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Land, Capital & Power in Russia

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"Until the sale of land is permitted everywhere in Russia—including land sales to foreigners—we will never be able to overcome the food crisis. Billions of rubles are circulating around the country, but the government does not allow them to be put into the land."

These are the words of Vakhtang Makharadze, a businessman from the Moscow region and head of the joint enterprise Interferma, spoken during a meeting called by the minister of agriculture in the Yel'tsin government. He has built a dairy and meat processing plant not on agricultural land, but on land that had been used for a quarry, thus getting around the stiff resistance of the nomenklatura bureaucracy.

One year ago, talk like this would have been considered "seditious" even in the Russian government White House.

Just as radical was the phrase employed by no less a figure than the minister himself, Viktor Khlystun, author of a series of edicts for the new stage of the agrarian reform: "It's hopeless to try to carry out a reform without attracting private capital—without [that] it will be impossible to put the individual farmer in a strong position for another seven or eight years!"

Yel'tsin is promising that the food supply situation will improve in the next six months. So far, food prices have gone up 20 or more times—expanding in precisely the same way
that the lines have in the stores. In St. Petersburg, elderly people who lived through the
German blockade during the war have to stand in line for three or four days in order to
get meat in exchange for their vouchers. Fascistic organizations like Zhirinovsky's
Liberal Democratic Party are forcing up the pressure in the social boiler. The West's
humanitarian aid is arriving in homeopathic doses—and ends up being openly resold.
The fate of Yeltsin as well as Russia—indeed the fate of the Commonwealth of
Independent States as a whole—truly depends on the food situation. What are the
views of the helmsmen? What course have they drawn on their charts?

It is possible to maintain that Gorbachev—whose family background was in farming—
and Yeltsin—whose biography was that of a typical city party activist—followed parallel
courses only as far as their attitude toward the kolkhozy is concerned. They used to
take the view that the kolkhoz-sovkhoz system is a reality and that it has not yet
exhausted its effectiveness—we need to give the private farmers a chance to compete
with it, but we mustn't wreck the system. This opinion (and it might have cost Gorbachev
his party career to adopt a different policy) was shared by Yeltsin as well right up to the
end of 1991, when it became evident that the collective farms would never permit the
individual farmer to become a real force and eventually an economic competitor! Over
the course of an entire year, the peasant farms—by December 1991 a total of 41,000
had been registered—managed to come into victorious possession of under one
percent of agricultural land. Truly a snail's pace—at the same time as the total head of
cattle in the state agricultural sector fell drastically, the area sown with grain fell and all
construction came to an abrupt halt.

At the end of 1991 the Russian White House issued several decrees that apparently
were aimed at reorganizing the entire system of "planned"—i.e., coercive—agriculture,
and thus creating the social basis for feeding Russian society following the August 1991
putsch.

The kolkhozy and sovkhozy are to be reorganized; those that are operating at a loss,
i.e. about 10 percent (a total of over 2,000 in Russia alone), are to be declared bankrupt
and sold off. The sale of land within collective farms is permitted. Agricultural workers who have received a land allocation are allowed to sell this land outside the collective farm—albeit under very stringent conditions. Land can be mortgaged to banks . . .

However, the apparent decisiveness of these measures melts away as soon as one raises the bold question of who is going to carrying out this land repartition (cherny peredel)—and consequently to whose benefit it is going to be. President Yel'tsin provided a clear answer to this question in a government decree that he signed, according to which the kolkhoz chairmen or sovkhoz directors are to be appointed to head the relevant commissions for land privatization. These figures, who represent the top echelon of the agrarian Gulag, are thus not merely recognized as possessing legal powers—even after the liquidation of the CPSU Central Committee, the KGB, and other pillars of "developed socialism"—but are now made plenipotentiaries for carrying out the government's agrarian reform. This authoritarian echelon is to divide up all the arable land into state land and private land; it is also to create joint-stock companies, divide up collective and state farm property into individual allocations, and so on. The shaky prestige of the many thousands of "leadership personnel" in the countryside suddenly is enhanced when they are not only given a mission, but also restored to their former importance.

When one is familiar with the thought process and former activity of this corpus of collective and state farm chairmen—let us not forget that their elected head Vasili Starodubtsev is currently in prison as one of the leaders of the putsch and awaiting trial—one can very confidently predict the course that the future land repartition will take.

What essentially is being proposed is an exchange of power for property, and the top echelon of the Agrogulag is effectively being pushed in the direction of self-enrichment. In many oblasti of Central Russia, up to 70 percent of the kolkhoz and sovkhoz workers are pensioners. These poverty-stricken old people are absolutely incapable of becoming individual farmers, indeed they have no idea what independence means and don't want it. What will happen is that they will quickly and gladly sell their portions of land and
property for next to nothing to so-called "kind protectors." Over an area of 220 million hectares of Russian agricultural land with 20 million cows and 70 billion rubles worth of basic production facilities, a "land-grab" (prikhvatizatsiya) will occur, from which all outsiders and city residents—in general, anyone not belonging to the Agrogulag—will be excluded with great care.

Why did the Russian White House adopt such a policy? One can only hypothesize . . . In the first place, the old party nomenklatura's influence is very strong in Yel'tsin's entourage. If it's enough for former obkom secretaries to have a huge office and participate in the big shareout, kolkhoz chairmen need to be given the leading role in the agrarian reform if their loyalty to the regime is to be assured. The Yel'tsin political bloc has no one to rely upon away in the countryside in view of the fact that a free peasantry is only just being born as a social stratum, and so far there are scarcely a hundred thousand persons working as private farmers. No doubt the view is that the collective farm bosses may grab too much in some places, but on the other hand they'll keep the temperature down in the countryside, keep the village people out of a civil war . . . Evidently this must be the whole motivation.

Since the beginning of perestroika, the problem of agriculture was never given primary importance—and it seems as though it's still on the back burner. Yet it is impossible to go on living on food from abroad—we have no way of paying for other peoples' bread! Two thousand tons of gold from the Russian national gold reserve have been wasted and disappeared, service of the foreign debt alone requires $20 billion a year, oil dollar revenue has dropped to just a few million dollars a day. Where is Russia to get the investment capital for highways, housing, agricultural machinery, pedigree cattle—the billions of rubles needed to provide equipment for individual farms? At today's prices under the Burbulis-Gaidar government team it takes a minimum of five million rubles to set up an average peasant farm!

As far as expectations for help from the West are concerned, we have to remember that there was never a gulf between two poles in agriculture, on the one hand Soviet
collective farms, and on the other American free farming, never a situation of independence one from the other. It was American agribusiness that helped Stalin carry out the mechanization of the collective farms, since the tractor and combine harvester plants were purchased in the West, while for more than a quarter of a century food was imported, as a result of which millions of acres in North America were sown with grain in order to satisfy the needs of Moscow, Leningrad, and the crews of Soviet nuclear submarines. Without regular American grain sales to the USSR a food crisis would have arisen many years earlier—and would have been resolved one way or another—quite possibly, tragically.

Now, however, such a strapping businessman as the boss of Interferma is talking about the sale of land for hard currency as a means of preventing the country from going under and of saving the Russian people. What the agriculture minister now dares to say thus far only relates to domestic business in rubles, even though this already represents a departure from the economic orthodoxy of state credit, the state plan and state deliveries.

"Not one foot of land for foreigners!" is a typical piece of demagoguery from the party nomenklatura. Do not the billions of tons of oil, the thousands of tons of gold, and the ocean of lumber sold to the West for the sake of the preservation of the regime represent the devastation of the land and natural resources? How can this be compared to an authorization given to foreign farmers and new landowners to grow grain and enrich the soil, and thus enrich the Russian diet and the post-Soviet supply of foodstuffs?

I am no supporter of selling what does not belong to me personally. And out of the whole of the land of Russia all that does belong to me are the usual six-hundredths of a hectare officially allotted to people in accordance with the law passed under Gorbachev. But if it is a question of feeding millions of hungry people, if nowadays children eat no better than they did during the war, if the only national riches that it is still possible to sell without waste for the benefit of the people are precisely land for grazing and the plow—
as an ordinary Muscovite I am inclined to approve buying and selling the ware that can truly bring freedom and plenty—land.

While I was visiting universities in Virginia last fall a certain agribusinessman—we'll call him John Smith—proposed to me a downright bizarre deal:

"Help me buy as much land somewhere in the Moscow area as I'll need to keep 60,000 pedigree Holsteins. I guarantee you that you'll have no more problems with shortages of milk and cheese in Moscow. I'm ready to put money into this."

Until a month ago I thought this John Smith was just a wild dreamer who knew nothing about conditions in Russia. But it may yet turn out that he is farsighted, while I'm just stuck in the mud.