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# SOVIET PRIVATE FARMS:
## *Cards Still Stacked Against Them*

by William C. Thiesenhusen

➢ **Many of the arguments focused on Soviet agriculture relate to whether farm resources should be privately owned or continue to be held in large collective and state farms. The cards are still stacked against individual farm ownership. It remains to be seen if agrarian reform laws effectively deal with this imbalance.**

The difficulties of *perestroika* in the USSR are nowhere more poignantly illustrated than in agriculture. Mikhail Gorbachev asserted last July that 80 percent of the tension in the country could be relieved if the food problem were solved. Characterized by inertia and massive subsidies and known for its shortfalls, farming is an albatross around the neck of the rest of the Soviet economy. The problem relates to how the sector is organized, for natural resources are abundant.

The Kremlin and the republics have argued about how much agricultural property should continue to be worked in common and —representing a sharp break with an ideology that has prevailed since the Bolshevik revolution—how many individual private farms should be created. How "free" the market in land will be is also in debate. By 1990, a voluntary, long-term, and inheritable lease for individual farmers had been approved by the Kremlin, but no sales or mortgages were permitted once a parcel was distributed.

Lately some of the republics, as part of their effort to show sovereignty, began to stumble over one another with varying definitions of private property. Leaders in some republics believe that a virtual free market in land must be established and that private farming must play a key role in lifting Soviet farming out of its current morass. Especially the Russian Federation (and, of course, the now independent Baltic States), Latvia, Georgia, and Armenia have made strides toward setting a legal and ideological basis for family farming, established some individual farms, and plan ambitious future settlements.

The concept of private property that some republics espouse is somewhat nearer to that of the West than to that of the Kremlin. In the Russian Federation, for example, land can be purchased, but it must be held for at least ten years (President Boris Yeltsin favors cutting this to three years) before it can be sold, and then only to district councils (in Russia, "raion"; roughly, "country"). But in Kazakhstan, where immense state and collective farms are the republic's hallmark, public opinion is more skeptical of private farming, an attitude revealed during a conference conducted by the Soviet Academy of Agricultural Sciences and the Food and Agriculture Organization, held in Solnetchnogorsk, near Moscow, in mid-June 1991.

Although no one at the meeting believed that the complete dismemberment of group farming in the Soviet Union was imminent, many thought that a thorough streamlining was essential. Some felt this could best occur by reducing the enormous subsidies to state and collective farms, which now make up at least 10 percent of the Soviet Union's GNP and a sizable portion of its deficit. By so doing, those collective and state farms that lose money (estimated at about half of all State farms) would be forced to scale down or even to shut down, allowing for individualization. As part of the economic plan revealed late in October for the Russian republic, Yelstin announced that loss-making collective and state farms would be prioritized.

### Arguments For Private Ownership

Those who argue for more private property believe it affords clearer incentives than do collective and state farms (little differentiates these two farms these days, because both now pay wages), the dominant form of land tenure since Stalin's brutal crackdown on the kulaks (individual farmers) in the late 1920s and early 1930s and forced collectivization. On state farms, which are really "factories in the field," the government owns the land, and its employees serve as managers. And some workers regularly slack off or malinger because they get the same wage, welfare, and retirement benefits whether they work hard or not.

Another pro-private argument frequently advanced is that in country after country more is produced per acre on small farms than on large ones; thus a nation characterized by small properties would show greater land productivity—an especially important relationship in the population-dense central Asian republics. Some cite as evidence the small individual plots on collectives where members usually grow vegetables; these adjuncts involve some 3 percent of the land area farmed while producing nearly one-third of the value of all agricultural crops over the twelve republics.

Additionally, individual farmland owners would probably invest more property that they own. One third of a bumper farm crop was lost last year due to postharvest spoilage, for example. If farmers owned the land, they would doubtless build granaries and sheds to preserve grains and tubers. Taxes paid by individuals could then be used to construct rural infrastructure such as farm-to-market roads and schools. Conservation measures would also be more likely to be put in practice on privately owned farms.

### Arguments For Collective System

Those who argue for preserving the collective system believe that while total production might increase, the amounts marketed by farmers might drop as farmers either consumed more now or temporarily hoarded more to sell later. Under the current system, collectives and state farms in the USSR receive production

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quotas which dictate how much each enterprise must sell to the government. Those favoring retaining collective farms ask, "How could ample marketing to feed the cities be assured in an atomized family farm system?"

Furthermore, some observers fear that workers on collectives would not be sufficiently entrepreneurial—they have, after all, essentially been hired labor for six decades—to be able to manage farming efficiently. K. E. Wadekin a widely respected scholar of Soviet agriculture, avers "employees of quart-size farms cannot be turned into efficient managers and farmers of smaller or private units."

And Soviets are ever concerned with the moral questions which revolve about the excesses of capitalism, focusing on the issue of land speculation and the possibility that a class of hired workers would emerge to be exploited by the new family farmers. Also appalling is the thought that their group farms might, once privatized, evolve into farms similar to Latin American *latifundios*.

There are now perhaps 70,000 family farms (some of whom rent from group farms) in the USSR—a drop in a very large bucket when one considers that 20 million kulaks were eliminated by Stalin in Russia and the Ukraine while some 10 million households on about 50,000 collective and state farms (averaging 4,500 hectares with 400 workers) operate in the USSR today. Gorbachev himself, who grew up on a collective and spent years specializing on agricultural policy under past governments, has taken an ambivalent middle ground in this debate although he says that agriculture can improve only when today's farm laborers become "masters of the land," he is somewhat constrained by the possibility of the right wing backlash.

When China decollectivized, beginning in 1978, she declared that the collective farms would be voluntarily dissolved. Some 150 million individual farms were created in several years as long-term leases from the state were granted to individual farmers.

But the process is more complex in the USSR because its collectivization took place long before China's and because the resultant individual farms will be larger. Another problem relates to the country prevailing work ethic. In the Russian Federation, moreover, a sparse scattering of people on an enormous land base dictates that post reform agriculture will be more capitalized than China's. Uzbekistan, by contrast, looks more like less developed countries which have plentiful labor resources and little land. In the USSR, there are 6.5 cultivated hectares per farm work, but the mean is 17 hectares in West Siberia and only 1.5 hectares in Uzbekistan. This indicates that while family farming might be viable in Russia, some sort of cooperative or group farming system with freedom of entry plus a great deal of off-farm agribusiness to employ excess labor might be called for in the Central Asian republics.

Another problem relates to the country's prevailing work ethic. The younger generation of Soviets regards agriculture as an eight-hour job with good benefits and vacations and weekend days of leisure. Consequently, most who are now engaged in group work do not warmly embrace the prospect of individual farming; impartial surveys show a surprisingly small percentage of workers (only 6 percent in a recent poll) plan to apply for family farms.

Still, another problem is that the playing field between individual and group farmers is not level. Where, for example, would individual farmers obtain appropriately sized machinery? (Today's tractor is immense, made in factories designed to convert quickly to fabricating wartime tanks). Indeed, where would any machinery—which now moves directly from manufacturing to group farms—come from? (Because of their historic relationship, the Balts are importing appropriately scaled farm machinery from the Nordic countries; in late October, Yeltsin promised 24,000 tractors and 22,000 trucks to private sector farms.)

And what marketing channels would individual farms use? Currently none exists for private farms, which presumably would have to make sales and marketing agreements with neighboring group farms—which in turn might capriciously skim off a percentage from upstart individual farmers. And where would the family farmers get credit to buy inputs? Again they would strike a deal with group farms.

In his effort to press underutilized land into production, Gorbachev early this year claimed that local "county" councils could award this property to those who wished to establish individual farms. This virtually assures that family farmers will get the poorest land. Whether this land is rented or redistributed at all also depends on the cooperation of the respective group farm and district government, both of which are very conservative and hold vested interests in the status quo. And what if the government changed? Might it recollectivize, especially if individuals were not doing as well as some had expected? Many feel that had the September coup attempt been successful, the new experiments with private farming would have been an early casualty.

## The Balance

So privatization of farming is fraught with enormous risk for Soviets, many who have never contended with much job insecurity. Hedrick Smith, after describing the emerging agrarian reforms in his recent book, *The New Russians*, notes that beneficiaries were less independent homesteaders than they were "tenant farmers working at the direction—and at the mercy—of state farms which were reaping what profit there was."

Yet, especially in underpopulated Russia where many migrated to towns a decade or so ago, an awakening return flow to farming in response to a promise of individual land seems to be occurring. In the village of Pereslavlj Zalessky, near Yaroslavl, for instance, 70 of 100 new private owners came directly from the cities. Depending on the eventual extent of this return flow, some of the ghost-town villages in Central Russia, abandoned by the enormous migration to cities that began in the late 1970s, might be rejuvenated. For this to happen, settlers will have to develop a pioneer mentality for farms are often given out without credit, roads, houses, and running water.

Thus, individual farming in the USSR begins with a number of strikes against it. One wonders, is this because there are some who fervently want family farming to fail? Among those who do not wish individual farming well are collective and state-farm managers; land for private farms would come from the collective's and would represent a loss of power for present farm administrators. But many in the military, as well as hard-core party members, also oppose private farming (while the republic and central governments issue liberal proclamations, the local system of patronage—including party bosses—remains very strong).

The tragedy of this situation in the USSR is how unaware some fervent supporters of family farming are of how dramatically the cards are stacked against them. Perhaps the Gorbachev-promised agrarian reform law will help to rectify these problems, but given the strength that the republics have shown lately, it may never materialize. Perhaps Wadekin, who argues for an eclectic, grass-roots agrarian reform for the USSR, one that does not impose an ideology from the top down but is based on the peculiarities of each local district, is correct in calling for the "coexistence of cooperative, state, and private farming." But how can change be brought about if district elites do not want it?