

Agriculture by Suzanne Rose

World Bank backs collectivization

"Privatized" collective agriculture is the latest nightmare faced by Russia and the CIS states.

The World Bank has just released a report entitled "Review of Food Policy Options and Agricultural Sector Reforms, Joint Report to the Russian Federation and Members of the Commonwealth of Independent States," calling for the reform of Russian agriculture. Under the guise of bringing the free market system to the Russian Federation, the bank is promoting the retention of the very agricultural structures which caused the crisis under communism.

The report proposes reforms which include the "restructuring" or "privatization" of the Soviet agricultural structures—the state farms ("sovkhozes") and the collective farms ("kolkhozes").

One would think that the centerpiece of any reform would be a return to the independent family farm system, the cornerstone of successful western agriculture. Wrong. Although the breakdown in the Soviet agriculture sector, which climaxed in 1991 (including a 25% decline in grain production, a 22% drop in food imports, and severe food shortages in the cities), was the primary reason for the collapse of the Soviet system, the World Bank proposes to maintain the same structures by supporting their "privatization."

The report theorizes that the cause of the crisis which led to the breakup of the Soviet system last August, was the "overinvestment" of the Soviet regime in agriculture, and not the totalitarian structures of Soviet collectivized agriculture. "The recent poor performance must be seen in the con-

text of large and unsustainable commitments of financial and real resources to agriculture throughout the 1970s and 1980s, which failed to achieve substantial growth."

As an example, the report singles out the livestock sector, claiming that meat and milk consumption under the Soviets was too high, which led to massive imports of feedgrains and contributed to their payments' crisis. The bank solution is not to increase domestic production of grain, but to reduce herds and cut consumption.

The huge state and party controlled "factory farms" and collective farms today number approximately 52,000. Although 16 million acres of agricultural land has been turned over to approximately 14 million people, mainly city-dwellers, since January 1991, only 5% of Russia's land is today in private hands.

The totalitarian agricultural structures are criticized by the report as in need of "restructuring." These hideous farms caused the breakdown of food production. In contrast, successful agricultural production requires the oversight of the individual farmer who takes responsibility for developing the productivity of his land, as well as government economic policies which encourage such improvements. The Soviet state and collective farms destroyed individual initiative and treated farmers as "agricultural laborers," whom they could loot along with the land.

The World Bank sees no need to rush to dismantle the "sovkhozes" or "kolkhozes." In fact, its concept of

privatizing production, marketing, and distribution functions incorporates the collective and state farm structures. Nowhere is there a call for independent farms as a superior form of production. Independent family farms are raised as a rhetorical option, but dismissed as impractical in the short term. The report calls for transforming the existing structures into western-style "cooperatives," and "joint stock societies."

In the cooperative system, the farmer might own title to his land and a share in the old structure, but management decisions would remain with the old strata and "outside investors." In the "joint stock societies," the state transfers all state-owned assets to the state and collective farms and the farms divide all assets into "shares." Each share represents partial ownership of one worker, who does not hold physical title to anything. According to the report, it is this approach which is most favored by the former *sovkhoz* and *kolkhoz* managers.

Farmer-owned cooperatives, when independent farmers join to own facilities for production, distribution, or marketing, have had a place in western agriculture. However, as U.S. agriculture has declined under the control of the very banks which the World Bank represents, these formerly useful structures have become a means through which the cartels now control the farmer. Giant cooperatives have developed, like Farmland or Harvestland, in which cartels or multinational banks become the controlling shareholders and loot the farmer members. The "cooperative," in which the farmer owns a share, becomes the sole supplier of inputs and financing, and markets the product of farmer members who can no longer be considered independent. This style of cooperative is the World Bank's model for Russia and the Community of Independent States.