RUSSIA'S PRIVATE FARM MOVEMENT:
BACKGROUND AND PERSPECTIVES*

Some three-quarters of a century after private ownership of land had been proclaimed abolished "forever" and the use of hired labor in agriculture outlawed, and some half-century after the last remaining private farm in Russia had been driven into a collective, the rights to own land, hire labor and operate a private farm not only have been restored, but are being actively promoted. Triggered by Gorbachev's surprising proposal in his speech of 25 June 1987 that individual rental farms could make a contribution to the solution of the Former Soviet Union's (FSU) perennial food problem, farmerization, marketization and privatization soon became the order of the day. The number of private farms in the FSU grew rapidly and by 1 January 1993 had reached over 600,000. In Russia, the number of private farms on 1 January 1994 had reached 269,900, and via ownership or lease they used some 5 percent of the nation's agricultural land and some 6 percent of its total plow lands.

This article intends to examine private farming in Russia. But in an attempt to place the current Russian farmerization program and its prospects into historical and quantitative perspective, and as an effort to assess just what role private farming might have in curing Russia's perennial "food problem," I begin with a considerable amount of historical and institutional background. And because the Russian economy was an organically inseparable part of the FSU until its disintegration in 1991, a description of agrarian institutions' policies and economic developments in the FSU prior to 1990 can, in a macro sense, be considered those of Russia. Parts I and II of this article, therefore, deal with developments in the FSU as a whole prior to the breakup. The subsequent parts deal specifically with Russia.

Part I presents an institutional overview of the agrarian sector of the FSU on the eve of perestroika and a short historical overview of the measures taken by Gorbachev's predecessors. Part II looks behind some of the statistics

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on private farming in Russia. Part III discusses the impact that the price liberalization of 1992 and the subsequent macro economic and social disequilibria currently have on the movement. Part IV raises questions regarding the rationale of the policy of promoting private farms in the present economic setting. Part V offers conclusions. The appendix provides an overview of the changes in the production, consumption and import of agricultural products from 1950 to 1990 and affords an explanation of the phenomenon of growing food shortages with rising volume of grain imports.

PART I—INSTITUTIONAL AND HISTORICAL OVERVIEW

Until the time of the adoption of the USSR’s Land Law of March 1990 and the subsequent reinstatement of the right to own farmland, hire labor and operate a private farm, agricultural production was carried out primarily in two basic types of institutions: the cooperative farms usually referred to as collectives farms (kolhozy) and the state-owned farms (sovkhoy). While all land was government-owned, the land held by the kolhoz was “secured to them for their free use in perpetuity.” The buildings, equipment, livestock, and so on, belonged to the kolhoz members, but no member could claim his or her proportionate share of the assets upon leaving the farm. That right was established only in 1992. The sovkhoy were government-owned enterprises and the workers government employees.

In 1990 there were 27,900 kolhozy with an average of 405 workers, 5,873 hectares of agricultural land (of which 3,124 hectares were sown), 5.6 million rubles of capital stock, 1,649 head of cattle, 42 tractors, 24 trucks and 1 grain combines each. There were 23,500 sovkhoy with an average of 468 workers, 15,277 hectares of agricultural land (of which 4,519 were sown), 1,668 cattle, 52 tractors, 28 trucks and 14 grain combines each.

In addition, the socialized sector in 1990 included 4,042 agricultural enterprises jointly owned by groups of kolhozy and sovkhoy. with an average of 75 workers, each engaged in various kinds of joint operations (for example, feed lots). There were also 12,738 jointly-owned enterprises carrying out such tasks as constructing farm buildings, operating machine repair stations and canning. The sovkhoy and kolhozy, along with their joint enterprises, produced roughly equal amounts and together accounted for some 73 percent of the nation’s total agricultural output in 1990.

2. Derived from Narodnoe khozjajstvo SSSR v 1990 (Moscow: Finansy i statistika, 1991), pp. 527, 536. (Hereafter NKhSSSR.)