseen open trade policies, and resisted addressing the price scissors problem. Opponents of the alliance argued that the Union should remain independent, but in the end the coalition was ratified, in part because it was recognized that the Union had insufficient funds to conduct an independent electoral campaign.54

Despite the alliance, NDR remained an urban-based party. It drew a combined 16.9 percent of the vote from Moscow and St. Petersburg – more than any other party including the liberal party Yabloko and the conservative Communist Party.55 Nationwide, NDR finished with over seven million votes, or more than 10 percent of the vote.56 The party did particularly well in national republics and large cities, but the only member from the Union to gain a seat in the Duma was its president, Vladimir Bashmachnikov.

The electoral alliance between the Union of Landowners and NDR continued for the December 1999 elections. In February 1999, the 4th Congress of the Union of Landowners, attended by 150 delegates from 32 regions, adopted a resolution to assist NDR in the December Duma elections.57 On the party list for NDR were Alexander Zaveryukha, former Deputy Prime Minister in charge of Agriculture and former member of the APR, and Vladimir Bashmachnikov. The NDR remained committed to market reforms. With regard to agriculture, the leader of the NDR representation in the Duma stated in a pre-election interview that “the situation in the countryside is catastrophic. We are fully determined to help the countryside to develop it, to do everything so that Russia, as always in the past, will be a great agricultural country.”58 Nonetheless, after Chernomrydin was replaced as prime minister in March 1998, his popularity fell, and most important, the centrist position of his party had been taken over by a new political association, Fatherland-All Russia (OVR). As a result, in the December 1999 election, NDR failed to clear the five percent threshold for party list seats, receiving just 1.2 percent of the vote (less than 792,000...
votes nationwide), but did manage seven seats from single mandate districts. Bashmachnikov lost his seat and thus there are no representatives from the Union in the present session of the Duma (2000-2004).

Rural liberals' alliances with urban parties failed to win them significant political representation, failed to create an effective bloc from which to influence rural policies, and failed to attain adequate resource flows to the private farming sector. Despite alliances with political parties that were pro-privatization and pro-private farming, the reality was declining federal support for private farming, even as the price of inputs increased rapidly.

According to AKKOR's data, financial support (in constant rubles) per private farm in 1991 averaged 30,000 rubles, 4,500 rubles per farm in 1992, and only 1,000 rubles per farm in 1993. The original 1999 federal budgets did not even have a line for the construction of infrastructure for private farmers as stipulated by law; only lobbying by the APR was able to obtain a paltry 2.6 million dollars, equivalent to $10 per private farm in state support. The 2000 federal budget did not envision any federal support for private farmers. Moreover, not only did budget assignments decrease, but so too did actual disbursements. According to AKKOR data, in 1995, private farmers received 29 percent of the allotments envisaged in the federal budget, in 1996 the percentage dropped to six percent, in 1997, to 1.4 percent, and in 1998-1999, zero percent.

The conservative Agrarian Party of Russia also entered into an electoral alliance with an urban political party, the Communist Party of the Russian Federation. This alliance was different, however, as the two parties had similar ideological philosophies and compatible policy platforms. The APR was often characterized as simply the rural extension of the Communist Party. Both the APR and Communists were wary of market reforms, both advocated a return to state regulation of the economy, and both criticized privatization and the social consequences of shock therapy.

During most of the 1990s, therefore, the APR and Communist Party of the Russian Federation supported one another in the Duma. For example, during 1995-1999 session of the Duma, the Agrarian Deputy Group and the Communist Party of Russia voted together 90 percent of the time on all policy issues. Agrarians voted with Communists 92 percent of the time on economic policy, 90 percent of the time on social policy, and 85 percent of the time on the budget, finances, and taxes. Agrarian deputies
voted with the liberal political party Yabloko on only 55 percent of legislation considered in the lower house, including 44 percent of bills on economic policy, 61 percent on social policy, and 57 percent on the budget, finances, and taxes.\textsuperscript{62}

This alliance was useful for the APR, if not entirely efficacious. On the one hand, the APR obtained nearly eight percent of the vote, some 4.3 million votes in the December 1993 election, which led to 45 seats in the 1993-1995 session of the Duma. In the December 1995 election, agrarians and Communist candidates competed in several rural districts, with Communists winning most of the time. As a result the APR received just 2.6 million votes, or less than four percent of the vote, and thus did not clear the five percent threshold for party list seats. The APR did, however, win 20 seats from single mandate districts.

Those 20 APR representatives, together with 15 Communist representatives, formed an agrarian fraction of 35 members. After each of the three Duma elections (December 1993, 1995, and 1999) an agrarian representative chaired the Committee on Agrarian Questions, and more generally, agrarians dominated the committee. Together with the Communists, several draft laws were adopted to benefit rural interests, for example, a draft law on price parity and a draft law on state regulation of food imports. These draft laws were subsequently vetoed by President Yeltsin. Most important, the APR’s alliance with the Communists did not prevent the reduction of financial resource flows to the countryside or other social consequences of market reforms.\textsuperscript{63}

Whereas rural conservatives were unified during most of the 1990s, in the summer of 1999 conservative rural interests splintered. At its 7th Congress in March 1999, the APR voted to participate in a leftist electoral bloc, that is, in alliance with the Communist Party and other “people’s-patriotic” forces in the December 1999 elections. In August 1999, however, at an Extraordinary 8th Congress, the Central Committee of the APR voted 17-6 to leave the leftist bloc and to join in an electoral alliance with the center-right bloc called “Fatherland-All Russia” (OVR).\textsuperscript{64} The resolution was supported by 71 percent of the delegates at the congress.\textsuperscript{65} OVR was an urban-based alliance, led by former Prime Minister Evgenii Primakov and Mayor of Moscow Yurii Luzhkov. In the December 1999 election, OVR did very well in the city of Moscow, capturing more than 41 percent of the party list vote, and overall, 55 percent of support for
OVR came from Moscow, St. Petersburg, Moscow Oblast, and the national republics of Tatarstan, Bashkortostan, and Mordovia.  

The leader of the APR, Mikhail Lapshin, claimed in an interview that he broke with the Communist Party over differences in views toward land ownership as well as "democracy." Lapshin implied that the long-standing alliance with the Communist Party had not served rural interests, stating that peasants had been denied "their own party" and that price disparities between industrial and agricultural goods remained critical. Lapshin ended the interview quoting a famous phrase of Lenin: "Don't dare try to dictate to the peasantry," and then remarked, "I would like to remind the Communist Party of the Russian Federation of this [slogan] in their relations toward the Agrarian Party of Russia."  

What is pertinent here are the subsequent political consequences caused by the APR's August 1999 vote. Even though OVR published a detailed policy platform on agrarian policy – one of the few parties to do so – the real impact of the APR's action has been the division of conservative forces. Following the decision by the APR, the Central Committee of the Agroindustrial Union condemned the resolution, stating that it "expresses its categorical disagreement with this decision." A statement signed by several high ranking members of the Agrarian Deputy Group in the Duma, some of whom were APR members, called on rank and file APR members to express their lack of faith in the party leadership and the members of its Central Committee. Disgruntled APR members and leaders of the Agroindustrial Union formed a competing rural electoral bloc of their own called "For Victory." Several leaders of this bloc were added to the Communist Party list. "For Victory" published a platform on agricultural policy, and the leaders of the bloc indicated their intention to recruit support among regional organizations of the APR.  

During the 1990s, rural conservatives had lobbied in three main directions: (1) to slow the pace and course of agrarian reform; (2) to slow the decline of resource flows into the countryside; and (3) to obtain Soviet-type state protection from free trade and foreign competition. Towards these end, the policy planks of the "For Victory" bloc included: not to permit the sale or purchase of agricultural land "under any circumstances," to declare an "amnesty" on rural debt owed by large enterprises, to remove the price disparity between industrial and agricultural prices, to create a system of central state support for the revival of the social sphere of the countryside, and to protect domestic food producers from "the negative
influence of the world agricultural market” through custom tariffs and quotas. Many of these planks lie at the heart of the APR’s policy platform, so this split portends even greater difficulty for conservative interests in defending against urban bias.

Conclusion

This article posited two goals: to contribute to urban bias theory by analyzing peasant-state relations in Russia, and analyzing what peasant-state relations mean for Russian democratization. Previously, urban bias theory posited that rural interests were weak due to the inability to organize, which flowed from the level of societal development and logistical factors. Urban bias theory further argued that as states democratized, and the political system became competitive, rural interests would be courted for electoral support. Rural groups could build support through alliances and achieve their policy preferences.

This article demonstrated that the societal characteristics which facilitate urban bias in the developing world do not exist in Russia. More importantly, even though rural interests have organized, urban bias has not dissipated with democratization in Russia. In fact, one could reasonably argue that the relationship that existed during the final two decades between the Communist party and rural interests was replaced by even stronger urban bias. How to explain this occurrence? This article contributes to our understanding of urban bias by arguing that four factors which heretofore have been overlooked are of critical importance:

1. ideological differences between the state and rural interests;
2. the ideological compatibility of rural interests;
3. the internal coherence of rural groups; and
4. the nature of political alliances formed by rural groups.

Divided, incohesive rural interests have contributed to intensified urban bias. Intensified urban bias in Russia flows from incompatible ideologies between dominant rural interests and the state, incompatible ideologies among rural interests themselves; and from political and policy divisions between rural interests. Even when in positions of power, agrarian leaders were not able to stop the course of reform. Moreover, despite representation in the State Duma, agrarian deputies were not successful in
turning their policy preferences into state policy. As a result of political weaknesses, political alliances were sought, alliances that harmed rural liberals and further divided rural conservatives.

Regarding Russian democratization, the fact that rural interests have been too weak to defend their economic interests or to ameliorate urban bias by turning policy preferences into state policy means that there is an unbalanced distribution of power, not just between institutions, but also between elites and social sectors in post-Communist Russia. When one sector or elite continually “loses,” democratization is hindered because those outcomes reflect a concentration of political power to the detriment of one side, with few of the checking mechanisms inherent to consolidated democracies. Members of a “losing” sector have few incentives to institutionalize “democratic” norms and values. While the countryside always was more conservative than cities, Russian elections in the 1990s show that the countryside remained the primary bastion of support for conservative forces and is the sector of the population most opposed to the continuation of market reforms. In short, rather than democratization dissipating urban bias, urban bias creates further obstacles to Russian democratization.
Endnotes


3 “Democracy” and “democratization” are not the same. Definitions of democracy vary, but there is a common agreement that at a minimum a democratic polity possesses a competitive party system with elections held at regular intervals in which each contender has a reasonable possibility of victory, elections are based on adult franchise and secret ballots. Moreover, a civil society exists, with freedom of the press, assembly, and other legal and civil rights guaranteed. Democratization is different. Democratization is a process, but one that may or may not lead to a consolidated democracy. As the Russian example shows, the presence of democratic institutions does not necessarily guarantee that the process will lead to a consolidated democracy. Russia during the 1990s underwent democratization. Whether it will achieve full democracy is a different question.


   The eloquence of the model did not make it immune to attack. For a critique of Lipton and the urban bias approach see T. J. Byres, “Of Neo-Populist Pipe-Dreams: Daedalus in the Third World and the Myth of Urban Bias,” Journal of Peasant Studies, 6 (Jan. 1979), 210-44. Generally, however, the model was attractive, and a number of scholars applied its basic ideas to different regions and individual countries.


9 Ibid., p. 120.

10 Ibid., p. 121.

11 Sel'skaya zhizn', Oct. 28-Nov. 3, 1999, 1. Federal expenditures in the industrial sector also declined during this time. However, the two sectors are not directly comparable because defense conversion accounted for a large portion of the decline in the industrial sector. Moreover, even putting the industrial decline into context, federal budget allocations remained more than twice as high for industry as for agriculture, and actual expenditures were also nearly four times higher in industry than in agriculture.

12 Goskomstat data, reported in Ekonomika sel'skokhozyaystvennykh i pererabatyvayushchikh predpriyatiy, 7 (July 1999), 48.

14 Lipton argued that urban bias was a universal phenomenon in the Third World and he analyzed its effects in a number of countries. See Lipton, *Why Poor People Stay Poor*, pp. 27, 74, 77, 340. For a contrary argument, see Ashutosh Varshney, *Democracy. Development. and the Countryside: Urban-Rural Struggles in India* (Cambridge: Cambridge University Press, 1995).


16 On these points see Bates, *Markets and States in Tropical Africa*, chaps 2, 3.


20 *Sel'skaya zhizn'*, Sept. 9, 1999, 3.


22 As this article was being completed, import tariffs on thousands of goods, both food and non-food, were being lowered in response to government instructions. In general, new import tariffs will be somewhat lower than previously, averaging 11-13 percent, although officials at the Committee on State Customs complained that tariffs were being changed without any clear policy as to which producers the state wants to protect from foreign competition. See *Moscow Times*, Dec. 1, 2000, 1.

23 Calculated from data in FAO databases at: http://apps.fao.org

24 For example, during the first quarter of 1999 pork imports increased 33 percent in comparison with the comparable period in 1998. *Krest'yanskiye vedomosti*, Sept. 13-19, 1999, 2.

25 Data from Russian Ministry of Agriculture and Foodstuff’s Website: www.aris.ru


28 Ibid., Oct. 11-17, 1999, 1.


31 *Sobranie zakonodatel'stva Rossiskoy Federatsii*, 7 (Feb. 15, 1999), 1429-1436.


This step turned out to be an economic disaster, as it established state prices that were twice as high as those offered through newly formed commodity exchanges. The result was a virtual stoppage of grain trade through commodity exchanges.

Krest' yanskaya rossiya, June 19-25, 2000, 2.

The founding principles and organization of the Union of Landowners may be found in Zemlevladelets, 1 (July 1995), 2-3.

On the functions and policy positions of the Agroindustrial Union of Russia see V. I. Naumov, "Rosagropromsoyuz zashchita interesy tovaroproizvoditelii APK [The Agroindustrial Union of Russia Defends the Interests of Producers in the APK]," Ekonomka sel'skokhozyaystvennykh i pererabatyvayushchikh predpriyatii, 2 (Feb. 2000), 10-12.

Krest'yanskaya rossiya, July 24-30, 1995, 2.

For rural liberal views on several fundamental differences between the Agrarian Party, the Agrarian Union and AKKOR, see Rossiiskii fermern, June 13-19, 1995, 3.

Ibid., March 14-20, 1995, 3-4.

Quotes from APR party program in Zemlya i trud, Dec. 20-26, 1994, 3-4; and Programma Ustav Agrarnoy Partii Rossii (Moscow: APR, 1995), pp. 16-18.


In May 1999, the Duma passed a draft federal law on price parity, which then-president Yeltsin refused to sign into law. See Krest'yanskaya rossiya, July 19-25, 1999, 2.

According to election data at the Carnegie Institute for Peace website: http://pubs.carnegie.ru/.

The APR (and conservatives in general) fare better in southern, agricultural regions, the so-called "red belt" of Russia. See John O'Loughlin, Michael Shin, and Paul Talbot, "Political Geographies and Cleavages in the Russian Parliamentary Elections," Post-Soviet Geography and Economics, 37 (June 1996), 355-85.

In reality, the percentage is even less, as not every member of a private farm is eligible to vote. According to official statistics, there are three-four members per private farm, including children, and there were about 260,000 private farms in January 2000. The rural population in Russia was more than 39,000,000 in 2000.


Krest'yanskaya rossiya, June 6-12, 1994, 12.


Krest’yanskiye vedomosti, July 24-30, 1995, 1.

Election data may be found at the website of the Carnegie Endowment for International Peace: http://pubs.carnegie.ru/.

Russia is Our Home finished third after the nationalist party led by Zhirinovsky and the Communist Party. It finished with 65 seats in the State Duma: 45 from its party list and 20 from single mandate districts.

Krest’yanskiye vedomosti, Feb. 15-21, 1999, 3.


Finansovye izvestiya. April 14-20, 1994, 3.

Krest’yanskiye vedomosti, Sept. 6-12, 1999, 1.

Data from State Duma website: http://www.duma.ru/.

In general, conservative parties and factions had higher levels of internal solidarity in voting, reflecting party discipline. During 1996-1999, the Communist Party voted together an average of almost 87 percent of the time, and Agrarian Deputies voted together on 77 percent of bills. Ibid.


Clem and Craumer. “Regional Patterns of Political Preference in Russia: The December 1999 Duma Elections,” 19. Overall, OVR captured nearly 14 percent of the vote, or more than 8.8 million votes, which translated into a total of 77 seats, placing it third behind the Communist Party and the pro-government bloc called Unity.


Ibid., Oct. 21-27, 1999, 7-10