



**AgEcon** SEARCH  
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

*The World's Largest Open Access Agricultural & Applied Economics Digital Library*

**This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.**

**Help ensure our sustainability.**

Give to AgEcon Search

AgEcon Search  
<http://ageconsearch.umn.edu>  
[aesearch@umn.edu](mailto:aesearch@umn.edu)

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

# SUSTAINABLE AGRICULTURAL DEVELOPMENT: THE ROLE OF INTERNATIONAL COOPERATION

PROCEEDINGS  
OF THE  
TWENTY-FIRST  
INTERNATIONAL CONFERENCE  
OF AGRICULTURAL ECONOMISTS

*Held at Tokyo, Japan*  
22–29 August 1991

Edited by  
G.H. Peters, Agricultural Economics Unit, Queen Elizabeth House,  
University of Oxford, England  
and  
B.F. Stanton, Cornell University, USA  
Assisted by  
G.J. Tyler  
University of Oxford

INTERNATIONAL ASSOCIATION OF  
AGRICULTURAL ECONOMISTS  
QUEEN ELIZABETH HOUSE  
UNIVERSITY OF OXFORD

1992

Dartmouth

*The Soviet Union's Agrarian Sector on the Way to a Market Economy*

INTRODUCTION

Like ecology and energy, the food problem is global in character. It is no wonder, therefore, that national leaders and scholars are uniting in their efforts to solve it. The Soviet Union is the largest world importer of agricultural products and foodstuffs, buying 40–45 million tons of grain on average annually and many other products as well, for a total outlay of some 20–21 billion dollars per year. Such a level of imports represents a heavy burden for the Soviet economy, particularly under conditions of scarce hard currency resources. *Perestroika* has brought about a reduction in international tensions and freed huge resources that can now be devoted to peaceful development, including those in the food complex. But the fate of *perestroika* in the Soviet Union depends upon supplying food to the population. The condition of the market in food determines popular attitudes towards all policies, even the most major of them, and towards the country's leaders. Moreover, stabilization of the entire economy, whose current status threatens to bring down *perestroika* itself, depends upon the food supply. Comprehensive resolution of the economic crisis is tied to the transition to a market economy. But it must be clearly understood that practical movement towards a market economy is currently being stymied by the breakdown of the market in food.

One of the main errors of *perestroika* consists in the fact that the reorganization of the economy did not begin with the village, with a restructuring of the food complex. Had we followed this course, we might have found a sound way, from April 1985 onward, to solve the enormous problems that were strangling the country. We might have been able to avoid the importing of food that represents such a disgrace to us as a nation. We might have been able to limit substantially the export of oil, gas and other natural resources that are being sold to obtain dollars to pay for importing food. The extraction of these resources in Siberia and in the Far North and East is associated, moreover, with complex economic, social and ecological problems.

From this there follows a practical lesson for present policy: it is clear that, without fundamental improvement in matters relating to food, all other steps

\*A. Emel'ianov is deputy chairman of the Committee on Agrarian Issues and Foodstuffs of the Supreme Soviet of the USSR, professor and academician of the All-Union Lenin Academy of Agricultural Sciences, and head of the department at Moscow State University. The text has been translated by Jean Laves Hellie.

towards developing a market mechanism and saving *perestroika* will have no effect whatsoever. That is why it is so important to give immediate priority to a radical restructuring of the food complex, and not theoretically but in practice.

Currently these issues are intimately connected to solving general problems in the transition to a market economy. What are some of the new aspects of these problems? What do people in the Soviet Union see as the solution to the food crisis that has developed? I hasten to observe that there is no simple approach to solving the problem of food. I will focus on two of the most general concepts among the great variety of such approaches. Many leaders, scholars and individuals with direct practical experience consider it essential for additional resources (technology, construction materials, fertilizers and so on) to be allotted to the agrarian sector, while others assert that, although there is no denying the need to strengthen the material and technical base, the main transformation must take place in the socio-economic structure of the village, in the forms of property and ownership.

These two views cannot be considered to be mutually exclusive. Adherents of the first do not deny the necessity of new forms of ownership, while adherents of the second do not reject the advisability of saturating the village with resources. The difference of opinion arises over what is considered primary. It is on this that the formulation of the specific measures of agrarian policy depends in each case.

The new view of the economy increasingly leads one to conclude that what is fundamental here is not saturating agriculture with resources but a thorough restructuring of agrarian policy, a restructuring that will permit increasing the return on both currently available and newly applied resources. What are the immediate measures to be instituted in restructuring fundamental policy in the agrarian sector as we move to a market economy?

- (1) Of primary significance is reducing losses and ensuring proper storage and complete processing of products raised. At present we are wasting far more than we buy on the world market. Improving storage of products raised assumes not only allocating additional resources to develop the infrastructure but also changing our concepts about such development. It is important to move procurement and processing of agricultural products closer to the point of production and to overcome excessive concentration in this sphere.
- (2) Of primary importance, too, is allocating resources to the development of social services in the village – to building roads, houses and other elements of the social infrastructure.

### THE MAJOR ISSUE

Now I will move to the main issue upon which a comprehensive resolution of the food crisis depends. This has to do with the fundamental transformation of the socio-economic structure of the village, with the forms of property and

ownership. Attention to these issues has increased as the orientation has shifted towards a market economy.

I should emphasize at the outset that many specialists have arrived at a rather facile perspective on the entry of the agro-industrial sphere into the market. They believe that the agrarian sector is better prepared than other spheres of the economy to shift to the market in terms of both timing and extent. Supposedly, in their view, the market mechanism can be introduced more rapidly in this sector, and it can also be introduced completely and in all spheres. This view, it seems to me, is far from indisputable. It reflects an insufficient knowledge of the specific features of the agrarian sector and the actual situation in the countryside and in the related branches of the agro-industrial complex. This kind of facile perspective, in my opinion, is fed by formal comparisons with Western countries and even certain countries of the former socialist bloc. But no other country, after all, had a barracks-gulag system like ours for 73 years. No other country besides the Soviet Union allowed its countryside and land to reach such a state of devastation. No other country destroyed the most elementary foundations of its market infrastructure the way we did. Great caution, therefore, should be exercised in drawing analogies between the Soviet Union and other countries as far as the agrarian sector's transition to the market is concerned.

No matter what aspect of the transition to the market one takes, its resolution in the agrarian sector involves not fewer but, indeed, greater difficulties than in other areas. I will begin with the main issue, the formation of multiple economic structures, denationalization and privatization in the agrarian economy. In recent years, new, unfamiliar economic forms have been developing, especially peasant farms and various kinds of cooperatives. A vigorous debate is taking place over the question of the socio-economic structure of our rural areas. Some maintain that famine is associated with collective and state farms (*kolkhozes* and *sovkhoses*) and that the only hope for feeding the populace lies in peasant farms. Their opponents assert with equal fervour that an orientation towards peasant farms would represent a step backwards, a movement against progress in the use of productive forces running counter to the earth's age-old rotation. But the truth, as so often happens, lies somewhere in between. Let us examine briefly the theoretical and practical aspects of this question.

In seeking a normal structure for the agrarian sector we are not starting with a *tabula rasa*. In the USSR, the question of multiple economic structures, of various types of ownership in the village, is being worked out under actual conditions where the rural situation is defined by the *kolkhozes* and *sovkhoses*.

Can individual farms become the dominant and generally prevailing form in the countryside today? I believe not. Nor is it a matter only of the fact that the entire system as it has become established is tearing out the peasant way of life like a foreign body, preventing its emergence in every possible manner. The main problem has to do with the social base of this way of life. This base is not very broad. I cannot say that there is no one who wants to obtain some land and run a family farm. Such people do exist; indeed, there are quite a number of them, and if one starts with zero, their numbers are growing. These people are true heroes who must be supported in every way possible. It is only

unfortunate that the 'partocratic' system places all kinds of obstacles in their path. But from an objective standpoint, it must be said that they represent only an inconsequential minority among all the peasants, among all rural workers.

The entire history of our country since 1917 has led to the spiritual, indeed, physical degradation of the peasantry; it has stifled their proprietary initiative, and their capacity for independent action. The majority of peasants have become accustomed to taking no responsibility for anything, to taking no interest in economic matters. The pay is decent, and if it is not, it is possible to expand a private plot or operate on a black market, which goes on everywhere. But to undertake running an independent farm involves huge risk and responsibility. A whole way of life changes. By no means everyone is ready for this, even if there were comprehensive support from the farmers' movement. This is all the more so when the situation is the precise opposite. There are enormously complex problems in obtaining technology, fertilizers, construction materials and other resources. The entire agricultural industry is oriented towards serving the *kolkhozes* and *sovkhozes*. Also price and credit policies are not directed towards supporting the new system.

We should also mention another vital factor that works against peasant farms. It reflects the specific features of rural life and places the farmer in *de facto* dependence upon the *kolkhoz* and *sovkhoz*. In the city, the social infrastructure is not tied directly to a particular enterprise. The emerging private entrepreneur can avail himself of the possibilities of the city as a whole. In the village, on the other hand, all social factors are tied territorially to a particular *kolkhoz* or *sovkhoz*.

The peasant way of life is destined to play an important role in the restoration of an agrarian market economy, and not so much quantitatively as qualitatively. As should be apparent from everything we have said, it cannot have the necessary weight in quantitative terms. At the beginning of the current year, there were approximately 50 000 privately owned farms in the country. They provided less than one per cent of agricultural products in 1990. The number of peasant farms will increase. Nonetheless, we must not forget the main factor – the narrow social base and lack of preparation on the part of the overwhelming majority of the peasantry for independent ownership, risk and responsibility, and their unwillingness to undertake running a private farm.

This process can only be carried out voluntarily. It would be stupid to disband the strong *kolkhozes* and *sovkhozes* where production is going well and people's lives and the services they receive are well structured. Here, too, however, those who want to run their own farm should be given the opportunity to get a share of land and a corresponding segment of the production resources. Such *kolkhozes* and *sovkhozes*, too, must work to improve their structure on democratic principles. But they should not be broken up into individual plots for the sake of a fashionable movement towards the market.

In other words, economically strong agricultural enterprises cannot provide any noticeable base for independent farming. Many people believe that exciting prospects for extending the peasant way of life can be realized through immediate development of economically weak, unprofitable *kolkhozes* and *sovkhozes* that are essentially moribund. Such notions reflect a poor knowledge of the actual situation in the village. After all, it is in such enterprises, more than anywhere

else, that the weakest stratum of the peasantry is to be found. They would represent, therefore, an extremely fragile internal base for farming.

### TRANSITION TO THE MARKET

Now I will address the question of the fate of such enterprises in the transition to the market. A person can be declared bankrupt who was an owner, made all decisions himself, and therefore bears responsibility for all results. But the weak *kolkhozes* and *sovkhozes* have been brought to their present condition by state policies. Moreover, we must remember that it is old people who predominate in such enterprises, and that it was they who originally bore the burden of previous agrarian policies. Each such *kolkhoz* or *sovkhov* must be considered individually and treated like a human being with a serious, long-neglected disease. A sober analysis of actual conditions leads one to conclude that it is the *kolkhozes* and *sovkhozes* that continue to be the mainstay of the rural socio-economic structure. Even while supporting peasant ownership in every possible way, we must be fully aware of the fact that the overwhelming share of agricultural products is produced by *kolkhozes* and *sovkhozes*. In order to arrive at a solution to the food problem, we must make greater use of this sector.

But how should this be done? After all, it is absolutely clear that, in their present state, the *kolkhozes* and *sovkhozes* as they developed historically are doomed; they have no future. Their radical restructuring is necessary in order for each worker to be transformed from a day labourer into a true owner. But this should not necessarily take place on the basis of privatization, with physical distribution of land and the other means of production, as some have proposed.

The tendency is towards farming based on primary cooperatives that possess their own land, technology, other means of production and the products raised. Under these terms, a *kolkhoz* or *sovkhov* will become an association of primary cooperatives. An individual family can become a primary production cell. This will be a kind of farm, but for the time being within the *kolkhoz* or *sovkhov*. A collective of a current farm, team or brigade can organize itself into a cooperative. They will delegate several common functions to the *kolkhoz* or *sovkhov*, assigning the necessary resources for that purpose to it.

The overall process of denationalization also embraces *kolkhozes* and *sovkhozes*. It can take place in a number of ways, including conditional allotment of land and property and distribution of shares and stock. As a rule, moreover, the labour investment of each member is taken into consideration in establishing effective personal property. Those who want to leave the *kolkhoz* or *sovkhov* receive their share directly, as they say, in kind or in cash. Those who continue working in the enterprise receive dividends for their shares. Such conditional division facilitates the creation of (family) farms and various kinds of cooperatives within the framework of the *kolkhoz* or *sovkhov*.

## CONCLUSION

I would like to emphasize my main point once again. The forms of rural ownership to be selected in each given region should be decided not in Moscow or in scholars' studies but by the peasants themselves. Displays of traditional 'concern' about them or foisting new progressive forms on them is just as repressive as collectivization.

The agrarian sector's transition to market relations assumes the restructuring of state regulation of agriculture with regard to both selling products and supplying resources. One proposal being advanced is to give *kolkhozes*, *sovkhozes* and other enterprises complete freedom in these two spheres.

However attractive such a concept may appear to be superficially, it can become a trap for the majority of agricultural enterprises. They may fall under the yoke of an even greater monopoly on the part of their suppliers. After all, there is no market infrastructure to ensure that such enterprises receive an equal opportunity for partnership in the agro-industrial complex. What is needed, therefore, is a flexible transitional mechanism for resolving this issue that will take account of actual conditions.

The agrarian sector's transition to the market is closely linked to implementation of land reform. A detailed analysis of these problems is a topic for another article. Here I will articulate briefly only the main aspects of it. In establishing the forms of land relations, regional differences must be taken into full account. Central Russia, where the countryside has been depopulated and the land has been neglected and is falling into disuse, is one thing. Quite another, for example, is Central Asia, where there is not enough land to go around in the populous villages. In such places it is a complex matter to allow land to become private property and even the object of inheritance. A considerable role is also played by particular ethnic features and traditions.

Radical laws on land reform are the basis for resolving this issue. But they are only the basis and cannot work without a specific mechanism. Therefore the mechanism for realizing land reform must include the restructuring of the party political hierarchy that still holds power. In this regard, the resolutions of the Russian Congress of Peoples' Deputies and the Russian Supreme Soviet on the impermissibility of combining leadership positions in party organs and soviets of peoples' deputies at all levels of power are extremely important.

Cooperation with other countries in a whole range of areas can also have a positive effect on the fundamental restructuring of the food complex in the Soviet Union. Of great importance to us is studying foreign experience in the technical and technological sphere, in food processing and in developing minor economic forms. We would welcome direct contributions by Western partners in the development of the rural food infrastructure, especially in food processing. There may also be other forms of mutually advantageous contacts. Such cooperation would not only be in the interests of the Soviet peasantry but would also help to reinforce the positive tendencies in world development associated with *perestroika*.