Thirty years of land transformation in Russia

V N Khlystun and V M Stolyarov
State University of Land Use Planning, 15, Kazakova str., Moscow, 105064, Russia
E-mail: amur2@nln.ru

Abstract. The transformation of the Soviet planned economic model into a modern Russian market economy would not have been possible without large-scale privatization of the means of production, a large share of which is agricultural land. In contrast to the privatization of industry, which was carried out and completed in a relatively short time by historical standards, formation of private ownership of land continues to this day, having exceeded thirty years. In accordance with the goal of the land reform initiated in the early 1990s, over 115 million hectares of agricultural land were to be transferred to private ownership of more than 12 million people. The main tool for the implementation of land reform became the so-called “Land shares”. Nevertheless, a number of issues have not yet been resolved; a certain tension remains in land relations and the formation of a civilized land market. The content of the article presents the author’s position on the assessment of the causes, content and consequences of land transformations in Russia and proposals on the formation of a set of measures for their successful completion.

1. Introduction
October 2020 marks the 30th anniversary of the adoption by the Supreme Council of the RSFSR of the law “On Land Reform”, which marked the beginning of land reforms in Russia. It has been a long time, but to say today that they are completed is clearly premature, since the current state of land relations and the organization of the use and protection of land resources are far from perfect and the reason for many problems in this area is the incompleteness of its reform.

For three decades, politicians and scientists have not reached a consensus in assessing the results and consequences of land reform; in most of their judgments either predominantly positive or radically negative prevail. Obviously, there are sufficient grounds for both of them, but, unfortunately, almost all of them are excessively politicized, since their authors profess either an extremely liberal or super-conservative ideology. The range of key topics for discussion still includes the following issues:
- was it necessary to destroy the monopoly of State ownership of land?
- should be destroyed the collective-state farm system of agricultural land use?
- Was the correct choice of equalizing land distribution based on the institution of land shares?
- should persons who are not employees of collective farms and state farms be included in the composition of potential owners of land shares?
- To what extent did land reform cause a sharp decline in agricultural production in the 1990s?
- What forms of land management are the most effective and should be priority in the future?
- Why has the protection of land resources from degradation failed in the course of transformation?
- Is the current land ownership structure optimal?
- How to evaluate the effectiveness of the existing land management system?
These questions do not exhaust the entire list of controversial problems in the field of land relations, but the choice of the paths for their further development largely depends on the objectivity of the answers to them.

Among the Russian authors who investigated the course of modern land reform in Russia, mention should be taken of the works of S.N. Volkov (2018), S.A. Lipski (2019), N.I. Shagaida (2019), V.V. Miloserdov (2015) and many others [3–6].

Among foreign authors who considered privatization of agricultural land in Russia in their works, we mention Stephen K Wegren (2002), Zvi Lerman (1995, 2002), David Epstein (2002), Yuliana Griewald (2018), Roman Cech (2002), David J O’Brien (2002), Paul Castañeda Dower, Andrei Markevich (2014), Jarko Fidrmuc, Lidwina Gundacker (2017) [7–15].

2. Materials and methods
To assess the results and consequences of land reform, materials obtained from publicly available sources (reports, reports, statistical material, scientific publications, laws, and other documents) were used. As a result of the analysis of the complex of materials, a set of measures was proposed to complete land ownership transformations.

3. Assessment of the results and consequences of land reform by politicians and scientists over three decades
We offer such answers to them:

1. Land reform in the country was absolutely necessary and one of its most important aspects should be the transition from a state monopoly to a variety of forms of land ownership.

Possessing huge land resources, sufficiently qualified specialists, high-technology agricultural equipment, considerable financial capabilities (agricultural expenditures in the budget of the USSR annually amounted to 15-18%), the country could not ensure its food independence and the proper level of food supply to the population. Although the published statistics provided data on a very high level of production and consumption of food products, the real situation in stores indicated an increasingly acute shortage of them from year to year. This was most evident in the second half of the 20s, when huge queues, the introduction of food stamps, growing volumes of grain imports (it reached 39 million tons per year) and other negative phenomena began to indicate the growing food crisis. Neither the Food Program and the mass of other party-government decisions, nor the growing volume of land reclamation work, nor the increase in the number of livestock could satisfy the country’s needs. Crop yields, livestock productivity, and the safety of manufactured products continued to be extremely low. In this situation, it was necessary to look for non-trivial approaches to solving the food problem.

Among the leaders of the agricultural department of the Central Committee of the CPSU, among a number of regional leaders of the agro-industrial complex, and especially among agricultural economists, calls for significant changes throughout the entire system of socio-economic relations in the agricultural sector began to sound. VASKHNILs Academicians V.A. Tikhonov, A.M. Emelyanov, A.A. Nikonov, Professor I.N. Buzdalov, G.I. Shmelev, I.N. Krylatykh, V.F. Bashmachnikov and many others proposed various new approaches, the main essence of which was to reform the agricultural sector, focused on the formation of a multistructural economy and the creation of powerful incentives to increase the efficiency of agricultural production. The main message of their judgments was the transformation of hired workers who were not very interested in the results of their labor, into entrepreneurs focused on increasing the profitability of their activities.

On the basis of the proposals of scientists supported by a number of regional leaders, new forms of organization began to be created as an experiment - “Family contract”, “Intensive work collectives” (IWCs), and the first family farming enterprises. The vast majority of these new entities have shown very good results.

At the beginning of 1985, the documentary film “Arkhangelsk peasant” was shown on central television, in which journalists talked about the farm of the Sivkov family, who rented a small farm from a local collective farm and almost doubled their agricultural production over 2 years. The film
literally blew up the information space. It was widely discussed in the press, in government, in the scientific community. The general conclusion of all discussions was the conclusion about the huge potential opportunities of the country's agriculture, hiding in the stiffness of property relations and the possibilities of individualization of producers.

The Supreme Soviet of the USSR began heated discussions on the land issue, as a result of which it was decided to adopt a new edition of the "Fundamentals of Land Legislation of the USSR and Union Republics", adopted almost 20 years ago. The preparation of the bill was entrusted to the agrarian committee of the Supreme Council, which was headed by one of the most respected heads of agricultural enterprises in the country, the chairman of the collective farm from the Krasnoyarsk Territory, Arkady Veprev. Under the auspices of the committee, a working group was prepared to draft the bill under the leadership of the President of the All-Union Agricultural Academy of Sciences Nikonov AA. It included representatives of agrarian science, heads of a number of government structures, the most authoritative land lawyers, representatives of regions, land surveyors.

Opening the first meeting of the group A. Veprev said that existing land relations constrain the initiative and entrepreneurial activity of agricultural producers. Excessive control by the State and strict planned installations do not allow farmers to use their potential more efficiently, any attempts of prudent entrepreneurship are killed in the bud.

The chairman of the agrarian committee asked the working group not to limit their vision of the future land relations system to ideological dogmas and to find non-trivial solutions that could fundamentally change the state of the country's agrarian complex.

Holding almost daily meetings of the working group for more than 2 months, A.A. Nikonov was able to create an atmosphere of constructive discussion, free presentation of various positions with their clear reasoning. The result of this very intense work was the bill "Fundamentals of the legislation of the USSR and the Union Republics on land", which contained a number of legal innovations, the main of which was the introduction of inherited land tenure. This compromise solution was between the extreme positions of preserving the existing system of land relations and the introduction of the right of private ownership of land. However, most members of the working group believed that the new law was only the first step for the subsequent introduction of a variety of forms of land ownership.

The prepared draft on February 28, 1990 was adopted by an absolute majority of deputies of the Supreme Soviet of the USSR and became the basis for the preparation of new versions of the Land Codes of the Union Republics.

In March 1990, the Supreme Council of the RSFSR created a working group to prepare a republican Land Code, which also included some of the co-authors of the above-mentioned USSR law. In the process of working on the bill, it was decided to separate issues of reforming land relations into an independent law, and after its adoption, to develop the Land Code as a set of regulatory standards. The draft law "On Land Reform" prepared in August 1990 was presented at a meeting of the agrarian committee of the Supreme Council and was supported by an absolute majority of its members. It should be noted that the basis of the committee was authoritative heads of highly successful agricultural enterprises, which indicates not only an understanding of the necessity, but also about the interest in the transformation of the progressive part of the agricultural community.

The main essence of the bill was that, along with the state one, various forms of private (collective-shared, joint, individual) land ownership were introduced in the country, and collective and state farm workers received the right to allocate their share in the land use of agricultural enterprises for family management or their voluntary associations.

On November 22 and 23, 1990, the Supreme Soviet of the RSFSR adopted, by an absolute majority of votes, the laws "On Peasants Farming", which provided the beginning and determined the main content of land transformations in Russia.

The above information indicates not only that there is a need for land transformations based on the rejection of the state property monopoly, but also the readiness of the agricultural community to support the introduction of alternative forms of it.
2. The very concept of “destruction of collective farms and state farms” is incorrect, since it was not a question of liquidation, but a reorganization of farms.

At the first stage of land reform, land was allocated to more than 100 thousand family farms, part of the land of agricultural enterprises was transferred to the disposal of village Soviets (territories of settlements, pastures for livestock, etc.), some plots were transferred for the development of gardening and horticulture. In total, in 1990-1991, the land area of agricultural enterprises decreased by less than 5%.

The new Government of Russia, created in October 1991, was not satisfied with the pace of land reforms and a course was taken to develop land reform into agrarian reform with the obligatory reorganization of collective farms and state farms. The Ministry of Agriculture of Russia was a categorical opponent of speeding up reforms, there were heated discussions in the Government, as a result of which a compromise was adopted, according to which collective forms of agricultural enterprises could be preserved, but with their mandatory reorganization into the forms provided for by the Civil Code of the RSFSR - joint-stock companies, various types of companies, agricultural cooperatives, etc. with the transformation of state property into various forms of private property, also defined by Civil Code. That is exactly what happened. On the basis of collective farms and state farms, thousands of open and closed joint-stock companies, limited and full liability companies, command partnerships, agricultural cooperatives, etc. were created. In 1990, the country had 12,613 state farms, 12,785 collective farms and 386 inter-state farms - a total of 26,306 agricultural enterprises. By 2000, they were reorganized into 28,480 various agricultural organizations, including 1158 JSC, 3862 CJSC, 1833 LLP, 13369 agricultural cooperatives, 1623 Humanitarian Universities of the Trade Union and 6635 other collective and state production structures.

Thus, the problem is not the elimination of collective forms of management, but the pace, conditions and mechanisms of their reorganization. In this part, it should be objectively noted that there were plenty of errors and distortions and, in their entirety, they created many negative consequences.

3. In world practice, there are only 3 possible forms of land privatization: restitution (return to former private owners), sale to new owners and equalization distribution. Obviously, the first form, that was mainly used in the countries of Central and Eastern Europe, including the Baltic countries, was absolutely not applicable in Russia. We have not preserved any documents confirming private rights, nor the right holders themselves, and only in rare cases were their heirs found.

Selling land was also impossible, even at relatively low prices and in installments. The Russian Government in the early 90s did not even have the minimum financial ability to acquire land.

Thus, of the three possible options, only the equalization distribution remained, which was socially fairest, but not economically most effective, since it did not immediately generate effective owners in the required quantity. The only possible instrument of equal distribution was land shares, which the ideologists of the reform considered to be the institution of a transition period during which (1.5-2 years) as a result of their circulation on the market they should have been transformed into land plots with a reasonable degree of concentration among individual owners. Unfortunately, everything went differently and land shares remain to date, including a significant part (about 10%) unclaimed. With regard to these shares, 20 years ago it was necessary to make a political decision, turning them into state or municipal property.

Thus, this option was the only possible one. However, it gave rise to many problems that have not been resolved to date.

4. In accordance with the adopted algorithm for the privatization of agricultural land, its participants, in addition to workers on collective farms and state farms, could be pensioners, rural teachers, doctors, cultural workers and other people living in rural areas. But property shares were received only by employees of agricultural enterprises. We believe that this was the right decision in accordance with the rules of social justice, although, as in the period of transformation, it caused very harsh criticism today. But would it be fair to give land to people who have not worked for a year on a collective or state farm and deprive pensioners of this right? Is not a village doctor or teacher a member of the community of people living in this territory and does not live in the same conditions -
maintains a private subsidiary farm, maintains livestock, and procures feed for it? We believe that the adopted approach did not split the village, did not give rise to internal conflicts and hostility of various social groups. To date, many rural pensioners have the financial support they need so much, leasing their land shares. If we consider the situation from a purely economic point of view, we should really admit that this decision impeded the formation of effective land owners, but the significance of this factor, in our opinion, is lower than the factor of social justice and the psychological atmosphere in rural settlements.

5. The fall in agricultural production during the land and agrarian reforms was very significant and continued from 1992 to 1996, only in 1997 it was stopped by a number of indicators. It should be noted that the agricultural industry this year was significant in the economy, which stopped the fall. Were the reforms underway the cause of the fall? Yes, undoubtedly, since such profound, fundamental changes in the organization of not only production, but of the whole way of life created many difficulties and problems. During periods of reform, they sprang up in all countries for a short time. But why in Russia did they appear to a much greater extent? In our opinion, the main reasons lay outside of agriculture itself. These reasons include:
- a sharp decrease in the level of state support for agriculture; with a significant reduction in the state budget, the share of agribusiness in its expenditure decreased from 15% in 1986-1990 to 2.5% in 1991-1995;
- the destruction of the credit system of agricultural producers due to high banking risks and the weakness of the entire banking system;
- the destruction of inter-industry and inter-regional relations, a sharp reduction in the production of fertilizers, plant protection products, feed additives, agricultural machinery;
- the decrease in the purchasing power of the population did not allow to keep food prices, which did not ensure the profitability of production;
- the erroneous scheme of privatization of enterprises involved in storage and processing of agricultural products, which was sharply opposed by the Ministry of Agriculture; this scheme created an antagonism of the interests of producers of raw materials and processing enterprises, led to a decrease in the profitability of livestock production and caused a sharp decrease in the number of livestock;
- the lack of adequate informational support for the reforms gave rise to many mistakes and abuses in the activities of regional and municipal authorities.

The combination of these and a number of other causes and conditions had a much more negative impact on the state of the agricultural sector than the land and agrarian reforms themselves.

6. From the start of the reforms to the present, tough debates continue on the issue of land management forms. Both in State structures and in scientific publications, a wave process has been going on for all 30 years: first, questions are raised about family farms, then about large associations and agricultural holdings. Positions vary from "Russia will be fed only by farmers" to "farmers are the century before last and the future lies only with agricultural holdings." We believe that from the positions of fundamentally incorrect changes in the form of management, each of them has its own advantages and disadvantages. Therefore, the most appropriate should be a reasonable combination of small, medium and large land ownership without contrasting them, but rather on the basis of their close interaction, the effectiveness of which is proved by the experience of countries with highly developed agricultural production.

Neither small-scale land holding back technological progress, nor latifundia, killing competition, as the engine of the same progress and giving rise to a distortion of the system of economic, social and political relations, should be allowed. Failure to understand this evidence leads to very detrimental consequences.

7. One of the goals of land reform was to ensure the reproduction of the country's land potential, and to protect the land from various types of degradation. The ideologists of the transformations believed that private ownership of the land would give rise to a more careful attitude towards it, would create a desire and intention to leave it to their descendants in good condition. Unfortunately, these
expectations did not materialize. Moreover, such destructive processes as water and wind soil erosion, desertification, salinization, waterlogging and others have even accelerated. Why is this happening? There are many reasons, including a certain fallacy of positions on the attitude of future owners to land, but the main one is that the State did not consider it necessary to directly participate in the protection of land. Almost no type of degradation can be stopped within the boundaries of a single land tenure. Usually, these processes simultaneously cover large territories and local protection from their influence does not produce significant results. State, interregional and regional programs are needed, only on their basis can these destructive processes be stopped. However, over the past 30 years, the State has not fixed this problem. Full-scale monitoring is not conducted, the land management service of the country is destroyed, the agrochemical service is in a deplorable state, the volume of land reclamation works is reduced to a minimum, etc. The pyramid of these causes is based on a dilapidated state and extremely low efficiency of the State land administration system of the country. The only way to solve these problems is to restore the State body for regulating land relations and organizing the use and protection of land, which was the State Committee on Land Reform in the 90s.

8. Transformations of land ownership relations were carried out mainly in the 90s of the last century. Over the past 20 years, its structure has changed very slightly. In 2006, 68.7% of agricultural land was in municipal and state ownership, and in 2018 - 66.6%. Does this mean that the existing structure is optimal? We believe it is not, since most of the problems and shortcomings in the use and protection of land are noted precisely on the lands that are in state and municipal ownership. It is in this part of the land reserves that the highest level of land plots that are not delimited and not put on cadastral registration is noted. It is from these areas the land tax required for the budgets of municipalities is not levied. It is here the largest share of land that has been withdrawn from agricultural circulation. It is these lands account for the majority of illegitimate transactions, etc. And what should this ratio be? It is quite difficult to answer this question accurately, but, in our opinion, it should be the opposite and about 2/3 of agricultural land should be in various types of private property. Achievement of this position is impossible in a short time, it is a rather lengthy process, but it is necessary to officially approve this vector and shape the land policy in the future taking into account this position.

9. It was already noted above that the land management system obviously needs to improve the organization and increase efficiency. The current situation, when its functions are scattered across many ministries and departments, creates uncertainty of goals, the destruction of absolutely necessary institutions and, as a result, extremely low efficiency. Today we are forced to state that the information support of the system is at an obviously insufficient level, its most important institutions, such as land management, land monitoring, land use planning, etc., have been destroyed. The inefficiency of the system is manifested in the absence of accurate and unambiguous information on the distribution, status and organization of land use (official data of various ministries and departments differ significantly), the absence of precisely defined boundaries of most territorial entities, the development of land degradation processes, a huge number of land disputes, and the underdevelopment of the land market infrastructure and a high level of its criminalization, etc. Most experts working in the land sector believe that the effectiveness of state land management in the country is very low. Although officials of ministries and departments responsible for regulating land relations and organizing land use disagree with these estimates.

10. The answer to the last question, outlined at the beginning of the article, has already been repeatedly heard in our speeches and publications. Nevertheless, we consider it necessary to once again present our set of measures to complete land transformations.

4. Conclusion
From the foregoing, we consider it necessary to once again present our set of measures to complete land transformations.
1. To restore within the Government a unified body for regulating land relations and managing land resources of the country with the corresponding structures as part of the authorities of the constituent entities of the Russian Federation and municipalities. To entrust him with the fulfillment of the whole complex of functions, powers and responsibilities in this area.

2. To form a land management system based on institutions of information support, cadastres, land use planning, land management, land monitoring and state control (supervision).

3. To conduct a complete inventory of land with the delimitation of land plots and registering them in the cadaster.

4. To solve the problem of land shares. At the first stage, transfer unclaimed and unowned lands to the municipal property (within 1.5-2 years), at the second stage, transform all other land shares into real assets (land plots, shares, etc.).

5. To develop and implement a state program to protect agricultural lands from degradation and restoration of disturbed territories.

6. To carry out an inventory of the regulatory framework, update the existing laws and adopt the missing ones, in particular the Law on Land Management.

7. To develop and implement a set of measures to stimulate the rational use and protection of land resources (flexible taxation, government participation in improving land, the introduction of annual competitions for the best organization of landscapes, etc.).

8. To form an effective system of scientific and personnel support for the land sphere. Restore in the right amount the training of scientific and pedagogical personnel in land management and cadastres.

Of course, this is by no means an exhaustive list of necessary measures, but in our opinion, it constitutes a certain basic platform on which the whole set of actions should be placed to organize a more rational and efficient use of the country's land resources.

References

[1] Khlystun V N 2019 The development of land relations in the agricultural sector Bulletin of the Russian Academy of Sciences 7 669-677
[2] Khlystun V N, Semochkin V N and Papaskiri T V 2019 On the principles and content of the new law draft "On Land Management" Economics of agricultural and processing enterprises 9 52-56
[3] Volkov S N and Fomin A A 2018 Provision of effective regulation of land relation and efficient agricultural land use International Agricultural Journal 61(3) 8
[4] Lipski S A 2019 Joint shared ownership of land as a condition and factor of the agricultural sector in post-soviet Russia Studies on Russian Economic Development 30(1) 74-78
[5] Uzun V, Shagaida N and Lerman Z 2019 Russian agriculture: Growth and institutional challenges Land Use Policy 83 475-487
[6] Miloserdov V V 2015 Shock therapy in the implementation of agrarian reform Economics of agriculture of Russia 11 31-44
[7] Wegren S K 2002 Rural land privatization in Russia Economic Systems 26(2) 175-178
[8] Lerman Z 2002 Privatization of land in Russia Economic Systems 26(2) 149-151
[9] Epstein D 2002 Land privatization in Russia Economic Systems 26(2) 185-190
[10] Griewald Y 2018 The art of the state to intervene: Insights into agricultural land Management in Russia Ecological Economics 151 1-9
[11] Cech R 2002 Land privatization in Russia: the intersection of economic and political problems Economic Systems 26(2) 145-147
[12] O’Brien D J 2002 Land privatization in rural Russia Economic Systems 26(2) 169-173
[13] Dower P C and Markevich A 2014 A history of resistance to privatization in Russia Journal of Comparative Economics 42(4) 855-873
[14] Fidrmuc J and Gundacker L 2017 Income inequality and oligarchs in Russian regions: A note European Journal of Political Economy 50 196-207