

The Donald W. Treadgold Papers

*In Russian, East European,
and Central Asian Studies*

The Land Question in Ukraine and Russia

Stephen K. Wegren

No. 35

February 2002

*The Henry M. Jackson
School of International Studies
The University of Washington*

The Land Question in Ukraine and Russia

Stephen K. Wegren

**The Henry M. Jackson School of International Studies
University of Washington
2002**

ISSN 1078-5639

© Jackson School of International Studies
University of Washington, 2002.

Editor: Glennys Young
Managing Editor: Autumn Lerner
Editorial Council: Herbert J. Ellison
James R. Felak
Judith A. Thornton
Daniel C. Waugh

The Donald W. Treadgold Papers in Russian, East European, and Central Asian Studies provide a forum for the rapid dissemination of current scholarly research on the regions indicated by the title. Publications include papers from symposia and monographs that may be too long for most journals but too short to appear in book form. Subscriptions and special orders are available. The Editorial Board of *The Donald W. Treadgold Papers* does not endorse the views, or assume any responsibility for the factual accuracy, of any publication in the series. The respective authors are solely responsible for the views expressed and the factual accuracy of their contributions.

Submissions in the field of Russian, East European, and Central Asian Studies are considered for publication. Articles should be of substantial length — approximately 40–100 pages, including endnotes. All transliteration should conform to Library of Congress rules. Submission on disk is requested upon acceptance. Submissions should be sent in triplicate, to the address below, with attention to Glennys Young, Editor. Scholars interested in submitting works for consideration are asked to obtain a copy of the style guide before submitting their work. It is the policy of the Donald W. Treadgold Papers not to consider for publication work that is under consideration elsewhere. Nor will the Papers consider for publication work that has been previously published or that would appear elsewhere prior to publication by us.

The Donald W. Treadgold Papers
Jackson School of International Studies
Box 353650
University of Washington
Seattle, WA 98195-3650
(206) 221-6348
treadgld@u.washington.edu

About this series

The *Donald W. Treadgold Papers* publication series was created to honor a great teacher and great scholar. Donald W. Treadgold was professor of history and international studies at the University of Washington from 1949 to 1993. During that time, he wrote seven books, one of which — *Twentieth Century Russia* — went into eight editions. He was twice editor of *Slavic Review*, the organ of the American Association for the Advancement of Slavic Studies, and received the AAASS Award for Distinguished Contributions to Slavic Studies, as well as the AAASS Award for Distinguished Service. Professor Treadgold molded several generations of Russian historians and contributed enormously to the field of Russian history. He was, in other ways as well, an inspiration to all who knew him.

The *Treadgold Papers* series was created in 1993 on the occasion of Professor Treadgold's retirement, on the initiative of Professor Daniel Waugh. Professor Treadgold passed away in December 1994. The series is dedicated to the memory of a great man, publishing papers in those areas which were close to his heart.

Glennys Young, Editor
Sabrina P. Ramet, Editor (1994-2001)

About the author of this issue

Stephen K. Wegren is an associate professor of political science at Southern Methodist University. He has published extensively on economic, social, and political reform in Russia and the Post-Soviet states. His recent books include *Land Reform in the Former Soviet Union and Eastern Europe* (1998); *Agriculture and the State in Soviet and Post-Soviet Russia* (1998); *Rural Reform in Post-Soviet Russia* (2002); and he has just finished a new manuscript entitled, *Searching for Agrarian Capitalism in Russia*, which is under review.

Acknowledgments

The author wishes to acknowledge research support from IREX and the John G. Tower Center for Political Studies, Southern Methodist University. The author alone is responsible for the views herein.

Abbreviations

RSFSR	Soviet Russian Republic
CAE	Collective Agricultural Enterprise
IFC	International Finance Corporation
USAID	US Agency for International Development
BKHF	British Know-How Fund
IMF	International Monetary Fund

One of the most important aspects of reform in post-Soviet states is the land question, as it is central to the marketization of rural society and broader economic development. Although international lending institutions have spent considerable resources both advising governments and analyzing trends in land reform during the post-Soviet period, there is much about the land question in post-Soviet states that we do not know. In particular, while individual country studies have been published, the literature lacks an integrated comparative analysis. To fill the void in the literature, this paper compares the land question in Ukraine and Russia, arguably the two most important nations, at least economically, in the former Soviet Union. The land question, as defined for purposes of this paper, encompasses two main issues: (1) the restructuring of large agricultural enterprises; and (2) the privatization of land and the creation of a land market. In each country, restructuring of agricultural enterprises is expected to make the rural economy more efficient and productive. Taken together, the privatization of farms and their land, along with a robust land market, are expected to lead to significant societal transformation. The central questions this paper addresses are: What has been the progress in farm restructuring and land privatization? What are the principal obstacles? How do reform policies differ? What are the prospects for success in each country?

Ten years ago, Ukraine and Russia shared a similar agricultural system. Since then, there has been significant divergence. To understand that divergence, this essay will begin with Ukraine and then analyze reforms in Russia, concluding that Russia is at the end of a decade of neo-liberal reforms, while Ukraine is just beginning. The Russian experience with neo-liberal agrarian reforms has been disappointing, and has not achieved its original goals. Ukraine essentially lost a decade, but has set upon a course of reforms that is much more liberal than that which Russia introduced ten years ago. As we begin a new millennium, Ukraine and Russia are pursuing reform in different policy directions.

UKRAINE

Introduction

During the Soviet period, Ukraine had a special agricultural importance, and was therefore commonly referred to as the "bread basket" of the former Soviet Union.¹ In 1990, for example, Ukraine accounted for less than 7.5 per cent of the arable land area and 4.6 per cent of the total agricultural land area in the USSR, but accounted for nearly 24 per cent of Soviet grain output, 54 per cent of sugar beet output, 42 per cent of sunflowers, more than 25 per cent of potatoes and vegetables, and more than 20 per cent of meat, milk, and egg production.² Ukraine's place in Soviet agricultural production is indicated in Table 1 (opposite).

Favorable agro-climatic conditions facilitated Ukraine's position as a key agricultural and food producer in the Soviet food supply system. Indeed, one-third of the total agricultural land area in Ukraine is fertile black-earth soil.³ Almost 60 per cent of agricultural lands are flat, with a further one-third having a slope of between one and three degrees, making a total of 90 per cent of agricultural land in Ukraine suitable for arable production.⁴

In Soviet Ukraine there were 7,452 collective farms (not including fish hatcheries) and 2,466 state farms in 1986. Both types of farms averaged about 4,000 hectares. Collective farms averaged more than 2,300 cattle and cows, about 1,458 pigs, 39 tractors, and 515 farm members. State farms averaged 2,000 cattle and cows, 1,438 pigs, 46 tractors, and 574 farm members. Together, state and collective farms dominated the agricultural sector in Ukraine. State and collective farms accounted for nearly all grain production, 89 per cent of the republic's head of cattle, 76 per cent of its cows, and 72 per cent of its pigs.⁵

So-called "private agriculture" in Ukraine during the Soviet period consisted of three forms. Urban dwellers received dacha (country house) plots, and also had access to collective garden plots, both of which were quite small. In addition, there were so-called subsidiary agricultural holdings (*podsobnoe khoziaistvo*), which typically were operated by workers of industrial enterprises. Some of this production was used in the enterprise cafeteria, some was sold through the enterprise food store, and some was retained by those who worked this land. The most important aspect of the private rural economy was the private plot (*lichnoe podsobnoe*

**Table 1: Ukrainian Agricultural Production Relative to USSR, 1990
(All Categories of Farms)**

	<i>Ukraine</i>	<i>USSR</i>	<i>Ukraine as a % of USSR Total</i>
Population (mil.)	51.8	288.6	18.0
Gross Agricultural Production (bil. rubles)	49.0	218.7	22.4
Agricultural land (mil. hectares)	48.1	1,046.4	4.6
Arable land (mil. haectares)	41.4	557.3	7.4
Grains (mil. tons)	51.0	218	23.4
Sugar Beets (mil. tons)	44.2	81.7	54.1
Sunflower Seeds (mil. tons)	2.73	6.56	41.6
Flax (thous. tons)	108	245	44.1
Potatoes (mil. tons)	16.7	63.6	26.3
Vegetables (mil. tons)	6.66	26.6	25.0
Cattle (mil. head)	25.2	118.4	21.3
Cows (mil. head)	8.5	41.7	20.3
Pigs (mil. head)	20	79	25.3
Poultry (mil. head)	255.1	1,213.9	21.0
Meat (mil. tons, dead weight)	4.4	20.1	21.9
Milk (mil. tons)	24.4	108.4	22.5
Eggs (billion)	17.4	81.7	21.3

Numbers have been rounded. Grain totals after cleaning.

Source: *Narodnoe khoziaistvo SSSR v 1990: statisticheskii ezhegodnik* (Moscow: Goskomstat USSR, 1991), various pages.

khoziaistvo) utilized by state and collective farm workers. These land plots were small in size, usually about 400 square meters in Ukraine (.4 hectare) up to one-half hectare. In comparison with Ukraine, most other republics' private plots had smaller average sizes (except the Baltics).⁶ Private plot operators benefited from the materials and services they received from their parent farm, without which private plots would not have been nearly so productive. Nonetheless, farm members spent nearly three hours a day on their private plots in Ukraine. While the private agricultural sector is variously estimated to have held only around one-twentieth of the agricultural land area in Ukraine by the mid-1980s, it is thought to have produced around one-quarter of the gross value of agricultural output. Private plot production in Ukraine was second only to the RSFSR (Russian Republic) in meat, eggs, and milk production. In the mid-1980s, Ukrainian private plot operators accounted for 32 per cent of the republic's meat production (of all types), 25 per cent of its milk production, and 35 per cent of its egg production.⁷ During the latter 1980s, Ukrainian private plot operators averaged more income from private plot sales (75 rubles a month) than did private plot holders in the RSFSR.⁸ Therefore, the private agricultural sector was critical to the overall effort to feed the Ukrainian population.

1. The Legal Basis of Land Privatization and Farm Restructuring

In May 1990, Soviet legislation allowed republican governments to determine their own land reform legislation. The first significant land reform legislation in Ukraine came in December 1990 with the approval of the Ukrainian Land Code. The 1990 Land Code was intended to redistribute and transfer land to individuals for "the purpose of creating equal conditions for the development of different forms of farming". Toward this end, the Land Code allowed the leasing of land to producers. Yet, while the Land Code was a notable break from the past, it allowed only the lifetime inheritable possession (*vladenie*) of land and notably failed to provide the right to ownership (*sobstvennost'*) of land. Thus, the Land Code did not allow private ownership of land. Furthermore, the law also did not allow the right to buy and sell land. Land remained state-owned, while the "owners" of land were only given the right to use land as they saw fit, without

the full rights that come with land ownership. As a partial concession, land users were allowed to lease land from the state.

Shortly after Ukrainian independence in 1991, three important land reform laws were introduced: the Law on Peasant Farms, approved on 20 December 1991; the Law on Forms of Land Ownership, approved on 30 January 1992; and a set of Amendments to the Ukrainian Land Code, which was passed on 13 March 1992. These new laws on land reform recognized three forms of land ownership: state ownership, collective ownership, and private ownership.⁹

The adoption of these three laws continued the process of transferring state lands to private and collective land ownership. Towards that end, these laws stipulated that the bulk of state-owned land should be transferred into the collective ownership of the enterprises that farmed the land. Land reform legislation recognized three groups of land users: large farm enterprises, subsidiary agricultural operators, and new private farmers. Some land was to remain in state ownership, for example land utilized by research and experimental agricultural enterprises, elite seed and seed selection farms, and livestock breeding farms. Most land, however, was to be transferred to one of the three groups of users. Entitlement to land was not restricted to current land users; all citizens could obtain land for specified agricultural purposes, even for those persons not currently using the land.¹⁰ Thus, the right of private ownership to land was extended to all citizens for agricultural uses.

To facilitate the transfer of land to new users, ten per cent of the land in cultivation by state and collective farms was allocated to a special "land reserve." The land reserve was used to distribute land for private farming, subsidiary agricultural production (private plots, dachas, garden plots) to persons not members or employees of agricultural enterprises. Existing members of agricultural enterprises acquired land for private farming and private plot production from an additional pool of 15 per cent of land extracted from state and collective agricultural enterprises. Thus, during the first phase of land distribution, state and collective farms were subject to land extractions totaling 25 per cent of their land holdings.

The remaining 75 per cent of farmland was transferred to the collective ownership of members of the agricultural enterprise (excluding land in common use, such as roads and public buildings). Collective ownership was seen as a temporary transitional phase

between state ownership and individual ownership of land. Under the terms of the collective ownership, farm members were given land share entitlement certificates. Land share entitlements were paper certificates; physical assignment of specific plots of land came only upon withdrawal from the parent farm by persons wishing to engage in subsidiary agriculture or to start a private farm.

Specific land allotments were made for the operation of subsidiary agricultural activities. Land was transferred free of charge, but was limited in size. For example, land extracted from farming enterprises to be used for private plots could not exceed .6 hectare; land from the state land reserve for garden plots, dacha plots, and garages could not exceed .12 hectare, .1 hectare, and .01 hectare, respectively.

Individuals wishing to leave state and collective farms in order to start a private farm also obtained a land share, free of charge, up to the average size of the land share of farm workers in that region. A person was not automatically entitled to the average regional size of a land share: the actual size was determined by his/her labor contribution to the farm. Land shares or land from the state reserve fund could be converted into specific parcels of land for private farming. Private farms were also limited in how much land could be received free of charge: 50 hectares of agricultural land, 100 hectares in total area. Any land entitlement beyond the average farm share in the region had to be purchased by the individual leaving the farm. In Ukraine as a whole, the average land share was 6 hectares per person.

By 1 January 1994, state and collective farms had nominally been reorganized to comply with reform legislation, however, in large part, land reform was an illusion, indicated by two trends. First, by January 1994, more than 80 per cent of land continued to be used by state and collective farms, while households and private farmers used just over 13 per cent of agricultural lands.¹¹ Second, 61 per cent of state and collective farms decided to retain their collective form of organization but with a new title "Collective Agricultural Enterprise" (CAE). While these farms had taken land into collective ownership, the vast majority had failed to divide the land into individual land shares or to distribute land share certificates to workers. Thus, while a member of a CAE might know that he owned shares in the new enterprise, few farms actually went as far as to designate which assets of the farm business were owned by which individuals, a prerequisite to the

formal break-up of the farm into individual private farms. Only a small number of state and collective farms, less than 5 per cent of the total, decided to transform into associations of private farms.¹² Similar to Russia, few farm workers opted to take their land entitlement and a share of the physical assets of the farm and begin private farming.¹³ As a result, the large farm structure in Ukraine was retained more or less intact although the prevalence of state ownership had been replaced by collective ownership.

The first years of land reform in Ukraine (1992-1994) were characterized by mixed results. On the positive side, almost all agricultural land was transferred to collective and private ownership. More than 97 per cent of large farms had transformed into collective forms of ownership by the beginning of 1996, which meant that in theory at least farm members were the owners of shares of the farming enterprise.¹⁴ While it is true that most land remained in use by large farm enterprises, it is also important to note the increase in the percentage of agricultural land used by the rural private sector. In 1986, for example, the rural private sector used about .01 per cent of arable agricultural land in Ukraine.¹⁵ As we have seen above, less than ten years later, this figure increased to more than 13 per cent. Moreover, the number of private farms increased rapidly from 82 private farms in December 1991 to almost 31,000 in June 1994. This was concomitant with an increase in land area used by private farmers, from 2,000 hectares in December 1991 to 657,500 hectares in June 1994.

On the other hand, the Kravchuk government was reluctant to bring about truly radical change, that is, to break up large farming enterprises, which partly reflected the fact that the administration relied on the support of the collective and state farm managers' lobby in parliament. After new president, Leonid Kuchma, came to office in July 1994, he shortly thereafter attempted to advance land reform. On 10 November 1994, a presidential decree on "Urgent Measures for Accelerating the Pace of Land Reform in the Agricultural Sector" was issued. The new decree stipulated that land entitlement certificates were to be distributed to farm members, although the decree failed to indicate how these certificates were to be used in the process of farm reorganization. Over the next eighteen months, large farms distributed land shares certificates to farm workers so that by early 1996 almost all large farms had completed the reorganization process.

In late 1995, further farm restructuring and rural privatization was facilitated by the participation of international actors. Three main international organizations in particular have played a role in Ukrainian farm restructuring and land privatization: (International Finance Corporation (IFC), US Agency for International Development (USAID), and the British Know-How Fund (BKHF).¹⁶ Although international actors continue to be active in Ukraine, their reform projects have been superseded by recent Presidential decrees, as discussed below. However prior to recent legislation, international donor organizations were involved in Ukraine to assist in farm restructuring, as well as distribution and use of land shares. The land privatization and farm restructuring project began in Donetsk oblast (province) with funding from the BKHF in the fall of 1995. By the end of 1999, the BKHF project had spread to four other oblasts and the Crimea, encompassing the reorganization of 86 CAEs and establishing 162 new enterprises as well as 751 family farms.¹⁷

Even more active has been USAID, which has worked with the US consulting firm Ronco. The USAID/Ronco restructuring project had been introduced to 15 oblasts in Ukraine as of mid-1999, encompassing 533 farms. Overall, the BKHF, USAID, as well as funding from the Canadian International Development Agency were responsible for the restructuring of 620 farms in Ukraine by mid-1999, equivalent to about four per cent of the number of large farm enterprises in Ukraine.¹⁸ While the number of restructured farms was low, the World Bank observed "spontaneously restructured" farms that "made the decision to reorganize without guidance and assistance from international donor projects" in oblasts where its 1998 survey was conducted.¹⁹

There are three main models in the farm restructuring projects, depending on the sponsoring agency IFC, USAID/Ronco, and BKHF. All three models start with the distribution of land and property shares. Land shares are divided equally among farm members; property shares are based on seniority and weighted to salary, with higher salaried personnel receiving more property shares. Land share certificates remain paper entitlements to land and are transformed into physical assets only upon departure from the farm. Since shares are not necessarily converted into land plots, a land share does not confer legal title to a defined parcel of land. The USAID project differed by assigning physical plots of land and legal ownership titles. However, the titling of individual plots did not automatically imply the break up of the collective or the

separation of those plots from the larger collective. Many people choose to stay in the larger collective framework even with their plots of land.

Beyond that common starting point, the IFC and USAID models share more in common, while the BKHF has some differences. Several aspects of the different models are presented below:

1. IFC and USAID Models

a) Land and Asset Distribution:

- (1) Land and Assets are auctioned to new groupings or individuals, based on number of shares.

b) Use of Shares:

- (1) Shares may be pooled into a new legal entity.
- (2) Shares may be leased to entrepreneurs.
- (3) Shares may be withdrawn to establish a family farm.

c) Titling:

- (1) Titles are issued to individuals who separate from the collective with a physical plot of land.

The IFC and USAID models lead to a greater number of successor enterprises as well as independent family farms. According to a World Bank study, the BKHF model has not led to any private farms.²⁰

2. BKHF Model

a) Land and Asset Distribution:

- (1) All land is transferred to one Land Company. Assets transferred to Farm companies based on preferences of shareholders.

b) Use of shares:

- (1) All shares are combined to form one Land Holding Company or several asset-holding companies (Farm Companies). New farm companies lease land from Land Company as required.

c) Titling:

- (1) No titling of land to individuals.

The 1998 World Bank survey of farms, which participated in one of these internationally sponsored reform programs found mixed results. The survey found that reorganized farms had more economic freedom; farm managers of reformed farms had higher evaluations of workers' motivation and performance. Farm managers of reformed farms also were less negative in their evaluation of changes in the business environment and more optimistic about the future.²¹ On the other hand, in the World Bank survey, both reorganized and non-reorganized farms were unprofitable.²² Moreover, reformed farms had not begun to use their land any more productively than non-reformed farms, and reform had not affected cropping patterns.²³

In early 1999, the World Bank concluded that "the process of land reform and farm restructuring...has lost its momentum and is stagnating".²⁴ In order to facilitate further farm restructuring, in December 1999 President Kuchma signed a decree entitled, "On Immediate Measures to Accelerate the Reform of the Agrarian Sector of the Economy" (Decree 1529). This decree called for the reformation of collective enterprises during December 1999-April 2000 on the basis of private ownership of land and non-land assets. The decree was generally well received by the West. For example, a few months following the decree, Reuters interviewed World Bank officials who felt that Ukraine was on the brink of real farm reforms which could dramatically change the Soviet-style agricultural sector. At the same time, concern was expressed that one decree could not solve the multifaceted problems facing Ukrainian agriculture, for instance, problems with farm debt, input supplies, and price parity. Thus, particularly important is the fact the decree was not issued in isolation.²⁵

The main provisions of the December 1999 decree included:

1. Allowing farm members free exit from a farm with land shares and non-land assets to start private enterprises or private farms. The exit could not be blocked by a vote in a general meeting of the collective;
2. Ensuring that people exiting are given land shares and these plots are separated from the collective;
3. Concluding lease agreements for agricultural land;
4. Distributing land share plots as a single, unified unit;
5. Simplifying registration by local governments for land leasing;
6. Simplifying the procedure to receive a "state act" providing for the right of private ownership;
7. Transferring of equipment, livestock, structures, etc. to farm members who have applied to separate their land plot;
8. Promoting private plots and private farming by:
 - a) giving the possibility to expand size of plots as well as non-asset shares. Persons allowed to receive land shares may receive a physical plot of land and join it to their household plot;
 - b) allowing private farmers to buy the land parcels to which they had been given use-rights.²⁶

Progress in implementing the December 1999 decree, "On Immediate Measures to Accelerate the Reform of the Agrarian Sector of the Economy", was rapid and had all the signs of pressure from above. In January 2000, Deputy Minister of Agriculture Petro Sheiko announced that 6,000 of Ukraine's 11,000 CAEs had already decided to reform, and another 2,000 were expected to hold meetings to decide their fate during February 2000.²⁷ In late March

2000, the website of the Russian Ministry of Agriculture quoted a Deputy Minister of Agriculture in Ukraine as saying that reorganization of collective farms according to the December decree "is completed". According to Deputy Minister Roman Shmidt, 99.8 of farms had registered as companies that work on the basis of private property, and that "collective agricultural enterprises and the collective system de jure and de facto do not exist any more."²⁸ In May 2000, Deputy Prime Minister of Ukraine, Mykhailo Hladii, indicated that only three CAEs remained in all of Ukraine. "It is worth leaving them unreformed, just to compare their results with those of reformed farms" said Hladii.²⁹ During the reform process, 10,700 CAEs had reformed into 12,900 new entities with private forms of land and property ownership (including the creation of 900 private farms). In September 2000 it was reported that the 10,700 CAEs had reorganized as follows: seven per cent had reorganized into Western-style private farms, 21 per cent had reorganized into private agricultural enterprises, 46 per cent had reorganized into limited liability companies, and 25 per cent had reorganized into cooperatives.³⁰ The latter two forms retained collective labor organization. Along with the privatization of farms, in March 2000 the government announced its intention to sell 29 grain storage elevators and grain processing enterprises to private owners.³¹

In addition to the December 1999 decree, in the spring of 2000 a new draft of the Ukrainian Land Code was introduced and subsequently approved by the Verkhovna Rada, the Ukrainian Parliament, in early July 2000, with 229 of 386 voting in favor.³² The new Land Code is significantly more liberal than its 1990 predecessor. The new draft of the Land Code provided for the following:

1. Allowing foreigners the right to purchase urban land, but not agricultural land;
2. Envisions the widespread development of private land ownership;
3. Rescinding all restrictions on sizes of land plots;
4. Allowing the mortgaging of land, including the use of agricultural land as collateral;

5. Allowing citizens of Ukraine to privatize free of charge an average-sized land share, and permitting above average-sized shares to be purchased;
6. Allowing the inheritance of land;
7. Regulates the transfer of state to communal ownership, and vice versa;
8. Upholds the right to lease agricultural land.³³

Taken together, new legislation has the potential to transform in fundamental ways the agricultural economy in Ukraine. During farm privatization, more responsible administrators replaced some farm directors. More importantly, farm ownership changed hands, as farm directors and specialists became owners of privatized companies and farming enterprises. For example, it was reported that 72 per cent of new farm businesses are headed by former CAE directors, 18 per cent by CAE employees, and 10 per cent by private farmers.³⁴

Whether potential will lead to further transformation is a different question. Western advisors argue that farms need to restructure by changing their internal operations and operating procedures. Three factors in particular will influence the success of this legislation: national-level politics, formalism, and rural support. The political struggle for reform will be enormous. President Kuchma is helped by having a reformist-minded Prime Minister, Viktor Yushchenko, and by support for economic reforms from former President Kravchuk, who now heads the largest faction in the Rada.³⁵ On the other hand, there are significant political obstacles. Two political cleavages exist in Ukraine: between the executive and legislative branches, and within the legislative branch. Immediately after the presidential decree 1529 was issued, the former head of the Rada, Olexander Tkachenko, signed a resolution in January 2000 which alleged this decree violated the Constitution, as well as several specific laws concerning agriculture. He called on President Kuchma to annul his decree.³⁶ The decree was not canceled, of course, but in February the Rada physically split after 250 centrist and rightist deputies walked out and began to meet in an exhibition hall.³⁷ For several weeks Ukraine had two lower houses and two prime ministers. That controversy was eventually solved, but the larger

issue of a politically divided parliament remains, and one of the most controversial planks is land reform.

Within the legislative branch, conservative forces have not given up their attempt to block the new Land Code. One week after the draft was approved by the Verkhovna Rada, Communist representatives claimed violations in voting procedures had occurred and therefore the results of the 6 July vote must be canceled and a repeat vote taken. The head of the Committee on Rules of Order and Ethics suggested a resolution through either a vote to cancel the 6 July results or to submit the matter to the Constitutional Court. Eventually, the positive vote on the first reading of the draft Land Code was not overturned, but the Code's content continued to be a source of contention. Through the Fall of 2000 conservatives submitted amendments to make the sale of agricultural land illegal, and to freeze the transfer of land certificates until the Land Code had been adopted. Also in the Fall of 2000, President Kuchma proposed that the Land Code temporarily limit (to 2010) the amount of land one person could own to 100 hectares when it was expected Ukraine would have a fully functioning land market. Although Kuchma favors land sales through auctions (open and closed), his fear was that peasant land shares will be bought up cheaply, and that persons with money would have an advantage. After more than a year of discussion and negotiation, the new Land Code was adopted in October 2001 and signed by President Kuchma in November 2001. The new Land Code prohibits agricultural land sales until 2005, allows limited land sales between 2005-2010, and unlimited sales of farmland after 2010.

A second factor is formalism. The speed with which Ukrainian CAEs were reorganized reminds one of Stalin's collectivization during 1929-30. Claims by the Ukrainian government that it would not compel farms to comply or apply any administrative pressure on them rang hollow, as farms were required to hold mandatory meetings to decide the course of their privatization. By pushing reform from above, Ukraine runs a significant danger that in the haste to conform to a reform deadline, cosmetic change will be mistaken for real reform. Evidence of formalism was evident within a year of Presidential Decree 1529. In September 2000, President Kuchma ordered the Agrarian Policy Ministry, the State Land Committee, and local executive authorities to speed up rural reform, in particular in the:

1. transformation of cooperatives into private enterprises;
2. issuance of land titles to individuals;³⁸
3. expansion of private farms by adding more land and property;
4. realization of people's rights to work on their own land;
5. verification that lease payments for land were being made;
6. creation of market infrastructure;
7. improvement in the rural sector's finances.³⁹

A final factor is the issue of how much support exists for the changes introduced from above. A survey of heads of former CAEs, raion-level (district-level) officials and oblast officials was taken by the IFC in January 2000 at two of the IFC's project seminars. Those in attendance were individuals motivated to attend and therefore likely to be somewhat more reform-minded than the typical agricultural official. Even though the sample was small (85 persons), the results are interesting. According to these survey results, the basis of support for reform is greatest at the raion level, but much less at the oblast level and lowest at the farm level. On the question, "Do you agree with presidential decree 1529?" 86 per cent of raion officials said yes, 77 per cent of oblast officials, but only 44 per cent of CAE heads. In fact, almost two-thirds of CAE heads thought negatively about mass reorganization. On the question "Should CAEs be reorganized?" 75 per cent of raion officials said yes, 48 per cent of oblast officials, and 22 per cent of CAE heads. On the question of support for the free sale of agricultural land, 56 per cent of CAE heads were opposed as well as 55 per cent of oblast officials, but only 28 per cent of raion officials opposed a free land market.⁴⁰

Moreover, there appears to be ambivalent support for reform among farm members as well. A survey sponsored by the US Department of State and conducted by the Kiev International Institute of Sociology in September 1999 found a great deal of support for private ownership of land (80 per cent of the respondents), but only about one-half of the respondents favored

the purchase and sale of land. A substantial minority (42 per cent) opposed the sale of agricultural land.⁴¹

Three nationwide surveys sponsored by the IFC and conducted by one Ukrainian sociological company and two sociological institutes during 1996-1999 reinforce the Department of State survey. These surveys found, for example, that the percentage of farm members opposed to a free land market rose from 42 per cent in 1996 to 55 per cent in 1999.⁴² Among farm members, about 44-46 per cent supported CAE reorganization. There was a significant increase in the percentage of CAE farm members willing to lease their land, from 8 per cent in 1996 to 33 per cent in 1999, but the percentage who were willing to sell their land shares remained very small: 1 per cent in 1996 and only 7 per cent in 1999. Moreover, the desire to undertake private farming decreased and was quite low: 11 per cent of farm members expressed such a desire in 1996, while only 7 per cent said they wanted to become a private farmer in 1999.⁴³ Thus, while Ukraine has embarked on an ambitious course of reforms, significant obstacles still exist, and we would do well to heed the words of the World Bank when it warned, prior to the December 1999 round of reform, to be wary of agrarian reforms which "appear to be skin-deep."⁴⁴

II. Economic Effects of Reforms on Food Production

It is too soon to provide an assessment of what Decree 1529 will mean for Ukraine's rural economy. However, it is possible to track several important trends during 1992-1999, prior to the introduction of new legislation. Unlike Russia, the Ukrainian domestic food market has relatively few imported foodstuffs, so the factors affecting food production are domestic in nature. In late June 2000, Leonid Svatkov, head of the State Food Department, stated that "94 per cent of the Ukrainian food market is supplied by domestic producers" in contrast to Russia, where estimates range from 35-40 per cent of total food supply coming from imports.⁴⁵

While Ukraine is largely food sufficient, crop failures, equipment shortages, antiquated equipment, and fuel shortages, all have created a need for food imports, particularly grains used for livestock feed. In early 2000, Ukraine asked the United States to provide food aid, some 200,000 tons of soybeans and 500,000

tons of feed corn. In late September 2000, a Ukrainian delegation went to Washington DC to further discuss food aid in the amount of 30 million dollars, provided at low interest rates and repayable over a seventeen year term. Ukraine might augment food aid from the US with grain purchases as well, after agreeing not to export the commodities received. No deliveries were expected prior to Spring 2001. In addition, Ukraine announced it would import grain from Kazakhstan. The shortage of feed grains on the domestic market is due to reductions in production and increases in exports. Animal husbandry farms have little money to buy livestock feed, so they either consume what they produce, or export it at higher prices.⁴⁶ This situation led the Ukrainian government to adopt a ban on the exports of feed grains in June 2000, as well as applying special seasonal export tariffs, primarily on sunflower seed.

Turning to domestic food production, Ukrainian agriculture as a sector has declined as a share of Gross Domestic Product. The share of agriculture in the country's GDP in 1996 was less than one-half that in 1990 (24.4 per cent in 1990 compared to 11.8 per cent in 1996), and continued to decline thereafter. One of the most significant effects of reforms has been the decline in the output of food from large agricultural enterprises. At the farm level, the decline in output has had a variety of causes, perhaps most importantly a disadvantageous price structure—the so-called “price scissors”—between industrial and agricultural products.⁴⁷ In addition, food production has been affected by a decline in

Table 2: Agricultural Production in Ukraine, 1990-1998
(Production stated in Billion Hryvnia, 1996 prices)

	1990	1991	1992	1993	1994	1995	1996	1997	1998
Gross Agricultural Production	48.63	42.21	38.71	39.29	32.81	31.63	28.64	28.11	25.36
Gross Animal Production	24.28	21.95	NA	NA	NA	13.68	12.26	10.75	11.01
Gross Crop Production	24.35	20.26	NA	NA	NA	17.95	16.39	17.36	14.35

Numbers have been rounded off. All categories of farms are included.

Source: <http://www.cper.kiev.ua/stats/etc/>

retail demand by consumers, increasing production costs, difficulties in marketing produce, and local restrictions on the export of food to other oblasts. The decline in the value of food production is indicated in Table 2 (page 24).

The grain harvest in 2000 improved in comparison to 1999, particularly corn. Nonetheless, food production in Ukraine is likely to continue to decrease on larger farms, at least in the short term. For the Spring 2000 sowing season, fuels, lubricants, and mineral fertilizers were delivered only upon prepayment, a fact that led to decreases in use. Moreover, a new system of financing agricultural production was introduced in early 2000, which removed most of state responsibility for financing and transferred it to commercial banks.⁴⁸ It remains to be seen whether this new system will take hold and be successful. Another constraint is the fact that an effective system of agricultural credit from commercial lenders has not been developed.⁴⁹

While overall food production has declined, a significant trend in Ukraine during reform has been the expansion in household plot production. An estimated 99 per cent of rural families operate household plots, while less than 29 per cent of urban families do. The number of people operating household plots increased to more than 11.5 million by the beginning of 1998, using more than 4.32 million hectares of agricultural land, or 7.2 per cent of all agricultural land.⁵⁰ The size of household plots increased also. In 1990, private plots in Ukraine averaged about 0.36 hectare, rising to .53 hectare in 1997. Holders of individual plots benefited by a change in the legislation which increased the limits on the size of plots to two hectares for household plots, 150 square meters for family gardens, 120 square meters for family orchards and one hectare for pastures. The new Land Code allows privately owned land plots up to 100 hectares, and thus household production may be expected to increase.

Households' contribution to agricultural production for several important products has risen dramatically during the 1990s. For example, from 1990 through 1997, the per cent of total production coming from households increased in the following magnitudes: potatoes, from 71 per cent to 97 per cent; vegetables, from 27 to 82 per cent; meat, from 29 to 65 per cent; milk, from 24 to 61 per cent; and eggs, from 38 to 63 per cent.⁵¹ Taking total production into account, in 1990 the household sector (private farms and private plots) contributed 27 per cent of the value of

agricultural output; this figure rose to 46 per cent in 1995, and was estimated at 64 per cent in 2000.⁵²

Rural families are especially dependent upon plot production. Average food consumption for both rural and urban residents has declined since 1990. However, rural residents benefit from an inherent "safety net" in the form of household plots. As a consequence, rural families derive a higher percentage of family income from plot production, and also have somewhat higher average consumption, leading one analyst to claim "the data appear to show that rural residents in Ukraine are much better fed than the country's urban dwellers."⁵³

Food production—as well as the success of farm restructuring—is also affected by farm debt, estimated at about 14.9 billion hryvnias in early 2000 (6.0 billion to the state, 6.8 billion to commercial enterprises, and about two billion to farm members).⁵⁴ As indicated above, agricultural production is hindered by a price scissors, so that expanding production increases farm unprofitability. Farms face export controls as well as reduced consumer demand. As a result of these factors, in 1999 some 85 per cent of large farms were unprofitable, and as a sector, agriculture was 3.8 billion hryvnias in the red.⁵⁵ Farm debt also affects the prospects for farm privatization as ordered under Decree 1529. In late 1999, it was decided to write off some farm debt to the state, and to restructure the rest, payable over twenty-five to fifty years. Some of the least profitable farms would have land confiscated and sold to repay their debt. Debt to commercial enterprises would be restructured and repaid after three years. Debt to farm members was to be fully repayable. What is important here is that farm debt from CAEs would become the responsibility of the reorganized farms, that is, the successors to CAEs. Newly created farm enterprises would be responsible for old farm debt in a budget environment where state support for agriculture would decline.

Finally, food production is affected by rural social policy, or lack thereof. A major problem in the Ukrainian countryside today is the lack of rural social infrastructure. Historically, farms have been responsible for providing rural social infrastructure (public services such as education and health, even utilities). However, the provision of these services has become increasingly expensive. Burdened with other financial obligations and problems, such as, debt, price scissors, cost of credit, leasing of machinery, etc., farming enterprises are in no position to continue

to shoulder this financial responsibility. It is estimated that farming enterprises spend 20 per cent of their operating costs on providing social services. As a result of increased costs and reduced financial ability, during the 1990s social infrastructure deteriorated (as in Russia) and by 2000 some 4,300 Ukrainian villages had no schools at all, another 4,100 had no medical facilities, and water had to be transported to 1,200.⁵⁶ The proposed solution is to transfer responsibility for social infrastructure from farms to communal ownership (village governments). However, this process is proceeding slowly, as village governments are also strapped for funds. The government intended to inventory rural social conditions by the end of 2000 with the purpose of identifying projects that need to be completed by 2004, with the goal of provide budgetary funding for those projects. Despite some talk of increasing federal support to agriculture, it remains to be seen if this plan will be realized. As a partial measure to provide social protection to rural dwellers, Presidential Decree 584, issued in April 2000, allowed social-sphere employees (those not employed in agricultural production, such as doctors, teachers, postal workers, etc.) to obtain land plots from unused land or the land reserve, to be used for individual or joint farming production. Despite this partial step, the provision of rural social infrastructure remains a significant financial liability for farms, and siphons off resources that otherwise could be used for food production. There is no solution to this problem in the short-term.

III. Private Farming in Ukraine

“Private farming” refers to private family farms, as distinct from household plots, with the key distinction being size. Overall, the “private sector” in Ukraine (private family farms and household plots) used about 15 per cent of agricultural land by the latter 1990s, prior to the December decree 1529 that obliterated the private/collective distinction. Of that 15 per cent, 13 per cent was used by household plot operators and two per cent by private farmers.

Similar to private peasant farms in Russia, in Ukraine private farms tend to be small, about 32 hectares, and operated by family labor. According to a World Bank survey, more than 68 per cent of family farms had one to four members, while 30 per cent had five to seven members, and only 1.6 per cent had more

than eight members.⁵⁷ According to the same survey, a typical private farmer tends to be male, in his mid-forties, and works full time on the farm. A very small percentage of private farms use hired labor, as only 3 per cent employed permanent hired labor, but another 17 per cent did employ seasonal workers. Private farmers tend to be well educated, with more than 60 per cent having a secondary education.⁵⁸

Private family farm development has been disappointing compared to that in Russia. One aspect is the very slow growth in the number of private farms. The table below shows that the number of private farms has grown very slowly since 1996, and in fact has declined since 1998. From September 1996 through December 1999, the number of private farms increased by only 527 farms (less than 2 per cent growth). After rapid expansion in farm numbers during 1992-1994, Ukraine has not had a spurt of significant growth since.

Table 3 also shows that private farm consolidation is occurring, as the average size of private farms is increasing and in fact has grown from 23 hectares in September 1996 to over 32 hectares by the beginning of 2000—a growth rate of nearly 40 per cent. Many private farmers find it beneficial to lease land rather than to purchase it, and in fact, more than one-half of private farmland is leased (1.6 million hectares). During the 1990s, a rela-

Table 3: Private Farm Development in Ukraine, 1991-2000

<i>Period</i>	<i>Number of Farms</i>	<i>Land Area (hectares)</i>	<i>Av. size of farm</i>
Dec 1991	82	2,000	24.4
Dec 1992	14,681	2,923,000	19.9
Dec 1993	27,73	558,200	20.1
Dec 1994	31,983	699,700	21.9
Dec 1995	34,778	786,400	22.6
Sept 1996	35,400	820,200	23.1
Dec 1997	35,927	939,227	26.1
Dec 1998	35,485	1,029,000	29.0
Dec 1999	35,884	1,162,000	32.3

-tively small percentage (about 10 per cent) of private farmland was owned privately, but this figure may be expected to increase with the ability to privatize land plots up to the average size of the regional land allotment for free.

Land farmed by private farmers has come from two main sources. The first source is a national land fund, organized to the raion level, as was discussed above. This land, however, was frequently marginal and of a low quality, consisting of land that was either unused or unwanted by former state and collective farms. Individuals wishing to obtain this land had to apply to the local agricultural administration and were then often allocated small, scattered strips. In fact, given its poor quality, interest in acquiring land from the land reserve from potential private farmers has been limited and hence only a small proportion of this land has been allocated to private farmers. The second source of land came from the re-organization of large farms. However, the number of individuals who left the large farm structure was limited, a fact that reflects the problems associated with private farming and peer pressure from members of the collective.

The introduction of the new legislation examined above is likely to benefit the private farming sector. In fact, new legislation spurred a rapid expansion in private farmland holdings during the winter of 1999-2000, to three million hectares.⁵⁹ The new Land Code retains size limits on private land ownership to 100 hectares until 2010, but thereafter removes all size limitations on private farms.⁶⁰ Furthermore, the new Land Code envisions the purchase and sale of land as a key component of land turnover, and an overwhelming per cent of Ukrainian private farmers have expressed a desire to increase land holdings. Given these factors, it is likely that private farm size will grow.

Another area of disappointment has been food production. While household production in Ukraine has expanded rapidly during the period of reform, during the 1990s, private farms contributed about 2 per cent of the nation's agricultural output (measured in value). However, in early 2000 it was estimated that private farmers may account for one-third of the grain harvest, allowing them to influence that commodity market. With the expansion of private land holdings, private farm production is expected to increase.

While the outlook for private farming is brighter than it has been for several years, significant obstacles still exist. Startup costs and capital requirements are very high relative to income.

In the mid-1990s, for example, capital requirements were five to twenty times average farm revenues.⁶¹ Nonetheless, private farmers have received relatively limited financial support at the national and the local level. During the early years of private farming, private farmers provided most of the investment monies used to start and equip their farms: an estimated 60 per cent or more during the period from 1991 to 1993. Even when state support was forthcoming it often was not adequate. State support for private agriculture declined in real terms during the 1990s. With reduced budget expenditures part of the current reform package in Ukraine, clearly the state budget will be in no position to provide large-scale financing to the private farming sector.

Another obstacle concerns social support for private farming. The sources of obstacles have changed. For some time, private farmers had difficulty leasing additional land because collective farms were opposed to lease out their land at any price. Today, with large contractors leasing out huge areas of land from former collective farms, that condition no longer exists. Today, land is widely available, and empty unused land is even a problem. The social problem is the lack of interested parties to become private farmers. One could argue that the rural Ukraine has expressed its sentiment toward private farming by deciding not to leave collectives, and that private farming is likely to remain marginal.

Two key questions exist for the expansion and development of private farming: (1) will private farmers take on debt, in a macro-environment in which agricultural production is unprofitable due to a price scissors between industrial and agricultural products; and (2) will commercial banks provide the loans and credits necessary to expand the private sector. Unless prospects for farm profitability improve, or unless banks are given government repayment guarantees or other incentives, the private farming sector will remain limited despite the introduction of reformist legislation. The "correct" answer at present is "no"; banks will not or cannot provide credit, and therefore private farmers cannot (and are increasingly reluctant) to take on debt that would allow them to expand land and production.

IV. The Ukrainian Land Market

Prior to new legislation, the land market in Ukraine was among the most restricted in former Soviet republics. During the 1990s there was no fully functioning land market in Ukraine, and several obstacles existed. This section will trace the obstacles that have existed during the 1990s, and then discuss prospects for the future. These obstacles included:

1. Receipt and disposal of land shares. While the law stipulated that a person who left a state or collective farm for private farming was to receive a land plot, a World Bank survey found that 80 per cent of respondents in fact did not receive anything.⁶² Regarding the disposal (transaction) of land share certificates, previous legislation allowed land share certificates to be bought, sold, given away, etc. Various restrictions were imposed on owners of land shares, such as, the prohibition of the right of sale by the imposition of a six-year moratorium on the sale of land shares. A further restriction forced owners of land shares wishing to use their land shares as collateral to secure a loan to obtain the permission of other shareholders.

According to previous legislation, land share certificates could also be leased to another member of the collective or to the enterprise, could be used to create new collective farming structures, or could be passed in inheritance. Land shares (not a land plot) could also be sold to another member of the collective or to the enterprise. Local bureaucrats and authorities resisted land leasing, especially to private farmers. As a result, a very small percentage of private farmers were able to lease land from farm employees, and instead had to look to the state land fund or the village council for land. In some cases, state reserves were exhausted and no land remained for leasing to private farmers. Difficulty in leasing land was true until about 1998. Since then, each year more and more farmland is laying fallow, unused. The problem today, as was alluded to earlier, is the enormous amount of land available for cultivation but not being used. One of the most significant reasons for this situation is the unprofitability of agricultural production.

2. Legal restrictions on land turnover. Previous legislation greatly restricted land transactions. Citizens of Ukraine were allowed to conduct land transactions only for plots of land that had been transferred to private ownership for subsidiary household farming, gardening, or dacha and garage construction. The sale of all other types of agricultural land was subject to a six-year moratorium. Thus, any kind of agricultural land other than a household plot could not be sold for six years, regardless of the way in which it was acquired; and irrespective if the land in question was either a land share (paper certificate) or a physical land plot.
3. Psychological obstacles and support for reform. One of the most difficult obstacles to overcoming the lack of a functioning land market is the fact that rural dwellers have been less than enthusiastic about breaking up the large farm structure and moving to new forms of agricultural production, including private farms. Evidence of rural attitudes toward a land market and sales of agricultural land was presented in a section above, showing relatively high rates of opposition to a free land market.

In addition, the vast bulk of the rural community opted for the relative security of the large farm structure, a trend that is not surprising. Farm workers on large farms continue to feel safe, even if large farms fail to pay cash salaries on time, if at all. Most farm members now receive their wages in kind, not cash. As cash salaries have become more rare, farm members are more dependent upon food provided from their household plots and devote more time to their family operations. Farm workers may also sell any surplus at local markets to earn monetary income to purchase additional consumer goods. The link with the large farm ensures also the provision of a range of agricultural services to private plots, including and, most importantly, the provision of feed. It is therefore hardly surprising that most farm members opted to remain in a large farm structure.

What effect will new legislation have on the development of a land market in Ukraine? It is still too early to know the full impact of new legislation, but during farm restructuring almost seven million people received land certificates, and another 5.5 million land rental agreements were concluded.⁶³ The 2001 Land

Code reduced the six-year moratorium to five years, ending in 2005 when limited sales will be permitted. The question is not really whether the removal of restrictions will facilitate a land market—it most surely will as it did in Russia. The key question is what kind of land market will be created, and whether it will have transformative powers to change the rural economy. The likelihood is that the coming land market in Ukraine will be similar to that in Russia, at least for the foreseeable future. The Russian land market will be discussed below, but for now suffice it to say that the Russian market has been characterized by the turnover of very small plots of land. This type of market is likely in Ukraine as well, primarily because of depressed standards of living and low incomes, which translates into limited purchasing power.

V. Prospects and Conclusion

The land question in Ukraine is at a crossroads. Real reform is only beginning and there are reasons for both optimism and pessimism. On the optimistic side, the executive branch seems committed to change, and a reformist Prime Minister is pushing reform forward (in part to meet International Monetary Fund (IMF) requirements so that lending will resume).⁶⁴ Furthermore, Ukrainian legislation is much less conservative than that in Russia, and approaches the radical reform adopted in the Baltics and Albania, which abolished collective farming altogether.

After a decade of floundering economic reforms, there is a realization that the previous course cannot continue. It is also clear to policy makers that Ukrainian agriculture is in desperate straits. Attempts to retain the Soviet system have not been successful, and therefore there is little to be lost in trying a new approach. President Kuchma and his commission on agrarian policy seem determined to get something done. High-level support for reform is a necessary, but not sufficient, condition for reform. This aspect was largely lacking in years past, but appears to be changing.

On the pessimistic side, there is political resistance, first of all in the Parliament, where the December 1999 decree and the new Land Code are two of the major issues dividing conservatives and liberals. Conservatives can point to Russian agricultural performance and argue that their agrarian reforms have not been successful and therefore should be avoided, not emulated. There

is also elite resistance to IMF pressure to reform. Western lending institutions hoped for a rapid transformation, but this is unlikely because large farms in Ukraine (as well as throughout the Soviet Union) were as much social units as well as economic production units. People are reluctant to give up their security. Furthermore, there is resistance at the farm level, as the rural population in general remains more conservative and wary of radical reform. Underlying rural conservatism are economic, psychological, and demographic factors. Regarding the latter factor, the structure of Soviet agriculture in Ukraine creates surplus labor and inefficiency in the post-Soviet era. In short, the countryside has too many people, which presents the government with real dilemmas. Does the government allow these people to stay, hoping their social and financial burden is not too great so as to hinder progress in reform? Does the government create incentives for migration from the countryside to the city? Although such migration processes have occurred previously, both in the Soviet Union and indeed throughout the world, contemporary Ukrainian cities in many respects are in no condition to absorb this influx.

Overall, prospects for genuine reform are greater now than at any time in the past. Even assuming high level political support will be continued, there are significant obstacles with which to contend. In the short-term, therefore, the agrarian question will remain one of the big unsolved issues in Ukrainian reform. Despite more reasons for optimism than at any time since 1990, there are no assurances that Ukrainian reform will be any more successful than that in Russia, to which we now turn.

RUSSIA

Introduction

Rural reforms in Russia were introduced more than a decade ago, although to say they are more advanced is not the same as saying they have been entirely successful in achieving their original goals. There have been significant obstacles to overcome, and in no way has the land question been solved in Russia. While former collective and state farms have legally restructured, there is some doubt about how much change actually

occurred. Critics charge that any change has been cosmetic and superficial, although others see significant adaptation and change.⁶⁵ Furthermore, critics rightly note that the Russian land market, to the extent it exists, has not had much of a transformative impact on society or the economy.

Table 4: Russian Agricultural Production Relative to USSR, 1990 (All Categories of Farms)

	<i>Russia</i>	<i>USSR</i>	<i>Russia as a % of USSR Total</i>
Population (mil.)	148.0	288.6	51.3
Gross Agricultural Production (bil. rubles)	102.1	218.7	46.7
Agricultural land (mil. hectares)	640.7	1,046.4	61.2
Arable land (mil. hectares)	213.7	557.3	38.3
Grains (mil. tons)	116.7	218	53.5
Sugar Beets (mil. tons)	31.1	81.7	38.1
Sunflower Seeds (mil. tons)	3.4	6.56	51.8
Flax (thous. tons)	71	245	29.0
Potatoes (mil. tons)	30.8	63.6	48.4
Vegetables (mil. tons)	10.3	26.6	38.9
Cattle (mil. head)	58.8	118.4	49.7
Cows (mil. head)	20.8	41.7	49.9
Pigs (mil. head)	40	79	50.6
Poultry (mil. head)	653.7	1,213.9	53.8
Meat (mil. tons, dead weight)	10.1	20.1	50.3
Milk (mil. tons)	55.7	108.4	51.4
Eggs (billion)	47.5	81.7	58.1

Numbers have been rounded. Grain totals after cleaning.

³⁵ Source: *Narodnoe khoziaistvo SSSR v 1990: statisticheskii ezhegodnik* (Moscow: Goskomstat USSR, 1991), various pages.

When the Soviet Union existed, the RSFSR was both the largest food producer and food consumer, with approximately 52 per cent of the USSR's total population in 1990. In 1990, the RSFSR accounted for 61 per cent of the total agricultural land area in the USSR (38 per cent of the arable land area) and nearly 47 per cent of total agricultural output. In addition, the RSFSR accounted for 54 per cent of Soviet grain output, about one-half of animal herds, and more than 50 per cent of meat, milk, and egg production.⁶⁶ The RSFSR's place in Soviet agricultural production is indicated in Table 4.

As in Ukraine, large state and collective farms dominated the agricultural system in Russia. By the late Gorbachev period, there were 12,800 collective farms (not including fish hatcheries) and 13,000 state farms in the RSFSR. Collective farms averaged more than 6,600 total hectares, with more than 1,700 cattle and cows, about 890 pigs, and 313 farm members engaged in production.⁶⁷ State farms averaged more than 9,000 hectares, with 1,800 cattle and cows, 1,208 pigs, and 421 farm members engaged in production.⁶⁸ State and collective farms accounted for nearly all grain production, 82 per cent of the republic's head of cattle, 75 per cent of its cows, and 82 per cent of its pigs.⁶⁹

"Private agriculture" in Russia was similar to that in Ukraine and consisted of three forms: *dacha* and collective garden plots, subsidiary agricultural holdings attached to industrial enterprises (*podsobnoe khoziaistvo*), and private plots (*lichnoe podsobnoe khoziaistvo*). As in Ukraine, the most important segment of the private rural economy were private plots utilized by virtually all collective farm families and about 80 per cent of state farm families. In Russia, the most common size for a private plot was 300-400 square meters (.3-.4 hectare).⁷⁰ Private plot operators in the RSFSR produced more meat, eggs, and milk than in any other republic. Although private plot production declined as a percentage of total output over the course of several decades, in 1989 Russian private plot operators accounted for 66 per cent of the republic's potato production and 30 per cent of its vegetables. In addition, some 25 per cent of the republic's meat production (of all types), 24 per cent of its milk production, and 22 per cent of its egg production came from private plots.⁷¹ Most private plot production was used to supplement the family diet. Even so, in 1988, a survey of private plots by Goskomstat showed that Russian private plot operators drew significant percentages of their income from their plot activities, an average of 71 rubles a month,

at a time when rural salaries averaged 200 rubles a month on collective farms and 235 rubles a month on state farms.⁷² By any number of measures, therefore, the private agricultural sector was critical to the overall effort to feed the Russian population.

I. The Legal Basis of Land Privatization

Land reform in the RSFSR began in December 1990, when, at the Second Congress of People's Deputies of the RSFSR, a series of laws were adopted, including "On Land Reform," "On Peasant Farming," and "The Law on Property," and others. This legislation was important in that it: (1) differed from the USSR Law on Land, which had been adopted in February 1990, by distinguishing between private (*chastnaia*) and state property. With new legislation, three types of ownership emerged: private, collective-share, and state. (2) The second difference was that the new Russian Republican legislation reversed the restrictions contained in the 1922 Land Code, in particular those which had abolished private ownership of land, minerals under the soil, water, and forests "forever."⁷³

The December 1990 legislation was the first since the Bolshevik revolution that allowed persons to buy and sell land. The government resolution adopted in December 1990, however, placed strict moratoria on land sales and only the state was permitted to buy land from landowners after a ten-year waiting period.⁷⁴ In April 1991, a new Land Code for the RSFSR was adopted, replacing the 1922 code. The 1991 Land Code provided for the distribution of land to individuals and codified private ownership of land, with rights of leasing, barter, and exchange. It did not, however, provide for the sale of land among individuals or the establishment of a genuine land market.⁷⁵ It is precisely the issue of land sales that has been at the center of the land code controversy, setting off a bitter dispute between the executive and legislative branches.

During the 1990s, land sales were governed by a series of presidential decrees and other acts. The first such decree came in December 1991 when former Russian President Boris Yeltsin issued a decree, entitled "On Urgent Measures for the Realization of Land Reform in the RSFSR," which allowed state and collective farm members to exchange or lease out their land and property shares upon withdrawal from the parent farm, or to sell their land shares

“to other citizens” if they retired from farming, inherited the plot, wanted to organize a private farm elsewhere, or intended to invest the proceeds in rural processing, retail, construction, or business.⁷⁶

In October 1992 Yel'tsin signed a decree that allowed the sale, on an experimental basis, of private garden and housing plots in Ramenskiy raion in Moscow oblast. Following this experiment, in November 1992 the Russian Supreme Soviet finally legalized the sale of land, but with significant conditions attached. These restrictions stipulated that the land could only be sold for purposes of subsidiary agriculture plots around dachas, gardening, and plots around individual housing. If the land being sold was used for these purposes, then it could be sold without a moratorium, provided that the purpose of land use was not to change.

In other cases, if the land was sold for purposes other than those stated above, and had been received free in ownership, then the land had to be held for ten years before it could be sold. If the land had been purchased, then a five-year wait was required. The price of land during the sale would be at negotiated market prices. However, market prices only applied to the sale or purchase of land within the size norms established by local soviets, which generally were quite small. Further restrictions stipulated that the size of the land plot bought or sold could not exceed the norms established by local soviets when land was redistributed. If the amount of land was above the established norms, then the owner could retain the over-norm portion for lifetime use with the right of inheritance, or, if he wished to sell, could do so through the local soviet at a negotiated price.

The December 1993 Constitution, and the Russian Civil Code, adopted in October 1994, reinforced the right of private property and land ownership, as well as the right to buy and sell land, but were vague about the mechanisms of how land transactions would occur. In the absence of a new Land Code, two presidential decrees serve as the basis for land transactions. The first decree, the “breakthrough” in land legislation, came when Yeltsin issued a decree entitled, “On Regulation of Land Relations and Development of Agrarian Reform,” on 27 October 1993.⁷⁷ Prior to the October 1993 decree, holders of land shares, particularly in former collective farms, were uncertain about their rights of disposal and lacked the necessary legal documentation to engage in land transactions. Yeltsin’s decree of 27 October 1993 instructed local land reform committees to distribute land deeds to all landowners, including farm members. By 1 July 1996 the

following percentages of landowners had received land certificates: in agricultural enterprises, 96.2 per cent; on private farms, 79.2 per cent; private plot operators, 81.4 per cent; collective garden plot operators, 65 per cent; and holders of land plots for individual dwelling construction, dacha plots, and garage construction, 45.2 per cent.⁷⁸ Once land certificates were distributed, the basis for a land market was established, and in 1994 local land committees began to register land transactions.

Yeltsin's October 1993 decree allowed farm members to dispose of their land shares as they desired, including the sale, leasing out, exchanging, bequeathing, or giving away of their land shares. Despite these rights, an extensive rural land market failed to materialize for two reasons. First, the transfer of land shares was limited to people who would use the land for agricultural purposes, and second, other members of the farm were to be offered first opportunity to obtain land shares. Only if members of the farm decided not to buy land shares could the owner search outside the farm in order to sell his land shares. The effect was a virtual prohibition on land share purchases by non-farm members. Yeltsin's decrees, therefore, legalized land sales and purchases, but because such a high percentage of farm members are of pension age, land sales have been relatively rare and the leasing of land shares much more prevalent, especially back to the farm.

A second decree, entitled "On the Realization of the Constitutional Rights of Citizens Concerning Land," was issued

Table 5: Structure of Russian Farmland Ownership, January 2000

Type of Ownership	Percentage of Farmland
Collectively Owned Land	56
State Reserve	9
State Land in People's Use	9
State Lands Used By Agricultural Enterprises	16
Private Farmland	6
Other Private Lands	1
Used by Lumber Industries	3
Total	100%

³⁹ Source: State Land Committee of Russian Federation (Goskomzem).

in early March 1996. This decree consolidated the legal status of land shares within large farming enterprises, and reinforced land share transactions. This decree also removed restrictions on the amount of land that could be leased for private farming.⁷⁹

One problem that emerged from land reform legislation was that former state and collective farms remained largely intact by forming joint stock farms, limited partnerships, or retaining their previous status. As a result, an anomaly occurred. On the one hand, by early 2000, some 83 per cent of all agricultural land had been privatized, that is, owned by individuals. On the other hand, a relatively small amount of land was actually transferred to individuals. Nationwide, at the beginning of 2000, large farms continued to hold most of Russia's farmland, with private farmers possessing about seven per cent of agricultural land in 2000. The structure of farmland ownership is shown in Table 5 (page 39).

Thus, a significant problem of land distribution was that often relatively little land possessed by former state and collective farms changed hands during farm reorganization, and this fact in turn would have repercussions for the development of a rural land market. To understand the legal basis and process of farm restructuring, we turn to the following section.

II. The Legal Basis of Farm Restructuring

The legal basis for farm restructuring of large agricultural enterprises in Russia was created in December 1991 by the issuance of a government resolution entitled, "On the Procedure for the Reorganization of Collective and State Farms."⁸⁰ The purpose of the resolution was to privatize collective enterprises and farmland. Towards that end, the resolution instructed all state and collective farms to re-register themselves by March 1992, and if required, to reorganize. (The time frame was eventually extended to 1 January 1994.) To oversee farm reorganization and to facilitate privatization "local committees on land privatization" were created within "every *sovkhos* and *kolkhoz*."⁸¹ Managers of collective farms and directors of state farms had "personal responsibility" for the fulfillment of this resolution.

The resolution began with an attack on unprofitable state and collective farms. Although figures varied, chronically unprofitable farms numbered between 2,500-3,500 throughout all of Russia, out of a total of some 27,000 state and collective farms.

According to the resolution "chronically unprofitable" farms were obligated to reorganize and to adopt a new form of labor organization. During the bankruptcy process the first preference was that a profitable enterprise would take over a bankrupt farm. But the original resolution also went beyond unprofitable farms. Point 14 of the resolution, if taken literally, could have meant the closure of large numbers of state and collective farms. Point 14 of the resolution required that farms that were unable to pay off their debts and meet their payrolls were to be declared bankrupt by 1 February 1992 and to be liquidated during the first quarter of 1992. Because a vast majority of farms had debt this point of the resolution could have forced the closure of large numbers of farms.

After enduring a barrage of criticism, the Russian government adopted another resolution in March 1992 that allowed state and collective farms to retain their previous status, that is, to remain state and collective farms if a meeting of farm members so voted.⁸² The right to retain a collective form of labor organization was legalized, and the March 1992 resolution gave state and collective farms an "out" that allowed them to escape fundamental restructuring. The importance of this escape can hardly be overstated, for an overwhelming number of farms retained a collective form of labor organization.

State and collective farms had a number of different options to choose from when undergoing the reorganization process. Briefly, one option was for collective farms to remain collective farms. This option entailed holding a meeting, taking a vote of members, and following the vote filing new registration forms with local agricultural and tax officials. A second option was to transform into a joint stock farm. A joint stock farm—open or closed—meant that the farm and its property remained intact and labor organization remained collective, that is, based on the brigade system. During the process of reorganization into a joint stock farm, farm property and land was divided among members, with each member receiving a certain quantity of both land and property "shares" free of charge. The value of land shares was determined by the number of claimants who had a right to shares, and this list of persons was decided upon by a general meeting of the farm worker's collective. Even though a joint stock farm was no longer considered state property, these farms were eligible for state subsidies and compensations, and the farm had to meet delivery obligations to regional and federal food funds.

Furthermore, workers of reorganized farms remained eligible for state pensions (and reorganized farms continued to contribute to the state pension fund).

A third option in the course of farm reorganization was for the state or collective farm to disband. If a farm voted to disband completely, a "liquidation commission" was formed and all farm assets, including land and property, were distributed to members. Once a former state or collective farm was disbanded and its assets divided, either individual farming operations could be conducted or private farmers could form collective operations in the form of farmers' associations or small cooperatives. Both farmer associations and small cooperatives were cooperative endeavors that encompassed productive, marketing, and service operations.

Assuming the collective farm did not disband or break into private farm associations during the reorganization process, there were two forms of land distribution. First, if a person (or family) left the parent farm, each member was given a physical plot of land, up to the size of the land norm in that raion. Raion land norms essentially were based upon calculations that divided the available rural land by the number of the population in that raion. Actual sizes varied by raion, but in general they were quite small, ranging from 4 to 12 hectares per person in European Russia. Land norms were smallest where land quality was best.⁸³ Second, if a farm member decided to remain in the farm collective he would receive land shares and could lease his land shares to other individuals or the farm itself. If he later decided to leave the farm he could not receive an actual land plot, but rather would be compensated the cash value of his land.

At the end of farm reorganization in 1994, an overwhelming percentage of farms either retained their collective farm status or became joint stock farms—about 82 per cent of former state and collective farms—although some 82,000 private farms were formed out of the farm reorganization process.⁸⁴ Therefore, the farming sector continued to be dominated by large agricultural enterprises based upon collective forms of labor organization.

At the end of the farm reorganization process, former state and collective farms and their successors still held the vast majority of rural farmland in Russia. In response to disappointment with the results of farm reorganization, in late 1993 a farm privatization program was introduced in Nizhnii Novgorod oblast, funded and supported by the IFC and the BKHF. Based upon this project, the

Nizhnii Novgorod model of farm privatization was adopted as a federal program in mid-1994, called the "Program of Land Privatization and Reorganization of Agricultural Enterprises."⁸⁵ (For simplicity I shall refer to the national program as the "Nizhnii model.") The Nizhnii model presented farms a "second chance" at privatization, and offered substantial tax and financial advantages to former state and collective farms that voted to go through the privatization process during the first "waves" in 1993 and 1994. By the end of 1996, the Nizhnii model had been introduced in eleven Russian oblasts, and by early 1998 had led to the privatization of more than 350 large farms, creating more than 1,200 new farming enterprises, and turning 166,000 farm members into shareholders.⁸⁶

The Nizhnii model radically altered the operations of farms by subdividing larger farming units into smaller units to be operated by individuals, families, or small collectives. The Nizhnii model divided collective farm land shares equally among eligible farm members, while farm property shares were determined by taking into account length of service and size of income of an individual. Farms volunteered to privatize, and preceded through a series of steps, starting with preparatory work, the distribution of land and property shares, auctions for unclaimed land and property, and the transfer of property rights.

IFC documents suggest that privatized farms were somewhat more efficient, measured in terms of income produced per worker, had higher wages for farm workers, lower subsidies per worker, and lower production costs per centner of output. IFC documents also indicated that privatized farming units showed less drunkenness and more personal responsibility than on non-privatized farms. Furthermore, while the entire agricultural sector suffered from disadvantageous price relationships with non-agricultural goods and taxes that exceeded subsidies, reorganized farms fared somewhat better. Privatized farms had slightly higher output and less unprofitability.

Thus, in comparison to Ukraine, Russian farm restructuring has taken a much more conservative path. Large collective enterprises still exist, although their share of food production has diminished, and they continue to hold most of the nation's farm land. Critics of Russian farm restructuring charge that reorganized farms changed merely their legal status and not their operations. Farm privatization programs such as the Nizhnii Novgorod model have affected relatively few farms—less than 2 per cent of all large

farms in 1998. The status quo is likely to remain for the foreseeable future, as there is little if any inclination on the part of the Putin government to move aggressively against collective enterprises as was done by Yeltsin and in Ukraine. In fact, during the first year of Putin's rule, published policy discussions by government officials center on how to "revive" large farm's output and protect them from foreign imports.⁸⁷

III. Economic Effects of Reform on Food Production

Similar to Ukraine, during the 1990s food production on large agricultural enterprises declined. Using an index of physical volume of output (1990=100), in 1998 domestic agricultural produc-

Table 6: Russian Agricultural Production, 1992-1999
(All Categories of Farms)

	1992	1993	1994	1995	1996	1997	1998	1999
Grains (mil. tons)	106.9	99.1	81.3	63.4	69.3	88.6	47.8	54.7
Sugar Beets (mil. tons)	25.5	25.4	13.9	19.0	16.1	13.8	10.8	15.2
Sunflower Seeds (mil. tons)	3.1	2.7	2.5	4.1	2.7	2.8	3.0	4.2
Potatoes (mil. tons)	38.3	37.6	33.8	39.9	38.6	37.0	31.3	31.2
Vegetables (mil. tons)	10.0	9.8	9.6	11.2	10.7	11.1	10.5	12.3
Meat and Poultry (mil. tons, dead weight)	8.3	7.5	6.8	5.8	5.3	4.9	4.7	6.9
Milk (mil. tons)	47.2	46.5	42.1	39.2	35.8	34.1	32.7	32.1
Eggs (billion)	42.9	40.2	37.4	33.8	31.9	32.1	32.4	33.3

Numbers have been rounded

Grain totals after cleaning

Sources: *Rossiiskii statisticheskii ezhegodnik 1999* (Moscow: Goskomstat, 1999), pp. 363-71; and "Sel'skoe khoziaistvo Rossii v 1999 godu (ekonomicheskii obzor)," *APK: ekonomika, upravlenie*, No. 4 (April 2000), pp. 26-31.

-tion by large agricultural enterprises declined to 36 per cent of 1990 levels.⁸⁸ Compared to 1990, production in 1999 was lower for every major category of food output, even though production in 1999 was slightly higher than food output in 1998. Some of the production decline by large farms has been compensated by increased production from rural households. Russian production trends are illustrated in Table 6.

During the 1990s the animal husbandry sector in particular declined. The reasons for the decline are varied: competition from imports, declining consumer demand due to higher retail prices, increased production costs, and deliberate farm restructuring of production mix. Furthermore, while Russian agriculture as a whole experienced a majority of farms moving from profitable to unprofitable during the 1990s, animal husbandry was unprofitable.⁸⁹ In contrast to grain production, which was profitable during the 1990s (with the exception of the disastrous 1998 harvest), animal husbandry (broadly defined as cattle, pig, and poultry raising) was consistently unprofitable for all regions of Russia.

The result of these processes meant that the number of cattle declined from 54.7 million in 1992 to 27.5 million by the beginning of 2000—a decline of nearly 50 per cent (including dairy cows, all categories of farms).⁹⁰ During the same time period, the number of pigs decreased from 35.4 to 18.3 million head, a decline of 48 per cent.⁹¹ To put those declines in perspective, during the first seven years of Stalin's collectivization (1928-1934), the number of cattle decreased by 40 per cent and the number of pigs by 33 per cent. Contemporary cattle herds in 1999 were smaller than herds in the late 1950s. In addition to declining animal herd sizes, during 1992-1998, domestic meat production decreased more than 45 per cent before rebounding in 1999. Milk production during 1992-1999 decreased 32 per cent, and egg production fell by about 24 per cent (production from all categories of farms).⁹²

Furthermore, production declines were experienced for most plant products as well. The area of land used for all agricultural production fell about 7 per cent, but within that number, land used by private farmers and private plot operators increased while the amount of land used by large agricultural enterprises declined.⁹³ Importantly, cultivated land used for grain growing declined from 63 million hectares in 1990 to 46.5 million hectares in 1999.⁹⁴ As a consequence the output of most plant

products declined rather significantly during the 1990s. Within the overall downward trend in crop production, there are two exceptions to note. First, the output of technical crops, such as sunflower seeds, declined marginally, due in part to relatively high export levels. Furthermore, output of plant products grown primarily by the population, such as vegetables and potatoes, either did not decline or did not decline significantly.

Declines in food production contributed to the fact that the consumption of nearly every food type declined. By the end of the 1990s Russians were consuming, on average, less than they had at the beginning of the decade. For example, the average consumption of meat products was two-thirds the level of 1992. The exceptions were increases in average consumption of starches and vegetables, both of which were important products coming from household plots. Especially intriguing are differences in urban and rural per capita consumption. According to published data, rural dwellers consume more than urban dwellers, and the gap has increased since 1991. According to one survey, at the end of 1996 urban Russians consumed on average two-thirds the number of kilograms of meat and meat products and about 56 per cent of dairy products on a per capita basis in comparison with 1990.⁹⁵ The daily per capita caloric intake for urban Russians fell from 2,432 calories in 1991 to 2,045 in 1996.⁹⁶ In comparison, rural caloric per capita consumption also decreased, but less so than for urbanites, from 2,873 calories in 1991 to 2,614 in 1996. Thus, the urban-rural caloric gap increased: in 1996 rural caloric consumption was 140 per cent that of urban consumers, whereas in 1991 it was 116 per cent.⁹⁷

Another important trend during the 1990s was increased output of food production from household plots. During 1990-1998, the amount of land used by households for food production increased from 3.9 million hectares in 1990 to 10.5 million hectares in 1998.⁹⁸ Overall, by the beginning of 1999, agricultural production from household plots accounted for more than 57 per cent of the ruble value of food output in Russia.⁹⁹ More than 35 million families operated some form of household agriculture in 1998, whether it be private plots, collective and individual fruit gardens, or collective and individual vegetable gardens.¹⁰⁰ While household output is not sufficient to feed the nation, household production is important in that it provides an important source of food for rural dwellers—a segment of the population that in general has seen its standard of living decline during the 1990s. For example,

in 1997, household food production accounted for 46 per cent of the value of food consumed by rural families, but less than 9 per cent for urban families.¹⁰¹ Furthermore, such production provides high percentages of output for selected products, as shown in the Table 7.

In addition to increased output from households, other sources of food for Russians included food aid from the US and

**Table 7: Russian Household Production, 1992-1998
(In percentage of total output)**

	1992	1993	1994	1995	1996	1997	1998
Grains	.5	.6	.7	.9	.8	.8	.9
Sugar Beets	.2	.3	.7	.6	.7	.8	.8
Sunflowers Seeds	1.2	1.5	1.6	1.4	1.6	1.4	1.5
Potatoes	78.0	82.5	88.1	90	90.2	91.3	91.2
Vegetables	54.7	64.5	66.7	73.4	76.8	76.3	79.6
Meat and Poultry (dead weight)	35.3	39.5	43.2	48.6	51.6	55.9	56.9
Milk	31.4	34.7	38.7	41.4	45.4	47.2	48.3
Eggs	26.0	27.1	28.8	30.2	31.2	30.4	30.1
Honey	76.3	78.0	81.9	83.7	84.7	87.0	88.1
Wool	32.2	35.4	37.1	42.5	45.9	51.3	55.0

Grain Totals After Cleaning

Source: *Rossiiskii statisticheskii ezhegodnik* 1999, p. 351.

the European Union, and from food imports. Turning first to food aid, following the disastrous 1998 harvest, foreign governments and international donors offered food assistance to Russia. In November 1998, the United States set up a one billion dollar food aid package: 600 million dollars as humanitarian assistance, and a 400 million dollar line of credit at 2 per cent interest for 20 years to purchase additional food.¹⁰² Also in November 1998, the European Union provided a 480 million dollar package of food aid, including one million tons of wheat, 500,000 tons of rye,

150,000 tons of beef, 100,000 tons of pork, and 50 tons of dry milk, for free.¹⁰³ Although food aid agreements were reached in November 1998, a lengthy delay ensued due to negotiations on how the food would be distributed. In the end, Western monitors (mostly from the EU donor countries) were stationed throughout Russia to oversee distribution. Food aid began to arrive in Russia in March 1999 and continued through October 1999, being distributed in 60 regions of Russia. Food aid was sold at local market prices, with some of the revenue going to local budgets and some to the federal pension fund.¹⁰⁴

Even before the original food aid package had been fulfilled, Russia and the US began discussions on a new food aid package. In September 1999, Russia formally requested another food aid package from the US, consisting of 5.0 million tons of grain, 1.0 million tons of food wheat, 1.5 million tons of fodder grain, 1.5 million tons of feed corn, and 1.0 million tons of soy beans and meal.¹⁰⁵ A new administration under Vladimir Putin and expectations for a better harvest in 2000 led the Russians to lower their request, and the two sides agreed on a package of 500,000 tons of grains.¹⁰⁶ Under the agreement reached in February 2000, the US would supply 300,000 tons of wheat, 200,000 tons of food products, and 20,000 tons of crop seeds to Russia during 2000. This aid package is free, with the US side paying for transportation from the US to Russian ports. Various Russian ministries have responsibility for transportation within Russia, for loading and unloading of food, for storage, and for distribution.¹⁰⁷

Specialists have estimated that if present food production trends continue in Russia, by 2003 the country will be able to feed only 75 million people—about one-half of the Russian population.¹⁰⁸ Therefore, even with declines in per capita consumption and increased household production, food imports became a significant factor, both economically and politically, during the 1990s. Economically, as a result of a free trade policy, which pursued low tariffs and open trade borders, imports captured a greater share of the domestic market. It was estimated that about one-half of daily caloric intake came from imported food in 1997.¹⁰⁹ 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. Imports of animal husbandry products have been especially significant. From 1992 through 1997, total meat imports increased 440 per cent, including chicken meat, which

increased over 2,500 per cent, pork imports increased by nearly 500 per cent, and beef imports increased by almost 245 per cent.¹¹⁰ By the beginning of 1997 Russia was the world's largest importer of poultry meat, and imported more than 50 per cent of its total supply of poultry meat. Overall, during 1997 Russia imported more than 35 per cent of its meat supply, most of which came from the European Union, the United States, and China. Of particular note is that Russia's largest cities, Moscow and St. Petersburg, import an estimated 70-90 per cent of their meat and meat products, whereas they imported ten per cent in 1992.¹¹¹

Prior to the collapse of the ruble in August 1998, imported food was cheaper, of better quality, better packaged, and preferred by Russian consumers. After August 1998, imported food became more expensive which led to significant declines in the levels of imports. As a consequence, Russian meat imports declined to about 29-30 per cent of total meat supplies during 1998, however, by the first quarter of 1999 imports already exceeded pre-collapse levels.¹¹² During 1999 and continuing into 2000, increased food tariffs and a shift in government policy toward more protectionism continued the trend of decreased foreign imports. Food imports as a percentage of food supply for several products is shown in Table 8 below.

**Table 8: Trends in Russian Food Imports 1994-1998
(Imports as a percentage of total supply)**

	<i>1994</i>	<i>1995</i>	<i>1996</i>	<i>1997</i>	<i>1998</i>
Meat and Meat Products	16.9	24.8	25.6	35.5	29.3
Milk and Milk Products	10.5	13.3	10.6	15.1	12.5
Grain	2.2	3.0	2.9	2.5	1.5

Source: Terent'ev, "Sostoianie i perspektivy APK," p. 90.

Going forward, the United States Department of Agriculture predicts that Russia will remain a significant importer of animal husbandry products until at least 2005.¹¹³ In addition, a string of poor Russian grain harvests have exhausted grain supplies and increases the likelihood that grain imports might increase as well, as in 1999, although we should note that since 1996 the Russian government has attempted to avoid government

sponsored imports and instead has encouraged commercial imports. Barring a disaster in food production similar to 1998, it is likely that food imports as a percentage of total supply will continue to drift downwards, though imports may remain at relatively high levels until domestic production recovers. The reasons are several fold: higher import tariffs, better quality and packaging by domestic processors, competitive pricing of domestic products by retail stores, product substitution by restaurants and other food outlets, and increased protectionism.

Trade protectionism from food imports reflects the political importance of food supplies. During most of the 1990s, Russian tariffs were about one-half the world average, and about ten times lower than those in several European Union nations. Beginning in 1996 and continuing to the present, a virtual explosion of articles in newspapers and journals appeared under the slogan "national food security." A broad range of political interests advocated protection for domestic producers. These interests included groups that were formally organized, such as: the Grain Union of Russia, the Meat Union of Russia, the Sugar Union of Russia, the Agroindustrial Union of Russia, and the Agrarian Party of Russia.¹¹⁴ While the latter two political organizations are conservative, even moderate political parties, such as "Fatherland for All of Russia," advocated the "limiting imports of food products...which lead to a loss of food security" in its party platform prior to the December 1999 Duma elections.¹¹⁵ Non-organized interests spoke out as well; including academics, who advocated increased food security from a broad range of research institutes. In criticizing the levels of food imports in present day Russia, the vice president of one of Russia's best known agricultural research institutes in Moscow reflected the sentiments of food security advocates when he stated, "In its many centuries of history, including the very difficult years of the Great Patriotic War [World War II], there was never a period when this country imported more than 40 per cent of its food."¹¹⁶

With the exception of sugar quotas, issued in early 2000, Russia has not resorted to quantitative limits on food imports. However, there is a clear trend towards greater state regulation. For example, a 1995 law on the regulation of state trade permitted quantitative restrictions on imports. In 1996, Russian lawmakers passed the law, "On State Regulation of the Agroindustrial Complex," (adopted by the Duma and Federation Council in 1996 and signed by former President Yeltsin in July 1997), which

provided for trade protection either in the form of quantitative limits or tariffs.¹¹⁷ Another law, "On Food Security of the Russian Federation," was adopted in late 1997 by the Duma and signed by Yeltsin. This law authorized the government to create and implement a special program at the federal level that would provide food security.¹¹⁸ In 1998, former Prime Minister Sergei Kirienko stated that Russia should increase tariffs for imported food products that are already produced in Russia, thereby protecting domestic producers.¹¹⁹ This policy position was supported by former Minister of Agriculture Viktor Semonov.¹²⁰ In 1999, two government resolutions established government regulation over imported food grain, agricultural products, and food.¹²¹ Later that year, an interbranch commission was formed, "On the Regulation of the Food Market," headed by Minister of Agriculture Andrei Gordeev.¹²² In late 1999, a federal law, "On the Quality and Safety of Processed Food Products," passed both houses and was signed in January 2000.¹²³ Part of this law established state control over imported food products (Article 21). Finally, in June 2000, President Putin published a draft of his economic reform policy, which contained the provision of food as one of its planks.¹²⁴ Thus, the politics of food in Russia suggests that despite the ongoing need for imports, it is likely that Russian food trade policy will become less open and more protectionist in the foreseeable future.¹²⁵

IV. Private Farming in Russia

Russian private farms have received a great deal of attention by Western analysts. One might even say Western analysts were obsessed with the private farm movement for largely ideological reasons. As the limitations of private farming became clearer, more sober and realistic assessments were forthcoming. By the end the 1990s, it was clear to most analysts that Russian farming would not be dominated by private farming, nor would private farms contribute significantly to the nation's food supply. With a fairly voluminous literature being published during the 1990s, this relatively brief section will only attempt to summarize some of the main trends in Russian private farming.¹²⁶ Private farming is important because farm restructuring and land privatization were expected to transfer considerable land and property resources into private hands, thereby transforming

Russian agriculture. At the outset of reform it was expected that a new class of rural entrepreneurs would come to dominate rural production, as large farms receded in importance, and that Russian agriculture would be transformed into large numbers of smaller farms with higher efficiency.

Russian private farms are mostly small, family operated farms that employ few permanent workers. As in Ukraine, the primary difference between a private family farm and household plots is size. In early 2000, household plots averaged less than one hectare, while the most popular size of a Russian private farm was 21-50 hectares (20 per cent of all private farms), and the second most common size was 11-20 hectares (17 per cent of all private farms).¹²⁷ Russian private farms average three to four persons per farm. The typical head of a private farm is male, in his forties, and better educated than his counterparts who work as employees on larger farms.

Table 9: Private Farm Development in Russia, 1992-2000

<i>Period</i>	<i>Number of Private Farms</i>	<i>Total Land Area (mil. hectares)</i>	<i>Average Size of One Farm</i>
January 1992	49,015	2.06	42
January 1993	182,787	7.80	43
January 1994	269,972	11.3	42
January 1995	279,195	11.9	43
January 1996	280,000	12.01	43
January 1997	278,613	12.23	44
January 1998	274,300	13.04	48
January 1999	270,200	13.84	51
January 2000	261,100	14.38	55

Sources: Annual Goskomstat data on private farming.

Since the early 1990s the number of private farms increased substantially, although most of this growth came during 1992-1994. Since reaching its peak in mid-1994, the number of private farms in Russia has declined. However, the total area of private farming agricultural land continues to increase, and the mean size

of private farms also is larger, the result of farm consolidation and land leasing. On two dimensions, the number of private farms and the amount of land they possess, Russian private farming is more advanced than in Ukraine, principally because of high-level government support during the initial stages of reform.¹²⁸ Trends in the creation and mean size of private farms in Russia are indicated in Table 9.

As the numbers in the table suggest, private farming has not had the economic transformative influence that early reforms expected. Russian agriculture is not dominated by the private farming sector, and when reformers refer to "one-half" of the nation's food output coming from the "private sector" they have in mind most of all production from households. By early 2000, only two economic regions had more than two private farms per one thousand residents: the Northern Caucasus and the Volga region. Since 1992 private farmers have failed to produce more than two to three per cent of the nation's gross food supply (measured in ruble prices), despite possessing 6 to 7 per cent of agricultural land and as much as 12 per cent of the agricultural labor force.¹²⁹ For a variety of economic reasons,

Table 10: Private Farming Production, 1992-1998
(In percentage of total output)

	1992	1993	1994	1995	1996	1997	1998
Grains	2.1	5.2	5.1	4.7	4.6	6.2	6.8
Sugar Beets	2.0	3.9	3.5	3.5	3.3	3.5	4.0
Sunflower Seeds	5.8	9.9	10.2	12.3	11.4	10.8	10.9
Potatoes	.8	1.0	.9	.9	.9	1.0	1.0
Vegetables	.8	1.0	1.1	1.3	1.1	1.5	1.8
Meat and Poultry (dead weight)	.7	1.1	1.4	1.5	1.7	1.6	1.6
Milk	.5	1.1	1.3	1.5	1.5	1.5	1.6
Eggs	.1	.2	.3	.4	.4	.4	.4
Honey	1.3	2.3	2.2	2.1	2.1	2.1	2.0
Wool	1.3	2.3	2.2	2.1	2.1	2.1	2.0
Grain Totals After Cleaning							

private farming has contributed most to crop production, in particular industrial crops such as sunflower seeds and assorted grains, and much less to animal husbandry. Private farming's contribution to Russian food supplies is indicated in Table 10.

One of the most important reasons for private farming's marginal impact on Russian agriculture has been the failure to win the economic battle through politics. What I mean is that private farming interests have not had the political influence to direct significant resource flows to their sector. Politically, private farming interests are poorly represented in regional governments and lost their sole representative in the Duma after the December 1999 election. Moreover, organized private farming groups—AKKOR (Association of Peasant Farms and Cooperatives of Russia) and the Union of Landowners—have had to align with urban-based political parties who did not serve private farming interests. Since 1992 a large number of government resolutions and programs have been adopted, all intended to stimulate the development of a private farming stratum.¹³⁰ On paper the state seems to have provided extensive financial support for private farming. In reality, federal budgetary allocations to private farming increased in nominal terms, but in real terms financial support declined every year since 1992. Moreover, in reality only about one-half to two-thirds of total budgetary assignments were actually distributed each year, and much of the money was used to cover previous loan payments.

Economically, private farmers are overwhelmingly dependent on food production for their incomes. Private farms are, therefore, especially susceptible to price disparities between agricultural and industrial goods, which means that if production is unprofitable, private farms go bankrupt. The effect of a hostile macro-economic environment and lack of state support may be seen by the fact that in 1994 for every 100 private farms that were registered, 83 stopped their operations. In 1998, for every 100 new private farms created, 106 went bankrupt.¹³¹ Private farmers have suffered from high input and production costs, decreased consumer demand, and growing regional restrictions on inter-oblast food trade. Ironically, private farming interests have also joined rural conservatives in advocating more governmental protection from imports.

Another crucial reason for the relative failure of private farming concerns the land question. Private farmers report that most of their land came from the parent farm from which they resigned. This means that once private farmers left their parent farm they had to turn to the land market to obtain additional land. Since 1994, private farmers have been able to purchase additional land as there is no size limitation on private farms. Leasing additional land by private farmers is much more prevalent than purchasing additional agricultural land, particularly in the south where demand for land is higher. Private farmers, however, who want to lease or purchase additional land confront two main problems.

First, collective farms and their legal successors have retained control of most of their agricultural land, or have obtained control over agricultural land through post-reorganization lease arrangements. In the overwhelming number of cases, even after the distribution of land shares, farm members lease their shares back to the parent farm.¹³² The desire to lease out land shares is much greater among farms that have adopted the Nizhnii Novgorod privatization model, in part because their access to information is better, and private farmers are a primary customer.¹³³ The main problem is the small number of farms that have adopted the national program. In early 1998, for example, we saw above that only about 350 farms in Russia had privatized out of nearly 27,000 farms that were eligible. Thus, relatively little land is available on the land market for private farmers to lease.

Second, the demand for land to undertake private farming is low. Data from the State Committee on Land (Roskomzem) indicates that the demand for land to conduct private farming is extremely low, and the desire has declined over time. National-level data on land purchases by urban and rural buyers from local governments for purposes of private farming during 1993-1999 reflect this decline: 763 purchases in 1993, 380 in 1994, 175 in 1995, 522 in 1996, 206 in 1997, 82 in 1998, and 108 in 1999. Granted, the private land market (transactions between individuals) began to exceed the municipal market by 1996. Nonetheless, to put the demand for private farming land in context, the number of land sales from local governments for individual dwelling construction, private plots, dacha plots, and collective gardens totaled 134,794 in 1993, 109,894 in 1994, 62,481 in 1995, 40,905 in 1996, 18,881 in 1997, 9,793 in 1998, and 19,988 in 1999.¹³⁴ Clearly, private farming is a less popular option, and in some sense, private farming has

“lost out” to other land use options. To understand the Russian land market better, we turn to the next section.

V. The Russian Land Market

As we have seen previously, presidential decrees, the 1993 Constitution, and the 1994 Civil Code permit private land ownership and the buying and selling of land. What has been missing, however, is a land code which would: (1) replace the Soviet-era 1991 Land Code; (2) reflect new legal realities as permitted in the Constitution and Civil Code; (3) define the terms of the land market; and (4) provide detailed mechanisms for the conclusion of land transactions. During the Yeltsin period, the Land Code was a battleground between the executive and legislative branches. In October 2001, President Putin signed into law a new Land Code which permitted the buying and selling of land. However, the 2001 Land Code omitted agricultural land.

In the debate over the sale of agricultural land, the most contentious issues have concerned the right of disposal of agricultural land, namely, should large tracts of agricultural land be allowed to be sold, to whom, and for what purpose agricultural land that has been purchased can be used. Conservatives are against land sales from large farms, arguing that agricultural land should remain in agricultural use, and they believe that only those who use the land should own it. Conservatives, led by the Communist and Agrarian parties, support a “regulated land market” in which only the sale of small-scale agricultural plots of land would be permitted, and agricultural land would have to remain in agricultural use. Conservatives argue that peasants only recently obtained land, and an unregulated market would allow rich urbanites and speculators to buy up land, depriving peasants of their right to land. Liberals favor an unregulated land market in which agricultural land could be sold to anyone, and the purpose of land use may change. Owing to these differences, several versions of the Land Code passed in the Duma during the Yeltsin period but never entered into force.¹³⁶

During the period leading up to the adoption of a new land code, there were unmistakable signs of progress during 1999-2000. In June 1999 a federal program entitled “Development of Land Reform in the Russian Federation 1999-2002” was signed into force.¹³⁷ Among its provisions was to create conditions for a

Table 11: Uses of Land Plots Transferred to Private Ownership Through Purchases from Local Administrations. All of Russia

	<i>1993-# of transactions</i>	<i>Area, in hectares</i>	<i>1994-# of transactions</i>	<i>Area, in hectares</i>	<i>1995-# of transactions</i>	<i>Area, in hectares</i>
Purchases by citizens for individual construction, private plots, dacha plots, collective gardening	134,794	13,875.0	109,894	11,998.0	62,481	6,523.2
Purchases by citizens and their associations for entrepreneurial activities, privatized enterprises	1,706	19,608.3	2,025	5,338.8	1,769	5,141.2
Purchases for private farming and other agricultural enterprises	763	23,763.0	380	7,452.5	175	6,743.5
Totals	137,263	57,246.3	112,299	24,789.3	65,509	18,407

Table 11(continued)

	<i>1996-# of transactions</i>	<i>Area, in hectares</i>	<i>1997-# of transactions</i>	<i>Area, in hectares</i>	<i>1998-# of transactions</i>	<i>Area, in hectares</i>
Purchases by citizens for individual construction, private plots, dacha plots, collective gardening	40,905	3,467.7	18,881	1,567.7	9,793	1,239.2
Purchases by citizens and their associations for entrepreneurial activities, privatized enterprises	1,910	3,663.9	1,333	2,764.4	907	2,396.2
Purchases for private farming and other agricultural enterprises	522	1,437.8	206	2,617	82	3,683
Totals	43,907	8,990.1	20,897	7,028.6	11,467	7,482.5

Sources: Roskomzem, *Gosudarstvennyi (natsionalnyi) doklad o sostoianii i ispol'zovanii zemel' Rossiiskoi Federatsii za 1995 god* (Moscow: Committee on Land Resources and Land Tenure, 1996) p. 76; *Gosudarstvennyi (natsionalnyi) doklad o sostoianii i ispol'zovanii zemel' Rossiiskoi Federatsii v 1998 godu* (Moscow: State Land Committee, 1999), p. 58.

Table 12: Uses of Land Plots Held in Private Ownership Purchased from Citizens and Privatized Organizations, All of Russia

	<i>1993-# of transactions</i>	<i>Area, in hectares</i>	<i>1994-# of transactions</i>	<i>Area, in hectares</i>	<i>1995-# of transactions</i>	<i>Area, in hectares</i>
Purchases by citizens for individual construction	3,611	257.1	19,377	2,285.7	37,810	3,949.4
Purchases by citizens for private plot operation	3,337	643.5	26,960	4,807.3	70,571	15,388.4
Purchases by citizens for collective gardening	3,002	228.1	52,630	3,733.2	111,469	11,289.9
Purchases by citizens for dacha plots	40	3.4	1,166	133	2,683	279.8
Purchases by citizens for other uses	--	--	--	--	8,512	4,911.5
Purchases by organizations	--	--	--	--	563	5,734.5
Totals	9,990	1,132.1	100,133	10,959.2	231,608	41,553.5

Table 12 (cont.):

	<i>1996-# of transactions</i>	<i>Area, in hectares</i>	<i>1997-# of transactions</i>	<i>Area, in hectares</i>	<i>1998-# of transactions</i>	<i>Area, in hectares</i>
Purchases by citizens for individual construction	40,075	3,952.2	55,973	5,939.4	52,789	5,079.4
Purchases by citizens for private plot operation	77,718	16,346.7	97,786	24,667.2	94,570	21,607.3
Purchases by citizens for collective gardening	93,328	7,048	98,618	7,016	78,430	5,771.6
Purchases by citizens for dacha plots	2,923	382.1	3,091	335.9	1,738	165.9
Purchases by citizens for other uses	4,008	3,388.9	8,002	12,415.3	6,371	6,559.3
Purchases by organizations	707	2,503.7	2,219	8,949.8	692	1,761.9
Totals	218,759	33,621.6	265,689	59,323.6	234,590	40,945.4

Source: *Roskomzem, Gosudarstvennyi (natsionalnyi) doklad o sostoianii i ispol'zovanii zemel' Rossiiskoi Federatsii za 1995 god* (Moscow: Committee on Land Resources and Land Tenure, 1996), pp. 78-79; *Gosudarstvennyi (natsionalnyi) doklad o sostoianii i ispol'zovanii zemel' Rossiiskoi Federatsii v 1996 godu* (Moscow: Committee on Land, 1999), p. 60.

land market, including the turnover of agricultural land (sections 2.3 and 2.4). In November 1999, a federal law on land cadastre was passed by the Duma, approved by the Federation Council in December 1999, and signed into law by Acting President Putin in early January 2000.¹³⁸ This law was considered an important aspect for the creation of a land market, as it allowed for the registration and inventory of land. In early February 2000, acting President Putin indicated that if he won the Presidency in March 2000 he might call for a referendum on land sales to break the stalemate over the Land Code, which set off an acrimonious debate as to who should participate, whether urban residents have the right to decide the fate of rural land, and whether a referendum would yield the preferred results. The governor of Samara oblast stated that "at the present time, about 75-80 per cent of Russians are against private land ownership because they do not understand and do not know, what private ownership of land will give."¹³⁹ Also in February 2000, the political bloc "Union of Rightist Forces" submitted a new version of the Land Code to the Duma for consideration. This version resembled past liberal drafts in that it envisioned unregulated land sales. The draft was scheduled for discussion in a Duma plenary session in mid-March, but that meeting was postponed after the Kremlin asked that work continue on this draft.¹⁴⁰ The new draft was supposed to be considered before the summer recess in July 2000, but was not. In the fall of 2000, the government was optimistic that a land code would be adopted, but that did not come to fruition. The primary point of contention remained whether to allow the turnover of agricultural land.¹⁴¹ Eventually, in order to get a new Land Code adopted, it was decided to deal with agricultural land sales separately. The sale of agricultural land will be dealt with in a separate law, which was expected to be introduced in 2002.

On a visit to Orel oblast in April 2000, President-elect Vladimir Putin called for the passage of a land code establishing the right to own land, while the degree of freedom to pursue this right would be determined by each region individually. The idea put forward by Putin in April 2000 might be the best option. Several regions have moved to adopt their own land laws, namely, the Saratov land law, adopted in November 1997. Although the Saratov land law did envision some restrictions on the land market and in particular the sale of agricultural land, it was the first oblast legislation which allowed the sale of land through auctions.¹⁴² The Saratov land law was quickly followed by Samara and Tatarstan.

The law in Samara went even further than the law in Saratov in that it allowed foreigners to purchase land. In October 1999, Moscow oblast announced a one-year experiment to sell land in the city of Zelenograd.¹⁴³ The city of Moscow itself announced, in April 2000, a privatization program that envisions land ownership and land sales, although this program refers only to urban land. At the same time, we would be remiss if we ignored the fact that land reform at the regional level is uneven at best. In early 1999, some thirteen oblasts and republics did not permit private land ownership, even though federal law had already legalized it.¹⁴⁴ Furthermore, regional land markets differ owing to differences in land quality, differences in regional standards of living, and purchasing power of the local population.¹⁴⁵

Because of the uneven development at the regional level, it is often overlooked that there is a land market in Russia. The real question, therefore, is what kind of land market does Russia have? Data from the State Committee on Land (Roskomzem) is important to understanding the characteristics of the Russian land market. The land market consists of purchases of land and land leasing. Land leasing has been much more prevalent than land purchases, in part due to the lack of disposable income, but also likely due to legislative factors. The land market also consists of two types of submarkets: the municipal market and the private market. The municipal market consists of purchases of land from raion or city land funds; the private market refers to purchases from private citizens or privatized enterprises. The number of transactions and the area of land they involved on the municipal and private land markets during 1993-1999 are shown in Tables 11 and 12.

Based on the data in Tables 11 and 12, the following conclusions about the Russian land market may be drawn:

1. Russia does have a land market. Combining the municipal and private land markets, several hundred thousand land transactions have occurred annually since 1994. Some observers, such as former Minister of Agriculture Viktor Khlystun, estimate that the number of registered transactions is only about one-half of the actual transactions, the discrepancy due in part to the desire to avoid taxes and fees.

2. Over time, the municipal market has experienced a steady decline in the number of transactions, in turn being superseded by the private land market. The private market exploded in magnitude following Yeltsin's October 1993 decree, which permitted land sales.
3. Land transactions involve small parcels of land. The average size of land plot involved in a municipal transaction (all types of uses) in 1999 was .71 hectare. The average size of a land plot in a private transaction (all types of uses) in 1999 was .16 hectare.¹⁴⁶
4. The most popular uses for land from either municipal or private purchases are small-scale agricultural operations, in particular private plots or fruit and vegetable gardens.
5. The mean size of a land plot purchased from a local government has increased dramatically, even as the number of purchases has declined. In 1996, for example, the mean size of a land plot purchased from a local government was only 2.75 hectares. By 1998, the mean size had increased to nearly 45 hectares, and in 1999 the mean size surpassed 100 hectares. This trend reflects the ability of a few strong private farmers to increase their land holdings.

Thus, when western observers or Russian critics of land reform assert that Russia has no land market, they are incorrect. What such comments refer to is the lack of transformative potential of the land market in its present state. Russia has a land market, but it is rather restricted. In particular, there are restrictions on changing the use of rural land, neglected land or land used poorly may be confiscated from the owner, and it remains difficult to sell large tracts of agricultural land, for instance from unprofitable large farms.

The further development of the Russian land market must address the following factors: (1) clarity as to the legality of selling and buying land; (2) improvement in standards of living and purchasing power of the population; (3) making more land available for purchase through farm privatization; (4) establishment of a system that facilitates the transfer of land to more productive users; (5) the creation of a reliable credit and mortgage system; and (6) improvement in the macro-economic environment which

would make agricultural land attractive to potential users and investors. At present, economic conditions reinforce the predominance of land leasing and the exchange of small land plots.

CONCLUSION

Ukraine and Russia both instituted "land reform" in 1990, but during the 1990s pursued different paths. Ukraine followed a conservative path that changed little. Farms were not restructured or privatized. Private farming was insignificant in terms of the number of farms, the land area used, and food output. There were significant restrictions on the land market. Russia pursued a more liberal economic reform strategy. Farms were restructured and farm land privatized. The number of private farms expanded to almost 300,000 in 1994, encompassing 6 per cent of farm land. Land ownership was legalized and a land market emerged, although somewhat restricted. By the beginning of 2000, Russia was at the end of a decade of neo-liberal reforms, while Ukraine was just beginning.

As we enter the new millennium, it appears that Ukraine and Russia are still going in different policy directions. Ukraine has set upon a course of reforms that is much more liberal than Russia introduced ten years ago. By enacting its recent reforms, Ukraine has effectively eliminated collective farming enterprises through a rapid program of farm privatization. Meanwhile, the Russian countryside continues to be dominated by large farming enterprises, even if their contribution to the national food supply has been surpassed by household production (in ruble value). Private farming is poised to expand rapidly in the new few years in Ukraine, while in Russia the number of farms has drifted downward since 1995 and output remains marginal. The Russian land market has inherent limitations. Until legal obstacles are removed and the economic environment improves, the Russian land market is not likely to facilitate social transformation. In Ukraine, the legal basis for a robust land market has been laid through land privatization and removal of previous restrictions. Russian food policy is likely to become more protectionist and regulated, while Ukraine is unlikely to follow this path. Thus, two countries that ten years ago shared an agricultural system, experienced a divergence during the 1990s, and this divergence is likely to widen during the early years of the twenty-first century.

Notes

¹ Whether the term was deserved is an open question. Most of the grain raised in Ukraine was fed to livestock, and feed ratios to produce meat were two to three times higher than in the US. Moreover, many Western economists believe that Ukrainian farms had too many head of livestock—again a result of decree from above—so a lot of grain was wasted. There were also significant losses incurred during harvest and storage.

² *Narodnoe khoziaistvo SSSR v 1990: statisticheskii ezhegodnik* (Moscow: Goskomstat SSSR, 1991).

³ It is necessary to note that the soils of Ukraine are well-suited for wheat and rye, but are not well-suited for other plant crops, such as corn and soybeans. The underlying reasons why corn and soybeans were introduced into Ukraine may be attributed to Khrushchev's visit to Iowa in 1959. After his return to the USSR, he decreed that corn would be raised in Ukraine, even though Iowa farming had little in common with Ukrainian farming.

⁴ Zvi Lerman, Karen Brooks, and Csaba Csáki, *Land Reform and Farm Restructuring in Ukraine*, World Bank Discussion Paper, No. 270 (Washington, DC: The World Bank, 1994), p. 24; and see Paul Lydolph, *Geography of the USSR*, 3rd ed. (New York: John Wiley & Sons, 1977).

⁵ This data is taken from *Narodnoe khoziaistvo Ukrainskoi SSR: iubileinyi statisticheskii ezhegodnik* (Kiev: Tekhnika, 1987).

⁶ Stephen K. Wegren, "Private Agriculture in the Soviet Union Under Gorbachev," *Soviet Union*, Vol. 16, No. 2-3 (1989), pp. 108-109; and *Lichnoe podsobnoe khoziaistvo naseleniia v 1988 godu* (Moscow: Goskomstat USSR, 1989), p. 69.

⁷ *Narodnoe khoziaistvo Ukrainskoi SSR*, p. 142.

⁸ *Lichnoe podsobnoe khoziaistvo naseleniia v 1988 godu*, p. 68.

⁹ Lerman, Brooks, and Csáki, *Land Reform and Farm Restructuring in Ukraine*, pp. 32-34.

¹⁰ In the agricultural realm, those uses included independent

¹⁰ In the agricultural realm, those uses included independent private farms, private plots, and collective gardens. Non-farming uses included construction of dachas, garages, or storage.

¹¹ Lerman, Brooks, and Csáki, *Land Reform and Farm Restructuring in Ukraine*, p. 34.

¹² Timothy Ash, "Land and Agricultural Reform in Ukraine," in Stephen K. Wegren, ed., *Land Reform in the Former Soviet Union and Eastern Europe* (New York and London: Routledge, 1998), p. 67.

¹³ A World Bank survey of five oblasts in Russia found that about 45 per cent of farms experienced zero exits from the farm. See Karen Brooks, et al., *Agricultural Reform in Russia: A View from the Farm Level*, World Bank Discussion Paper No. 327 (Washington, DC: The World Bank, 1996), p. 33.

¹⁴ Ash, "Land and Agricultural Reform in Ukraine," p. 69.

¹⁵ *Narodnoe khoziaistvo Ukrainskoi SSR*, p. 124.

¹⁶ The IFC is a subsidiary organization of the World Bank. USAID and BKHF are essentially financial donors who employ consulting firms to implement restructuring.

¹⁷ IFC, "Background: Land Privatization and Farm Reorganization Project," unpublished (May 2000). I thank Leah Soroka of IFC for making this and other materials available to me.

¹⁸ Zvi Lerman and Csaba Csáki, *Ukraine: Review of Farm Restructuring Experiences*, World Bank Technical Paper No. 459 (Washington, DC: The World Bank, 2000), p. 3.

¹⁹ *Ibid.*, p. 3.

²⁰ *Ibid.*, pp. 10, 12.

²¹ *Ibid.*, pp. 43-46.

²² One reason is that world commodity prices have been very low, so Ukrainian farms are operating in a disadvantageous international environment. A second factor is the quality of farm

management and the ability to manage a farm in fundamentally different conditions than before.

²³ Lerman and Csáki, *Ukraine: Review of Farm Restructuring Experiences*, pp. 39-42.

²⁴ *Ibid.*, p. 2.

²⁵ Over the course of the next several months other presidential decrees were issued as well, one in January 2000, "On New Approaches to Supplying Inputs to Agricultural Producers," which reformed how inputs would be obtained and the agricultural credit system. Another decree in June 2000, "On Immediate Measures to Stimulate Production and to Develop the Grain Market," provided for guaranteed purchase prices for grain from state-backed agents, or the right to sell at higher prices on the market. During the summer of 2000 the Ministry of Agriculture was preparing a new decree, "On Establishing and Operating the Agricultural Market." These decrees are intended to support the privatization of larger CAEs.

²⁶ A translation of the December Decree, Number 1529/99, is available online at www.agpol.kiev.ua. This website is sponsored by the Ukrainian Agricultural Policy Project from the Institute for Policy Reform in Kiev, and Iowa State University Center for Agricultural and Rural Development. Iowa State University Ukrainian Agricultural Policy Project is a joint technical assistance endeavor of the Institute of Agrarian Economics of the Ukrainian Academy of Sciences and Iowa State University. The project is funded by the US Agency for International Development and The World Bank. The project also publishes a weekly review of Ukrainian agricultural policy issues in "The Week in Ukrainian Agriculture," and "Survey of the Press," cited below.

²⁷ "The Week in Ukrainian Agriculture," (Kiev), No. 2 (10-16 January 2000). Available online at www.agpol.kiev.ua.

²⁸ "Ukrainian Agrimarket Weekly Report," (Moscow), No. 14 (27 March-2 April 2000). Available online at www.aris.ru.

²⁹ "The Week in Ukrainian Agriculture," No. 19 (15-21 May 2000).

³⁰ *Ibid.*, No. 35a (18-24 September 2000).

³¹ *Krest'ianskie vedomosti* (Moscow), No. 12, 20-26 March 2000), p. 3.

³² "The Week in Ukrainian Agriculture," No. 25 (3-9 July 2000).

³³ Summary of draft land code excerpted from "The Week in Ukrainian Agriculture," No. 17 (24 April 2000), No. 18 (14 May 2000).

³⁴ *Ibid.*, No. 35a (18-24 September 2000).

³⁵ See *Financial Times* (London), 21 January 2000, p. 2; *ibid.*, 16 February 2000, p. 2; and *ibid.*, 14 July 2000, p. 2.

³⁶ Resolution of the Verkhovna Rada, "On the Fulfillment of Land Legislation During the Reform of the Agrarian Sector of the Economy," No. 1364-XIV, 11 January 2000. Available online at www.agpol.kiev.ua.

³⁷ *Financial Times*, 2 February 2000, p. 2; and *ibid.*, 3 February 2000, p. 3.

³⁸ By Fall 2000, 6.3 million people had received certificates entitling them to a land share, and 325,000 of those had received a land title. 5.6 land certificate holders had leased out their land. "The Week in Ukrainian Agriculture," No. 35a (18-24 September 2000).

³⁹ *Ibid.*

⁴⁰ IFC, "Survey Results: Opinion Survey of Attitudes of Collective Agricultural Enterprises (CAEs) and Government Officials Participating in Project Seminars," unpublished, 2000.

⁴¹ The survey was a random sample of 1,229 Ukrainian adults. See Office of Research, US Department of State, "Ukrainians Discouraged by the High Cost of Economic, Political Transition," Opinion Analysis M-203-99 (17 November 1999), p. 2.

⁴² Interestingly, a survey by the Center for Social Expertise and Forecasting, commissioned by the IMF, found that 64 per cent of private farmers supported a land market, but 33 opposed it, and only one-half wanted to buy more land. "The Week in Ukrainian Agriculture," No. 30 (7-13 August 2000).

⁴³ IFC, "Survey Results: Comparison of Results of Surveys on Land Reform at National Level, 1996-1999," unpublished.

⁴⁴ Lerman and Csaba Csáki, *Ukraine: Review of Farm Restructuring Experiences*, p. 2.

⁴⁵ "The Week in Ukrainian Agriculture," No. 24 (19 June-2 July 2000). Some of the reasons why Ukraine imports a low percentage of its food needs are twofold. Concerning commodities (raw foodstuffs), Ukrainian agriculture retained more features of the previous Soviet system during the 1990s than did Russia, which meant that food production, particularly animal husbandry, remained relatively highly subsidized. As will be seen below, the bulk of Russian food imports during the 1990s were in animal husbandry products, while imports of grain declined significantly. Thus in Ukraine, livestock herds did not decline as much as in Russia, and meat production also did not decline as much. Second, regarding processed foods, Ukraine received more foreign investment in its processing sector, which meant that domestic producers were better able to meet domestic demand than its Russian counterparts. As discussed below, the situation for the importation of commodities is changing in Ukraine, and it is likely to import more commodities in the future as more liberal market reforms take hold, as had already become evident in 2000.

⁴⁶ *Ibid.*, No. 19 (15-21 May 2000).

⁴⁷ At the beginning of 2000, industrial prices and services had increased nearly six times faster than agricultural prices in comparison to 1990. See the analysis on price disparity and parity by Mykola Puhachov in "The Week in Ukrainian Agriculture," No. 28 (24-31 July 2000).

⁴⁸ It was announced in early 2000 that agricultural production no longer would be financed from the national budget, but now through commodity loans from commercial enterprises and banks. The government hopes to create a system whereby issuing agricultural credit would be profitable, and towards this end the government encouraged banks to finance the agricultural sector. To aid food producers in the transitional period, during 2000 the state would subsidize bank loans equal to 50 per cent of the National Bank of Ukraine's discount rate. Farms get lower interest

rates, but no lower than 17 per cent. Banks would provide loans only if farms have guaranteed repayment. Nonetheless, the reaction by banks was not entirely enthusiastic, as many bankers perceived agriculture as an unprofitable investment and viewed with skepticism the larger economic environment that influences farm profitability. Moreover, commercial enterprises that supply inputs already hold 6.8 billion hryvnias in farm debt and are often reluctant to take on more debt. The fact that several reformed farms have refused to recognize or inherit the debt of their former CAE acts as a further obstacle. For these reasons, Ukraine has not entirely abandoned state-lending. In 1999 for example, oblast' budgets continued to provide loans, repaid with grain under the terms of a regional grain contract.

⁴⁹ See Inna Chapko, "Financing of Agriculture: Ukraine's Problems and US Experience," *Ukraine Agricultural Policy Project Discussion Paper* No. 18. Available online at www.agpol.kiev.ua.

⁵⁰ Don Van Atta, "Household Budgets in Ukraine: A Research Report," *Post-Soviet Geography and Economics*, Vol. 39, No. 10 (December 1998), p. 612.

⁵¹ *Ibid.*, p. 613.

⁵² Csaba Csáki and Zvi Lerman, *Land Reform in Ukraine: The First Five Years*, World Bank Discussion Paper, No. 371 (Washington, DC: The World Bank, 1997), p. 29; and "The Week in Ukrainian Agriculture," No. 5 (31 January-5 February 2000).

⁵³ Van Atta, "Household Budgets in Ukraine," p. 610.

⁵⁴ "The Week in Ukrainian Agriculture," No. 2 (10-16 January 2000). Available online at www.agpol.kiev.ua.

⁵⁵ *Ibid.*, No. 17-18 (24 April-14 May 2000). The percentage dropped to 54 per cent in 2000.

⁵⁶ *Ibid.*, No. 27 (17-23 July 2000).

⁵⁷ Csáki and Lerman, *Land Reform in Ukraine: The First Five Years*, p. 75.

⁵⁸ *Ibid.*, p. 76.

⁵⁹ "Survey of the Press," (Kiev), No. 21 (22-28 May 2000). Available online at www.agpol.kiev.ua.

⁶⁰ Individuals leaving the former state and collective farms were limited by the fact that the law restricted the amount of land that could be owned by private farmers to 50 hectares of arable land and 100 hectares of general agricultural land.

⁶¹ Csáki and Lerman, *Land Reform in Ukraine: The First Five Years*, p. 77.

⁶² *Ibid.*

⁶³ "The Week in Ukrainian Agriculture," No. 19 (15-21 May 2000). Available online at www.agpol.kiev.ua.

⁶⁴ In July 2000, a Ukrainian delegation went to Washington to convince IMF leaders to renew lending to Ukraine. The press secretary for the First Deputy Prime Minister was optimistic and was quoted as saying, "Higher management [in the IMF] simply does not know the situation in Ukraine—they don't know that Ukraine has fulfilled practically all the IMF conditions." "The Week in Ukrainian Agriculture," No. 26 (10-16 July 2000). In late July President Kuchma indicated he expected a positive answer from the IMF in October 2000, due to the fact that Ukraine fulfilled eight of the eleven requirements for lending to resume. *Ibid.*, No. 27 (17-23 July).

⁶⁵ For a presentation of both sides of this question, see David J. O'Brien and Stephen K. Wegren, eds., *Rural Reform in Post-Soviet Russia* (Washington, DC: Woodrow Wilson Center/Johns Hopkins University Press, 2002).

⁶⁶ *Narodnoe khoziaistvo SSSR v 1990: statisticheskii ezhegodnik* (Moscow: Goskomstat SSSR, 1991).

⁶⁷ *Narodnoe khoziaistvo RSFSR v 1990 g.: statisticheskii ezhegodnik* (Moscow: Goskomstat RSFSR, 1991), pp. 403-04.

⁶⁸ *Ibid.*, pp. 407-08.

⁶⁹ *Ibid.*, p. 460.

- ⁷⁰ *Lichnoe podsobnoe khoziaistvo naseleniia v 1988 godu*, p. 69.
- ⁷¹ *Narodnoe khoziaistvo RSFSR v 1990 g.*, pp. 452, 462.
- ⁷² *Lichnoe podsobnoe khoziaistvo naseleniia v 1988 godu*, p. 68; *Narodnoe khoziaistvo RSFSR v 1990 g.*, pp. 403, 407.
- ⁷³ Edward Hallett Carr, *The Bolshevik Revolution, 1917-1923*, vol. 2 (New York: The Macmillan Co., 1952), p. 296.
- ⁷⁴ Resolution of the RSFSR Congress of People's Deputies, "O programme vozrozhdeniia Rossiiskoi derevni i razvitiia agropromyshlennogo kompleksa," in *Kak poluchit' zemliu?* (Moscow: Lexica, 1992), pp. 7-9.
- ⁷⁵ *Zemel'nyi kodeks RSFSR* (Moscow: Za i protiv, 1991), pp. 124-188.
- ⁷⁶ "O neotlozhnykh merakh po osushchestvleniiu zemel'noi reformy v RSFSR," *Vse o zemle: dokumenty i kommentarii* (Moscow: Ekonomika i zhizn', 1992), pp. 32-35.
- ⁷⁷ For an analysis of the decree, see Stephen K. Wegren, "Yel'tsin's Decree on Land Relations: Implications for Agrarian Reform," *Post-Soviet Geography*, Vol. 35, No. 3 (March 1994), pp. 166-78.
- ⁷⁸ *Krest'ianskie vedomosti*, No. 8 (23-29 September 1996), p. 10.
- ⁷⁹ See Zvi Lerman and Karen Brooks, "Russia's Legal Framework for Land Reform and Farm Restructuring," *Problems of Post-Communism*, Vol. 43, No. 6 (November-December 1996), pp. 48-58.
- ⁸⁰ "O poriadke reorganizatsii kolkhozov i sovkhozov," *Zemlia i liudi* (Moscow), No. 2 (10 January 1992), pp. 1, 3.
- ⁸¹ *Ibid.*
- ⁸² "O khode i razvitiu agrarnoi reformy v Rossiiskoi Federatsii," *Krest'ianskie vedomosti*, No. 14 (31 March-6 April 1992), p. 6.
- ⁸³ See Karen Brooks, et al., *Agricultural Reform in Russia: A View from the Farm Level*, World Bank Discussion Paper, No. 327 (Washington, DC: The World Bank, 1996), pp. 60-62.

⁸⁴ After farm reorganization ended, 34 per cent of farms had remained collective farms, 47 per cent became closed joint stock farms, and 1 per cent became open joint stock farms. See Stephen K. Wegren, *Agriculture and the State in Soviet and Post-Soviet Russia* (Pittsburgh: University of Pittsburgh Press, 1998), p. 82.

⁸⁵ Resolution 874 from 27 July 1994, "On Reorganization of Agricultural Enterprises Based on the Experience of Nizhniy Novgorod Province," in International Finance Corporation, *Land Privatization and Farm Reorganization in Russia: Annexes* (Washington, DC, IFC, 1995), pp. 43-56.

⁸⁶ International Finance Corporation, *Monitoring Russian Reorganized Farms: An Integrated Analysis of Economic and Social Change in Nizhniy Novgorod, Oryol, and Other Oblasts* (Washington, DC: IFC, 1998), p. 18.

⁸⁷ See article by Minister of Agriculture A. Gordeev in *Sel'skaia zhizn'*, 25 July 2000, p. 1; and his speech to the government on 27 July, available through the website of the Ministry of Agriculture at www.aris.ru.

⁸⁸ *Rossiiia v tsifrakh 1999* (Moscow: Goskomstat, 1999), p. 204.

⁸⁹ In the early 1990s, about 5 per cent of Russian farms were considered unprofitable, rising to 82 per cent in 1997, 88 per cent in 1998, and 59 per cent in 1999. *Agropromyshlennyyi kompleks Rossii* (Moscow: Ministry of Agriculture and Food of the Russian Federation, 2000), p. 457.

⁹⁰ *Rossiiskii statisticheskii ezhegodnik 1999* (Moscow: Goskomstat, 1999), p. 370; and I. Terent'ev, "Sostoianie i perspektivy APK," *Ekonomist*, No. 4 (April 2000), p. 86.

⁹¹ *Narodnoe khoziaistvo RSFSR v 1992: statisticheskii ezhegodnik* (Moscow: Goskomstat, 1992), p. 470; and *Osnovnye pokazateli agropromyshlennogo kompleksa Rossiiskoi Federatsii v 1999 gody* (Moscow: Goskomstat, 2000), p. 36.

⁹² *Rossiiskii statisticheskii ezhegodnik 1999*, pp. 371-74; and Terent'ev, "Sostoianie i perspektivy APK," p. 86.

⁹³ *Rossiiskii statisticheskii ezhegodnik 1999*, p. 349.

⁹⁴ A. Seleznev, "Nekotorye problemy upravleniia APK i puti ikh resheniia," *Ekonomist*, No. 6 (June 2000), p. 76.

⁹⁵ L. V. Bondarenko, "Tendentsii v potreblenii sel'skogo naseleniia," *Ekonomika sel'skokhoziaistvennykh i pererabatyvaiushchikh predpriiatii*, No. 3 (March 1998), p. 39.

⁹⁶ *Ibid.*

⁹⁷ *Ibid.*

⁹⁸ *Rossiiskii statisticheskii ezhegodnik 1999*, p. 349. Household users include private plots, collective gardens, and individual gardens.

⁹⁹ *Ibid.*, p. 350.

¹⁰⁰ *Sel'skokhoziaistvennaia deiatel'nost' khoziaistv naseleniia v Rossii* (Moscow: Goskomstat, 1999), p. 16.

¹⁰¹ *Ibid.*, p. 157.

¹⁰² *New York Times*, 4 November 1998, p. A5; *Financial Times* (London), 10 November 1998, p. 2. In early 2000, it was announced that Russia would purchase an additional 300,000 tons of corn from the US as part of the food aid package, paying \$32 million for the corn.

¹⁰³ *Krest'ianskie vedomosti*, No. 3 (18-24 January 1999), p. 2; and see *New York Times*, 10 November 1998, p. A6; *Financial Times*, 10 November 1998, p. 2 for coverage in English.

¹⁰⁴ By August 1999, more than 1.7 billion rubles had been directed into the pension fund from the sale of humanitarian food aid. Originally, it was hoped that 18 billion rubles would have been directed to the pension fund. *Krest'ianskie vedomosti*, No. 34 (16-22 August 1999), p. 2.

¹⁰⁵ *Ibid.*, No. 44 (25-31 October 1999), p. 2.

¹⁰⁶ *Krest'ianskaia Rossiia* (Moscow), No. 14 (10-16 April 2000), p. 2; and *ibid.*, No. 16 (24-30 April 2000), p. 2.

¹⁰⁷ See Government Resolutions 1178 and 1188 in *Sobranie zakonodatel'stva Rossiiskoi Federatsii*, No. 11 (13 March 2000), pp. 2536-2540; 2570-2574.

¹⁰⁸ *Krest'ianskaia Rossiia*, No. 52 (31 December 1999), p. 2.

¹⁰⁹ S. Piliev, "Ob obespechenii prodovol'stvennoi dostatochnosti naseleniia Rossii," *Ekonomist* (July 1998), p. 24.

¹¹⁰ Calculated from data in FAO databases at apps.fao.org.

¹¹¹ *Sel'skaia zhizn'* (Moscow), 21 June 1997, p. 1; and A. Zakhriapin, "Sovremennoe sostoianie agropromyshlennogo kompleksa," *Ekonomist*, No. 1 (January 2000), p. 86.

¹¹² For example, during the first quarter of 1999, pork imports increased 33 per cent in comparison with the same period in 1998. *Krest'ianskie vedomosti*, No. 38 (13-19 September 1999), p. 3.

¹¹³ Economic Research Service, "Russian and Ukrainian Agriculture and Trade Outlook to 2005," *Transition Economies: Situation and Outlook Series*, WRS-98-2 (Washington, DC: USDA, 1998), pp. 21-23.

¹¹⁴ For a short summary of social and political organizations in the agroindustrial sphere, see Renata Yanbykh, "Driving Forces in Russian Agrarian Policy in the 1990s," in L. Alexander Norsworthy, ed., *Russian Views of the Transition in the Rural Sector: Structures, Policy Outcomes, and Adaptive Responses* (Washington, DC: The World Bank, 2000), pp. 42-56.

¹¹⁵ *Sel'skaia zhizn'*, 28 October-3 November 1999, p. 4.

¹¹⁶ *Sel'skaia zhizn'*, 10 January 1998, p. 3; for international comparisons, see A. Rutskoï and N. Radugin, "Prodovol'stvennaia bezopasnost': zarubezhnyi opyt," *APK: ekonomika, upravlenie*, No. 2 (February 1997), pp. 7-14.

¹¹⁷ "O gosudarstvennom regulirovanii agropromyshlennogo proizvodstva," *Sobranie zakonodatel'stva Rossiiskoi Federatsii*, No. 29 (21 July 1997), pp. 5689-5698.

¹¹⁸ "O prodovol'stvennoi bezopasnosti Rossiiskoi Federatsii," photocopy of final version of law.

¹¹⁹ *Krest'ianskaia Rossiia*, No. 27 (13-19 July 1998), p. 2.

¹²⁰ V. Semenov, "Novyi kurs agrarnoi politiki," *Ekonomist*, No. 1 (January 1999), p. 14.

¹²¹ *Sobranie zakonodatel'stva Rossiiskoi Federatsii*, No. 22 (31 May 1999), pp. 4982-4983; and *ibid.*, No. 28 (12 July 1999), pp. 6420-6421.

¹²² *Sobranie zakonodatel'stva Rossiiskoi Federatsii*, No. 41 (11 October 1999), pp. 9309-9311.

¹²³ "O kachestve i bezopasnosti pishchevykh produktov," *ibid.*, No. 2 (10 January 2000), pp. 613-632.

¹²⁴ Available online at www.kommersant.ru.

¹²⁵ In what may be a precursor of future policy direction, in July 2000 the Duma passed a law on fishing, part of which established state control over fish exports. The same month, President Putin remarked in a press conference in the Far East that he did not understand why foreign fishing boats were given licenses and quotas to fish in Russian waters, when Russian fishing boats were sitting idle. RFE/RL Newline, Vol. 41, No. 139, Part 1 (21 July 2000).

¹²⁶ Some of the landmarks in the analysis of private farming include the following in English: Stephen K. Wegren, "Private Farming and Agrarian Reform in Russia," *Problems of Communism*, vol. XLI (May-June 1992), pp. 107-21; Don Van Atta, ed., *The Farmer Threat: The Political Economy of Agrarian Reform in Post-Soviet Russia* (Boulder, CO: Westview Press, 1993); Frank A. Durgin, "Russia's Private Farm Movement: Background and Perspectives," *The Soviet and Post-Soviet Review* vol. 21, nos. 2-3 (1994), pp. 211-52; and Stephen K. Wegren and Frank A. Durgin, "The Political Economy of Private Farming in Russia," *Comparative Economic Studies*, vol. XXXIX (Fall-Winter 1997), pp. 1-24.

¹²⁷ In general, 75 per cent of all Russian private farms are between one and fifty hectares, with 55 per cent from one to twenty.

hectares. *Osnovnye pokazateli agropromyshlennogo kompleksa Rossiiskoi Federatsii v 1999 godu*, p. 29.

¹²⁸ Russian private farmers own about one-half of their land, another 20 per cent is held in inheritable possession, and about one-quarter is leased. Lerman and Brooks, "Russia's Legal Framework," p. 50.

¹²⁹ These data are derived by assuming four persons per farm, yielding just over one million private farm workers in a rural labor force of 8.6 million in 1997. *Sel'skoe khoziaistvo v Rossii* (Moscow: Goskomstat, 1998), p. 16.

¹³⁰ Federal financial support to private farms has consisted of several kinds:

1. direct subsidies and compensations to producers;
2. credits in-kind which allocate resources, usually fuels, to food producers that have to be repaid after the harvest;
3. preferential credits, which allow producers to borrow at subsidized interest rates and which must be repaid at a future date; and
4. a leasing program, introduced in 1994 that allowed producers to lease farm machinery while the state subsidized the cost.

¹³¹ V. I. Kudriashov, "Krest'ianskie khoziaistva Rossii (puti i rezervy ustoichivogo razvitiia)," *Ekonomika sel'skokhoziaistvennykh i pererabatyvaiushchikh predpriatii*, No. 2 (February 2000), p. 24.

¹³² V. Ia. Uzun, ed., *Sotsial'no-ekonomicheskii analiz rezul'tatov reorganizatsii sel'skokhoziaistvennykh predpriitii* (Moscow: Entsiklopediia rossiiskikh derven', 1999), pp. 30-32.

¹³³ *Ibid.*, pp. 32, 36.

¹³⁴ *Gosudarstvennyi (natsional'nyi) doklad o sostoianii i ispol'zovanii zemel' Rossiiskoi Federatsii za 1995 god* (Moscow: Committee on Land Resources and Land Tenure, 1996), p. 76; *Gosudarstvennyi (natsional'nyi) doklad o sostoianii i ispol'zovanii zemel' Rossiiskoi Federatsii za 1996 god* (Moscow: Committee on Land Resources and Land Tenure, 1997), p. 53; *Gosudarstvennyi (natsional'nyi) doklad o sostoianii i ispol'zovanii zemel' Rossiiskoi Federatsii v 1998 godu* (Moscow: State Committee on Land, 1999), p. 58; and *Gosudarstvennyi (natsional'nyi)*

doklad o sostoianii i ispol'zovanii zemel' Rossiiskoi Federatsii za 1999 god (Moscow: State Committee on Land, 2000), p. 31.

¹³⁵ For a review of contemporary attempts to pass a new land code, see V. Plotnikov, "Zemel'nyi kodeks—osnova zemel'nogo prava," *APK: ekonomika, upravlenie*, No. 5 (May 2000), pp. 3-20.

¹³⁶ Resolution of the Government of the Russian Federation, "O federal'noi tselevoi programme 'Razvitie zemel'noi reformy v Rossiiskoi Federatsii na 1999-2002 gody,'" *Sobranie zakonodatel'stva Rossiiskoi Federatsii*, No. 27 (5 July 1999), pp. 6129-6155. For an analysis of the program, see A. Dolotov, "O razvitiu zemel'noi reformy," *Ekonomist*, No. 12 (December 1999), at pp. 78-79.

¹³⁷ "O gosudarstvennom zemel'nom kadastre," *Sobranie zakonodatel'stva Rossiiskoi Federatsii*, No. 2 (10 January 2000), pp. 603-613.

¹³⁸ *Krest'ianskaia Rossiia*, No. 9 (6-12 March 2000), p. 2.

¹³⁹ *Sel'skaia zhizn'*, 16-22 March 2000, p. 1.

¹⁴⁰ *Ibid.*, 10-16 February 2000, p. 2.

¹⁴¹ See Stephen K. Wegren and Vladimir R. Belen'kiy, "The Political Economy of the Russian Land Market," *Problems of Post-Communism*, Vol. 45, No. 4 (July-August 1998), p. 64; and V. Prokopchuk, "Zakon Saratovskoi oblasti 'O zemle. Oborot zemli i organizatsiia zemel'nykh auktsionov,'" *APK: ekonomika, upravlenie*, No. 12 (December 1999), pp. 18-22.

¹⁴² *Krest'ianskie vedomosti*, No. 42 (11-17 October 1999), p. 3.

¹⁴³ These oblasts and republics were either largely Islamic or located in the far north.

¹⁴⁴ V. Sadkov and O. Popova, "Stanovlenie, problemy i perspektivy razvitiia rynka zemel' v Rossii," *APK: ekonomika, upravlenie*, No. 3

¹⁴⁵ See Tables 11 and 12 for data.

The Donald W. Treadgold Papers

In Russian, East European, and Central Asian Studies

Available Papers

- No. 1: Law in Russia - Theodore Taranovski, Peter B. Maggs, Kathryn Hendley, and Steven A. Crown (\$5.25)**
- No. 2: Religion in Imperial Russia (1995) - Robert L. Nichols and Henry R. Huttenbach (\$5.25)**
- No. 3: The Fate of Russian Orthodox Monasteries and Convents Since 1917 (1995) - Charles Timberlake (\$6.50)**
- No. 4: The Mennonites and the Russian State Duma, 1905-1914 (1996) - Terry Martin (\$5.25)**
- No. 5: Corporate Russia: Privatization and Prospects in the Oil and Gas Sector (1996) - Leslie Dienes (\$5.25)**
- No. 6: Post-Communist Transitions: The Rise of the Multi-Party Systems in Poland and Ukraine (1996) Andrii Deshchytzia (\$5.25)**
- No. 7: Russian Banking: An Overview and Assessment (1996) Kent F. Moors (\$5.25)**
- No. 8: Nationalism and Religion in the Balkans since the 19th Century (1996) - Peter F. Sugar (\$6.50)**
- No. 9: Modes of Communist Rule, Democratic Transition, and Party System Formation in Four East European Countries (1996) - Grigorii Golosov - 2nd Printing (\$7.50)**
- No. 10: The Politics of the Domestic Sphere: The Zhenotdely, Women's Liberation, and the Search for a Novyi Byt in Early Soviet Russia (1996) - Michelle V. Fuqua (\$6.50)**
- No. 11: Ethnic Bipolarism in Slovakia, 1989-1995 (1996) David Lucas (\$6.50)**
- No. 12: Literacy and Reading in 19th Century Bulgaria (1997) Krassimira Daskalova (\$5.25)**

- No. 13: Critical Theory and the War in Croatia and Bosnia (1997)**
Thomas Cushman - 2nd Printing (\$6.50)
- No. 14: Nation, State, and Economy in Central Asia: Does Ataturk Provide a Model? (1997) - Paul Kubicek (\$6.50)**
- No. 15: The Labor Market, Wages, Income, and Expenditures of the Population of the Republic of Uzbekistan (1997)**
Alexander Agafonoff, Dilnara Ismiddinova, and Galina Saidova, editors (\$6.50)
- No. 16: German-Bashing and the Breakup of Yugoslavia (1998)**
Daniele Conversi (\$6.50)
- No. 17: Romanian-Hungarian Economic Cooperation and Joint Ventures in Post-Ceausescu Romania (1998)**
Erica Agiewich (\$6.50)
- No. 18: Energy and Mineral Exports from the Former USSR: Philosopher's Stone or Fool's Gold? (1998)**
Leslie Dienes (\$6.50)
- No. 19: Ethnic Cleansing in Twentieth-Century Europe (1998)**
Norman Naimark - 3rd Printing (\$7.50)
- No. 20: Nationalism, Populism, and Other Threats to Liberal Democracy in Post-Communist Europe (1999)**
Vladimir Tismaneanu (\$6.50)
- No. 21: The Formation of Post-Soviet International Politics of Kazakhstan, Kyrgystan, and Uzbekistan (1999)**
Rafis Abazov (\$6.50)
- No. 22: The Serb Lobby in the United Kingdom (1999)**
Carole Hodge (\$7.50)
- No. 23: The Security Services and the Decline of Democracy in Russia: 1996-1999 (1999) - Amy Knight (\$6.50)**
- No. 24: The Repluralization of Slovenia in the 1980s: New Revelations from Archival Material (2000)**
Leopoldina Plut-Pregelj, et al. (\$7.50)

- No. 25: Ethnic Conflict and European Affairs Revisited: The Serb-Croat Quarrel and French Diplomacy, 1929–1935 (2000)**
Brigit Farley (\$7.50)
- No. 26: Poland and Germany, 1989–1991: The Role of Economic Factors in Foreign Policy (2000)** - *Randall E. Newnham* (\$7.50)
- No. 27: Eastern Europe and the Natural Law Tradition (2000)** *
Sabrina P. Ramet - 2nd printing (\$7.50)
- No. 28: Local Self-Government and the State in Modern Russia (2001)** - *Thomas E. Porter and John F. Young* (\$7.50)
- No. 29: Catholic Power and Catholicism as a Component of Modern Polish National Identity, 1863–1918 (2001)**
Konrad Sadkowski (\$7.50)
- No. 30: Structure and Exposure: The Dilemmas of Democracy in Russia's Television Market (2001)** - *Ellen Mickiewicz* (\$7.50)
- No. 31: Military Threats and Threat Assessment in Russia's New Defense Doctrine and Security Concept (2001)**
Stephen Blank (\$7.50)
- No. 32: Nationalism, Culture, and Religion in Croatia since 1990**
Vjeron Pavlaković, editor (\$7.50)
- No. 33: Russian Policy Toward the Middle East Since the Collapse of the Soviet Union: The Yeltsin Legacy and the Challenge for Putin** - *Robert O. Freedman* (\$7.50)
- No. 34: Statistical Falsification in the Soviet Union: A Comparative Study of Projections, Biases, and Trust**
Mark Tauger (\$7.50)
- No. 35: The Land Question in Ukraine and Russia..**
Stephen K. Wegren (\$7.50)

Forthcoming

No. 36: Russian Regionalism: The Economic Dimension
Steven Rosefielde, et al (\$7.50)

No.37: Regionalism in Russia's Foreign Policy in the 1990s: A Case of "Reversed Anarchy" - Mikhail Alexseev (\$7.50)

No. 38: Macedonia's Child-Grandfathers: The Transnational Politics of Memory, Exile, and Return, 1948–1998
Keith S. Brown (\$7.50)

To order: Make checks payable to the *University of Washington* (international orders add \$1.00 per issue, WA residents add 8.8% sales tax). For international orders, we can only accept money orders, checks drawn on American banks, or payment by credit card (Visa, MasterCard, or American Express). A ten issue subscription is available for \$65 (\$75 international). Orders and subscriptions should be directed to the managing editor at the following address:

Donald W. Treadgold Papers
Jackson School of International Studies
Box 353650
University of Washington
Seattle, WA 98195-3650

Tel: (206) 221-6348

Fax: (206) 685-0668

For orders and copies of the style guide: treadgld@u.washington.edu

For editorial queries: glennys@u.washington.edu

For an order form and the latest prices:

Website: <http://depts.washington.edu/reecas/dwt/dwt.htm>

ISSN 1078-5639

The Donald W. Treadgold Papers
in Russian, East European, and Central Asian Studies

Jackson School of International Studies
Box 353650
University of Washington
Seattle, WA 98195-3650
