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A Private Farmer in a Land of Collective Agriculture

In mid October 1993, the sugar beet harvest was underway. Across the Ukrainian plain the roar of heavy machinery could be heard, as collective farm workers toiled to bring in their harvests throughout the Cherkassy region. Sergei I. Stetsuk, a new private farmer and his family, were doing the same, only they harvested higher yields and kept them for their own.

Land reform

Private family farming is a new phenomenon in Ukraine, one of the richest agricultural regions of the former Soviet Union (FSU). The Cherkassy region, southwest of Kiev, resembles the American Midwest—a flat expanse of intensively cultivated farmland with large fields separated by roads and well-designed, rectangular windbreaks. The black chernozem soils, high in organic matter, run nearly a meter deep. The region produces wheat, sugar beets, sunflowers, buckwheat, corn, cabbage, potatoes, and assorted vegetables. But here the similarities with the American Midwest end.

The Soviet government eliminated individual farmsteads and changed them into collective farms during the 1930s. Now, nearly sixty years later after the breakup of the Soviet Union, Ukrainians have acquired statehood (August 1991) and with recent legislation have set forth the process of new land reform. The new government withdrew a total of 4 million hectares (one hectare equals 2.47 acres) from collective and state farms and transferred them to the “land reserve” from which to create private farms. The land reserve represents about 9.5 percent of Ukraine’s 42 million hectares of cultivated land. The government has also

set aside an additional 4.9 million hectares for expansion of fruit and vegetable production, residential construction, and other ancillary purposes.

We were attending an international symposium, “Agricultural Economics Education and Research Agenda for Nations in Transition” organized by the International Association of Agricultural Economists (IAAE) in Kiev. As part of the program, we elected to visit a new private farmer and a collective farm on a three-day post-conference tour of the Cherkassy region. We wanted to learn more about Ukraine’s private farmers like Sergei I. Stetsuk, who had spoken at the symposium.

Portrait of a private farm family

Sergei I. Stetsuk and his family live near the village of Nesterovka. They are the new entrepreneurs in Ukrainian agriculture. Sergei, thirty-two, was born in the same Mankivsky District where he now lives. Both of his parents worked on collective farms. His father, fifty-five, is a retired tractor driver. As a school boy, Sergei helped his father on the collective farm. After Sergei graduated from secondary school, he worked on the collective farm briefly before entering compulsory military service. Later, he returned to the collective farm and joined the Young Communist League. In 1984, he graduated from the Uman Agricultural Institute, and later became a collective farm manager.

In 1990, he left the Communist League to create his own farm. His parents ultimately supported his decision, but they doubted the wisdom of such a move. Under the law, each person could claim 50 hectares (124 acres) from lands set aside by the collective

farm as state reserve land. In order to establish a viable farm, Sergei’s father and brother-in-law joined in his application for farm land.

The application process took nine months. Persistence, phone calls, personal appearances at the regional government offices where he had been active in local politics, and a little brandy delivered to the proper people, paid off. In October he finally received his land, 96 hectares (237 acres), 54 hectares less than entitled for three individuals, but enough to start farming. The grant contained two lots, one near his house and the other six kilometers away. The Stetsuks raise buckwheat, wheat, sunflowers, corn, barley, millet, and sugar beets, all sold directly to the state because no private grain market exists in Ukraine.

As with all farmers, Sergei and his partners needed capital. They received a 3.5 million ruble government loan (approximately \$180,000 at an average 1990–91 bank rate) to purchase equipment. Currently they own six tractors, one combine, a sugar beet harvester, wagons, plows and other assorted equipment, all purchased new. Borrowing money always entails risk, and in Sergei’s case the bank demanded early loan repayment (for no apparent reason) placing additional strain on his cash flow. But he made the payment.

When the delegation from the symposium arrived, Sergei was harvesting sugar beets with his father and brother. They stopped to talk with us right in the field. The interview continued well after dusk, until it became too cold even for the most curious westerner. Sergei invited us for supper which we willingly accepted. What gracious hosts. On short notice, Sergei’s mother, wife,

and sister fed thirteen guests and their own families home-grown cabbage, potatoes, beets, pickles, bread, eggs, chicken, fruit juice and vodka.

We have thought a lot about Sergei Stetsuk, his family, and the risks they take to reestablish private farming in Ukraine. Little or no production or marketing infrastructure supports private farmers. No network of fertilizer, seed, chemical, or machinery suppliers provide ready access to needed inputs. Fuel is scarce. Only a person with knowledge and friends within the collective farm supply system would know the "source" of farm supplies.

On the marketing side, only state enterprises buy raw commodities. Without storage facilities, private farmers must sell directly after harvest. Inflation runs rampant in the Ukraine; their currency—the coupon—devalues daily. Nevertheless, Sergei Stetsuk and his partners plan for the future. He wants to build storage for both crops and machinery, construct a hog barn and raise geese.

Collective farm neighbors

Conditions are not much better for Sergei's collective farm neighbors. Our second destination was the "1st of May Kolkhoz" (collective farm) near the village of Lozovatka in the Shpola district (county). The 1st of May Kolkhoz was a huge operation. The collective farmed 2,900 hectares (7,200 acres) in four different settlements, employed 455 workers, supported 700 retirees, and provided a school for 400 children. Sixty-five other persons also came under the farm's responsibility. It was a big livestock operation as well, owning 2,100 head of beef/dairy cattle, 3,500 hogs, and 1,600 head of sheep.

Mikhail M. Boroznyak, the collective farm manager, was a progressive individual. Besides an arboretum, established to commemorate the 100th anniversary of Lenin's birth, his pride was a school built by the collective farm in 1990 at a cost of 3 million rubles (approximately \$5 million dollars). It housed a day care center, kindergarten, and all grades through high school. The school was spotless, everything neat and



October is sugar beet harvest time in Ukraine where production is heavily mechanized.

orderly. Pictures of famous Ukrainian authors and leaders adorned the walls. Student folders sat neatly on a teacher's desk. In the teachers' lounge, Mr. Boroznyak talked with us about the school and the future of the collective farm.

The farm manager complained of government policies that "choke" the rural communities. Prices are "fixed" by the state for quota crop and livestock production. In October, the collective farm received 500 coupons per liter (about \$0.03 per quart) of raw milk, but a liter of fuel cost 5,000 coupons per liter—a 10 to 1 ratio. With less income, collective farms cannot replace equipment, buildings, or purchase adequate fertilizer. They cut applications of fertilizer on winter wheat 50 percent or more during the fall 1993 planting. One dairy farmer told us it was more profitable to take his milk and cheese to the farmers' market in Kiev once a week than to ship it to the state dairies.

Still, the collective farm must provide social services for active and retired workers who supplement their pensions (40,000 coupons or \$2.50 per month) and supply food from their private half-hectare plots. Nothing goes to waste in rural Ukraine. Even after the mechanized harvest, retired collective farmers and others pick up what the machines have left in the fields and carry it back to their homes in everything from push carts to horse drawn wagons and cars—a sort of "people's harvest."

The manager invited us to supper at a government office building where we were joined by the mayor and other officials. Afterwards, Colonel Kirillov, our guide and interpreter, "directed" us to our hotel across the street. What

a surprise! Guest accommodations outside Kiev are different. Our three-story hotel resembled a workers' dormitory suffering from years of neglect. The plumbing was in a bad state of disrepair—no showers, no heat, and the only bathroom for women was on the first floor. Two television sets at the reservation desk seemed like an ironic touch to this rustic facility.

Implications of change

The transformations in Ukrainian agriculture have important implications for the country's socioeconomic future. Certainly, collective farms will be the primary structural organization for food production in the short term. They provide employment, social services, and a cultural framework for rural society. The state cannot afford to dismantle a system in place for over sixty years without risking serious disruptions in food production and social organization. No viable alternative exists at the moment.

Nevertheless, experimentation with private farming presents a means of releasing the entrepreneurial spirit in Ukrainian agriculture. Private farmers like the Stetsuk family may make more productive use of Ukraine's natural resources, but they face considerable uncertainty. They offer flexibility and alternatives to central planning. A key to their success will be the development of input and output markets where resource prices reflect their true value. Otherwise, private farms will only be considered a social experiment that failed to reach its objectives. ■

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