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PANEL REPORT: TRANSFORMATION OF THE FARM SECTOR IN  
TRANSITION ECONOMIES IN THE FIRST DECADE

**ORGANIZERS AND CHAIRPERSONS**

*Csaba Csaki (Hungary/World Bank) and Gershon Feder (Israel/World Bank)*

**PANEL DISCUSSANTS**

*Tomas Doucha (Research Institute of Agricultural Economics, Prague, Czech Republic), Klaus Frohberg (Martin Luther University, Halle, Germany), Zvi Lerman (Hebrew University of Jerusalem, Israel) and Johan Swinnen (University of Louvain, Belgium)*

**RAPPORTEUR**

*Gershon Feder (Israel/World Bank)*

Each of the panellists made a brief introductory presentation. Tomas Doucha, speaking on the changes in the Czech Republic in the past decade, highlighted the fact that three-quarters of agricultural land is farmed by large collectives that are expected to evolve to capital-intensive corporate farms. Klaus Frohberg, from a more general perspective, described the lags in farm productivity resulting from differing farm structures in transition countries. Zvi Lerman and Johan Swinnen both gave broad overviews of the differing pace of farm transformation across the transition region. The spectrum includes some where privatization and individualization of land holdings is complete; others still maintain a large share of their agriculture in inefficient collectives, or in reconfigured joint stock farm entities functioning in essentially the same manner, and with the same performance, as in the socialist era.

Following the introductions, debate centred on the role of government policies in speeding up transformation. It was pointed out that policies recognizing private property rights in land, and a liberal approach to the land market, seem to be conducive to the evolution of a farm structure that responds to market forces. Such a structure includes a varied mixture of family farms, corporate farms and efficient smaller cooperatives in specialized branches of agriculture. Avoidance of preferential support to old-style large cooperatives and conglomerates (through directed credit subsidies, debt forgiveness and tax benefits) could help the emergence of a viable farming structure. The need to resolve the

social functions (education, medical services, care for the old) traditionally provided by collectives was a hindrance to the willing transformation of the former socialist structure.