The Persistence of Poverty in Rural Russia

A Critical Discourse Analysis of the Consequences of the Agrarian Reforms and the Causes of Poverty among the Agrarian Population in Russia in the period 1992-2014

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Abstract

Russia has witnessed a dramatic rise of poverty in the wake of the country’s transition from a command to a market economy. Poverty rates skyrocketed in the 1990s as a result of the abrupt reforms initiated by the Yeltsin administration. The agrarian sector was among the first economic sectors subjected to radical restructuring, aiming at the liquidation of state and collective agricultural organisations and their replacement with private family farms. Meanwhile, the consequences of this enforced restructuring proved catastrophic for agriculture. Agricultural output fell by almost a half, rural incomes declined dramatically and the living standard of rural population deteriorated.

The Putin government set agriculture and the social development of the countryside as priority projects. Indeed, this resulted in a sound rebound of the agricultural sector the last decade. However, rural poverty declines in a much slower pace than urban poverty. As a consequence, although overall poverty is declining, the share of poor that are concentrated in the countryside has grown. For many rural areas, outmigration constitutes the only way to exit from poverty.

This master thesis investigates, through the lenses of Critical Discourse Analysis, the impact of the reforms on the socio-economic organisation of rural communities. It lays special focus on the interplay between structure and agent, constrains and opportunities. The discourses on the agrarian reforms, rural society and rural poverty as they appear on multiple levels (national, political, local, individual), are examined against the backdrop of their social context in order to highlight the processes that contribute to the persistence of poverty.

The argument of this thesis is that the Yeltsin reforms, articulated within a predominantly neoliberal political agenda, did not take in consideration the specificities of Russian agriculture and of the Russian rural community organisation. Contrary to their articulated objective, they brought about inefficient practices that led to the downsizing of Russian agriculture and impoverishment of the rural population. Although agricultural policies during Putin’s rule enhanced the performance of the agrarian sector, did not succeed in overcoming many of the structural constrains that impede the participation of the rural population into modern forms of production and their succesful integration in the market.
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Abbreviations and explanations

AKKOR - Association of peasant farms and agricultural cooperatives of Russia
AO - Agricultural organisations
APR - Agrarian Party of Russia
CDA – Critical discourse analysis
Chernozem zone – the fertile black earth zone
EFKO - Russia's largest vertically integrated company producing specialised fats used in confectionery, baking, and other sectors of food industry
FF – family farms
IMF – International Monetary Fund
NG- Nezavisimaya Gazeta
OECD - Organisation for Economic Co-operation and Development
PSF – Personal subsidiary farming
PPP- - public private partnership
RG – Rossiyskaya Gazeta
WTO – World Trade Organisation
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1 Introduction

1.1. Research agenda

Since 1992 the agrarian sector of the Russian Federation has witnessed a radical reconstruction aiming at the transformation of the state driven and state sponsored agricultural production system to a system based on private land ownership and farming, and subjected to the rule of the free market. The reconstruction of the agrarian sector was part of a wide ranging reform agenda of Russia’s new leadership, aiming at a radical transformation of the political and economic system of the country, following the dissolution of Soviet Union and the end of communist rule. Yeltsin’s government ended the system of state planned economy and introduced a Western type market economy, based on private property and on the principles of the free market.

The reform of the agricultural sector was initiated by the Law on the reorganisation of state and collective farms that took effect from the beginning of 1992. The process was piecemeal: Collective and state farms (kolkhozy and sovkhozy) were forced to be privatised through a process of distribution of ownership shares of the enterprise’s land and assets to its own employees and managers. Private land ownership was intended to provide the basis for the emergence of private farm enterprises, and should serve as the corner stone for the country’s further agricultural development.

This meant the withdrawal of lavish state support and subsidies for collective and state agricultural enterprises, as well as the granting the right to private ownership of land to agricultural workers and other rural residents. At the same time small plots of land for personal use, that were operating during Soviet times, were formally recognised as private property and their cultivation served as a supplementary source of food. The decrease of subsidies to the former state and collective farms was intended to contribute to the liquidation of collective agriculture and to its replacement with private farms.

Twenty years after the first reforms were introduced, the situation in the agricultural sector has shown that the new laws failed to transform the agricultural sector towards a family farm based agriculture. A new robust class of private farmers has not emerged, while the large collective farms together with a new type of large agroholdings are still predominant in the agricultural sector. At the same time agricultural production from small subsidiary plots that were designated primarily for personal consumption expanded considerably. They account for almost half of the overall food production in the country.
Moreover, the immediate consequences of the above mentioned reforms were a sharp drop of overall agricultural production to almost half of the 1991 levels and a following rise in food imports. Furthermore, there emerged a dramatic rise in unemployment rates among peasants, as well a sharp rise of poverty in the countryside starting from 1992, and a widening of the income gap between urban and rural population, and finally, depression and devastation of villages.

This negative trend reached its peak in the mid 1990s, when poverty level reached 70%. From the year 2000 the situation in the agricultural sector started to stabilise. The ascendance of Putin in the Russian presidency marked a new stage for the agrarian sector. Putin set the revival of Russian agriculture as a priority project, directing considerable financial resources towards it. During the last decade there has been a more or less steady growth of agricultural production. This notwithstanding, it is only the latest years that production is approaching pre-reform levels, albeit this does not apply to the livestock sector.

Even if the situation in terms of quantity of agricultural output gives reason for optimism, the slow decline of poverty in rural Russia gives reasons for concern. Poverty in Russia has fallen sharply since Putin’s takeover of the presidency, thus following the overall economic recovery of the country. However, rural poverty is declining in a much slower pace than urban poverty. As a consequence of this, there is a disproportional concentration of poor within rural societies. Villagers in many rural areas are facing a devastating social reality, which that does not harbour signs of a quick recovery. High rates of unemployment, low wages in the rural economy, depopulation of the countryside and high rates of alcoholism are traits of the rural social reality. Severe degradation of the social and material infrastructure exacerbates the situation even more. Why does this takes place?

Poverty among the rural population is normally attributed to a number of reasons; structural, situational, behavioural, psychological and cultural. The phenomenon of poverty is furthermore not evenly shared throughout the vast areas of rural Russia. Different regions have different patterns of production systems, unemployment, social security and poverty rates. In addition geographical and climatic conditions play an important role in a region’s economic wellbeing. The fact that this situation seems to have prevailed from the period right after the market reforms of 1992 and the restructuring process of agriculture, suggests that it is feasible to study the poverty rise in the rural society in relation to policies and institutional changes that have been introduced during the last two decades. Furthermore the dominant
role of agriculture as a source of income and employment in the rural societies gives reasons to link poverty and its eventual reduction with a corresponding growth in the agricultural sector combined with a diversification of rural economy (Macours, Swinnen 2007, 21).

In the present master thesis I am going to explore in more detail the reasons behind the persistence of poverty and backwardness in the countryside of Russia. Primary focus will be the tension between structure and agency, which in this context means the way the peasants and other actors participating in the rural economy have responded to the transition from a state enterprise system to a free market system. This implies to research to which extent and in what ways different actors have participated in the transformation that took place, what strategies they have used to adapt to new conditions and what kind of constrains they faced, that limited their agency, as well as the effect of that agency. I ask a simple question: in which way have the agrarian economy’s modes of operation changed and to what extent have they become integrated in the rest of the economy and the free market? Equally important is the question: how has governance been carried out in the process of decision making and implementation of law bills? This particular question is important as one that addresses “structure” – i.e. the framework for the imposition of a specific situational understanding, which again forms the discursive parameters that the state (agency) wants to establish.

The thesis will hence address the following research questions:

1. Can poverty be attributed to a lack of initiative and experience on the part of the peasants in utilising market mechanisms to maximise output and profit? Here, the guiding assumption is that the state emphasises effectivity, the application of good marketing techniques and innovation, as well as the provision of certain incentives. Do these resonate in the agrarian population?

2. Is poverty a result of structural barriers to a sustainable development of the countryside that the reforms either reinforced or failed to address? Can we in that case speak about a technological retrogression in the agricultural sector in the wake of reforms, which hampered a prosperous development of small farm business?
In respect to the last research question, technological retrogression is defined as the decrease in labour productivity as a result of technology choice - i.e application of more outdated technology than previously used (Endresen 1994, 22)

The research questions take a constructivist outlook that regards subjective and culturally conditioned meaning as conducive to how specific agents relate to structures. Conversely, structures are not regarded as ahistorical or apolitical entities, but as products of social and political struggles, shaped by agents that promote certain norms, interests and ideas.

For the purpose of the present thesis I will use written texts from official documents, magazines, newspapers and other internet sources that discuss the agricultural development in Russia the last 20 years. The different laws and decrees dealing with agriculture, rural development and land reform, enacted during this period have been accessed through the official web sites of governmental institutions. Moreover, texts from the weekly and daily press provide interviews with government officials, researchers, farmers and villagers dealing with rural society, economy and agriculture. The chosen texts problematise, assess or describe different aspects of the transformation that has taken place and how the structural conditions and the situational understanding imposed by reforms have resonated in the populace.

Through the method of Critical Discourse Analysis (CDA) I will explore the concepts that dominate the discourses within: agrarian poverty, agrarian politics and reforms, development of village communities. I will then highlight the interpretations and explanations that these concepts give rise to, and enable me to answer my research questions.

1.2. Relevance of the present thesis

There have been many extensive studies on Russian agriculture and rural society, from both Western and Russian scholars, all with different research agenda. The transformation of Russian agriculture and rural society in the aftermath of the transition from a state planned economy to a market economy has been studied from economic, sociological, developmental, human geographic and other perspectives. This interest in agricultural affairs is only natural, given that Russia occupies 9% of the world’s arable land, has 20% of world’s fresh water resources and 8,5% of all mineral fertilisers (Kalugina 2013, 115). Thus, theoretically, these ample resources could constitute the foundation for the development of the agrarian sector. The future perspectives of the Russian agriculture are thus interesting, not only from a point
of view of national production growth and domestic food demand, but equally important from a
global point of view, as increase of the global population and rise in food demand, raises the
question of global food security.

However, a sustainable growth of the agrarian sector of Russia can not be decoupled
from a sustainable development of rural societies. Rural poverty and its persistence constitute
therefore negative indicators for the sustainability of the agrarian sector, from both a social
justice perspective but also from an economic perspective. To be sure, studies of rural poverty
in Russia have measured the extent and the nature of deprivation as a consequence of
institutional and market changes within the Russian agrarian sector. They offer valuable
insight in the way that new institutional arrangements impacted on pre-existing social
structures, producing unintentional results, as that of poverty and abandonment of rural areas.
But these studies focus less on the social construction of poverty – i.e., how poverty arises in
the interplay between structure and agency, as well as structural constrains on agency.

The present thesis uses CDA, as both a theoretical and methodological tool, in order
to explore the interplay between agent and structure in what CDA regards as a multilevel
field. This means that CDA seeks to explain social change as a dialectical interplay between
language (discourse) and social processes. The notion of power is implicit within the tension
between structure and agent, as is powerlessness. I regard poverty as a manifestation of
powerlessness, on the part of those that are immersed in it, to overcome a social reality with
certain structural traits. In this respect, this thesis seeks to examine these structural traits, and
how the interplay of different agencies and power relations brought them about, and finally,
how these factors contribute to their persistence. The critical focus on discursive practices
helps understand not only the causes of poverty, but most importantly, how unfavourable for
the rural population policies gained dominance and contributed to significant social changes.
Moreover, the bifocal nature of analysis, oscillating between structure and agent, questions
views which regard Russian collectivist values as inherently backward and incompatible with
the Western notion of entrepreneurship and market economy. Finally, CDA can show
alternative ways of employing language (discourse), in order to challenge hegemonic
practices that perpetuate social injustice.

1.3. Structure of the thesis
Following this introduction, chapter 2 deals with methodological issues. First I present the
theoretical framework of CDA as the study of language in social research and of its practical
implications. Thereafter I present the design of the present research and finally, an account of the collected data, as well as the main theoretical approaches of studies included in the secondary literature that this study builds upon.

In chapter 3, I offer a short overview of the development and transformation of agrarian policies from the Soviet period, through the transition to a new political and economic system under Yeltsin, and last the period from 2000 until approximately 2014. In the last part of this chapter, I give an account of the rise and extent of rural poverty and a short outline of the most apparent factors conditioning its occurrence. This chapter is designed to give a first picture of the context, as the foundation for the following analysis of the collected data. In the end of this chapter I delimit three different discursive periods, of which the two last will constitute the object of my analysis in the subsequent sections.

In the chapters 4 and 5, I conduct the analysis of my data. For the purpose of applying CDA to the texts available, I give in these chapters a more extensive and detailed account of the social and political context of the studied period. Chapter 4 deals with the period under Yeltsin’s presidency, while in chapter 5, I analyse the changes that have taken place from 2000 until 2014, under the leadership of Putin and Medvedev.

Finally, in the last chapter I summarise my findings, and conclude the answers to my research questions.
2 Methodology

2.1 Theoretical foundations and methodological issues in Critical Discourse Analysis (CDA)

Discourse is the use of concepts, or *signifiers*, within a social and historical context with the purpose of representing, interpreting and reproducing the material and social *reality*. In other words discourse is the *production of meaning within a social domain*. A certain discourse is conditioned by material, historical, ideological and political perspectives (Bergstrøm, Borèus 2012, 355). Consequently, discourse manifests itself as what is called *semiosis*. Semiosis comprises all forms of meaning making, such as body language, visual images and language. This thesis builds on the study of language mediated through texts.

Critical discourse analysis builds, according to Fairclough, on critical social theory and is centred on the assumption that discourse itself is integral part of social practice, which is shaped by the social and institutional agents that promote it. In its turn, discourse itself contributes to organising the social reality (Bergstrøm and Boreus 2012, 354). In other words, discourse is both socially constitutive as well as socially constituted. All social practices are productive activities; that means that through these practices social life (cultural, political, economic and everyday life) is produced. We can roughly discern the following elements pertaining in the process of social practice:

- productive activity
- means of production
- social relations
- social identities
- cultural values
- consciousness
- semiosis (language) (Fairclough 2012)

These elements are dialectically interrelated; they are different, but not separable. For instance, discourse is shaping ideological constructs that create identities, produce and reproduce social relations and contributes thus to the preservation or transformation of the social and political status quo (Bergstrøm and Boreus 2012, 356). In other words, discourse operates in a constant dialectical relation to the social field. Discourse analysis has as its field of investigation the ways through which the semiotic element relates to the social practice.
The domains of CDA analysis are discursive orders or discursive fields. Discursive order or discursive field constitute the social space within which different discourses compete for the formation of meaning. The notion of antagonism expresses this conflicting relation between discourses promoting different representational meaning. The establishment of a certain meaning connected to particular concepts, or signs representing a social phenomenon, gives primacy to a certain discourse at the expense of other discourses within a distinct discursive field. That is an act of exclusion of alternative interpretations to these signs (Jørgensen and Phillips 2011, 69). With the term elements we denote the signs within a discourse, that are subjected to different significations, i.e. fluid signs.

As an illustration we can examine what I will refer to in this thesis as the element “shock therapy”. This element was introduced as a package of measures designed to achieve a quick and effective transition from a command economy to a market economy. The word therapy implies an act of healing, recovering from an illness. Shock, implies a kind of a sudden and violent emotional blow. In other words, the element suggests a recovery to a healthy state by means of a sudden disturbance. This initially hegemonic significance though, has in the course of the social experience of the last twenty years in Russia generated numerous antagonistic interpretations of the term “shock therapy”. One of them could be: “the illegitimate appropriation of state wealth from few players (oligarchs) and the ensuing deprivation of the majority of the Russian population”. While not initially a part of the discourse, this representation is produced through social experience and thereby enters the discursive field, as an antagonistic interpretation of the same element.

Hence, each distinct discourse aims at setting a definite meaning to a fluid sign. The instant this happens, and other possible meanings are provisionally excluded, a moment has been created. This means that there has occurred a closure, a provisional consensus on the significance of a certain element/term. The terms that are central within the agenda of a certain discourse - and therefore crucial in generating unambiguous meaning - are called nodes. (Bergstrom and Boreus 2012, 366-367). Nodes can behave as empty signifiers. That is terms devoid of a particular meaning, that can be utilised associatively, in order to achieve unification of group identities and thereby create consensus around a specific discourse. Empty signifiers acquire meaning only in relation to other signs and their positioning within the discourse (Bergstrom and Boreus 2012, 366). The term transition for instance could be defined as a node within the political discourse after the dissolution of Soviet Union. This term is at the same time an empty signifier, as it does not have any meaning in itself, if it is
not positioned within the context of shifting from one political and economic system to another.

The above terminology is mainly known through the discourse theory of Laclau and Mouffe. This thesis is built on the theoretical foundation of CDA that differs from the ontological and epistemological base of Laclau and Mouffe. I use however their terminology as a tool in the structural analysis of my texts.

In so far as it is critical, CDA seeks to reveal power relations that enable some practices to become hegemonic. Its ambition is to contribute to social and political change (Jørgensen and Phillips, 2011, 76). Consequently CDA’s research focus lies on the emergence, hegemony, re-contextualisation and operationalisation of discourses (Chouliaraki and Fairclough 2010).

The emergence of a certain discourse happens the moment a certain social phenomenon is described, interpreted or explained. In this process certain elements become recurrent in the discourse while others are excluded, thus conceptualising a complex phenomenon within special frames. The endurance of certain discourses, their acceptance from a majority of people or of influential actors gives them a dominant position in relation to competing discourses and in the course of time renders them hegemonic. Dominant discourses can be extensively used and achieve access to other contextual fields or scales. In this respect we talk about inter-discursivity, or re-contextualisation of a discourse. Finally, operationalisation of a discourse happens when hegemonic concepts in their turn give rise to new social practices, relations, identities (Chouliaraki and Fairclough 2010). When a discourse supersedes a previous one within a social field, then we speak about a discursive shift.

The notion of hegemony indicates a power game that produces winners and losers and is central for understanding the dynamics and specifics of control in society (Wodak 2009, 10). But as power remains mostly invisible, the task for a CDA researcher is to trace it discursively through text analysis. Thus the text appears as a battleground for dominance in the social field (Wodak 2009, 27). However, not all social actors have equal access to the discursive field, that is, to channels that participate in the diffusion of discourses. Such access is conditioned by power (be it economic, political, or as power of knowledge) that is structurally organised within a society. This fact is recognised by CDA and explains its distinction between discursive and social field, as well as the inclusion of both of these fields in the analytical framework of CDA.
CDA as method, has therefore a threefold inquiry field: the given text that is analysed, the discursive practice within which the text is produced and the social context the text refers to or springs out from. In this way the analysis transcends the given text and comprises the analysis of the relationship between text, discursive practice and the wider social and political environment.

For the present study, all the above mentioned mean, that by analysing written texts I compare how different agents have access to, and frame the discourse on the problems of the agrarian sector, which problems they identify and to which they give priority to. As an example, government officials may focus on achievements in production output, effectivity, and government control. The big business on legal guarantees for property rights and market relations, the small business on lack of credit, while the agrarian population in depraved areas may identify unemployment and lack of social services as the main problems of their living conditions. The study of primary texts combined with secondary literature gives insights in:

• the social reality on the ground,
• constructions of national interests, business interests, individual and collective interests within the agrarian population and their hierarchical relation
• the discursive orders that are formed within the different social context,
• the specific text’s mediative role in the dialectical process of shaping social reality

The researcher can of course not escape the undeniable fact that he/she is also submitted and influenced by one’s situated position within a discursive context. But that is rather a philosophical-existential problem than methodological, once it is recognised (Wodak 2009,7).

2.2. Methodological design
The method of CDA is derived from its theoretical foundation. The analysis moves through three different analytical levels: the text(s), the discursive practice and the broader social practice they spring out from.

Within the theory of CDA there is no standard research design that can be applied to all CDA research studies. The reasons for this is that CDA, trying to find the ways that a certain discourse interacts with the social reality, must have the freedom and flexibility to
consider different dimensions of «context» according to different research questions (Chouliaraki and Fairclough 2010).

_CDA research designs, in other words, must necessarily be inter-disciplinary, that is to say, they must necessarily function as a resource for bringing a focus on discourse in its relations with other social elements to various forms of interdisciplinary critical social research, for providing a discursive ‘point of entry’ into researching relevant relations (Chouliaraki and Fairclough 2010)._”

Building on this, the analytical framework of the present thesis will be as follows: The first step of the research includes the formulation of a problem that the researcher identifies within the social practice. The research questions subsequently determine the choice of data material needed and the disciplines the researcher must draw upon in the course of the analysis, as well as, the delimitation of the social context informing the analysis (Jørgensen and Phillips 2011, 89).

My study concerns the social phenomenon of poverty, from its occurrence as a major social problem in the aftermath of the Yeltsin reforms initiated in 1992, to its persistence in the following two decades. Thus, after the delineation of the time frame, the next challenge is to define and delimit the field of the social context, i.e. the network of practices the social problem is located within. In my view this is the most complex component of the research process. At the obvious level, the immediate social context within which this phenomenon is contained, is the rural society and its social and economic organisation. This _social space_ though has been subjected to radical transformation, through the attempts by the state (agency) to create a new framework for agricultural policy. Subsequently, social practice in this case necessarily comprises also the reform process (motivation, legislative decisions, implementation and contestation), the social organisation of the domestic agricultural production, potential conflicts of interests, the domestic political environment, as well as processes within the international legislation affecting the agricultural sector. Thus, the social context is multi-dimensional and multifaceted.

The next step is to trace the relationship of language (discourse) to other elements within the particular practice concerned (Fairclough 2012). I am interested in how discursive practices emerging from within the given political and social context impacted on the social practices that produced poverty. It is the uncovering of this relationship which enables the
researcher to explain social change, that is, the purpose of CDA (Jørgensen, Phillips 2011, 98).

The texts comprising my data material are mainly from primary sources. They will enable me to detect the different discourses that form the discursive order(s) dealing with my research questions. Subsequently, I will conduct a close examination of these texts’ discursive elements, also drawing on secondary literature sources. During this stage, I will investigate the ways that dominant discourses become re-contextualised and operationalised. Because of the large number of texts examined in this thesis I will concentrate primarily on a structural, interactional and inter-discursive analysis, and less on purely linguistic analysis. I will then systematise my findings within different aspects of two interlinked focus areas: 1. the agrarian reforms and its consequences. 2. The problem of poverty.

Assuming that hegemonic discourses find expression within political decisions that are again enshrined in laws, I have to establish the discursive connection between the social practice, political decisions (discursive framework) and social outcomes (discursive shifts or continuity). The guiding questions during the analysis are: what are the obstacles in tackling the identified social problem? Does the social order in a sense need the problem? (Fairclough 2012). Moreover since the time span of the reform processes that affected rural poverty is more than twenty years, I have to find out whether there have occurred more than one discursive shift.

During the analysis I will extrapolate my findings to different political and social theories, outlined in the secondary literature and finally try to assess the process of the agrarian transformation that has taken place in Russia since 1992, and how this process was linked with the persistence of poverty. Are there ways to overcome the obstacles?

As a final step, Fairclough (2012) prompts the researcher to reflect critically on the analysis. This is done in the concluding section of this thesis, where I will discuss my findings and the validity of these. Suffice it to say here that the longitudinal character of this study presents practical challenges, connected with the acquisition of accurate knowledge about the social context, as well as, the collection and processing of large amount of information. Moreover, my study is based on a critical analysis of discourses on the agrarian reforms and rural poverty taking all of Russia as the unit of analysis. This choice is justified by the fact that differences in rural poverty in Russia are manifested both inter-regionally as well as intra-regionally. However, the present thesis does not have an ambition to be an exhaustive investigation of the social processes it is dealing with. On the other hand, the long
time span of the studied subject, gives the researcher the chance to investigate the
reproduction and transformation of discourses across many types of texts, and thereby the
possibility to observe how dynamic discursive practices constitute and transform the social
reality (Jørgensen and Phillips 2011, 102).

2.3. Data

The data collected are accessed mainly through online sources.

Primary sources

The primary texts consist of state documents, articles from newspapers, journals and subject-
specific web sides. I have used articles from Rosiyskaya gazeta, Nezavisimaya Gazeta, Sel
´skaaja zhizn´ (federal edition as well as a regional one), Expert, Politicheskii Journal,
Otechestvenie zapiski, Farmer business, Fermer.ru, and others. The text volume comprises
interviews with government officials, scholars, farmers, news articles, reportages and
comments. Official documents are accessed through the web site of the Russian Ministry of
Agriculture and the official web site Lawrussia.ru.

The written texts from the period between 1992-1999, stem exclusively from printed
copies of a weekly federal journal on agricultural affairs called Sel´skaja Zhizn´, with the
exception of the Governmental Decrees of 1991, which were accessed through an official
web site. Sel´skaja Zhizn´ has been published under its current name since 1960, as official
political newspaper addressing mainly issues of rural society, economy and culture. From
1991 the newspaper is registered as an independent newspaper, committed in defending the
political, economic, social and juridical rights of rural population. Currently the newspaper is
distributed through all Russia, as well as, the CIS countries.

I selected a series of articles from1996 and then another series from 1999. This choice
is based on the assumption that by 1996 the reforms were well under way and the
consequences were made themselves apparent in the agricultural sector. In 1999 on the other
hand, after the devaluation of the rouble, one can trace the first signs of recovery in the
agricultural production caused partly from the decrease in imports and the following rise in
the demand for domestic products.

The overwhelming volume of written texts though used for the analytical purposes of
this thesis stem from the period after 2000. This period is of special interest to my research
questions, as it is during this period that poverty appears as a mainly rural phenomenon.
While the first decade after Yeltsin´s reforms was marked by economic recession that hit
urban and rural societies alike, the period after Putin’s takeover was marked by a considerable economic recovery, that was not reflected on a corresponding decline of rural poverty. An overview of these sources is given below.

- Rosiyskaya gazeta is the official government newspaper. It is a daily newspaper founded in 1990, which publishes the official decrees, statements and documents of state bodies, as well as news issues on politics, economics, society, culture and international news. My data search generated most articles from this newspaper. Nezavisimaya Gazeta is a daily newspaper with higher degree of independence from governmental views, than for example Rosiyskaya Gazeta. My search generated three articles related to my subject.

- Expert is a Russian weekly business magazine. It was founded in 1995, from a group of editors and journalists that left the liberal business newspaper Kommersant. It deals with finance, Russian and international business, as well as politics, science and culture.

- Otechestvenie zapiski is an online magazine that deals with various problems in modern society development; political, economic or cultural. It was first registered in 2001 and is published six times a year.

- Politicheskii Journal is an online daily political newspaper with an academic perspective on political issues. The articles I accessed stem from a 2005 edition devoted to the topic of rural society and affairs.

The selected texts convey different aspects of the development that took place after the reforms of 1992 in the Russian countryside, as well as different views on governmental and regional policies and practices impacting agricultural and rural socio-economic conditions.

**Secondary literature**

As mentioned, this master thesis builds on academic studies on Russian rural economy and society. Indeed, the main research questions are derived from studies that show that poverty in the course of the last two decades has become a rural phenomenon in Russia. Gerry,
Nivorozhkin and Rigg (2008), have for instance studied the dynamics of urban and rural poverty and argue that there is a divergence in the rate of poverty decline between urban and rural areas, and that this divergence cannot be explained solely by changing population characteristics or changing population shares. They find further that this growing divergence is concentrated within the working aged population (Gerry et al 2008, 14). That leads to the assumption that the labour market plays a substantial role to the preservation of this urban/rural divide and that social conditions in the countryside are significant for the way rural populations respond to changes within the labour market. Therefore it became necessary to investigate how the agrarian sector has evolved since Yeltsin’s reforms from 1992.

Ioffe (2005) argues that the reforms proved to be an imposition of crude and scrupulous market standards rather than reforms of the agrarian sector, in the sense that reform denotes *a change for the better*, an improvement. He substantiates this claim showing that later policies aiming at correcting negative trends in rural development and supporting the national agrarian sector were mainly anti-market reforms, giving greater degree of protection against imports, and stabilising prices through market intervention. He further investigates acquired socio-demographic and inherent environmental constraints that Russian farming is facing, and concludes that commercial agriculture submitted to liberal policies is not compatible with Russian climatic and geographic conditions.

In her article Kalugina (2013), introduces the term «institutional traps». The term captures the way in which institutional innovations within the rural economy have led to inefficient behaviours, which in their turn perpetuate the inefficiency of public institutions. This vicious cycle create a kind of lock-in effect for the most depraved rural inhabitants and do not permit them to break out of their poverty. Her theory is very substantial, as it points to the relation between structural changes and social practices, and to the way the *rural space* became more isolated from the rest of the economy.

The interplay between institutional changes and economic behaviour constitute an important field of research, in exploring whether and in what extend technological retrogression has taken place in Russian agriculture. In this respect, this thesis can offer some additional insights on processes of technological retrogression in transition economies, to the already proposed theory of technological retrogression, advanced by Endresen (1994), concerning developing countries affected by the penetration of capitalist organisation of production.

In their research study, Wegren, O´Brian and Patsiokovski (2003), investigated additional causes of poverty which they have divided thus: structural, behavioural and
psychological. Within the structural are 1. low wages, 2. chronic unemployment, 3. insufficient pensions, 4. human capital. In addition they find that there are also behavioural reasons that impede improvements of the villagers’ income levels. That means that rural dwellers apparently do not utilise fully the opportunities that opened up with the land reform, as for example to expand production in subsidiary household plots, in order to improve their income. Finally, the psychological factors refer to the negative psychological dispositions that hinder individuals to make use of opportunities to increase own wealth. (Wegren O’Brien 2003, 10-15).

The responsiveness of the agrarian population to land privatisation is investigated by Allina-Pisano (2004) in her study on the constraints that the rural population was facing in pursuit of independent farming. She directs her analysis away from individual initiatives and towards soviet state legacies. She concludes that private farmers who possessed social and political capital, were able to circumvent resistance to land allocation and secure for themselves access to credit. These actors were able to operate economies of scale, while the middle stratum of rural residents, lacking the necessary political capital, was deprived of this opportunity.

Finally Nikulin (2010) investigates the viability and the role of the new oligarchic structures in agriculture and their impact on rural communities. He argues that for the time being, oligarkhozes, as he calls the newly created structures of agroholdings, are obliged to replicate the traditional social functions of the previous kolkhozes, within an environment of a basically unchanged social structure since soviet times. Their viability depends on which forms of rural social structures will prove to be resilient and whether the private interests of the new investors will be compatible with these social structures.

My secondary sources include moreover studies on discursive practices concerning agriculture both within the international as well as the Russian context. In addition, I have used multiple other academic articles, dealing with issues that emerged in the course of the analysis, like poverty, entrepreneurship, technological efficiency, health, agricultural markets, agroholdings, land relations and land grabbing to mention some.
3 The agrarian reforms in the 1990s

3.1. From Soviet Agrarian Production to post-Soviet Russian Reforms

During Soviet times the agricultural production was organised within state and collective farms, sovkhozes and kolkhozes, specialised in different cultures. The state was controlling the entire process of production and distribution, including input and output\(^1\) prices and wage policy. The state pursued egalitarian policies in both wage differentiation among work categories as well as financial treatment of agricultural enterprises with different output performances. This means that poor performing farms in regions with soil of poor quality and hard climatic conditions received preferential treatment. Furthermore, price policies on agricultural food products were biased to the benefit of agriculture (Serova 2005, 127). Wage differences hence, were steadily decreasing since the mid-1950s, between state and collective farms as well as between the agricultural and other sectors of the economy (Wegren 1998, 20). By 1989 the wage level in agriculture had reached the middle of the wage scale among all sectors of economy (Galbraith and Krytynskaia 2003, 11).

Another trait of the soviet agrarian policy between 1970 and 1990, was the decision to boost livestock production and consumption which stimulated a rise in corn production for foodstuff. Hence, in 1990 the per capita consumption of meat was 75 kilograms, equalling the consumption levels in the West, while the per capita GDP was half of the level in OECD countries. Thus, both producers and consumers were assisted by the policy of subsidising agriculture, through budget transfers and market price support (Liefert 2006, 4). In 1990 agriculture’s share in GDP and employment was 13%.

In spite of the strong state commitment to the agricultural sector, the growth in production did not grow in line with the urban population growth. The steep rise of urban population between 1950 and 1970, increased the demand for food. In the 1970s and after several years of bad harvest the production had somehow stagnated and the government was in search of new ways to bolster productivity, without straining the state budget even more. One such policy was to provide incentives for personal production in rural areas. Indeed, farming on personal plots was an activity practiced through the whole Soviet era, from both peasants and urbanites, in their spare time. This kind of private agriculture, had been subjected to changing restrictions under Stalin and Khrushchev, depending on the level of food demand. In 1964, Brezhnev, in order to meet the rise in food demand, repealed previous

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\(^1\) Input: all material resources needed for the realisation of production, such as machinery, energy, fuel, fertilisers, seeds etc. Output: the agricultural production, as corn, vegetables, fruits, meat, milk, wool etc
restrictions on private plots. People could cultivate in their backyards or small private plots, keep a certain number of livestock and sell their output (Wegren 1998, 41). This resulted in a significant increase in production from household plots. In the long run however, private plot farming was not a solution to the problems of efficiency in agricultural production.

Gorbachev set out to rectify some of the systemic problems within agriculture. He intended, for instance to end the system of preferential treatment of weak farms that required large budget transfers. However, in 1987, in the very beginning of perestroika 48% of all farms in USSR had a profit under 10% or were unprofitable. The political and social costs of letting go almost half of all agricultural enterprises in the country, as well as political resistance in the Politburo², obliged him thus to find alternative methods. Therefore he, in 1990, legalised instead the right of agricultural workers to leave their company and start independent private farming by leasing land from a state land inventory. He believed that this was a way of encouraging entrepreneurship and enhancing efficiency, while at the same time preserving the collective and state farms (Wegren 1998,47).

The effect of Gorbachev´s policies was limited, however. After the collapse of the Soviet Union and the subsequent loss of fertile farmlands to among others, Ukraine, the situation lingered on in the agricultural sector. After having contributed to the dissolution of the Soviet Union by among other things the forging of the Commonwealth of Independent States (CIS), Yeltsin set in the beginning of 1992, out on a wide ranging reform of the entire economy of the legal heir to the Soviet Union, the Russian Federation. Yeltsin chose a radical break with the country´s communist past, renouncing the cautious reform line of his predecessor. His reformist goal was categorical: “The [Soviet] political system had to be overturned, not just changed” (Desai 2005, 91). For this purpose, and in order to overcome any resistance from either the Russian Congress of People´s Deputies, or the public, he decided, together with his party associates and advisers, to adopt the shock therapy method that implied, liberalisation of prices, privatisation of the state owned means of production and property, opening the economy to foreign trade and to market determined rouble (Desai 2005, 94).

Reforms in the agrarian sector, actually preceded the launching of the shock therapy. The first governmental Decree on the privatisation of agriculture «On the reorganisation of collective and state farms» appeared already in December 1991. Its major reform directions were:

2 the communist party´s executive committee
1) land reform, creation of private farm enterprises,
2) privatisation/reorganisation of state and collective farms,
3) privatisation of plants for agricultural supply and construction, food-processing plants and distribution/retail companies and
4) creation of market infrastructure (Wegren 1998, 13).

The decree implied in clear text the forced transformation of all kolkhozes and sovkhozes to private companies. The land and assets of the collectives were distributed to their employees and each employee got the formal right to leave the mother company and start his own farm on the basis of his new property, if he so wished.

Importantly, the agrarian reforms of 1992 were a top down state initiative, and did not stem from demands coming from the agrarian sector, neither tried to meet the interests of the rural population. Contrary to claims that the state under president Yeltsin was not a strong one, the scope of reforms and the mode of their implementation suggest that the state had significant power to impose them ruthlessly. This is well documented by Western academicians, like Wegren, who holds that:

It took a strong state to establish and implement reform because in many cases the nature of reform was bitterly contested by agrarian interests. Those who argue that the Russian state is weak ignore how state interventions affected the operation and performance of reform policies. [...] on every single issue on which the conservative agrarian lobby and the government disagreed during 1991-1995, the agrarian lobby lost and the government won. A view that sees the agrarian lobby as omnipotent fails to explain the financial destruction of the countryside, fails to explain why resource flows have decreased to the rural sector during every year since reform was begun (in constant roubles), and fails to explain how the state has been able to enforce unequal terms of trade on food producers of all types (Wegren 1998, 14).

Western specialists and Funds played a major role in the design of the reforms. Contrary though, to the practices in Western countries, these specialists recommended a stop in subsidies. In 1994 a leaked document revealed the strategy Yeltsin was advised to pursue; the use of financial leverage to undermine collective farms and replace them with private farms. The leaked document reached the minister of agriculture, and subsequently Yeltsin denied any intention to forcibly dissolve the collective farms (Mc Cauley 2001, 305).
The next measures following the reorganisation of *kolkhozes* and *sovkhозes*, were price and trade liberalisation in January 1992 (Crumley 2013, 79) together with drastic reduction of budget subsidies in agriculture. This resulted in a sharp rise in input prices (machinery, lubricants, fuel, fertilisers, sow corn) for agriculture, by far exceeding the corresponding rise in agricultural output prices (prices of the tradable agricultural product), creating what is known as *price scissors*. That had a detrimental effect for the economic viability of most state and collective farms, as it did not even allow their material reproduction. Hence, input use in agriculture plunged, so as to account in 2001 for almost a quarter of the pre-reform levels (Liefert 2006, 7). In 1999, OECD reported that from 1991 to 1997, the domestic terms of trade for Russian agricultural producers fell by about 75% (Liefert 2011). As a result, total agricultural output fell to almost a half of its pre-reform level, as we see from table 1.

*Table 1. Agricultural output and input use (Liefert 2011)*

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Russia</strong></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total agricul</strong></td>
<td>100</td>
<td>83</td>
<td>67</td>
<td>55</td>
<td>61</td>
<td>65</td>
<td>68</td>
<td>72</td>
<td>81</td>
</tr>
<tr>
<td><strong>Tural output</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Crops</strong></td>
<td>100</td>
<td>92</td>
<td>79</td>
<td>64</td>
<td>77</td>
<td>84</td>
<td>91</td>
<td>94</td>
<td>109</td>
</tr>
<tr>
<td><strong>Livestock products</strong></td>
<td>100</td>
<td>77</td>
<td>60</td>
<td>50</td>
<td>50</td>
<td>53</td>
<td>53</td>
<td>58</td>
<td>62</td>
</tr>
<tr>
<td><strong>Agricultural input use</strong></td>
<td></td>
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<td></td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td><strong>Sown area</strong></td>
<td>100</td>
<td>95</td>
<td>87</td>
<td>78</td>
<td>72</td>
<td>67</td>
<td>64</td>
<td>64</td>
<td>66</td>
</tr>
<tr>
<td><strong>Labor</strong></td>
<td>100</td>
<td>99</td>
<td>97</td>
<td>94</td>
<td>93</td>
<td>80</td>
<td>76</td>
<td>71</td>
<td>68</td>
</tr>
<tr>
<td><strong>Tractors</strong></td>
<td>100</td>
<td>101</td>
<td>88</td>
<td>76</td>
<td>70</td>
<td>59</td>
<td>52</td>
<td>48</td>
<td>42</td>
</tr>
<tr>
<td><strong>Fertiliser (mineral)</strong></td>
<td>100</td>
<td>54</td>
<td>20</td>
<td>21</td>
<td>25</td>
<td>30</td>
<td>35</td>
<td>43</td>
<td>49</td>
</tr>
</tbody>
</table>

3Table gives indices with 1990 = 100. Under agricultural input use, sown area and labour cover all types of agricultural producers, but tractors through electricity cover only agricultural enterprises (thereby excluding household plots and family farms). Tractors are deliveries of units to farms. Fertiliser is tons per hectare. Oil-based fuel covers gasoline and diesel, in tons. Electricity is kilowatts per hour. na means not available. Source: Russian and Ukrainian Statistical Yearbooks.
In order to compensate for a galloping inflation and drain of monetary resources, collective farms started to barter products. This system of exchange in kind expanded significantly during the 1990s (Crumley 2013, 81).

While imposing the reforms on the rural community, the state provided also incentives. The incentive that Yeltsin’s policy makers envisaged as the most decisive in the transformation of the agricultural organisation was the introduction of private land property, together with modest financial support for starting arners. Family farmers and agricultural managers supporting reforms, created the grassroots Association of peasant farms and agricultural cooperatives of Russia, AKKOR, which became the formal institution through which the state channeled assistance programs to new private operators at the beginning of the reforms.

The reforms were ostensibly aimed at motivating the rural population to increase economic activity and make use of their entrepreneurial skills in order to create innovative modes of operation. Moreover the Yeltsin government believed that market conditions would foster competition and consequently boost agricultural production. Relying on the regulating function of the free market, the state virtually eliminated agricultural subsidies. In 1999 such subsidies amounted to 0,17% of GDP, while the pre-reform level was 8,8% of GDP (Kalugina 2012, 117). During Soviet Union’s last twenty years, agriculture was receiving 28% of total investment in Russian economy. The corresponding share of agricultural investment in 2001, was 2,7% of a sharply reduced overall investment (Ioffe 2010, 181). The reform state policies reduced the resource flows to the countryside and imposed unequal terms of trade to all agricultural producers (Wegren 1998, 14-16).

The reduction of state support, combined with high inflation rates resulted in the sharp rise of unprofitability and indebtedness for agricultural enterprises. In 1994 the share of unprofitable enterprises had reached 61%, while four years later it rose to 84% (Uzun, 22). However, disincentives notwithstanding; collective farms persisted, whereas private farmers did not emerge as a vigorous class. Conversely, overall agricultural production fell by almost half, since demand for food products also decreased in the context of a general economic

<table>
<thead>
<tr>
<th>Oil-based fuel</th>
<th>100</th>
<th>61</th>
<th>33</th>
<th>27</th>
<th>22</th>
<th>21</th>
<th>19</th>
<th>na</th>
<th>na</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity</td>
<td>100</td>
<td>103</td>
<td>79</td>
<td>57</td>
<td>45</td>
<td>30</td>
<td>25</td>
<td>22</td>
<td>20</td>
</tr>
</tbody>
</table>
crisis. Besides, import of heavily subsidised food products from abroad compensated for, but also contributed to low domestic production. The sector that was hit the hardest was the livestock sector as it shown in table 1 and 2 (bellow). In 1998, after several years of bad harvest, followed by the devaluation of the rouble, many regional governors were compelled to impose price controls on food products, while western food aid helped to prevent starvation in certain regions (Wegren 2013, 210).

### Table 2
**Russian meat production and imports** (Liefert 2011)

<table>
<thead>
<tr>
<th>Year</th>
<th>Beef Production</th>
<th>Beef Imports</th>
<th>Pork Production</th>
<th>Pork Imports</th>
<th>Poultry Production</th>
<th>Poultry Imports</th>
<th>Total Production</th>
<th>Total Imports</th>
</tr>
</thead>
<tbody>
<tr>
<td>1989-91</td>
<td>3.52</td>
<td>1.07</td>
<td>2.88</td>
<td>0.36</td>
<td>1.00</td>
<td>0.23</td>
<td>7.40</td>
<td>1.65</td>
</tr>
<tr>
<td>1992-95</td>
<td>2.87</td>
<td>0.51</td>
<td>1.95</td>
<td>0.31</td>
<td>0.56</td>
<td>0.41</td>
<td>5.38</td>
<td>1.23</td>
</tr>
<tr>
<td>1996-00</td>
<td>1.89</td>
<td>0.75</td>
<td>1.34</td>
<td>0.57</td>
<td>0.31</td>
<td>1.20</td>
<td>3.54</td>
<td>2.52</td>
</tr>
<tr>
<td>2001-05</td>
<td>1.61</td>
<td>0.75</td>
<td>1.38</td>
<td>0.67</td>
<td>0.70</td>
<td>1.29</td>
<td>3.69</td>
<td>2.71</td>
</tr>
<tr>
<td>2006-10</td>
<td>1.45</td>
<td>0.98</td>
<td>1.72</td>
<td>0.90</td>
<td>1.76</td>
<td>1.08</td>
<td>4.93</td>
<td>2.95</td>
</tr>
</tbody>
</table>

The hallmark of the first stage of agrarian reforms in the 1990s was the withdrawal of all state support and the abrupt introduction of market mechanisms within an incomplete legal framework and under the absence of legal institutions that could monitor the proper function of a free market. According to Wegren the situation in the agricultural sector that Putin inherited in 1999 was «bordering on catastrophic» (Wegren 2013, 210)

### 3.2. Reforms under Putin: The Return of Protective Measures

By the end of Yeltsin’s presidential period, the depression of the agricultural sector raised serious concerns about the country’s food security. The «Federal Law on Food Security of the Russian Federation» (O prodovol’stvennoy bezopasnosti) passed in June 1999, is a clear expression of these concerns. This law launched the following definitions:

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4 Total production and imports cover beef, pork and poultry broilers. Figures give average annual values over the period identified at the left. Import arre gross. Source USDA PS&D
The law defines the share of 80% as the minimal quantity of domestic food consumption that has to be covered through domestic production. Hence, according to this doctrine, Russia’s national sovereignty is dependent on the country’s ability to feed itself.

The launching of the concept of food security introduced a new awareness in agricultural policies. From the beginning of the new millennium a growth in GDP brought about an increase in demand for agro-food products. At the same time however appreciation of the rouble rendered imported goods cheaper than domestic ones. The food imports therefore increased steadily during the reform period and in 2008 were four times higher than food exports, amounting to 33.3 billion dollars (Liefert 2011). Subsequently, lowering Russia’s reliance on imported food became an important goal for Putin’s policies expressed in the food security doctrine. Russia should endeavour to be self-sufficient in food products. Food imports exceeding 20% of domestic food consumption were regarded as compromising the country’s independence. Meanwhile, in 2010, imports amounted to 30-40% of total consumption (Ioffe 2005, 184).

Therefore, in the period after 2000, governmental policies under Putin favoured domestic agriculture, implementing programs for the support of agricultural producers, especially the large farm sector, implementing import protection measures and price stabilisation for grain producers, through governmental intervention in the domestic market. This policy turn marks the second stage of agrarian reforms and a discursive shift. In contrast to the Yeltsin period, overall state support increased substantially during the 2000s. Moreover, agriculture was defined as one of four National Priority Projects since 2006, with increased budgetary support which reflected this status (Liefert 2007, 31). Assistance programs for improving the financial state and productivity of large farms were introduced, as well leasing programs for agricultural machinery at state subsidised rates for private farmers. Moreover programs for the development of Family Livestock Farms were

implemented in order to help rise the country’s livestock production, which dropped dramatically in the 1990s. Support programs for beginning farmers were also adopted in the period 2012-2014, in order to encourage subsidiary plot farmers to convert into private farms (Wegren 2013, 215).

In spite of the state’s comeback, and significant efforts to support the sector, there are still substantial problems within rural societies that remain unsolved i.e. low agricultural wages, high unemployment, lack in adequate machineries, sharp reduction of total sown areas and lower volume of output, especially in the livestock sector (tables 1 and 2). Moreover, the most pressing issue remained: the right to land-ownership.

3.3. Land reform
Land reform entailed the privatisation of land and the ending of state monopoly on land ownership. The land and assets managed by former state and collective farms were distributed among the employees and retirees of the enterprise according to each one’s duration of employment in the farm and the salary level. Land-shares were usually between 4-7 hectares, depending on the area and region. The new owners of land shares were granted the right either to stay within the reorganised farm, or withdraw their land-shares to start agricultural business for themselves. In this way agricultural land managed by the restructured collectives could belong to several hundred people. It is noteworthy that these land-shares were not physically allocated pieces of land, but a certificate guaranteeing the property right of its holder to a certain size of land. Only in cases when their owner wanted to withdraw from the collective, were these land-shares physically allocated. Therefore a significant number of owners of such virtual land-shares, not realising the value of their new property, neither knowing where it is located, did not bother to acquire documents for their property. Thus, a large share of farmland became unclaimed agricultural area (Fadeyeva 2009, 52). Moreover, the individual land plots used before the reform for self-consumption purposes, were privatised and accrued to its previous users.

In addition to this the Presidential Decree on the Regulation of Land Relations and the Development of Agrarian Reform from 1993 created mechanisms regulating different kind of transactions with these shares, such as rent, sale, donation, or placement into authorised capital in an agricultural organisation. The aim was to enable the concentration of farmland in the hands of those that wanted land and could cultivate it. Meanwhile, purchase of land for
private farming proceeded slowly, due to regional and local authorities’ legal right to veto or invalidate any land sale (Crumley 2013, 86). In the period of active land reform (1990-1996) the list of possible transactions with land plots was clarified five times, while deals with land-shares six times (Fadeyeva 2009, 53). Furthermore, any decision about the use of an enterprise’s farmland that consisted of land shares required an agreement of all the owners of land-shares and was often a cumbersome affair. According to Uzun, in this manner «the technology of land privatisation predetermined to a large extent the emergence of a market of land-shares rather than a market of land» (2014, 21).

Land privatisation proceeded with a slower pace than the rest of the privatisation programs, due, among other reasons to the special significance of the notion of land within the Russian historical experience. According to this experience land is inseparably linked to the collective that cultivates it for the benefit of the state and the people. There were very short periods in Russian history when common people were granted private ownership rights to the land⁶ (Mandalo 2002, 583). Partly for these reasons, political forces among the newly founded Agrarian Party of Russia and the Communist Party, among others, opposed the land reform, holding that the creation of an unrestricted land market would lead to the appropriation of agricultural land by foreigners or by proxies, undermining the national wealth and creating a latifundium class (Grumley 2013, 88). Thus the agrarian sector resisted a full-fledged commercialisation of farms that were subsequently granted the right to continue under their previous collective mode of organisation, but under a legal status of a private enterprise as mentioned above. Thus, until 2001 there was a lot of uncertainty over the legal status of land transactions due to political resistance, debates, and administrative restrictions to land distribution to new users. Besides, the former collective enterprises continued their operations, renting land without formal agreements with the land-share owners, favouring instead verbal and informal agreements (Uzun 2014, 21).

First under Putin, a register of private land properties was created with the adoption in 2000, of the law “On State Land Cadastre”. The same document determined the rules for the allocation of the land-shares. Thus, land-share owners could finally acquire legal documents determining the allocation of their piece of land and guaranteeing their private property rights

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6 Until the abolition of serfdom in Russia in 1861 all land belonged either to the state or the nobility. Though peasants received the right to cultivate their own land after 1861, they did that in common through the peasant communes. Private ownership of agricultural land, in the western sense of the word was only instituted in 1906 after the Stolypin reforms. The October Revolution halted this process which was finally put to an end with Stalin’s forced collectivisation conducted between 1928-1940.
on it. Finally, in 2002, the new Land Code determining land transactions was adopted by the Putin administration, which allowed the free alienation of agricultural land. Meanwhile, all expenses for the registration of the allocated land-shares in the state cadastre passed on to the rural population. The cost of such a procedure was very often unaffordable for rural dwellers. Therefore only 13% of private land-shares were officially registered in the state cadastre until 2006 and consequently could become the object of formal transactions. The deadline for the completion of the registration was therefore postponed several times; the first deadline was set for January 2005, then it was postponed to the end of 2008, and after that it was set up a supplementary moratorium for another two years (Fadeyeva 2009, 55).

Meanwhile, there were regional differences in the determination of the minimum size of land for farming operations. In some regions, like Kuban the minimum size of land for agricultural operations was 250 hectares. That meant that owners of land-shares, which were in average size 4-7 hectares, could not operate individually. They were compelled to either rent or sell their land to other farmers, or cooperate with other land-share owners in order to form a farming enterprise. On the other hand, there were not any limitations put for the maximum size of land under a single operator. In some regions the only limitation for the size of land under a single operator, was only the provision not to exceed 30% of the region’s overall farming land. These norms according to experts, favoured large scale farming and local latifundists, paving the way for the process of land accumulation at the expense of small family farming (Fadeyeva 2009, 55).

3.4. **New forms of agricultural organisation**

True, the reform gave the possibility to those that wished it to create their own family farming business, by exploiting the land and other assets they acquired through privatisation. By 1995 only 5% of the overall agricultural land had passed to family farms. The growth of family farms reached its peak by the turn to the new millennium and remained stable thereafter. In 2000 they occupied 8% of the overall agricultural land and in 2008 produced 8% of agricultural output.

While there was little progress in the family farm sector, there was a real growth of production in household plots. These land plots should not be confused with the land-shares that enterprise employees received as members of their company. The household plots were small pieces of land up to 0.5 hectares designed for private consumption and recreation. Now,
production on these plots intensified after the reforms, and their number in 2000 doubled since 1990.

However this unexpected turn to small scale agriculture did not constitute the modern, competitive private farming that reformers had in mind. It served as a surviving strategy of the rural population in the absence of employment or income from their indebted agricultural collectives. This form of operation was the most accessible, less connected to any risk and demanding no mechanisation, since it relied mainly on manual labour (Kalugina 2012, 118).

Thus the present day agricultural production system comprises three main producers:

- The large farm sector – agricultural organisations (AO), which are large agricultural enterprises, previous collective and state farms that have restructured and continued their existence as corporate companies that predominate in the corn, sugar beet and sunflower production. In 2009 their share in the country’s production amounted to 45.4 per cent. Agro-holdings belong to this category.

- The private farming sector-Family farms (FF), which are a second type of producers which specialise in both corn, sunflower but also potatoes, vegetables and livestock. In 2009 they were producing 7.5 per cent of the overall national agricultural production.

- Personal subsidiary farming (PSF) or People’s household plots, constitute the third type of agricultural entrepreneur. PSF produced 47% of the agricultural output in 2009. These are former employees of the large soviet cooperatives and other rural as well as urban dwellers that cultivate small plots of land (usually under 1ha) for personal use. The surplus of their production they sell to the market, in order to add to their life income (Kalugina 2011, 57).

Table 3 shows the share of agricultural land and output by farm type and its development from 1990 to 2009.

Table 3
** Russian agricultural output and land by farm type’ (Liefert 2011)

7 ** means insignificant. Agricultural enterprises include farms that are part of agroholdings.
Source: Russian Statistical Yearbook and Agriculture, Hunting, and Forestry in Russia 2009
<table>
<thead>
<tr>
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<th></th>
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</thead>
<tbody>
<tr>
<td><strong>Share of output</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Agricultural enterprises</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total output</td>
<td>73.7</td>
<td>50.2</td>
<td>45.2</td>
<td>44.6</td>
<td>45.4</td>
</tr>
<tr>
<td>Crops</td>
<td>75.9</td>
<td>45.1</td>
<td>47.9</td>
<td>44.0</td>
<td>43.8</td>
</tr>
<tr>
<td>Livestock products</td>
<td>72.0</td>
<td>56.0</td>
<td>42.2</td>
<td>45.2</td>
<td>46.9</td>
</tr>
<tr>
<td><strong>Household plots</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total output</td>
<td>26.3</td>
<td>47.9</td>
<td>51.6</td>
<td>49.3</td>
<td>47.1</td>
</tr>
<tr>
<td>Crops</td>
<td>24.1</td>
<td>52.4</td>
<td>47.8</td>
<td>46.5</td>
<td>44.6</td>
</tr>
<tr>
<td>Livestock products</td>
<td>28.0</td>
<td>42.7</td>
<td>56.0</td>
<td>52.0</td>
<td>49.5</td>
</tr>
<tr>
<td><strong>Family farms</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total output</td>
<td>**</td>
<td>1.9</td>
<td>3.2</td>
<td>6.1</td>
<td>7.5</td>
</tr>
<tr>
<td>Crops</td>
<td>**</td>
<td>2.5</td>
<td>4.4</td>
<td>9.6</td>
<td>11.6</td>
</tr>
<tr>
<td>Livestock products</td>
<td>**</td>
<td>1.4</td>
<td>1.8</td>
<td>2.9</td>
<td>3.6</td>
</tr>
<tr>
<td><strong>Share of agricultural land</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agricultural enterprises</td>
<td>98.1</td>
<td>89.4</td>
<td>86.1</td>
<td>78.4</td>
<td>71.3</td>
</tr>
<tr>
<td>Household plots</td>
<td>1.8</td>
<td>5.2</td>
<td>6.0</td>
<td>10.5</td>
<td>15.7</td>
</tr>
<tr>
<td>Family farms</td>
<td>**</td>
<td>5.4</td>
<td>7.9</td>
<td>11.1</td>
<td>12.9</td>
</tr>
</tbody>
</table>

### 3.5. The problem of rural poverty

During the transition from a command to a market economy and the ensuing economic liberalisation, Russia experienced an industrial collapse, hyperinflation and finally in 1998 a financial collapse. Poverty rate reached its highest in 1993 comprising almost two thirds of the population, 70%, but thereafter it started diminishing slowly, but steadily to 20% in 2004 and 12.8 in 2011 (O’Brien 2011, 11)). Economic growth since 2000 was positively correlated to the population´s income levels, and contributed to the reduction of poverty rates.

However, economic inequality which skyrocketed in the first decade of the reform period, continued to rise through the entire course of time, both across geographical regions and economical sectors of society (Galbraith 2003, 5). Rural poverty was in this context,
particularly resilient to so-called economic improvement. There have been conducted several and broad studies researching the causes of rural poverty. Findings from these studies showed that urban poverty, though initially higher than rural, declined twice as fast as rural poverty. Thus, in 2011, rural poverty was 18.7%, while in urban areas the share of poverty was 10.5% (Bodarenko 2012, 2). The disparity between the higher tempo of poverty decline in urban areas and the slower tempo in rural areas is termed as *gap in poverty decline*.

This essentially means that poverty has become predominantly a rural phenomenon, a fact that runs contrary to the findings of the World Bank about world poverty, but which is in line with findings of poverty research in East Europe and former Soviet Union (Gerry 2008, 6). Moreover the gap in poverty decline between urban and rural areas was not followed by a corresponding gap in poverty decline between either different age groups, or educational level (human capital). It was matched though by a similar gap between those in work and those without. Again, this suggests that growing unemployment in rural areas contributed to the maintenance of the gap in poverty decline and confirms that the labour market plays a substantial role in the alleviation of poverty (Gerry, Nivorozhkin 2008, 5, 10). The rural labour market remains limited however, even if there has occurred a sustained growth in agricultural production during the last decade. The production growth is highly concentrated within the agroholding sector, where rationalisation and concentration of production lowers the demand for labour.

Some of the factors put forward, that condition the occurrence of rural poverty are: fewer economic opportunities in the countryside, restrictions in land use, inadequate infrastructure, outflow of the brightest human capital and unequal treatment *vis-á-vis* the oil and gas rich areas (Gerry 2008, 7). These factors seem at the same time to have prevented a high degree of societal stratification among rural dwellers, in contrast to developments among the urban population.

Real wages in agriculture have sharply declined since the beginning of Yeltsin’s reforms. The average nominal wage in agriculture for state farm workers in 1985, as shown in table 4, was 100.5% of the average level within the whole economy, while for collective farm workers it was 82.6%. In 1995 the salary in agriculture decreased to 50.2% of the average level in the economy and in 1999 to 41.3%. Finally in 2011 in spite of state efforts to assist the agricultural sector, that level did not exceed 53.3%. 

37
Table 4. Dynamics of the ratio between the average nominal wage in agriculture and in the economy as a whole in the Russian Federation (per full-time employee, rub.) (Bondarenko 2012, 8)

<table>
<thead>
<tr>
<th>Years</th>
<th>Economy as a whole</th>
<th>Agriculture**</th>
<th>Ratio, %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>sovkhozes</td>
<td>kolkhozes</td>
</tr>
<tr>
<td>1980</td>
<td>178</td>
<td>157</td>
<td>124</td>
</tr>
<tr>
<td>1985</td>
<td>201</td>
<td>202</td>
<td>166</td>
</tr>
<tr>
<td>1990</td>
<td>297</td>
<td>313</td>
<td>265</td>
</tr>
<tr>
<td>1995***</td>
<td>472</td>
<td>237</td>
<td></td>
</tr>
<tr>
<td>1996***</td>
<td>790</td>
<td>382</td>
<td></td>
</tr>
<tr>
<td>1997***</td>
<td>950</td>
<td>439</td>
<td></td>
</tr>
<tr>
<td>1998</td>
<td>1051</td>
<td>468</td>
<td></td>
</tr>
<tr>
<td>1999</td>
<td>1523</td>
<td>629</td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td>2223</td>
<td>985</td>
<td></td>
</tr>
<tr>
<td>2001</td>
<td>3240</td>
<td>1435</td>
<td></td>
</tr>
<tr>
<td>2002</td>
<td>4360</td>
<td>1876</td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>5499</td>
<td>2340</td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td>6740</td>
<td>3015</td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td>8555</td>
<td>3646</td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>10634</td>
<td>4569</td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>13593</td>
<td>6144</td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>17290</td>
<td>8475</td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>18638</td>
<td>9619</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>20952</td>
<td>10668</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>23369</td>
<td>12464</td>
<td></td>
</tr>
</tbody>
</table>

Outmigration from rural areas in search of a better employment in the cities is a growing trend, creating a demographic watershed. Previous cities are now so depopulated that they are downgraded to villages, while villages and rural settlements are disappearing. Between 1989 and 2002 almost 10.800 villages disappeared, as a result of outmigration, and this negative demographic trend is still continuing (Wegren 2013, 224). A survey among the rural population shows that the dominant reasons for leaving the countryside are: low income (63% of answers) and unemployment (30.8% of answers), while lack of possibilities for recreation and lacking the conditions for professional education and professional growth constituted the third and fourth most frequently reported motives (Bondarenko 2012, 5).

### 3.6. Time-frames of discourse

Following the outline of the different stages of the reform process in the agricultural sector presented in the sections above, there emerge three specific timeframes that condition the

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8* During 1980-1990 he. indicators of the economy do not include labor costs farmers.  
** During the 2000-2011 years. given figures for agriculture, hunting and forestry.  
*** Thousands. Rub. From 1995 onwards under the term sovkhozes are included the large agricultural enterprises, heirs of previous sovkhozes and kolkhozes
discourse on the impact of these changes. First, the pre-reform period to approximately 1989-90; secondly the abrupt transition to a market economy and a period of crisis in agriculture up to 1999; and finally the time from 2000 until today, when the state has reassumed its role as social regulator and supporter of domestic agricultural production.

The pre-reform period is by the Yeltsin government discursively rejected as the carrier of Soviet legacy. The reform discourse served as the instrumental strategy for the transformation of the agricultural state-driven sector to an independent farming sector, relying on its own financial resources and adapted to a liberal market economy. The instalment of a hegemonic discourse of reform was mediated through policies of withdrawing state subsidies, liberalisation of trade and prices, private ownership of land and promotion of entrepreneurial activities.

However, the impact of these reforms gave rise to what I would call defensive discourse and the discourse of deprivation. In the texts of 1996 this is expressed as a struggle for survival of the collective enterprises. The social and economic accomplishments of soviet times in the agrarian economy are distinguished as practices that the rural society would not let go without resistance. Indeed, in many ways the pre-reform period stands out as the main reference point for Russia’s rural districts. Prior to the reforms, the social practices in rural Russia were embedded in the Soviet system for benefits and state services administered through kolkhozes and sovkhozes. Hence, reforms came to be associated primarily with the collapse of these services and the adjacent social practices and expectations associated with these services. Villagers witnessing the deterioration of social infrastructure (like decrease in the number of school and kindergartens, cultural centres, health and recreational institutions in the countryside) articulated their disappointment as part of the deprivation discourse that delegitimised governmental policies. The overall degradation of agricultural machinery and the substantial financial drain causing wage arrears, as well as lower income for agricultural workers, added to the general picture of crisis experienced by the rural population.

This experience of social reality created the discourse of deprivation that came to be the hallmark of how villages and rural districts responded to the reforms. In the discourse of deprivation, these experiences stand out as central: most texts define collective agriculture as the form of production that fits better the mentality and social traditions of the Russian countryside. This social reality is being transformed and challenged by the reforms. Meanwhile the impact of this abrupt transformation led to a dysfunctionality within agricultural production, which manifested itself in the following negative trends:
1. sharp reduction of agricultural production as a result of technological degradation
2. decrease in employment
3. soil deterioration and land abandonment
4. social deprivation

The third time frame of discourse is marked by a shift in the view of the state’s role, insistence on regulatory measures, the strong importance given to domestic production and higher attention to socio-cultural aspects of rural development.

Below, I will examine the emergence of discourses that impacted on the reforms, their consequences within the social practices they operated and the degree and mode of contestation they were subjected to. For the purpose of this study I will concentrate my analysis around the second and third discursive time frame. The first one serves as a reference point to the discursive shift that occurred after the break up of Soviet Union and the coming to power of a reform oriented leadership.
4 Analysis of the first reform period under Yeltsin

4.1. State Reforms: Privatisation, efficiency and entrepreneurship

The rationale behind the decision for privatising the agrarian sector is expressed in the formulation of the Government Decree N 86 from 29 December 1991, «On the reorganisation of collective and state farms» stating:

In order to improve the efficiency of agricultural production and creating the conditions for entrepreneurship in rural areas in accordance with the Presidential Decree "On Urgent measures for the implementation of land reform in the RSFSR "Government of the Russian Federation decrees:....".

Thereby, the decree gave detailed instructions for the implementation of the privatisation process of kolkhozes and sovkhozes. Land and assets had to pass to private ownership to those with entitlement rights as described above. The collectives’ previous delivery of social services, such as housing, road construction, energy, water and gas supply systems among others, were then transferred to the municipal councils. Farm collectives that could not meet their financial obligations would be declared bankrupt.

Collective and state farms that do not have the financial resources to the settlement of arrears of wages and loans will be announced insolvent (bankrupt) before February 1, 1992 and will be subject to liquidation and reorganisation within the I quarter of 1992.

The privatisation process in agriculture was a part of the broader program of privatisation ostensibly motivated by the need to raise efficiency and encourage entrepreneurship. This objective is clearly expressed in the Presidential Decree of 29.12.91, N 341 "On the acceleration of the privatisation of state and municipal enterprises"

The objectives of privatisation in 1992 are: a) to promote the overall objectives of economic stabilisation policies, including the following: to facilitate the transition to a free market prices by the accelerated privatisation of trade and services; release the state from the burden of the most inefficient plants and facilities (unprofitable enterprises and properties under construction); b) create the conditions for large-scale implementation of the privatisation process in 1993 - 1994

9 http://www.lawrussia.ru/texts/legal_178/doc17a747x252.htm
10 http://www.lawrussia.ru/texts/legal_178/doc17a747x252.htm
Hence, the term privatisation appeared in these law texts as a nodal term, in that it is promoted discursively as a prerequisite for a) economic stabilisation, b) a premise for the much-desired rise in efficiency in the agrarian production, and c) as a condition that will motivate entrepreneurship. In addition d) it is expected that privatisation will release the state from excessive spending and will increase budget revenues. As we see, privatisation was to remedy a series of problems which were by many linked to shortcomings of Soviet economy.

This imposition of new discursive frames enabled the government to act hegemonically; it decreed a law of forced privatisation for all agricultural enterprises. Private ownership of the production means was considered as a prerequisite to a market economy that the reform government of Yeltsin aimed at. These new discursive frames implied a clear break with the discourse of the Yeltsin´s predecessors. Even if the Soviet leadership under Gorbachev acknowledged the problems of inefficiency and high production costs in the agricultural sector, they tried to implement measures that targeted the weak performing farms. Even then, there was not a clear consensus within the Politburo, as to whether a withdrawal of economic support or on the contrary, enhancing economic aid would offer a solution to this problem. The chairman of the agro-industrial complex under Gorbachev declared in 1987:

*I am convinced that it is necessary to introduce special moral and material incentives for leaders and specialists who achieve a radical improvement in the economy of laggard farms[...] Laggard farms must be given a priority in construction work, land reclamation, and the allocation of machinery and other resources (Wegren 1998, 28).*

In contrast the reform discourse called for the liquidation of laggard farms that cannot meet their financial obligations and staked out the course of privatisation, as the right remedy against inefficiency.

Hence, the key terms in this discursive shift were *privatisation*, *efficiency* and *entrepreneurship*. These were constitutive elements in the state-led hegemonic discourse of reform. I shall examine them below.

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11 [http://www.lawrussia.ru/texts/legal_178/doc17a747x715.htm](http://www.lawrussia.ru/texts/legal_178/doc17a747x715.htm)
4.1.1. Privatisation and village response

The quoted law bill "On the reorganisation of collective and state farms" from 29.12.1991, obligated all agricultural organisations to convert to private enterprises, transferring the ownership of land, building and equipment to their members, employed in these companies at the time, as well as pensioners that were previously engaged in them. In addition it gave the right to any member of the collective to leave the company and start one’s own business on the basis of his new acquired property. Any existing debts were transferred to the remaining collective company and not to those that withdrew their membership from it.

The decision as to whether the previous kolkhozes and sovkhozes would continue their collective operation or be divided in individual private farms would be taken in a plenary meeting of the collective’s employees. In most cases however, the restructuring resulted in the transformation of the collective farms to Closed Joint Stock Companies. Notably, these organisational entities were intended to replace what was considered to be an outdated system of organisation, the kolkhozes and sovkhozes – i.e. they were in fact promoted as new social realities. These forms of organisations however proved foreign to the Russian rural society, as it appears from the texts of 1990s. Several directors of previous kolkhozes reported that their members chose to stay in the collective enterprise:

“At the beginning of economic reforms imposed on us, we also called for a plenary meeting and began to discuss what to do next. The decision was to continue united on the collective farm! As for the name [of the collective], the veterans said: "We still have the name of "Lenin" and that far it has not let us down, so why to change it? " their opinion was heard. Self-righteousness and dedication to the cause, inherited from decades long life experience - that is what has allowed the members of the Lenin collective farm not only not to give up because of the difficulties encountered, but also to increase production, save the social benefits that have been created by them, as well as their fathers and grandfathers (Sel'skaja Zhizn’ 16.3.96)

As shown from the quote, collective employees emphasised the decades long life experience, the tradition created over generations (fathers and grandfathers), which safeguard the social benefits of the community, and which were now threatened, as a result of the reform. Another kolkhoz leader described the endeavour to save the collective farm, as a defensive war for the motherland.

Journalist: Victor Vasiljevich, how long will you have enough strength to hold your position and maintain stability? we asked V.V. Gorobtsov [the kolkhoz leader] before leaving
V.V. Gorobtsov: Our situation is somewhat better than in the whole area and the region. We will keep on until the last one, preserving the collective form of property. I hope the government will understand that it is necessary to take care of the domestic producers. And we, rural workers, are aware of our responsibility to the country, to the people. As you can see, the commanders remain in place, do not change horses and maintain fortitude in defending their native land. Let it not be during war, but in peace time.

[...] why to break up a well made structure? On the contrary we should bring it in order (Sel’skaja Zhizn’ 16.3.96)

In fact, as Lindner suggests, the peasants foremost concerns were to safeguard their land from being sold out to non locals, from fear to become “slaves on one’s own land”, and to secure vital social services for their rural communities. Both these rationale were pursued through the preservation of the farm collectives (Lindner 2007, 499). Another article from 1999 with the title “Return to the kolkhoz” reported that in Leningrad oblast’ peasants confronted with the unexpected effects of privatisation, «voluntarily return to the tried and tested way of cooperative organisation». One of the effects that were brought about by dividing the property of the farm collective to private land-shares, was that at times the new shareholders withdrew from the collective, expecting to get quick revenue from renting their land. This practice was leading though to the disintegration of the entire collective:

Accumulated debts amounted to half million roubles, from 630 previous workers there remained only 180. There was nobody to milk the cows. However, those that left were now owners of land-shares [previously belonging to the collective], each had a share of 2,2 hectares. And everyone probably expected quick dividends. Meanwhile exactly the opposite occurred. The once prospering sovkhaz, under the regime of a voluntary-compulsory privatisation was withering in front of our eyes. By the spring of last year there were no good seeds left, let alone operational equipment. Economic turmoil was accompanied by a complete uncertainty of the financial and legal status of the enterprise. With a desperate appeal: "Help!" We appealed to the authorities several times...(Sel’skaja Zhizn’ 23.3.99)

Several other joint stock companies that encountered troubles in the management of the company, because of the many and diverse types of shareholders, decided to convert their companies to agricultural cooperatives mostly due to the fact that these corresponded better to the form of their previous kolkhozes and sovkhozes. In the words of a tractor driver working thirty years in a local farm in Leningrad oblast’:
The cooperative for us is like the kolkhoz. It functions better, it’s nearer and clearer to us, everything is in sight and you always know whom to ask (ibid 23.3.99).

The differentiation of agricultural producers during the decade following the reforms and their share in agricultural production (table 3), shows that agricultural collectives retained a strong position within the agricultural sector in spite of their low profitability, whereas individual private farming did not expand as expected by the policy makers.

Notably, the collective form of organisation figured in the discourse of farm workers and leaders, as the carrier of community traditions and guardian of village life. On the other hand, the reforms were depicted in war metaphors as a threat to the village community and the kolkhoz chairmen as commanders fighting for the defence of a righteous cause. Hence, historic experiences from the Second World War became re-contextualised within the imposed new social realities. Thus, the abruptly changed economic environment gave rise to the discourse of defence and deprivation in which the collective farm figured as the defender of rural interests. The resistance to the objective of privatisation took the form of “alliance for the locale” between chairmen and workers of kolkhozes (Lindner 2007, 499).

This fact indicates that there was a mismatch between governmental declarations and popular wishes and expectations and verifies the claim that the privatisation process was a top-down policy move.

4.1.2. Economic efficiency

The notion of efficiency was central in justifying the reform and constituted one of its most articulated goals. I assume that efficiency in this case refers to economic efficiency. In economic theory efficiency is defined as a relation between ends and means within a production process. The higher the value of the end product in relation to the value of the means employed to produce it, the more effective is considered the production process.

This discursively articulated link between privatisation and efficiency did not in any way materialise in the years following the reforms, rather on the contrary: The decade following the above mentioned reform was marked by a steep fall in agricultural production and a rise in bankruptcies. Hence, the state promoted a discursively constructed reality, which was not observable among villagers and in the rural community. Rather, the discourse in rural districts reproduced what they could observe: One crucial problem among others, reported in
the articles from 1996 was technical and material deterioration (разрушение материально-технической базы), within an environment of universal collapse (вселенский развал). This resulted in inefficient harvesting and subsequent loss of crop.

Indeed, the discourse in the 1990s presented a picture that contradicts the discursive link between privatisation and efficiency as seen from the agricultural producer´ s economic perspective. The price of all agriculture inputs rose significantly, while the output prices of agricultural products fell. This created the so called price scissors, not permitting the agricultural collectives to make necessary investments in order to secure an efficient production process. Several textual samples illustrate this. The head of a rice farm was reporting:

*Today the rice fields remind little of the formerly well-cultivated fields. They are sinking into a primitive state, with swamps and overgrown with thickets of reeds. So we sunk to the present harvest level of 22 quintals, complains the chairman of the farm collective "Kirov" in the Abinsk district V.I.Veter-And still, even this crop we can not harvest properly. There is not enough technical equipment, while the existing is in disrepair. Reapers and harvesters bogged down in the mire, stalled cars of grain. In this farm collective work diligent machine operators. As we say, with their golden hands and sharp minds they try to maintain the equipment. But even they can’t cope with only half a harvester, which has been worn out long ago. For this reason, we have modest rates of harvest and hence, solid grain losses. The inevitable plunge into this post-reform abyss has become the lot of all rice farmers in Kuban region, which gives the lion share of the Russian white corn* (Sel´skaja Zhizn´ 2.11.1996).

Another article in the same journal from 1996 indicates that the output of the industry of agricultural machines and technology sunk sevenfold after the reform, at the same time that the price of such machines rose significantly. In 1992 the purchase of a harvester «Don-1500» cost the equivalent of 260 tons of wheat, in 1994 the equivalent of 410 tons, while in 1996 the price of the same machine corresponded to a production of 665 tons of wheat. In addition, lack of state regulation and control of agricultural machine manufacturers had permitted a low and deficient product quality and at times outright fraud within machine construction that exacerbated the already strained fiscal situation in Russian farms. Thus the overall technological level in agriculture fell to levels of 1960s, according to the Deputy Prime Minister A.H Zaveryukha. (Sel´skaja Zhizn´ 2.11.96). Every year 10% of worn out technical equipment was taken out of production, while new purchases accounted only to 1%. This led to low productivity per unit of land, rise in crop losses and reduction of crop areas.
Moreover the agricultural enterprises that managed to stay afloat in this period encountered problems in their transactions with their costumers, many of whom had liquidity problems and could not pay in time of delivery. Other costumers had turned to foreign companies from which they imported products as meat and milk, reducing thus the turnover of Russian producers (Sel’ka Zhisn’ 16.3.96). Similar instances were reported from the head of a rice farm; while the producers strove to cover their expenses which as a rule exceeded their revenue, the country was importing rice in a growing tempo. The chief agronomist of a farm collective in Slavjanskij district stated:

Ten years ago, when it was still Soviet Union, the country was self-sufficient with rice. Now, due to the efforts of the "democrats" both the consumption diminished, and the rations have become more modest. On the other hand we are now importing rice and at an increasing rate too. In general, the process is under way. However, in the wrong direction (Sel’ka Zhisn’ 2.11.96).

The list of statistical numbers testifying to the wretched condition of technological preparedness in the Russian agricultural sector permeates the examined articles from 1996. The vice president of the Russian academy of agriculture stated

Because of the incredible price disparity [between input and output prices] rural producers are hardly able to acquire new equipment. Its production compared with 1985 level decreased: tractors - 12 times, combines - almost 17 times, ploughs - 42, planters - 72 times. Delivery and purchase of tractors, grain and forage harvesters decreased by 13-18 times, milking machines - 64 times. The remaining fleet in agriculture has great weathering........ The gap between the write-off and the acquisition of new machinery has grown abruptly. Certain types of machinery and equipment are written off 28-29 times faster than the rate of corresponding new acquisitions. It is not necessary to be a great mathematician to understand that continuing in this tempo the situation will soon come to zero. All of us, and especially managers, responsible for the country’s agriculture must not just be concerned about it, but even shake (Sel’ka Zhisn’ 2.11.96)

This discourse of degradation and deprivation was reproduced in text samples as late as 1999. Here we still find testimonies of technological degradation. The head of an agricultural collective in Penza oblast’ explains how his enterprise was forced to take into use horses in order to drive animal feed in the winter.
The article states further that some fifty other agricultural enterprises in the region encountered the same difficulties. Only one of the collectives in Belinskij rajon of Penza oblast’ preserved the pre-reform number of livestock.

Steep fall in agricultural production should normally spark a rise in prices, but in the Russian context the rise in corn prices that may have occurred was dwarfed by the manyfold rise in input prices. Furthermore the most dramatic fall in production occurred in the livestock sector that demanded a lot of corn resources as animal feed. Thus, a downsized livestock sector lowered at the same time the demand for corn and hay and had rather negative influence on corn prices.

In addition, food imports grew in order to cover domestic demand for food products. Imports, mainly in sugar and meat reached 70-80 % (Ioffe 2005, 184). The magazine Argumenty i fakty claimed in 2002 that food imports equalled oil exports in monetary value (Ioffe 2005, 184). Though Ioffe may have been right in that the outcry about the damaging effects of food imports to domestic agriculture was exaggerated at the time, the argument that import products from highly subsidised economies outcompeted Russian producers and captured market shares in the Russian market creating disincentives for domestic production, is very plausible. Taking in consideration the degree of state support for the Western countries from which the bulk of Russian imports originate, then the unequal terms of trade become apparent; in 2005 US supported agriculture by 200$ per hectare of farmland, EU by 800$ while Russia by only 12,5$ under a much harsher climate (Ioffe 2005, 183).

This argument was reproduced also in the media press. Villagers linked the negative “changes” they experienced to the new reality imposed upon them, or the “reforms”. As one source observed:

Failure in the turnover occurred only "thanks" to the reforms. Many of our former partners are not able to buy our seeds, although they need them. In such a situation the government could lend us a
helping hand, would it be interested not so much in the development, but at least in a more or less tolerable existence of domestic producers. But such interest is not discernible. Difficulties have arisen also with the turnover of potatoes. Last year we intended to sell up to 1,5 thousand tons, but we only sold 500 [...] The Moscow meat plant for instance with which the "Lenin" collective farm had a long standing partnership, today prefers to deal with imported products instead of domestic ones. There should we probably look to understand many of the puzzling phenomena in our economy (Sel’skaja Zhizn’ 16.3.96)

All the above mentioned examples suggest that the damage caused to agricultural productivity and performance, was the compound result of governmental policies including privatisation but going much much beyond it. These policies included price liberalisation, liberalisation of foreign trade, and ending of subsidies programs. These measures were implemented simultaneously, depriving the Russian agrarian sector of the possibility of a gradual adaptation to a market economy. The combination of ending subsidies to agriculture with the decline in machine production and the increase in the purchase prices of new machinery brought about a technological retrogression permeating the whole agricultural sector. Hence, the programmatic expectation that privatisation alone would lead to increased efficiency, proved a fallacy to say the least.

4.1.3. Entrepreneurship

Besides allegedly raising efficiency, the law on privatisation of kolkhozes and sovkhozes had as its subsidiary objective to boost entrepreneurial activity. As a state-promoted and state-initiated norm, entrepreneurship also has certain discursive features, since it is associated with certain behaviour. Entrepreneurship is the ability of an economic agent to discover opportunities of profit and his willingness to make use of these. Alertness is the key characteristic of an entrepreneur that makes him able to see opportunities for gain overlooked by others (Harper 2003,6). Entrepreneurship meanwhile can manifest itself in arbitrage, speculation or innovation. While the two first generate profit only for the involved agent, innovation by contrast concerns the introduction of new goods and services, new methods of production, new ways of organising transactions and new forms of industrial organisation [...] and tends to generate technological progress (Harper 2003, 7).
The reforms promoted by the Yeltsin government sought to solve what was seen as a social problem by promoting “entrepreneurship” as a discursive feature, and also as a measure linked to incentives and reforms. This was done first by identifying rural backwardness as a consequence of lack of entrepreneurship, and second by promoting entrepreneurship actively as a solution to rural problems. What this discursive strategy ignored, however, were the structural realities in rural and agricultural districts. Hence, for analytical purposes, we must first identify these as the real constitutive framework that any entrepreneur had to face -i.e. as the real-life social networks that existed as such.

Taking as a given the social problem that the new policy measures were intending to solve (lack of entrepreneurship), we must examine according to our analytical framework the obstacles that prevented its solution. I will start by investigating the network of practices that any assumed economic agent was involved in and examine the windows of opportunity and constrains he faced.

4.1.3.1. Structural constrains raising the costs of leaving the collective farm

By the time of the announced reforms, the overwhelming majority of agricultural workers were employed in *kolkhozes* and *sovkhозes*. These collectives were also responsible for providing social services and welfare, like housing, nurseries, maintenance of roads, water and electricity infrastructure, among other services. Thus, they occupied a role as social organiser of rural social life and they had to dispose the financial resources to do that.

One of the main tasks that the reform policies aimed at solving was to cut the excessive state resources used to support collective enterprises, many of whom were not profitable. Still, during the 1980s, 20% of all collective farms produced 70% of the total agricultural output. This suggests that there was a strong differentiation between production units in terms of efficiency and profitability. The less efficient collective farms were able to sustain themselves thanks to soviet policies of extensive farming that consistently were directed at aiding weak enterprises (Ioffe 2005, 184).

Even if a significant number of agricultural enterprises up to 1990 had, as mentioned earlier, a rate of profit of less than 10%, the share of collective farms that were working with deficit constituted 3% of the total. The steep decrease of state subsidies and the liberalisation of trade and prices made this number increase to 57% in 1995 (Kalugina 2013, 118). Thus,
inefficiency rose and production fell. As a result wages in agriculture diminished and were often retained for months.

This structural reality manifested itself discursively: The concepts dominating the discourse of defence in the 1990s reflect the reaction to this abrupt upheaval. As mentioned earlier, the images of war resistance and of endurance during hardships were used extensively, testifying either unwillingness to adapt to new conditions or unpreparedness and inability to respond to a transformation that was initiated from above and was not embedded on the social organisation of the countryside. The head of the collective farm "Zarja" answers as following to the journalist’s question about the difficulties his enterprise encounters in 1996:

"In my opinion, there is not a single farm that does not have troubles nowadays, this goes for the rest of the country too. But remember what suffering our mothers and fathers and grandfathers had to endure during and after the war, and they managed. In our collective nobody wished to withdraw with his land share and undertake commercial farming (Sel’skaja Zhizn’ 16.3.96)"

As the economic situation of agricultural enterprises deteriorated, agricultural workers were prompted to find alternative strategies of survival, relying on the resources available at the time.

However, agricultural workers had, although having obtained rights to land-shares and the possibility of exit from collectives in order to create their own farm, few, if any incentives to do so. There are several reasons for this, and many of them are replicated in the texts. The texts from 1996 convey the situation that peasants were faced with: worn out equipment, lack of fertilisers, sow corn and tools. In other words the peasants, in case of leaving the collective, were deprived of the means of production allowing them to operate as farmers. The following quote from Rosiyskaya Gazeta captures the constraining environment facing those who wished to be independent farmers in the 1990s:

"The question “why did you sell your land shares rather than starting a private family farm on them” seems so far away from the peasants’ life experience, that it feels even a shame to ask. “For you city people its easy to talk- reproached the reporter a female resident of the village of Kladovo,- But, what can I do with only a spade?” In her former collective farm "Put’ Lenina" already since 1994 there is no seeds, no diesel fuel or technical equipment. And no land – it’s sold out. People toil out of idleness. (RG 5.10.2011)"
The first difficulty we encounter is a complete lack of machines” says the former farm agronomist Victor Zorkal’tsev-Loan from the bank to buy a small tractor you wouldn’t get, you need a mortgage. You could not mortgage your land-share, cause it was not registered. For registration of your share you need to pay 40 thousand roubles. Where can we find such sums?” (RG 5.10.2011)

Even those that were ready to take the economic risk of standing alone, were at the same time risking to be excluded from the community’s social network that was at least providing some elementary social security. Moreover, withdrawing from the collective farm could possibly contribute to its breaking up. That was considered by villagers as a threat to the wellbeing of the whole rural community, whose social and material infrastructure was maintained by the kolkhoz (Lindner 2007, 499).

Private farmers in post-Soviet Russia faced a host of problems that complicate the always precarious enterprise of living off the land; lack of appropriate cash credit, ostracism and exclusion from local networks of exchange, harassment by local state officials, expensive agricultural machinery, and underdeveloped market infrastructure (Allina-Pisano 2004, 490).

Under such conditions subsidiary farming on household plots became the agricultural workers’ means of survival and can hardly be referred to as “entrepreneurial activity”, i.e. an act of discovery of profit opportunity, application of innovative methods of production or introduction of new goods and services. Meanwhile subsidiary farming could hardly exist without collective farms that assisted households for free with ploughing, delivering animal feed, corn or disposal of pasture land. Thus the strong symbiotic relations between collective farms and PSF were reinforced, during times of crisis (Kalugina 2012, 119). This factor was significant for the persistence of collective farms even under unprofitable conditions. The chairman of a collective explains:

[...]on average every worker gets 370 thousand roubles plus some "extra" from their household plot. But what efforts it takes for this "extra" its not easy to describe. Individually the peasants own from two to three cows each. This gives an average of two to three tons of milk that households sell to the government. They sell also three to six tons potatoes; all this of course, not without assistance from the collective farm. The farm ploughs the land and plants potatoes on the behalf of the villagers free of charge. Our machine operators prepare and press hay and deliver it to the households. It’s clear that all this demands much expenses. But here we think that our foremost goal is to care about the people (Sel’skaja Zhizn’ 16.3.96)
In other words, the villagers considered the collective mode of organisation to be of vital importance. Hence, the claim that the collective mode of organisation in so far as it refers to this symbiotic relationship, fits better with the mentality of the villagers, holds. The tandem of collective farms and PSF became thus a strong factor that contributed to the persistence of collective modes of organisation in agriculture and reinforced the notion of responsibility carried by collectives to their respective communities. This mode of organisation also outlasted the time frame set by government incentives. Indeed, governmental support for independent family farming was available from the beginning of 1990 when orientation towards private farming among Russian peasants was weak, while this kind of support was curtailed some years later when the collective farms were in severe economic troubles and private farming could be considered as an exit option (Mamonova 2014, 496). Thus the impoverished peasants did not have any financial incentives to leave the collective farm in order to start family farming.

Government incentives failed also in another sense. A constant threat of bankruptcy obliged the collective enterprises to sell their equipment to dumped prices in order to repay their loans. Thus the enterprises’ employees that were entitled to shares from the company’s assets, were slowly stripped of their property and in the course of time the option of leaving the collective became increasingly impossible (Kalugina 2012, 118). Moreover, the government’s sharp cuts in subsidies gave little room for independent operators to acquire the needed technical equipment for commercial farming. The often mentioned price scissors between input and output prices affected not only the collective farms, but the agricultural sector as a whole, making the option of independent farming unattractive.

Summarising the above, we can argue that the severe economic conditions under which agricultural organisations operated gave few incentives to employees to leave the parent organisation and to take the risks linked with independent business. Agricultural workers had moreover the lowest income in the country by that time and could not invest in supplementary equipment (Uzun 2014, 22). Finally, the symbiotic relation between collective farms and personal subsidiary farming, made the villagers reluctant to leave the collective farm and contributed thereby, to the preservation of unprofitable farm organisations. All this combined with unclear legal framework for land transactions and land registration rendered the entry costs to small and medium scale entrepreneurial operations not affordable for the vast majority of peasants.
4.1.3.2. Becoming a farmer - a question of entrepreneurial talent?

Let us now examine the conditions for those who actually chose the option of private farming within the network of social practices at the time. Between 1990 and 1995 the class of private farmers increased from 4 thousands to 280 thousands. In the years following 1995 their number fell to 260 thousands and it remained more or less to this level until 2004. That means that those that managed to take advantage of the newly opened windows of opportunity did so in the beginning of the reforms, while later this movement towards private farming abated (Nefedova 2005, 1).

Research on the conditions for agricultural workers shows that a typical reason for becoming a farmer was the need to find a way to make a living after losing one’s job in collective agriculture. Others did that proactively, realising that the collective could not stay afloat for long (Sutherland 2008, 15). Proactive reasons moved also individuals from other professions over to farming activities. This is how a professor of Bryansk Agricultural Academy, explains his decision to start farming in 1991:

At first, the decision for starting a farm seemed difficult, as that would determine the fate of our family and lifestyle for decades to come. In 1991 I was not only teaching, but also completing a first draft of a doctoral thesis (finally completed at the Institute of Horticulture in Moscow). We could literally "smell" the impending catastrophe in the air and had to think about how to survive the coming times of troubles. That was the first argument in favour of farming. The second was the fact that by finishing my phd “on the development of technology of cultivation of raspberries”, I had to put it in practice in order to defend my thesis. So we thought through, consulted and decided- we give it a try (Farmer Business 21.7.2004)

There was though, a high failure rate. Very few farmers made a market assessment before embarking on their business project. Respondents in Krasnodar, a region in the fertile Russian south claim that the failure rate in their region was 75% (Sutherland 2008, 30).

I must say that in the beginning we did a lot of things we did not know and could not. Well, for example, we did not know how to trade. How could I - a scientist – have had such an experience? Initially we used the method of trial and error (Farmer Business 21.7.2004)

Besides, the supposed freedom to create one’s own agricultural business was not safeguarded through an institutional framework that would guarantee the implementation of the law free for bureaucratic intervention. Alina-Pisano who conducted a study on private farmers’ social
origins in Voronezh region, claims that Soviet legacies influenced much of the outcome of the reforms, in that elite networks from Soviet times resisted the privatisation of land or allowed access to land resources only to those who had ties to these networks (Alina-Pisano 2004, 494). Thus, only persons with previous high ranking positions, such as previous kolkhoz leaders or specialists, and who also participated in local government were allowed to enter the land market and get financial assistance for their new business. However they had to overcome significant resistance from either local government officials or collective farms, before they could allocate their land-share or get a permit for independent farming. The law was applied selectively, mostly according to the regional and local administration’s discretion and only after the new land claimant could mobilise the necessary social capital that his status and connections provided, did he receive land.

The selective allocation of land and the impediments posed to non influential actors, limited therefore the growth of private farming. A main reason for the resistance towards allocation of land to independent farmers was connected with the institutional framework of agricultural restructuring. Emerging independent farmers posed a real threat to the collective farms, as they often withdrew land from existing collective farms, causing the collapse of the latter. Therefore collective farms regarded at times independent farmers as competitors and tried to contest their land acquisitions. Under such circumstances, leaving the collective farm to create one owns private farm, or to rent one’s land plot to a private farmer, was considered treason to the collective enterprise. From an interview with the chief economist of the collective farm:

Many workers left, withdrawing their land-shares from us, but 10 people came back, they felt that it is better in the collective farm. Others, perhaps, would also like to return, but either pride does not allow them or the chairman does not take them back. For if one has first joint the farmers, then that serves him right. (Fadeyeva 2009, 59)

The last quotation indicates the collision of interests within the local community. Hence, due to the institutional framework of the reconstruction of agriculture, a fight for land occurred between new family farmers and the heirs of the old kolkhozes and sovkhozes. More often than not, the survival of the first meant the doom of the latter.

Meanwhile, cases within my data sources contradict the claim of Alina-Pisano about authorities’ resistance to land allocation. Farmers report that in the early 1990s it was easy to obtain land.
I occupy myself with farming since the beginning of farmers’ movement in the beginning of the 1990s. Getting land at that time was quite easy. There was great interest. An application to the regional authorities and agricultural education or experience in agriculture for at least 3 years [were the requirements] (Farmer Business 13.4.2008)

Notably, these cases included farmers with small land holdings, up to four hectares and it can be argued that such small scale farming was not regarded as competition to existing large collectives as in the cases referred to by Alina-Pisano. The same applied to persons belonging to the margins of rural society, often immigrants from other republics or with another ethnic background. These individuals due to their outsider status did not seem to pose a threat as competitors to the collective enterprises and they occasionally managed to establish private farms after persistent efforts; On the other hand, this category did not have the means to run commercial farming, their farms resembled rather subsidiary farming, while elite farmers capturing big shares of subsidies developed gradually into holdings with economies of scale (Alina-Pisano 2004, 507). Newcomers had though to overcome the rural society’s reservation and at times also outright hostility:

In the beginning our relationship to the nearby population in the settlements was not an easy one. Influenced by years of socialism they rejected the principle of private property as sacred and inviolable [...] Then they realised that our business was in fact beneficial to them. During the worst economically years (1994-1995) many families could literally make a living only because of our business [...] Gradually their attitude towards us started to change, however (Farmer Business 21.7.2004)

There is broad agreement among scholars that most individuals who embarked on private farming were previous managers and agrarian specialists who could utilise their knowledge to generate the necessary resources to start business and take advantage of governmental support programs for private farmers that were in effect in 1990-1993 (Nefedova 2005, 1, Lindner 2007). However, there were also newcomers from other industrial sectors, like the coal industry, who decided to invest in agriculture. The new entrepreneurs were initially relying on their own and their family’s work, not using hired labour. Due to lack of a reliable grain market and often delayed payments for their products, they were trying to diversify their income sources, by combining agricultural activity with trade and provision of public services. Their land consisted of their own land-shares with additional land that they acquired
from regional land funds. Renting land was not always a favourable option because, as they said, «if you rent land from a person, then all his problems fall on you» (Fadeyeva 2012, 2) This last statement is connected to the already mentioned social functions that previous collective farms were fulfilling. Rural dwellers expected from private land operators who rented their land-plots, to provide them for free street maintenance, firewood in winter time, assistance with ploughing their household plot and other services.

Private family farmers that succeeded during the 1990s, experienced a new window of opportunity in the end of the decade and the beginning of the 2000´, when many collective farms finally went bankrupt, rendering the acquisition of additional land and machinery accessible. Moreover, in the context of downsizing the collective agricultural sector, there occurred an acute risk for lower food security in many regions. Therefore regional authorities turned to successful private farmers offering them favourable terms for the takeover of bankrupt collective farms. Some of them achieved thus a remarkable business expansion, building up holding companies.

The development of this holding company started with the formation of a medium farm on 30 hectares of land. His head came into agriculture from the coal industry, but already in 1996, the first in the area, decided to acquire ownership of one of the branches of the current collective farm. The turning point in the development of the enterprise was the cooperation between the farmer and the regional authorities. «In the beginning we were developing slowly, borrowed and expanded. Then the authorities paid attention to us, they were attracted by our activities. They made a lot of propositions, offers. They offered to provide us storage under the governor's grain fund, asked us to buy bankrupt farms. With our help the region served as a national project-everything was done in order to fulfil the targets. We took over much of abandoned land as well» (Fadeyeva 2012, 4).

Hence, building political capital proved to be a decisive factor for obtaining preferential agreements with regional authorities, within the frames of what came to be known as public-private partnership (I turn to this term in chapter 5). Thus, it seems that the option of private farming was inaccessible for the overwhelming majority of rural dwellers either due to lack of knowledge or resources, or because of selective distribution practices on the part of regional and local decision makers. The nominal freedom to become a private farmer promoted by the reform discourse, was not backed up with sufficient institutional arrangements and equal incentives to all, in order to achieve its realisation.
4.1.3.3. PSF- Entrepreneurial class or retrogression to primitive forms of production?

The failure of land reform to produce viable private farming along with the disintegration of large collective farms mentioned earlier, made the overwhelming majority of rural residents more dependent on their household plots. In fact this form of farming designed to temporarily secure food to the agrarian population during the transition, had become the leading producer of vegetables and potatoes. In 2001 personal subsidiary farming generated 54% of total agricultural production (Pallot 2003, 41), and constituted the main source of income for 39.9% of rural families.

Yet this kind of farming based mainly on manual family labour, could seldom become so commercialised in order to permit capital accumulation and lead to modernisation and efficiency improvement. According to an elder from Archangelsk oblast’:

"...now it is difficult to get people to work, especially to persuade the young to make a living from farming. How can they work without equipment, mow hay by hand, rake it and then wonder how to transport it to their yard? Farming is a burden. You have no day, nor night, nor rest in the weekend. They rushed and disbanded the collective farms in vein. People used to work in a team, alone you can not do much. Maybe a woman would like to keep cattle, but how would she, without anything, like hay which she can not mow alone. Previously, the forests belonged to the state farm, and they drove the hay, it was possible to fence a piece of land and cut wood for yourself. Later, all this was banned, the land was confiscated." (fermer.ru 2.12.2009)

PSF in rural discourse was often quoted as "katorga" (forced labour), "the curse of the Russian people" and even "the Middle Ages with the dominance of unproductive manual labor" 12. The exclusive reliance on PSF as a source of livelihood in many rural areas, where large collective farms ceased to exist, was also associated with a sense of lost status for the rural dwellers. This is especially the case with those of working age, that felt they had become useless for the society (Engebretson 2006, 27).

Besides, studies on PSF differentiation across geographical distribution, show that the maximum number of people that one household can feed from its production is 7 for potatoes, 4 for vegetables, and 3,5 for milk. Yet these numbers apply for very few areas, often situated among the most fertile soil regions or in immediate proximity to an urban centre. Thus, the vast majority of families with household plots were only able to feed themselves or their immediate surrounding- relatives and neighbours (Pallot 2003, 48). Although the growth of PSF can be considered as evidence for entrepreneurial initiative, it is more likely that it

consisted a survival strategy under conditions of diminished income from the collective farms and unemployment rise.

In my spare time, I go hunting and gather berries and mushrooms in the forest. Our cottage household plot is a great help for our family. We feed ourselves from it, we save money for clothes, utility bills and help children who have moved to South Sakhalin long ago- says a resident of the village Chekhov, Andrey Molchanov. (RG 8.8.2013)

The conditions under which this turn towards PSF has occurred verifies Endresen’s claim that “By appearance, technological retrogression is the rejection of modern technology; by substance however, it is a strategy of the marginalised and poor to uphold their level of living” (1994, 28)

In spite of the important role of PSF in national agricultural production, the small scale of its activities puts it firmly within the frames of informal sector that expanded rapidly after the reforms. Moreover, private family entrepreneurs, faced with unfavourable credit and market conditions that did not permit them to accumulate enough capital in order to modernise, chose to register as PSF in order to get tax exemption. Thus, the expansion of PSF deprived at the same time the state from considerable taxes, proving the articulated in the law objective of raising state revenues to be a delusion. In addition, prohibitive input prices on machines due to monopolistic market structures, made the mechanisation of production incomplete and forced farmers to rely on the family’s manual labour.

Why we don´t hire labour? asks Viktor Alexandrovich. So far we don´t need it. We keep 3.000 quail-hens, but could actually keep twenty thousand. But for that you need a decent quail farm with partial mechanisation- now we do the work manually. The plans are ready, but require financing [...]Meanwhile such money you don´t get anywhere, nobody lends you. Not even if you would pay back within a year without much effort». (RG, ВИКТОР КИРЕЕВ - ЧЕЛОВЕК-КОЛХОЗ)

Thus, the relegation of farmers to the informal sector of PSF was the only means that could allow these farmers to make ends meet. The fact that half of agricultural production was (and still is) produced from PSF, indicates that a partial retrogressive transformation of agriculture both in respect to technological change and the social organisation of production has taken place.

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4.2. The role of the state - Survival of the fittest?

It is striking that the state is not discernible as an agency in the discourse of the 1990s, while the decay in the rural sector is more referred to as a calamity that has hit the country as by fate. Thus, all while the state decisions on agricultural policy had a tremendous impact on the life of rural residents, the state itself became invisible by its suspension of agricultural policy. If the destruction of collective farms was intended to contribute to the formation of more profitable modes of organisation, then the reform policies did fail gravely on this objective. The dramatic fall in agricultural production in the first decade of the reforms is indicator of the insufficient transformation of agriculture. Privatisation of agriculture did not succeed in preserving domestic production.

On the other hand, there is the argument that the Yeltsin government suspended assistance to agriculture in the belief that food imports would replace domestic agriculture. Former minister of agriculture Aleksandr Nazarchuk claimed:

I must say today that in my view, when I worked as minister in the government of Viktor Chernomyrdin, there were implanted strong negative attitudes towards domestic agricultural producers and the Russian village itself. Mr Chubais, on my requirements about rural support, liked to answer: "And why should we sow and plough if it is cheaper to buy grain, milk, meat abroad. (Otechestvenije zapiski, Nazarchuk 2012)

From this viewpoint governmental policies then seem more comprehensible. The reformers counted on freeing the state from considerable expenditures, while at the same time to cover domestic food demand through imports. However, this argument was not part of the official government discourse of the time, most likely because it would alienate the agrarian population.

Effectively, the state withdrawal was threefold. First, the state withdrew as a financial supporter, secondly, as a regulator of the internal market and thirdly as protector of domestic production. Indirectly the state withdrew also as a provider of social security. As earlier mentioned this function was provided by the collective farms. True, the government decreed in 1994, that the collective farms should stop providing social services to the rural population, which instead were transferred to the village councils. However, since the state had constant fiscal constrains in the 1990s, the financial resources transferred to local government were insufficient to preserve the quality of social services previously provided by the kolkhozes.
and sovkhozes (Patsiorkovski 2002, 122-123). The effect of this simultaneous threefold withdrawal was the collapse of many collective farms (82% of collective farms were de facto bankrupt in 1998) and absent incentives for the formation of private farming (Patsiorkovski 2002, 121). Cheap food imports contributed to keeping agricultural output prices down and thus create disincentives for domestic agricultural production. Former minister of agriculture, Nazarchuk claimed:

The village was undermined by the decree on the restructuring of collective and state farms. No one took in consideration that every farm was a "town-organising" enterprise. Everything was uphold by it; from the cemetery and fire protection to schools, hospitals, kindergartens. The state at that time could not take upon it the maintenance of all this infrastructure. It provided insignificant financial support. The budget of the village council today consists of the chairman’s and secretary’s wages. Nowadays there is truly going on a campaign for the fusion of rural councils in order to minimise costs. But if there is no local government, no school, no club, no kindergarden, who wants then to live in such a village? (Otechestvenije zapiski, Nazarchuk 2012)

Thus, there emerged in the 1990s a new social order within the agrarian economy, consisting of new independent economic actors, where market mechanisms determined economic relations, and where the state was freed from many financial responsibilities. Collective farms lost much of their role as organisers of social relations, while local government got more responsibility for social policy, but less resources and power to enact decisions (Patsiorkovski 2002, 130). The result was the deterioration of the living standards of rural dwellers.

4.3. Was poverty part of the solution?

Within the frames of a critical discourse analysis it is also necessary to investigate whether the social order needs the identified problem (Fairclough 2001). In this case the identified problem becomes twofold: a) decline in agricultural production b) the persistence of poverty.

Answering the question of “whether the social order needed the problem”, I would argue, first, that the new social order that Yeltsin’s government wanted to impose, needed the problem of unprofitable farms, in order to legitimise the restructuring of the agricultural sector. Russia’s leadership adopted discursive practices that would support their intended restructuring of the whole economy in general and agriculture in particular. I suggest that the choice of neoliberal market economy needed other definitions of viability, than definitions from Soviet times. To recapitulate, the notion of state entrepreneurship coupled with the goal
of supporting rural societies and ensuring even minimal agricultural production in climatic unfavourable regions, consisted the trademark of Soviet agrarian policies. Yeltsin’s government in contrast, adopted the notion of private initiative under free market conditions as the prescription for a viable agrarian sector. Hence, the discourse of privatisation, entrepreneurship and efficiency became hegemonic, promoted within the political environment, but it failed in transforming social practices.

However, according to previous experience of applying the shock therapy method in other countries, the reformers and their western advisors were fully aware of the social costs connected with it. According to Round:

...post-Soviet marginalisation was, initially at least, introduced by the state as a necessary by-product of political reform. This is not to say that the move away from socialism and command economy was not welcome. But that it was enacted in the full knowledge of the social costs it would cause (Round 2005, 405)

It follows from this, that the destruction of collective farms did not initially consist a problem for the government while it did so for the rural economy and rural households. The ensuing poverty and drop in agricultural production became a natural by-product of the restructuring process, offering ground for contestation of the hegemonic discourse. I will turn to this in a later section of this thesis that deals with alternative discourses.

4.4. Institutional traps
Kalugina argues that the reforms rather than fostering entrepreneurship and efficiency achieved exactly the opposite. The rural society’s response to the reconstruction was a de-adaptation rather than adaptation to the created conditions (Kalugina 2013, 120). This term denotes a negative direction towards more primitive modes of social and economic organisations. According to her, the new practices created institutional traps that further impeded progressive development.

First, there was a lack of adequate social security policies to protect the rural population in the first stages of reform which led villagers to the option of subsidiary farming as a survival strategy. The tandem of subsidiary farms and collective farms, explained above, contributed to the survival of unprofitable collective farms and postponed the restructuring process.
Second, the constant effort to minimise production costs by minimising agricultural wages, perpetuated the inability of rural workers to achieve capital accumulation, as consumer demand declined at the same time. Moreover low wages and undervalued work reduced motivation and created disincentives to work.

Third, the inadvertent expansion of PSF, and other informal practices as barter transactions deprived the state of tax revenues that could be used to support social infrastructure (Kalugina 2013, 120).

Fourth, rise of rural unemployment, as many farm collectives went bankrupt, made a portion of rural residents resort to non-traditional sources of income, including criminal activities. (Kalugina 2013, 125). Adding to this, when the Soviet era distribution, supply and market structures suddenly collapsed, they were replaced by new structures that were either insufficient or connected to criminal networks. Among them we can mention the new class of middlemen, treidery, that bought grain en masse in low prices and secured for themselves the highest profit margin (Ioffe 2005, 188).

Hence, the ostensible goal of encouraging entrepreneurship, not being backed up with necessary institutional arrangements and adequate social policy programs failed during the first stage of reforms. Instead, entrepreneurship developed as speculation and arbitrage, exacerbating the economic situation of rural producers.

4.5. Contestation and support-The political foundation of the reform discourse

In the above section I have established the argument that there was a divergence between policy goals and outcome in the first decade of the reforms. I have investigated a series of obstacles to the solution of the problem within the social practices that this was located. I will now turn to the ideological and political origins of the governmental discourse.

The restructuring of the Russian economy and society as a whole, and Russian agriculture in particular, was coinciding with a restructuring process in the Western countries as well. This process implied the transition from one regime of capital accumulation and social regulation to another. This restructuring process was moving away from an already eroded fordism model to a mere neoliberal model, where the state as regulatory institution was defined as ineffective and inefficient and needed to be replaced by a system based on market oriented mechanisms. Jessop claims that the neoliberal strategy is based on...
promoting «new discourses, subjectivities and ways of representing the world, which
establish the legitimacy of the market economy, the disciplinary state and the enterprise
culture» (quoted in Potter 2005, 586).

More concretely and particular to agriculture, the neoliberal course was advocated by
those who control the financial capital engaged in non-productive sections of the agricultural
commercial circuit; that is the processing, distributing and retail sector. This fraction of
capital, fighting for global market shares under conditions of intensive competition, seek free
movement of goods and services and is in constant demand of low cost supplies. The
international arenas where the neoliberal discourse gained momentum were the WTO, EU
and IMF propagating their goals of unrestricted movement of goods and capital. On the other
side of this struggle were the interests of the productive capital-i.e., agricultural producers
within national economies who were depended on state support and regulative policies in
order to maintain domestic agricultural production and preserve their living standard.
National policy makers on the other hand, were called to pursue fiscal rectitude, such as
reduced public expenditure and corporate taxation, and eliminate tariffs in order to achieve an
internationally competitive economy (Potter 2005, 587). Within EU the neoliberal turn is
evident by policies of budgetary rectitude, financial deregulation and labour market
“flexibilisation” (Potter 2005, 588).

In other words the fordism/keynesian tradition, which prevailed in the Western
countries of Europe and in USA since the Second World War, and which has considered state
assistance to agriculture and justification of state intervention in the sector, as part of the
larger social contract between labour and capital, came under strong pressure within this
restructuring process (Potter 2005, 587). Subsequently, in the Western world the neoliberal
discourse was resisted by proponents of the agricultural welfare state. This discourse has been
framed in terms of neo-mercantilism and «multi-functionality». The first calls upon the state
to secure national productive capacity and export potential of a country. The latter denotes the
many special functions assigned to rural areas, such as biodiversity, landscape preservation
and cultural heritage, which cannot be left exclusively to market forces. Concerns about the
fate of agriculture in marginal rural areas, environmental damages caused from intensification
of agricultural production and the rapid change of the countryside are informing the discourse
of «multi-functionality» and link it to the notion of moral economy (Potter 2015, 590).

The Russian reform discourse displayed conceptual constructs that were very similar
to those of the neoliberal discourse that was dominant in the restructuring of agriculture on
the global scale— that is commitment to the rules of free market and withdrawal of state intervention, ending of state subsidies, stress on efficiency and productivity in order to enhance competitiveness. However, while in the EU the discursive and political struggle was waged between different factions of capital within more or less democratic institutions, in Russia the contestation to the reform policies came from the political faction connected with the Soviet past; it was framed as a struggle between communists and democrats, Soviet minded and modern reformers. As Desai noted, in promoting the reforms, the Yeltsin government went for confrontation:

*nor was there a strategy of seeking a steady political majority within the Supreme Soviet, which was roughly divided into three equal factions: Communists, reformists and an unsteady middle group that could float in either direction* (Desai 2005, 95).

Thus, neoliberal reform policies became tantamount to democratisation and hence, contesting the neoliberal discourse was arguably *anti-reformist and antidemocratic*. In this way Yeltsin’s reform team succeeded in exchanging «Marxism- Leninism for Friedmanism», as the political scientist Sergei Rogov has remarked (Desai 2005, 95).

While in Western societies agrarian interests are consolidated within political parties and thereby can summon considerable support, the imposition of agrarian reform in Russia led to the fragmentation of the agrarian society and impeded collective resistance to the unpopular for the countryside reforms. Wegren argues that the state under Yeltsin pursued policies that damaged rural interests and weakened the financial condition of agricultural producers. Privatisation enabled the state to take anti-rural measures as it created groups that benefited from these measures and developed a stake in privatisation, like the private family farmers and reform minded farm managers. By contrast, regional and local officials resisted the reforms, as they ran counter to their interests, while the overwhelming share of rural dwellers having acquired private land plots lost their ability to mount a counterforce as a unified group against state wishes (Wegren 1998, 16).

The majority of the electorate in rural districts though, supported Communist-backed candidates in the first free republic and local elections held in the Soviet Union in 1990. To avoid a similar result in the Russian Federation, that would threaten the implementation of the *shock therapy* programme, Yeltsin suspended local elections that were scheduled between
1991-1993, and appointed instead local governors that would ensure the implementation of his public policy (Crumley 2013, 83).

True, the Agrarian Party of Russia was founded in 1993 as a political force against the reforms that threatened the interests of collective agriculture. It voiced its resistance alongside with other political forces like the Communist Party and the Liberal Democratic Party. On the other hand, the newly created interest organisation of private farmers, AKKOR, favoured the reform and consisted at the same time a lobbying organ for the protection of farm interests. Later in the 1990s, when the effects of the reform proved damaging for all producers, these two political forces joined action in lobbying for higher protection measures against food imports and austerity programs that decreased budget transfers to agriculture. However the modest protection measures following their actions, did not bring any significant results, as trade agreements with other states were prioritised from higher federal officials (Crumley 2013, 89).

Moreover, international institutions like the IMF and WTO were heavily involved in the restructuring of the Russian economy contributing to the neoliberal framing of the reform discourse. The IMF assigned a stabilisation program for the Russian economy from the early 1990s (Desai 2005, 100), and Russia’s WTO accession negotiations started already in 1993. Hence, it seems evident that the neoliberal restructuring of the agricultural sector was a prerequisite for the inclusion of the country to the western economic system and institutions. The World Bank monitored the progress of the restructuring process and released evaluating reports on Russian economy. Table 5 shows Russia’s ranking in a World Bank report on the success of the agrarian reforms.

**Table 5**
The World Bank evaluation of Russia's transition agro-food policies$^{13}$ (Liefert 2011)

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$^{13}$ The scores are from 1 (lowest) to 10 (highest).

This evaluation indicates that the discourse of transformation of Russian agrarian economy belongs to the neoliberal discourse, guiding international economic policies, through international institutions as World Bank, IMF and WTO and which was recontextualised in the Russian transition context. As we see, 10 is the highest score, which means that policies achieving price and market liberalisation and privatisation were estimated as most successful.

The powerful discursive link between democratisation and neoliberal ideology in the Russian context helps explain the reason why so unpopular policies, as those of Yeltsin and his first prime minister Yegor Gajdar, could be implemented without arousing public protest initially. Rogov explains the popular attitude at the time:

There were enormous expectations. People came out by the thousands in the streets of Moscow demanding immediate and fundamental changes. Later they felt that they were betrayed. They were manipulated by the government. There was frustration followed by societal fragmentation. Since the expectations were so high, the let-down was massive too (quoted in Desai 2005,96).

In the rural discourse of deprivation, this discontent is addressed precisely against the “democrats”. This term denotes the guilty ones, those that bear the responsibility for the economic collapse of the countryside.

traveling across the villages of Mother-Russia most often you can hear the lamentation brought about by the “democratic” reforms (sel’skaja zhizn’16.03.96),

and elsewhere,

Under the pressure of “democrats” many collective farms have changed their signs [names] (sel’skaja zhizn’16.03.96)

Hence, the tandem of democratisation and neoliberal reform discourse got free pass in policy design, creating a specific trajectory for the further socio-economic development of the countryside.
5 Analysis of Putin’s post-reform policies

5.1. Alternative discourses-Discursive shift

By the end of the first decade of reform, and as a result of its catastrophic for the countryside effects, there arose critical discourses, presenting alternative representations of rural economy and society and proposing new policy strategies to solve the accumulated problems. On the one hand the dramatic fall in domestic food products started to threaten the country’s economic sovereignty. On the other hand, the social costs of the failed agrarian transformation were so grave, that they rose fear for an imminent demographic watershed. The need therefore to find adequate policy measures to meet these challenges became imperative.

The contours of these alternative discourses are exemplified in a round table discussion between representatives of agrarian interests, academics and governmental officials presented in Rosiyskaja Gazeta. The topic of the discussion was formulated such: Why rural people live as if on another planet? When at last will we be able to bring their standard of living if not to the urban level, then at least to a human level?

This discussion is considered representative, because the participants come from different social fields, while they all have agrarian issues as their focus area. They comprise the leader of the agrarian movement, the editor of the agrarian newspaper “Krestianskie Vedomosti”, the director of the National Institute for Agricultural Economy, the leader of the party “Our Fatherland-All Russia”, the governor of Belgorod oblast’ and the director of the Department for Social Development of the Ministry of Agriculture. Their different standpoints therefore, are expected to express a broad spectre of views. The fact that in this debate they voice consensual views, opposed to the agrarian policies of the government at the time, indicates that there had taken place a consolidation of alternative interpretations, struggling to gain dominance in the sphere of rural policies.

Among the views of the participants we can discern first an alternative view on the role of rural society. According to this, rural communities should not only be regarded as suppliers of agricultural products, but also as guardians of social control over the country’s territory, folk traditions and ecological biodiversity among other aspects. The people is regarded as the carrier of cultural heritage and traditional Russian norms and values.

According to the new emerging discourses, rural settlements contribute to the preservation and transfer of knowledge and skills in nature management, land use and
agricultural work (Kalugina 2011, 67). Therefore it is necessary to appreciate the village for its multifunctional social role and create the conditions that enable the rural inhabitants to fulfil these functions. This view was in accordance with the Western discourse of multifunctionality that pertained in the debate on agriculture’s global restructuring, already mentioned earlier.

*People in rural areas have to live in a civilised manner. But this will only be the case if the village will be seen not only as a major agro-industrial sphere of the economy, but primarily as a socio-territorial component of our society. After all the village is not only agricultural production, it is also demography, ecology and culture.* (RG 8.4.2003)

Hence special attention in this debate was given to the social conditions in the villages, that had undergone a severe deterioration during the first decade of reform. The state was called upon to reassure its responsibilities in restoring the rural social sphere. Thus, the second argument stressed the importance of state social support.

*agricultural producers are forced at their own expense to solve the problems of social infrastructure in rural areas, which in fact are the responsibility of the state. Villagers often lack elementary amenities, and they have to solve the problem of heating or water delivery themselves. People living in rural areas, do not get from the state, even the assistance to which city inhabitants can expect - in the village there are no benefits for utility services, because there are no utilities. They are unable to use the benefits for transportation, because there is no transport. One-third of Russian villages do not have asphalt roads. Phone can use only one in ten families. But people who live in rural areas, creating the gross domestic product, pay taxes but are neglected by the state.* (RG 8.4.2003)

Thirdly, the notion of social contract between the government and the agricultural sector was also articulated in this article. This element displays discursive affinities with the model of agricultural policy that had dominated the Western countries’ agricultural policy after the Second World War. This model considered small and medium farm business as economically vulnerable when faced with unfettered market forces. Therefore state intervention was regarded as necessary in order to protect domestic producers and ensure their economic and social wellbeing. This view, as I mentioned earlier was part of the mercantilist discourse, contesting the neoliberal turn in global agricultural policy (Potter 2005, 587).
we can conclude such: the country needs a basic agricultural law as it needs breathing air; a kind of contract between the state and the agricultural producers, as is done in developed countries. According to it, the village should become a priority sector in social and economic development of the country. But this requires political will. Many parties like to address the villagers for support on the eve of elections, but afterwards they seldom hurry to do something for their constituents (RG 8.4.2003)

The rural social welfare was within these discourses directly linked to the economical performance of the agrarian sector. According to all of the participants of the round table, improvement in the social conditions was considered a prerequisite for a vigorous agricultural sector and visa versa. Meanwhile, there was also a need for regulative measures on prices, production quotas, import protection measures and favourable conditions for rural financing. In other words, measures that were clearly anti-market from a neoliberal perspective. This consisted the fourth argument, pointing to the need for a shift of policy paradigm.

[...] it is crucial to balance the economic and social spheres. In this regard, I agree with the statement of Academician Dmitry Lvov, who said: we live badly because we work badly, but we work badly because we live badly. This applies to the village in the first place, because it is 80 percent of Russia's territory and about a third of the population for which the production is the sole source of income.

[...] the Government should take care to ensure that the domestic agricultural sector works in full force. We have enough humiliated the peasant, relegated him to the category of pitiful, as the veterans and the disabled. Give him a chance to prove himself. Provide him conditions for obtaining his real income. Define clear-cut rules on the market, eliminate the intermediaries, set specific figures of production of meat, milk, grain and so on. You will then see that he is quite capable of feeding not only all my fellow countrymen, but also provide environmentally friendly products to the near and far abroad.»(RG 8.4.2003)

Summing up the above, the markers of a discursive shift were:

1) Discard urban bias which had dominated agricultural policies the last decade, and which treated rural society only as a provider of agricultural products. Rural society plays equally a socio-cultural role in safeguarding national traditions, values and norms, control over Russia’s vast territory, biodiversity and population reproduction.
2) The state was called upon to actively participate in rural social development.
3) The state should enter into a social contract with rural producers, ensuring viable conditions for the agrarian sector, that permit rural workers to preserve a fair living standard.

4) In connection with the latter, the state should undertake its obligations as a regulatory institution, setting fair rules in the market, eliminate intermediaries, set production goals and guarantee employment possibilities. The state should create the necessary stimulus for rural residents to engage in entrepreneurial activities.

5.2. The state’s comeback

The appointment of Vladimir Putin to the post of prime minister in August 1999 and his subsequent election to the presidency in 2000, marked a turning point in Russian politics in general and agrarian policy in particular. Putin’s takeover was followed by strong expectations about renewal of the withering agricultural sector. Only months before the presidential elections of 2000, that would decide whether Putin would be able to sit in the presidential seat the next four years, concerns about his choice of governmental measures for the agrarian sector sounded thus in the daily federal newspaper Nezavisimaya Gazeta:

The question arises: on the eve of a stormy election campaign; is it logical, or politically justifiable to postpone the most burning, the most vital and most explosive issues; providing the country with bread and butter? All the more that today, almost two thirds of the population have dropped below the poverty line and are practically starving? But the poorest part of the population is the same protest electorate, which is more likely to vote for the Communist leader than a protégé of Boris Yeltsin. Is Putin indifferent to their voices, and is he so confident for his victory?!

But in any case, even without the pre-election manoeuvres, the chairman of the government has no other way than to take unpopular among “pure marketeers” measures, because in the present situation it should not prevail blind obedience to the canons of the market (NG 8.2.2000)

Putin would expectedly, take these expectations into account which incidentally converged with his political goals. Under Putin, one of the main policy objectives of the government was to recover Russia’s role as a global power. A strong agricultural sector in the context of world food scarcity and price competition would contribute to this goal (Wegren 2013, 209). Hence, according to the new policy goals, weak agricultural production was identified as a problem that the government had to solve. Putin made therefore the doctrine of food security a priority project, along with efforts to improve the socio-economic conditions in the countryside that would make the regeneration of the agricultural sector feasible. In this light
governmental goals came more in line with goals voiced from earlier critics of reform policies. Among previous critics of Yeltsin’s policies was the Agrarian Party of Russia (APR). APR, which until then had a centre-left political orientation, supported Putin’s president candidacy in 2000. Putin’s first minister of agriculture was Aleksej Gordeyev, previously member of APR. In subsequent years APR gradually fused with Putin’s party United Russia, and in 2009 it ceased to exist. State policies on agriculture under Putin intended to:

- Improve productivity and the financial strength of large farm enterprises,
- Impose import protection policies for several food commodities
- Government intervention in the grain market to ensure a stabilisation of wholesale prices, regional supplies and retail prices for consumers (Wegren 2013, 210).

The enactment of the Land Code in 2002, regulating land transactions, was the first landmark of the Putin’s agrarian policy. In addition, the government passed in 2002 the Law "On the federal targeted program" Social development of the village until 2013", which aimed at the socio-economic improvement of the countryside, by upgrading the social infrastructure in village areas, creating conditions for the amelioration of the socio-demographic situation, the expansion of the labour market in rural areas and the enhancement of its attractiveness

The most comprehensive attempt to support the agricultural sector was expressed in the law “On the development of agriculture” from 29 of december 2006. The law defined a wide ranging set of goals:

*Governmental agrarian policy is an integral part of the state’s socio-economic policy directed at the sustainable development of rural areas. The term “sustainable development of rural areas” means their stable socio-economic development, increase in agricultural production, improving the efficiency of agriculture, the achievement of full employment of the rural population and increase their standard of living, and rational use of land.*

The law included measures for budget support for all types of agricultural producers, proposed special taxation for agriculture, regulation of the agricultural market, anti-monopoly measures, state market intervention for the stabilisation of prices and special support to agriculture within climatic unfavourable regions, among other things.

14 [http://base.garant.ru/2159191/]

15 [http://base.garant.ru/12151309/]
Hence, the new leadership seemed to deviate from the neoliberal course of their predecessors, as well as appropriating much of the slogans from the agrarian opposition. However the new political goals, although well justified, had to overcome a series of problems and imperfections created during the first stage of reforms. The most significant ones were:

- The stratification of agricultural production and rural societies. Commercial large farms within the most favourable regions of the country, among them large agroholdings, had become the biggest land owners, and were able to pursue significant technological modernisation. On the other side of the divide were much of the PSF farmers and family or collective farms surviving in marginal areas, which had undergone a technological retrogression in the 1990s. The first ones could capitalise the most from state programs aiming at production growth. The last ones on the contrary could hardly join in a modernisation process, as they could not show the necessary profitability potential. Poverty though is mainly concentrated within the last.

- Furthermore the obligations that the Russian government undertook within the process of a Russian accession to WTO, put limits on the governments ability to enact import protection policy measures, such as higher import tariffs or lower import quotas. Hence, the endeavours of government to influence the trade balance in a favourable direction for Russian products, had by necessity to concentrate at enhancing Russia´s export potential for products in which Russia had a relative advantage. That is corn products in the production of which are engaged the largest farms and agroholdings.

- Another problem was the monopolistic systems of delivery of input goods (machinery, lubricants, fuel), and distribution of agricultural products, created during the gradual collapse of the corresponding state system in the 1990s. Such structures impeded the successful integration of small and medium producers to the formal economy and impeded their development.
Yet another problem was the speculative alienation of land, from their initial owners i.e the peasants, that was pursued during the whole reform period. The new Land Code from 2002 determined the rules for agricultural land transactions, but did not halt the process of land accumulation by strong capital interests. Through this process a share of agricultural land had passed to the hands of land speculators and had exit the agricultural sector.

Finally, the lack of human capital in the countryside caused by outmigration. The subsequent decline in educational centres for specialist in agrarian professions exacerbated still further the problem of lack of qualified personnel. In addition deviant behaviour patterns manifesting as alcoholism and theft were considered ingrained rural characteristics which hampered development and could at times obstruct entrepreneurship in the countryside. The quality of human capital was inexorably linked to the phenomenon of rural poverty.

The above mentioned constrains constituted the specific trajectory created by Yeltsin’s reforms mentioned earlier, which any new political course had to relate to. The ability to influence the given trajectory and carve out a new policy road that would balance a growth in the agrarian sector with social development and prosperity, would be the criterion by which to assess the success of the Putin’s agrarian policy. I will now examine the political discourse in relation to the concrete implemented measures, in order to comprehend and explain their impact on rural society.

5.2.1 Winners and losers of state support policies
The issues of competitiveness and viability of the different types of agricultural producers, as well as their perspectives within the policy frames of WTO constituted some of the main elements within the political discourse of Putin administration.

Turning to concrete statements by Aleksej Gordeyev, previous minister of agriculture between 2000-2009, we can investigate how the discursive framing of agricultural policy was utilised, in order to promote certain forms of agricultural production, by giving primacy to some type of producers and areas over others. From an early interview with Aleksej Gordeyev, from 2003, it seems clear that the government aimed at a moderation of the neoliberal policies pursued by Yeltsin’s government.
Something we certainly managed to do, is achieving significant moderation of the liberal course. In particular, we were able to show that the future belongs to large agricultural producers, to agricultural holdings, which are controlling the entire trade cycle - from field or farm production to the shop counter. In this case, we can talk about the fair distribution of income. (RG 1.7.2003)

Noticeably, there was a shift of policy direction, which was expressed in the notion of **moderation**. Moderation was articulated as an opposition to neoliberal policies, which were linked to the decline of rural economy under the previous leadership. At the same time he suggested that this moderation implied a more active support of agricultural producers. However, the producers that were considered able to secure the future national production were the agroholdings. Instead of relying on individual family farmers, who constituted at least the nominal goal of Yeltsin’s reforms, the targeted group for state support were now the large companies and agroholdings. Thus the bulk of state support was assigned for this type of producers. The argument partaking in the official discourse on agroholdings was that agroholdings, as they control the whole cycle of production, can ensure an uninterrupted supply of food. Further, that they were in a better position to overcome the power of monopolistic structures of supply and distribution, and that they were better positioned to compete in the world market in the event of Russia’s entrance in WTO.

Interestingly though, the minister presented the high concentration of farmland under such operators, which was often contested from peasants and other social actors, as a necessary prerequisite for the successful adaptation to new economic conditions.

*Journalist*: «But the village is not only the territory of poverty, it is also enormously rich patrimony of agricultural latifundists. As far as you're concerned, how much does the latifundisation of the countryside at which it seems that virtually all government decisions contribute, worry you?»

*Gordeyev*: «After accession to the WTO, large holdings could easier adapt to the new economic realities in the domestic and foreign markets. But enough about them, on the other hand personal subsidiary farms produce more than 50 percent of the meat and milk supply, more than 80 percent of vegetables. Also the Russian farmers who, whatever may be said about them, are a stable class, providing 8.7 percent of the total food balance. Whom should the state support? Only the ones who are working effectively. Subsidiary farmers, family farmers, agroholdings – without distinction. To rely only on large holdings is wrong.» (RG 24.6.2004)
In this case the minister made use of an empty signifier: *new economic realities* in order to create a consensus around government’s political course. *New economic realities* were presented as an inexorable fact outside of government’s control that agroholdings were better prepare to face, in order to justify governmental support for agroholdings. These *economic realities* stem from the integration of Russian economy to international structures, like WTO. Gordeyev did not seem to worry about the high concentration of arable land under such agroholdings. He called it *objective process* that contributes to technological modernisation and increased efficacy of agriculture. Thus, land concentration under few operators, was presented as an historical necessity:

*It’s absolutely clear to me that the state’s agrarian policy should represent the interests of producers, and not just those who just own land and earn from it.*

*So the appearance of major land stakeholders [agroholdings] in Russia is an objective process that helps create the conditions for a modern, high-tech production. (RG 11.5.2007)*

By this last statement Gordeyev blurs the terms *producers* and *land owners*. These terms could not denote either a homogenous class of agricultural producers, or a corresponding class of landowners, for the simple reason that these categories had become fragmented. The class of agricultural producers comprised both affluent investors in agriculture and family farmers, as well as marginalised subsidiary farmers. The fact that the state wanted to support agricultural producers sounded as a beneficial measure for all producers. Meanwhile, in this specific case, this applied mainly to large producers and excluded, at least in the first years of Putin’s government, the overwhelming majority of small and medium agricultural producers, who experienced very uncertain conditions.

As for the term *land owners*, it comprised thousand of peasants that were entitled with land-share rights, which they very often rented out to farmers or large enterprises. Most often the reward from such a rental agreement was payment in kind (corn, animal feed). Hence, the statement of Gordeyev did not present an unequivocal assurance that the interests of rural producers or land-share owners would be prioritised.

Judging from this statement, it seemed that the criterion of effectiveness was utilised in order to justify support for large enterprises and agroholdings. In 2000s the main beneficiaries of governmental support were the large agricultural enterprises. 1.4% of the largest farms received 22.5% of all subsidies (Kalugina 2013,122). Still in 2011 this trend
seemed to persist. According to Nezavisimaya Gazeta’s article questioning the distribution of state resources:

*It is obvious that there, within the Russian agribusiness have occurred structural changes of historical significance: there appeared Europe's largest land owners, agroholdings and other multinational structures, establishing a giant oligarchic consolidation of production capacity in crop and livestock production. Russian and foreign capital invest in the industry which provides the highest rate of return at minimum payback. Thus, in the livestock industry major investments are made in poultry and pigs - and now Russia is ready to export these products. While meat and dairy farming, as technologically more complex, with longer payback periods, was on the periphery of the investment process. One of the most important characteristics of the current development of agribusiness is the fact that the state directs 90% of loans, grants and subsidies allocated for the development of Russian agriculture, to large agricultural holdings, which combine no more than 20% of agricultural producers. The remaining 80% working in this field - medium and small farmers, and other private owners - get no more than 10% of the allocated financial resources. (NG 26.10.2011)*

This shift of attention towards large scale production systems was followed by the introduction of the term agricultural **investor** as surrogate for **farmer**. As the process of farmerisation in the 1990s that aimed at creating a class of rural producers based on family land holdings failed, the government had to find an alternative strategy. The emergence of agriculture as a focus area for investment in 1999, when the devaluation of the rouble had made domestic agricultural production more profitable, created expectations that investors coming into agriculture would revitalise the sector. Again, according to the minister of agriculture:

*Today it is clear that almost all of the "hopeless" collective farms drew the attention of investors and gradually pass through the procedure of civilised bankruptcy. In Russia, about 40-50 large holdings are owned by private individuals. These "kulaks" undertake a very risky business, so I think we should cherish and support them in every way. After all the technological breakthroughs that have occurred in Russian agriculture, are all examples of large-scale investments, lifting whole areas out of extreme poverty. And all that thanks to them. (RG 24.6.2004)*

Thus, the government’s discursive focus on investors underpinned its policies directed towards preferential treatment of large agro-business. According to the farmer Victor
Ozherelyev, there were being created attitudes that undermined farmers´ role and justified their unequal treatment compared to the large agro-business:

*A major problem, perhaps, is the fact that both the government and society, and the business elite consider farmers as an unfortunate misunderstanding. Here comes, they say, in the village a major financial capital and solve all the problems. So that (according to the famous oligarch Vladimir Potanin) Russia must just be happy that she has no farmers. Therefore, the banks (despite the excellent business reputation and credit history) refuse to carry out investment lending, and the government takes into account only the interests of big agribusiness.*

(Farmer Business 21.7.2004)

Thereby, contrary to Yeltsin administration´s articulated objective, that individual farmers should form the bulk of the farming sector in Russia, the Putin administration relied on the model of “industrial recruitment”, which meant external capital investment as the moving engine for the development of village economy. This was a crucial policy shift as it removed power and responsibility from agents embedded in the local village life and culture, while it opened up the rural space to agents outside village culture, whose interests rested exclusively on economic grounds.

Meanwhile, far from all rural areas in Russia fall under the radar of such investors. Areas or farms that do not have enough profit potential, do not attract their attention. Owners of land-shares in Bogoroditskii rayon for instance, lamented the inability of the authorities to find an investor for their land shares. Bogoroditskii rayon, belongs to Tula oblast´, one of the most depressed regions in the Central Federal District of Russia. The term *investor* had penetrated the peasants´ vocabulary, and had taken somewhat extraordinary dimensions. In the peasants´ language *investor* is replaced by the word *хозяин* which means host, boss or master.

*Since long time now the authorities should have found us a host - picks up the theme Nikolai Semyonov. - Yes, even raider! So he could buy from us these unfortunate land-shares.*

(RG 5.11.2011)

Interestingly, the villagers appeared as powerless agents, even when they were in possession of a land property. Their economical and material conditions did not allow them to start farm business on their land themselves, but instead expected the advent of the announced *investors*. The term *unfortunate land-shares* captures this feeling of powerlessness. Indeed, what was designated as an asset for the villagers, was transformed to a liability.
Thus the nodal term *moderation*, was defined as the adoption of agricultural support policies to agriculture, in opposition to Yeltsin’s policy of curtailing subsidies to agriculture. However, the state support favoured the model of “industrial recruitment” instead of “self development” of rural economies. Thereby the term agricultural producers, that until then was associated with peasants and local farmers, was now supplemented and included industrial companies, investors and agroholdings.

In order to better interpret the discursive framing of governmental policies favouring large scale farming, we must, in the next section, take a look on the controversial role played by the agroholdings in Russian rural economy.

5.2.1.1. *Agroholdings or oligarkhoz*

The emergence of agroholdings was estimated in different ways within the different discourses on agriculture and rural society. According to Gordeyev as well as to many regional governors, agroholdings were the new agricultural operators that were able to provide technological modernisation and effectivity in the agricultural production. In contrast, critics called attention to the fact that rural areas become the *fiefdom of agricultural latifundists*.

Agroholdings are vertically integrated companies based on contractual links between production, distribution and supply of agricultural goods. They are often initiated from processors, traders, retailers and input suppliers. that take under their control farming enterprises; these can supply them with products that satisfy certain quality and safety standards. Such vertical integrated companies overcome problems connected with market imperfections in transition countries, like lack of efficient market institutions and infrastructure (Swinnen 2006, 10). Meanwhile the integration of farms in such agroholdings is not only based on contractual agreements, but also on wholesale purchase of entire companies (Ioffe 2006, 188).

According to Nikulin (2005), the emergence of agroholdings started in 1999, when food imports plummeted as a result of the economic crisis and rise in demand for domestic food product. Owners of big capital from oil and metal industry saw new investment possibilities in agriculture and started appropriating land and collective enterprises, integrating them in holding companies. Hence, Nikulin’s renaming of such agroholdings to *oligarkhoz*. 
The regional governments of Orel and Belgorod in Russia’s black earth zone (Chernozem), have been pioneers in promoting the model of vertical integration as a way to revitalise the rural economies within their jurisdiction. The governor of Orel Yegor Stroyev chose the formation of government controlled companies, which management lays on the hands of regional officials. On the other side was Yevgeni Savchenko, governor of Belgorod oblast’, who mobilised private capital for the formation of vertical integrated structures. Following their example, governors of neighbouring regions embarked on similar projects choosing between the two models of private and state ownership (Nikulin 2005).

Subsequently, big capital investors were able to make large scale investments and introduce technological innovation in their farms. It is however the most profitable farms that attract the interest of such investors, often those situated in the most fertile regions of Russia, or in proximity to large urban centres. Thus, according to the Moscow Institute for the agrarian market, holding companies are «currently picking up the last unaffiliated farms in Moscow oblast’ and continue to buy up the best farms in other regions» (Ioffe 2005, 189). Each year the share of production of marketable products for the top 10% large holdings increases along with the concentration of land under their control (Uzun 2014, 55).

The government saw therefore in these operators the future perspective of agricultural recovery. More than that, the government considered these investors as possible partners in the social and territorial development of the countryside. As we saw earlier, the government set out the «Social Development of the Village» as a priority project. Within the frames of this project the term of Private Public Partnership (PPP) was introduced in the governmental discourse. It is noteworthy that PPP came to play an important role in the promotion of agricultural investors (the new kulaks) agroholdings, and this basically as the state’s main business partner. Gordeyev explained this position in an interview from 2004:

We expect from the “new kulaks” that they shoulder the heavy task of maintaining the rural population, the youngsters and the pensioners. They actually do it, by giving work and a piece of bread to hundreds of thousands of people...

The state is indebted to those that do real work in the village. But it is a shame to demand too much of them, since the government has not yet worked out a stable agricultural policy, or managed to secure its own role as a regulatory body in a long term perspective. It is neither in a position yet to radically solve the social problems in the villages. Therefore, me personally I have one advice to owners of agricultural holdings: to unite in self-regulatory organisations in order to defend their interests vis-à-vis the state as well (RG 24.6.2004)
Thus, the new kulaks were assigned the role of state’s proxies, able to undertake tasks that the state should fulfil. Investors are presented as the heroes that lift peasants out of misery. By putting their wealth in risk, they provided rural workers with their *daily bread*. They were depicted almost as philanthropists who deserve gratitude, and hence the state had to create viable conditions for their business as an exchange for their services. What were then the conditions that would attract investor’s commitment to agricultural business? The same minister explained in 2007:

*RG: Alexei Vasilyevich, is it true that it is now more advantageous to invest in the Russian black earth than to offshore business or Swiss banks?*

*Gordeyev: What does the world practice show? Investors are going into agriculture when there is a comprehensible to them, long-term program of public-private partnership. The state plays a key role in the socio-economic policy in the countryside.*

*That is the main achievement of the State Agriculture Development Programme – Then a businessman begins to think: Aha, they support with ten-year term loans, or seven-year, for seeds, fertiliser, for breeding stock, new equipment. Now he can count on promising perspectives. (RG 13.11.2007)*

Gordeyev refers to the term *world practice* in order to give government’s choice of PPP universality. There is a stark difference though, between the conditions offered to large companies and those that were available for individual farmers. In numerous interviews with farmers, it comes forth that one of the main problems rendering their business perspectives uncertain was the lack of credit on reasonable terms and interests rates. That was the difficulties a farmer encountered in 2004:

*It's not that I do not know the ultimate goal of my project. I have no way to implement it however, due to lack of opportunities for serious investment loan. This is a paradoxical situation. On the one hand, banks literally "burst" out from abundance of money that they have "nowhere" to invest. On the other, a large part of the business and intellectual elite of the country, concentrated in farming, cannot realise their creative potential, suffocating from lack of money and much uncertainty.”*  
*(farmer-business 21.7.2004)*

Another one reported in 2008:

*I would like to mention here the unavailability of credit for most small business forms and this despite the fact that the state declares its full support to the agricultural sector production, but in*
reality commercial bank loans are too expensive and the vast majority are not available. (farmer-business 13.4.2008)

By contrast Gordeyev offered to agroholdings seven or ten year credit as part of a private public partnership. He conceded however that the arrival of big business in agriculture is always connected with great social and political risk. This is a reference to the mobility of capital; the risk that investors in a later point in time may withdraw from agricultural business to other sectors, or to other regions that bring a higher rate of profit and abandon a rural community that is highly depended on this business.

First, everyone is happy: "He bought 100 thousand acres of land - oh, how wonderful!" It’s true, on these lands there are dozens of villages and hamlets. Their residents can only work for this businessman; other companies and employers are not there. But he, after a year or two, suddenly, for some reason turns dissatisfied, he does not want to be a farmer any more, I will sell the land and slaughter the cows

It seems he has the right to; it’s his land, and his cows. But the people have nowhere to work: there is an acute social crisis. Who can and should solve this problem? Only the state authorities of the Federation, local self-government.

It is obvious that it is necessary to amend land laws: big business, coming to the village, must sign a contract with the regional government of its social responsibility. (RG 13.11.2007)

Hence, the notion of social responsibility of enterprises, returned in government’s agrarian discourse, roughly a decade after the decreed prohibition on collective farms’ delivery of social services. The implosion of agricultural enterprises in the 1990s and the ensuing deterioration of social infrastructure, combined with the state’s and local government’s inability to contribute substantially in that area created the need to find new strategies in solving the problem of insufficient rural infrastructure. Notably, the government turned to financial models similar to those used in Soviet times, though this time the model was based on private financial capital. The notion of private public partnership served as an innovative model for providing services and infrastructure, previously managed through farm collectives.

As a strategy for urban development PPP, had entered the political discourse in the 1980s, mostly as part of the neoliberal policies promoted by Thatcher and Reagan. The rationale of PPP was to reduce government expenditures on public services and shrink its
areas of responsibility. It is based on the conviction of “the supremacy of the private sector and market forces in nurturing development”, in contrast to state inadequacy and inefficiency (Miraftab 2004, 91). However, research has highlighted the risk of PPP becoming a form of privatisation of state functions and assets, under neoliberal policies. Some of the conditions for achieving equitable processes and outcomes through PPP, according to Miraftab, are: strong civic organisations and social movements, as well as, a strong and democratic state able to use its financial, legislative and institutional capabilities “to level the playing field for all partners by regulating unequal power relationships between partners who have uneven socio-institutional capacities”( Miraftab 2004, 93). At the time being these conditions are not very likely to be met in the Russian political environment. I come back to the issue of political contestation and accountability in a later section.

From the point of view of agricultural investors entering a private public partnership, the task of supporting local communities was directly connected with their business presence in a particular community. In order to be able to operate large scale farming, they were depended on material and social infrastructure, manpower and bureaucratic good will. By concluding such public private partnerships, they capture state budget transfers that enable them to maintain and develop the local material and social infrastructure, and as Nikulin argues (2010) in these operations the distinction between private and state money was not that clear. Simultaneously, they ensured the good operation of their business, and could prove themselves as beneficial business partners to the local administration. Moreover, they often overcome the peasants’ suspiciousness and distrust towards them (Nikulin 2010).

Meanwhile, a dependency relation is being created between the rural community on the one hand and the investor on the other, who becomes patron of whole rural areas. Simultaneously, rural community life is placed under the control of urban financial oligarchy (Nikulin 2010). Nikulin argued in the newspaper Ekspert:

As a consequence, a monstrous archaisation of our agriculture occurs. Not in terms of technology, [...] But in terms of social relations we are rolling back somewhere in the nineteenth, and even in the eighteenth century. In agrarian sociology we use the term "Hacienda", which we denote the type of landlord economy - from Brazil to Pakistan. Characterised by large private land ownership, subordinate position of the rural community, and state regime in which landlords are part of the
political elite. An authoritarian state that rest its power on conservative large landowners who support the rural order and stability in exchange for keeping their privileges. (Ekspert 12.4.2012)

As a rule, in areas controlled by these oligarkhoz, PSF becomes at times undesirable for these new entrepreneurs, either because it competed for the same market products, or because it impeded the manpower’s potential to engage wholeheartedly and with all productive forces in the activity of the holding company. Although PSF is broadly regarded as a retrogressive step in the development of the agricultural sector in Russia, to stop it and force rural dwellers to convert to a hired class of peasants presents other pitfalls. One of them would be the limited potential of a high tech agricultural enterprise to offer employment to the same number of people that currently were engaged in agricultural production. Given the enterprise’s goals of enhanced effectivity and productivity, its likely that rural unemployment will rise, unless the state supports the creation of alternative sources of employment.

Concluding the analysis of this section I would point out that, in so far as the agroholdings’ rationale is based on purely economic grounds, their engagement in the rural development will tend to be guided by private economic concerns regarding their enterprise. Forms of community life that are not compatible with their interests are not likely to find support, while the dependence of social networks on these entrepreneurs, allows the latter to dictate the rules of the game. However, their financial power and potential for achieving a rapid agricultural production growth, rendered the agroholdings attractive state partners within the framework of PPP. Governmental discourse tended therefore to legitimate the preferential treatment of this type of investors by conveying them as great benefactors of the Russian countryside and obscure the socio-political consequences of PPP.

5.2.2. Middlemen and monopolies
During the whole reform period agricultural producers had encountered the problem of price scissors mentioned earlier. This problem emerged not only as a result of pure market liberalisation, but also as a consequence of monopolistic structures operating within an unregulated market. Such structures operate in both ends of the market- within input delivery and distribution /sale- thwart free competition and eat up the profit margins of agricultural producers. The most vulnerable are PSF and farms that are not part of vertical integrated companies.
Although government’s commitment to fight monopoly was enshrined in the Law “On the development of agriculture”, monopolies continued to exert power in the market (Moisejev 2014, 127). The government plays often a controversial role vis-à-vis companies that exert such power. Government intervention programs partly contribute to the preservation of monopolistic mechanisms in the market. Federal or regional subsidy programs designed for supporting producers to purchase input products were often followed by a list of approved dealers, from whom the purchase could be made. These dealers could subsequently inflate the price of the purchased products, rendering at times the product’s end price higher than market price. Thus the dealer or middlemen captured the price difference and maximised their profit (Serova 2005,10). The case of a farmer from Orlov oblast’ illustrates this fact:

...from where can the "mikrofarm" of Kireyev get money for taxes if he is completely defenceless in front of the well organised horde of intermediaries and can not, for example, buy equipment for his household farm on production price? Lovely incubators, he said, are produced in Pyatigorsk, but it is not easy to get them – "everything is mediated through dealers." Last year, he purchased two such (though he needed four), but only in Moscow. At the plant in Pyatigorsk incubators cost 7.5 thousand roubles, whereas Kireyev had to pay 16.5 thousand for the purchase of the first and 15 for the second. It turns out that part of the income of the peasant, which the state could take in the form of taxes, is captured from resourceful businessmen ... I guess that had there been a strong will of state bodies it could be possible to establish direct supply of equipment to such producers as Kireyev, from manufacturers, but who could have shown such determination. (RG, ВИКТОР КИРЕЕВ - ЧЕЛОВЕК-КОЛХОЗ)

The minister of agriculture, Gordeyev emphasised though his commitment in fighting against monopolists. In 2004, interviewed by Rosiyskaja Gazeta, he stated:

RG: Are you ready to join the "crusade" against the monopolists, that the chief of the Federal Antimonopoly Service, Igor Artemiev has waged?

Gordeyev: Not only ready to join with Artemiev but also to lead this "crusade". The main problem of Russia's economic policy is that we have not been able to create a mechanism for the redistribution of excess revenues, have not been able to build a fair cross-sectorial economic relations. With the current tremendous pressure of monopolists there can not be any question of diversification of the economy, and we can not rely on the fact that each sector of the economy will contribute to a doubling of GDP (RG 24.6.2004)
Middlemen exerted negative influence within the distribution, processing and retail sector as well. Within the corn production the so called treidery (traders) purchased corn en masse in exchange for fuel and lubricants deliveries which they provided in the beginning of the sowing season to companies that were indebted and thus unable to get bank credit. The purchase price was often just above production costs. In years with poor crops they were moreover able to resell the corn to much higher prices. Ironically, years of rich crops, although bringing a surplus of grain, did not offer better revenue to producers either. Farmers with limited access to grain elevators and warehouses, were compelled to sell out in dumped prices to middlemen controlling the distribution and storage infrastructure (Ioffe 2005, 186).

*In the spring of 2004 we sold for a pittance fine quality potatoes to dealers, potatoes that we had not sold since the autumn. The situation is aggravated by the fact that we do not have the possibility to dry grain and no place to store it in large quantities. The same situation is with the potatoes.*

*(Farmer Business 21.7.2004)*

Government intervention was designed to prevent such market distortions and ensure stable prices for the producers. However, in 2002, governmental purchase of grain came as late as in November; as a result, those that capitalised from this intervention were notably the treidery, who had already captured the marketed output.

On the other side, end prices on food products were rising, albeit not to the benefit of primary producers. In an interview with Aleksej Gordeyev in 2007, when asked to explain the rise of food prices, he claimed that this was partly due to the high profit margin of the retail sector (mainly chain stores) on food products which could often exceed 40%. He conceded that chain stores were able to exert market power and determine “who will produce what, where and how much” implying that he did not approve this practice. However, chain stores belong to the same class of holding companies that governmental discourse embraced. This fact was tactically absent from the minister’s line of reasoning. Whereas, when talking about dealers and middlemen in general, he seemed to understate the existence of market mechanisms that enable the activity of such intermediaries:

*Gordeyev: “The Civil Code does not contain such a definition – "middleman"[...]“*
But seriously, the most striking example of “reselling” are the collective farm markets, the bazaars. The idea is the privileged place of sale of precisely those products that do not require any added value. Take your potatoes out of your cellar, put it on the counter and sell them. Well, maybe also wipe off some soil of them. Why is there need for dealers, is incomprehensible to me. What is their role? Nevertheless they exist. We try to deal with them, but so far we can not win.” (RG 13.11.2007)

According to Igor Nechayev, author of the web site “Derevenka”, all plants within the processing industry in Russia, be it elevators, sugar mills or dairy plants, belong to just one or two holding companies. Thereby, within an environment of non-competition, these companies were able to dictate onerous terms to agricultural producers. For instance, the agricultural enterprise “Dubna plus” that was enforced to sell its milk for 12 roubles, whereas its production cost was 20 roubles per litter. (Derevenka)

The above outline suggests that the official discourse acknowledged the presence of intermediary market structures as a problem, however, governmental policy fell short of concrete and targeted measures against monopolistic structures, most likely because of the powerful economic interests that lie behind such structures. Moreover official political discourse attempted to disentangle the notion of monopolist, from the real agents that exercise monopolistic power i.e. agroholdings, or dealers with special agreements with state bodies or corporate state companies among others. Thereby official declarations contented themselves to formulations of the type “are still fighting with this problem, but so far we have not succeeded”.

5.2.3 The question of land management- land abandonment, land accumulation and land grabbing

Land resources constitute a determining factor for the development of agriculture. The creation of a Land Cadastre in 2000, for the registration and allocation of private land property, together with the Land Code determining the rules for land transactions, was designed to create a land market ensuring the transfer of land to efficient producers of agricultural production. Moreover the law stipulated that agricultural land had to be used exclusively for agricultural production. Thus the institutional framework for a land market was arguably in place.

16 http://derevenka.su/page147.html
Meanwhile, a crucial prerequisite for a vigorous agricultural land market is the profitability of agricultural production. Where agricultural production brings economic gains and high return on investment, there will be high demand for farming land, and higher prices for sale or rent of land. In this respect, governmental policies of support for agriculture play a decisive role in ensuring rational and socially beneficial use of agricultural land. Therefore the commitment of the Putin administration to support domestic agriculture, especially through the law "On the development of agriculture" from 2006, was expected to have positive effects also for the appreciation of agricultural land.

However, serious loopholes, within the law on land registration and a slow rebound in the agrarian sector led to a widespread speculation in agricultural land. As mentioned earlier, the costs connected to the allocation and registration of land in the Land Cadastre were to be carried by the land-share owner. The peasants, owners of land-shares, had seldom the financial means to bear these costs which could exceed manyfold the market price of the actual land at the time. They were thereby forced to sell or rent their virtual property to more powerful producers, like large agricultural organisations, or agroholdings. In areas where there was little agricultural entrepreneurial activity, because of constrains discussed earlier in this paper, the price of the land was even more depreciated and rendered it an easy prey for speculators.

During the 1990s, the newly acquired land-shares were frequently passed on to new owners, and often to land speculators disguised as investors. As the collectives were dismantled and peasants were deprived from the means of production for independent farming, their land was laying fallow. They were moreover not aware of the future value of their land-shares and their rights as shareholders. They regarded therefore their acquired land shares as a liability rather than stock capital and thereby sold them largely under-priced (Kalugina 2012, 119). Ultimately, peasants were left both unemployed and landless.

Look at my brother in law: He sold nine hectares for ten thousand roubles, he bought galoshes, his whole family goes with new ones. While for our land we’ve got not even a penny»[...]

«The shares were bought from trusted persons. The first ones who run to fix land for themselves were our chairmen. For every share they paid on the spot: a signature that you resign from your hectares and twenty thousand roubles yours. Such money we had never seen before. We had one thousand for salary. So we were glad to grab it[...]at those times a land share of eleven hectares was sold for ten thousand roubles, now you can get rid of it for some thousand dollars (RG 5.10.2011)
Furthermore, some regions applied limitations on the minimum size of land in order to start a farm. For instance, in Southern Krasnodar region the minimum required size for farm was 300 hectares. This limitations also compelled peasants to rent or sell their land, and brought them in disadvantage vis-à-vis large farming enterprises (Visser 2011, 317). Thereby, regional policies assisted large agricultural companies and agro-holdings in their strategy of land accumulation. As mentioned earlier in this thesis, the process of land accumulation was, within the governmental discourse, labeled as objective process in the road towards modernisation of agriculture. Critics of this process though have labeled it land grabbing.

The term land grabbing is used to denote the highly concealed process of land accumulation through biased institutional arrangements and unequal power relations. Land accumulation by agro-holdings forms a watershed in post-Soviet rural development. In Chernozem zone agro-holdings occupy one fourth to one third of arable land. Special tax relieves and preferential loans offered by regional governments assisted the process of land accumulation (Visser 2011, 310). Uzun claimed that it is impossible to trace the real owners of the largest land properties in Russia:

*To say that all Russia today is bought up, of course, is impossible. We can say that there is such a tendency. In fact the most valuable land like in Kuban regions, or in the Moscow region is bought up. But how is the concentration of valuable land taking place, in whose hands it really is, nobody knows. Russian legislation is arranged so, that it is impossible to find the owner. There are founders, that is Russian legal entities, there exists the industry code identifier of the enterprise, but when we look for the individual owners(either Russian or foreign), there exist no identifiers. The best Russian agricultural holdings, the largest, most profitable, are owned by offshore companies - mainly registered in Cyprus.* (Ekspert 12.4.2012)

Visser and Spoor maintain that land acquisitions in Russia in the period after the reforms fall within the category of land grabbing. Cases of dispossession of peasants from their land-shares through dubious procedures were numerous. The vulnerable position of rank and file workers vis-à-vis agents possessing political or financial capital is evidenced by the statement of a previous chairman of a a collective farm:

*I could have made all into my own property, but to do it one must have no conscience at all’* (Visser 2011, 318)
The transfer of agricultural land to speculators and not to agricultural operators, represents a worst case situation, as it not only violated peasants’ property rights, but also runs contrary to the country’s food security doctrine. Agricultural minister Gordeyev acknowledged this fact.

*RG.* What is the current situation with raiding, with "land grabbing"?

Gordeyev: Wherever the economy has started to grow and people acquired some capital, they began buying up farmland. Part of the land falls into the hands of the so-called raiders; their purpose is not to take over the agricultural enterprise and work in it, but to break it up and transfer it to the category of non-agricultural land for later resale. Such fraud can undermine the economy of even effective agricultural organisations. In this regard, one of the main tasks of the state is to stop speculation in agricultural land.

*RG:* There is another point of view. They say that for thirty years now, within the Moscow region for instance, the agricultural crop is cheaper than land itself. It is more profitable to build up.” *(RG 11.5.2007)*

The journalist points to the fact that agricultural production was so underpriced that selling the land was the only option for the peasants to capitalise on their land-shares. Again, the more vulnerable regions to speculation proved to be those where agriculture was less profitable and where peasants disposed of smaller resources to start farming on their own. As a consequence, agricultural land depreciated in value and was thereby cheap to buy, for so to be laid fallow until it could be sold later for building purposes.

*People are suffering - said the collective farm chairman of Kaluga, Peter Ryabovitch, to the correspondent when describing the general mood. - Where previously were farm fields are now houses, instead of pastures, now you find golf course. Is that correct? They should have guessed where this selling and buying would end. Or did they intend to harness the oligarchs, and make them plough instead of collective farmers?*

*The experience of Meshchovsk District, Kaluga region, has firmly persuaded the local agrarians that "oligarchs" do not come to the village for this reason. More than a third of the 65 000 hectares of arable land in the area are bought up. Thirteen new owners. For some reason they call them by euphemism "investors", although those who invested in the production can be counted on the fingers of one hand. The remaining are keeping the land as "capital investment".* *(RG 5.10.2011)*

The degree of speculation on agricultural land testified of serious institutional imperfections within land management. Agricultural land was being bought in order to be
later sold for building purposes, for villas or cottages. This suggests that institutional loopholes rendered the conversion of agricultural land to non-agricultural, possible. Gordeyev supported the strict prohibition on transfer of agricultural land to other land categories, and at the same time stated that:

_We need help to carry out surveying, and we proposed to adopt a targeted program on land management of agricultural land in Russia._ (RG 5.10.2011)

This interview was taken in 2007, when the Putin government had already been in power for seven years. Land grabbing as a process of dispossessing peasants from their land had been going on since the 1990’s, however, albeit without provoking any firm state reaction. Cases of land appropriation through outright fraud had been frequently reported. For instance Mamonova reports a case of land grabbing through such a fraud procedure. The case concerns the farm collective Gorki-2, heir to a sovkhoz, in the Moscow region. An alleged investor, in agreement with the chairman of the sovkhoz, acquired control of the enterprise by issuing false documents on extra shares, which were bought by the investor. In 2002 they launched bankruptcy proceedings. The collective was closed, while the land was sold for construction of cottages for Moscow’s new rich. The two instigators appropriated all the profit. The 600 dispossessed peasants protested to the authorities for five and a half years to no avail. A female share-holder from Gorki-2 described their situation:

“For 5.5 years we fought for the restitution of our land rights. I was the leader of the group of 600 deprived shareholders of Gorki-2. It was a difficult fight. During that time I was threatened, chased; they tried to give me a bribe. […] First, we launched pickets, demonstrations in front of local, regional and federal authorities, wrote petitions to the prosecutor's office, and applied to courts. Authorities knew our problem, but did nothing. […] Courts passed sentences over and over again not in our favour, although we had documents confirming that it was an illegal acquisition. […] Then, we found a weak point: Rublevka is the street where many politicians drive daily. For two years we almost did not leave this street. We stood with placards along Rublevka for 2 years 3 days a week from 8 a.m. to 5 p.m. And we kept writing to courts and prosecutor. […] We received compensation for our lands in 2008” (Mamonova 2014, 504).

Mamonova claims further that authorities as a rule turned the blind eye to such violations and more seldom were also partaking in the fraud themselves. (Mamonova 2014, 504) In this
light the statement of Gordeyev, that there was need for better surveillance, appears rather as an appeasement for the public indignation aroused by land grabbing in Russia.

However, signs that the government might be willing to mitigate the consequences of speculative land grabbing eventually appeared with the fourfold increase of the penalty imposed for inappropriate use of agricultural land. Authorities penalised owners of farmland that did not cultivate their land for more than three years. RG wrote in 2013 that this penalty was raised from 5000 to 20000 roubles for an area of farmland of 100 hectares, and agricultural minister Nikolai Fedorov added:

_Sanctions are so significant that a negligent owner is forced to sell his land, so that people who can keep it for agriculture can take over._

_In addition, we propose to simplify the incredibly complex court procedure for withdrawal of farmland used not for its intended purpose. It is also proposed to stimulate through regional budgets to those agricultural producers who will take extra derelict land for agriculture. This is current practice._ (RG 2.10.2013)

However, the rules to penalise unproductive landowners did not have the intended effect. Speculators could avoid the penalty or the withdrawal of their land through many ways. One of them was to cultivate a small part of their land once every third year and thus claim themselves as effective owners. Whereas small landholders that lacked the means of production to cultivate their land, nor any possibility to rent it to any other _effective_ farmer, even risked to be deprived of their property. Notably, most of the lawsuits in regional courts after the adoption of the law concerned small farmers who did not cultivate their 20-40 hectares of land. Thus, once more, the petty land-owners proved to be the victims of the law.

_the law could not deduct from the big fish, it managed though to do so from the small_ (RG 5.10.2011)

Based on the review of the institutional framework within which land management is carried out, it can be argued that processes of land accumulation are speeding up, assisted by federal and regional policies favouring large scale farming, as well as by an institutional environment that allows obscure and fraud procedures of land transfer. In this respect land grabbing takes place to the detriment of rural dwellers who are deprived of their land rights. Structural constrains limit the opportunities of small farmers to exploit their land, while they open up opportunities for outside investors or speculators to appropriate large areas of land.
The hegemonic role of the term investor in official discursive practices contributed in this respect to promote the interests of mighty players in the field of land market and land relations. In addition, the governmental discourse tended to underplay the negative effects of land accumulation for the rural population, accentuating production growth and increases in investment as the positive effects of concentration of land and production. Finally, governmental measures against speculation and land abandonment give limited positive effect as they hit petty landowners, but failed to discipline powerful land speculators.

5.2.4. Behaviours and psychologies

5.2.4.1. Does village community values create unfavourable business environment?
The notion of backwardness in rural societies is, within some discourses connected not only to negligent policies of the Russian state the last two decades, but also to cultural and human factors that arguably impede modernisation (Patsiorkovski 2002, 132). The most common argument connected with cultural factors is the one that regards the Russian rural society as predominantly collective, that is, one that is built on collective values, like social coherence and interdependency and where individuals see themselves as fundamentally connected with others and consequently require unquestioning loyalty (Allik, Realo, 32-33). In contrast, individualistic societies are defined as societies “in which the ties between individuals are loose: everyone is expected to look after himself or herself and his or her immediate family” (Allik, Realo, 32-33). In collectivist cultures the notion of responsibility for one’s well-being lays arguably on the community, while in individualistic ones it emanates from within the individual itself. The unfortunate consequences of agrarian reforms for the rural socio-economic environment have therefore called attention to cultural characteristics, in order to explain the maladaptation of the village to the new market structure of capitalist economy.

In this section I concentrate on the arguments advanced within rural discourse dealing with rural attitudes and behaviours that hamper economic development and amelioration of rural living standards.

I start with an article in the newspaper Ekspert, which published an interview with the director of “EFKO”, one of the biggest holding companies producing fats for confectionery, bakery and other food industries. The company planned to establish a new production unit in a village community, intending to integrate small land-shareholders into its structure. The company would rent land from the peasants and offer them employment in the company.
Meanwhile, the leaders of the project soon found out, that it was very difficult to motivate the locals to participate. According to the director, offers of interest-free loans, stocks, power, income, opportunity for self-realisation notwithstanding, the peasants remained unaffected. They claimed that they did not need these material goods. Noticeably, the living standards of the villagers were extremely low, many of them living under the poverty line level.

So, it is portrayed a catastrophic motivational situation: passivity, wishful thinking, minimisation of needs and, accordingly, effort, simply laziness.

- Who is more motivated, the "better-off" or the poor?
- Of course, the "better-off". Avoidance of active effort becomes stronger, the poorer the person lives. And this, in fact, explains why he is undernourished. Under such a motivational structure one, can expect on the one hand, the deepening and expansion of poverty, and on the other, that just a small part of rural population makes the leap to higher living standards. That is, a sharp polarisation that can lead to social upheaval in the countryside takes place. In general, peasants tend to deny personal responsibility for their lives. The vast majority believe that their personal well-being depends on how society develops as a whole. To the contrary opinion ("for all the twists and turns of our lives ultimately all depends on the person itself") adhere twenty-two percent – that is three times less. Fifty percent agreed that they "are what life has made of them." And only one third refers to one’s own choice.

- How do sociologists explain such passivity?
- There are many reasons, and not all are clear. One explanation is that for centuries the most enterprising and agile left for the city, and in the villages only the ones who do not like change stayed behind. And so, the last ten years has been just tormenting for the peasants. The current villagers suffer agonising stress even when the chairman of the collective farm was renamed general director, or when words like "shares" or "Joint Stock Company" are uttered. (Expert 14.10.2002)

The unexpected rural attitudes encountered by the leadership of EFKO were confirmed by a sociological study conducted by Efendiev and Bolotina, which is widely referred to in secondary literature (Ioffe 2005, 194). Passivity and endurance of poverty together with inclination to theft from common property, seemed to be ingrained socio-cultural characteristics, incompatible with entrepreneurship, innovation and competition.

However, the article reveals some other characteristics of the peasants that shed light to this mismatch. Namely, that the peasants valued openness and honesty, qualities that are
manifesting within their own community, very highly. They were furthermore very mindful for the opinion that their neighbours hold about them.

*it appears that for the sake of the neighbour's opinion he [the peasant] is ready to jump to the moon.* (Expert 14.10.2002)

Hence, for the peasant, his neighbour’s opinion about him was more valuable more material achievements or money. The explanation to this awkward attitude is that the Russian peasant, living under extreme and adverse conditions, knows that in a time of crisis and troubles he can only count on the neighbour for help and support, and this is of vital importance to him.

The above description of EFKO’s encounter with the village mentality presents an outstanding example about assumptions that were mediated discursively and which considered villagers as unable or unwilling to catch up with the modern development and thereby improve their livelihood. Whereby the article revealed that the peasants’ reluctance towards the company’s plans, was most probably connected with their need to establish a feeling of trust; a trust that would not compromise the interpersonal trust of the community members that was so vital to them. The peasants needed to get assurance that they would not be exploited, and that the social coherence of their society would not be broken. According to psychologists, the peasants’ cautiousness towards outsiders protects them from illusions that they otherwise can fall prey to and which they can not afford.

Nevertheless, ideological approaches based on the assumption of the inert peasant, created discourses, that justified the model of “industrial recruitment” i.e., attraction of firms from outside the community to re-allocate to the area for the development of rural economy, instead of the model of “self-development” which implies relying on local resources to create new jobs and economic activity (Efendiev, Sorokin 2013, 106). The last approach necessarily implies the notion of empowerment of the rural population, whereas the first one the notion of adaptation and regimentation; the villager must adapt to efficient, modern practices of production and unlearn socio-cultural practices, like drinking and stealing. The enterprise on the other side has to employ special discipline methods (regimentation), to battle the unproductive patterns of workers’ behaviour.

Agricultural policies after 2000, favouring the model of “industrial recruitment”, adopted discursive practices that reproduced the idea of the villager as being in need of a job
offer. Aleksei Gordeyev, speaking about the social responsibility of large business in village communities, stated in 2007:

...So that such large enterprises could not arbitrarily make decisions that affect the interests of those, who do not want and are not able to be the master but say: give me normal salary and possibility of employment. These consist, anyway, the majority in any society. (RG 13.11.2007)

Thus, discursive practices presenting the lack of entrepreneurial initiative as inherent features of rurality (or even, the majority), promote and maintain relations of dependency. Nevertheless, entrepreneurs coming to the village have to find the right point of entry to the village community; they have to take in consideration community norms and values, in order to appear as trustful partners to the rural population. As the minister of agriculture claimed:

Those who are seriously engaged in agricultural business, quickly realise that they will not succeed if the "workers" will not accept their "host" as a companion, a member of the same peasant community. (RG 24.6.2004)

True, the concept of companionship, did not imply relations based on equality, or mutually equal gains. Turning back to EFKO’s endeavours to establish trusting relationship with the village community, we see how relations of power were inevitably involved in these new organisational models:

“We say [to the villagers] that we bring them something good and something bad, but a bit more good

-What bad things do you tell them you are bringing?

-We inform them that we take away their power, that we now control the entire block of shares. But the peasants get schools, hospitals, food, equipment, and they make a choice.” (Expert 14.10.2002)

Hence, the above mentioned discussion aims at demonstrating that poverty is within some discourses, connected to socially constructed patterns of behaviour, such as reluctance to accept recruitment to new business operators or the lack of individual initiative. However, a
closer examination of this discursive connection shows that; first, it is generated from agents (investors, entrepreneurs) situated outside the rural communities and whose interests and social identities are disparate from those of the peasants. Second, they have as entrepreneurs, an accurate knowledge of their objectives, based on a thorough assessment of risks and benefits, which the villagers lacked. Third, they dispose economic power which provides them with stronger leverage in their relations with the rural population.

Therefore we can argue that these allegedly anti-entrepreneurial, phobic attitudes, are the manifestation of a reaction on the part of the peasants, when faced with disparate realities which are not embedded in the structural and experienced realities of the village communities. One could argue that rather than producing poverty, these attitudes consisted a compensatory or protective mechanism, against social changes that appeared threatening to the community’s social web.

5.2.4.2 Human capital

While investigating the factors that impacted on the reform outcome in the Russian agrarian society, many researchers (Wegren 2003, Ioffe 2005, Fadejeva 2012) have called attention to the role of the human capital. The argument that the rural population in Russia disposes inadequate human capital for them to meet the demands of a modernised agrarian sector, with updated forms of organisation and technological innovation, had become a part of a discourse, which was generated from both scholar works and popular attitudes alike, and which is reproduced in public discourse, for instance in newspaper articles. This fact has in turn certain repercussions on how we assess the role of individual agency, on the part of those that are subjected to social structural changes.

For practical and analytical reasons many studies treat the term human capital as a single parameter, denoting the resources and individual capacities an individual disposes on the basis of his age, education, health and marital status. These aspects however, do not consist of constant factors, but are subjected to changes within the individual’s society and life. Likewise, a given stock of human capital can produce many distinct outcomes, depending on the social and material surroundings within a particular community. I am therefore in this section going to detect some of the processes affecting aspects of the human capital, individual agency and social structure, and see how they mutually affected each other.

In an earlier section of this thesis, I touched upon the issue of deterioration of human capital due to both depopulation, decrease in birth numbers, severe degradation of
educational infrastructure, and alcoholism. Outmigration resulted in a severe shortage of qualified personnel within rural communities. In addition to this, high rates of alcoholism created the belief that in the village, people got unaccustomed and unwilling to work. This is how a villager assessed the current situation in the village.

Firstly, many have already got unaccustomed to work. Secondly, there are no tractors, and the cows we already ate in 1996. (RG 5.10.2011)

Notably, the term unaccustomed to work, in this quotation, is conveyed as part of the broader social reality characterised by lack of equipment and loss of livestock. That suggests that human capital had been subjected to decline, in line with the deterioration of the material and social environment. Another article quoted a farmer from the Russian Far East:

Many live on their retired parents, getting casual jobs, but unwilling to find a permanent one, says a farmer from Priamurye, Sergey Lunin. - For some reason, they feel that they are poorly paid. My employees get 30-40 thousand roubles. Is that little? For example, I desperately need a tractor driver, but for two years I cannot find one. Someone comes, works a month, receives payment and disappear. When I find him, he is blind drunk. I have to sit on the tractor myself (RG 8.8.2013)

Alcoholism is connected to the state of anomie and alienation. Fragmentation and marginalisation of rural communities eroded the peasants’ social fabric and created feelings of alienation. Ärztin (2005, 96) argues that this phenomenon reflects the share of marginalised, «never-do-well» alcoholics within the Russian rural population. Marginalisation is connected to the sociological concept of anomie and the psychological concept of alienation, which she defines as follows

Anomie characterises a social condition, in which there is lack of cohesion and order, especially in relation to norms and values. Alienation – or estrangement – is conceptualised as a psychological condition of “broken integrity” which refers to the sense of self. In other words, it is a separation between parts of the whole of the personality and crucial aspects of the world of experience, including close relationships, societal norms and values, social roles, attachment to communities etc. In anomic conditions, people tend to feel incapable to shape and transform their environments (Ärztin 2005, 96). The evidence of a causal relationship between social marginalisation processes and deviant behaviour patterns as binge drinking and suicide, is significant in a critical discourse analysis, as alcoholism in many texts on Russian rural society, is portrayed as the reason of bad economic performance and the cause
of deprivation. Whereas Ärztin proposes the inverse explanation. Within the elites’ discourse however, alcoholism presents an argument for limiting social benefits to disabled alcoholics. According to a Russian politician:

it is a 'waste of time' to give extra monetary benefits to the rural poor as they will 'simply drink the extra'' (Round 2005, 415).

Hence, under the given conditions, how did the renewed support for agriculture and its subsequent modernisation impacted on the human capital?:

In the 2000s, companies were able to buy new machines and entrust them only to the best employees, with whom they signed special contracts, linking their remuneration to their work effort. Thus started the formation of an "elite army of labour", from which people with tarnished reputation and lack of professionalism were excluded. (Otechestvenie Zapiski, Fadeyeva 2012)

The above quotation suggests that successful agricultural enterprises that invested in modern machinery, captured the most skilled workers. At the same time, the decrease in demand for unqualified personnel resulted in increase of unemployment within unskilled workers. A selection process that resulted in a polarisation of the work force took place in other words,. The growing pool of redundant workers consisted of the less skilled and less reliable workers for whom the loss of employment might lead to greater marginalisation. Exclusion of a certain type of workers from employment in agricultural enterprises was justified as necessary to safeguard the economical viability and competitiveness of the enterprise.

According to the villagers, managers and owners of large agribusinesses do not tolerate the working performances of local workers for their business, preferring to immediately find a replacement. To justify the widespread introduction of a shift work regime in such enterprises they use the claim that in the village there is no one to work with, people are completely degraded. Therefore it is easier to bring workers here from other places. (Otechestvenie Zapiski, Fadeyeva 2012)

In areas with abundant availability of labour force, employers were strict on questions of work moral, combating practices of drinking and theft.
We have mainly got rid of theft. Look, last year a very good worker stole 5 litters of gasoline – poured it and carried home. In the morning he was fired, and we won’t relate with him any more. We have done so in the past. Since we have high wages and year-round rather than seasonal work, people seek to work in our business. (Otechestvenie Zapiski, Fadeyeva 2012)

Hence, modernisation of agriculture did not lead to an even and inclusive improvement of the quality of the rural work force. However, within village communities with local entrepreneurs, where there was no other alternative than the local labour force, modernisation combined with proper working conditions had a positive spillover effect. Private farmers, setting demands for efficiency, order and work moral, contributed in creating new role models for worker’s behaviour.

In the beginning it was a chaotic situation. By now I have already forgotten that in the fields, in the garage, or somewhere else somebody was drinking. Before I even fired drunkards, and then I took them back to work. After all, it was a pity – they were good guys, and their family too. Their wives came to me crying. I chased the guilty away, for him it was stressful. He would then get back to normal, and come to me again. Then he realised that there is another life – without the bottle - and pulled himself together.” (Otechestvenie Zapiski, Fadeyeva 2012)

With the Law “On the development of agriculture” enacted in 2006, the Russian government presented a multiphase programme for the sustainable development of the agrarian sector, including provisions for the training of agricultural personnel. Hence, the government had assigned the training and retraining of agricultural personnel as a target of agrarian policy. The aim was to provide the agricultural sector with much needed qualified personnel. Significant financial support brought at times and in certain areas disproportionally meagre results, however. This applies foremost to regions where the downsizing of the agrarian sector and rural economy the last two decades had been dramatic and had led to, among other things, a sharp demographic decline. Rosiyskaya Gazeta referred to the prevailing situation in the Far East regions of Russia, in August 2013.

Many villages in the Sakhalin area where not long ago cities with developed industry. Relatively recently though their official status has changed to villages. (RG 8.8.2013)
As a result of this decline in what was the remnants of an agrarian industry both wages and income possibilities decreased. That in turn created disincentives for the population to seek employment within the formal agricultural economy and thereby to endeavour to acquire the necessary qualifications.

According to officials, villagers can count on significant state support: there are enough supportive measures in the regional program for the development of agriculture. Another thing is that not many take advantage of them: skilled workers often have neither aptitude nor desire to enter to the agricultural sector. [...] Agricultural enterprises in the region are experiencing a severe shortage of labor, and this is due to abysmal low wages in the industry. [...] The average wage in agriculture area is 12,354 roubles, - said the head of Vyazemsky Municipal District of Khabarovsk, Natalia Yakutina.

In the second quarter of this year, the level of rural unemployment was higher than that in the city by 2.4 times. Youth leaves from the villages. And those who stay prefer to work with personal subsidiary farming. (RG 8.8.2013)

By comparing the quoted level of agricultural salary with table 4, we see that it is twice as low as the national average wage two years earlier. The quoted passage testifies to the assumption that governmental support programs, although well justified, did not always succeed in overcoming structural constrains connected with multiple processes that reproduce poverty and impede the improvement of human capital.

Wegren and O’Brian (2003) on the other hand tried to investigate how individual behaviours and psychologies contributed to the preservation of poverty, by studying their patterns among peasants engaged in PSF. They measured how much households utilised opportunities to expand cultivation of their plots in order to increase monetary and non monetary income. They expected that households in poverty would seek to maximise usage of land and thereby increase marketable production. Likewise they measured psychological characteristics of persons living below and above the poverty line. Their findings show that persons below the poverty line utilised less opportunities for expanding land cultivation and were more likely to feel depressed and lonely. Whereas, persons living above the poverty line, produced larger amount of marketable products from their household plots and were more likely to feel happy.
Their results, although they offer valuable knowledge about the correlation of poverty and behavioural and psychological factors, are not surprising. Furthermore, they do not uncover the causal processes of this connection. Their research data demonstrates that, households living below the poverty line have an average size of 2.7 persons, while those above the poverty line have an average size of 4 persons. In addition, individuals of the first category have an average age of 53.7 years, while those from the second category 47.9 years (Wegren, O’Brian 2003, iii). These facts suggest that the aforementioned patterns of behaviour are connected to the stock of human labour force that each household disposes, and not necessarily to preexisting attitudes. It would be expected that households consisting of less persons are not able to cultivate the same size of land as households consisting of more persons. The same applies for the age of the household members; younger adults can endure more physical labour than elder ones.

Nevertheless, behavioural explanations have been figuring extensively within elites’ discourse about the poor, presenting poverty as a matter of choice, a choice to take or not advantage of the opportunities that open up within a market system, or refrain from this. In this manner, argues Round (2005, 408), “governments construct the 'losers' as at fault for their own predicament.” The murdered, former deputy Prime Minister Boris Nemtsov has once stated:

Russians are poor because they do not want to work hard' and also that 'they [the poor] look into Putin's eyes and want him to give them everything (Round 2005, 415)

Such views are in stark contrast to the social reality in Russian villages before the reforms. At that time people used to work two and three day shifts; early morning, or late evening on their household plot, while during the day in the village kolkhoz (Engebritson 2006, 27). It seems thus as a poor argument to explain poverty by a sudden epidemic of laziness.

Moreover, the entrepreneurial willingness of a person depends much on a healthy psychological state. Studies of Wegren and O’Brien (2011) measuring the psychological state 17 of rural residents over time have shown that psychological depression among the rural population in Russia was inseparably connected to the economic crisis in agriculture. This suggests that depression and negative psychological state in general was rather a reaction to a crisis situation, than something which explains poor economic activity. However, one can not

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17 The authors used the Centre for Epidemiologic Studies Depression Scale (CES-D scale), which is a self-report scale designed to measure depressive symptomatology in the general population. It is not used clinically, but it is used in studies of the relationship between depression and other variables across population subgroups.
exclude the possibility of the emergence of a vicious circle connecting bad economic performance to negative psychological state. Hence, protracted economic recession and deprivation, might have led to self-reinforced negative behaviours, which created an underclass of maladapted individuals and perpetuated poor economic performance.

Setting the example of good working and managerial practices on the other hand, can help overcome such vicious circles and become a part of an empowerment process. The following testimony of a recently established farmer points precisely to the fact that positive examples bring about social learning which in turn activates an empowerment process. From an interview with a new established farmer:

-Is the traditional picture of the drunk Russian village still relevant? Has your work influenced the mindset of the villagers? Has anything changed?

- In the 1990s there was a horror and gloom. I remember how they drank, and how this decadence brought about much worse things. By the time I became engaged in agriculture, already a large part of the villagers had died from vodka, many others left. In 2007, it looked quite more normal - in the village there were left mostly elderly people. [...] The situation is actually changing, but slowly. About the influence of my work is too early to judge, as still the prospects of the economic development of my business are not so clear. I think a qualitative change in people's minds will occur, if there is success, if people see that the effort gives results. Meanwhile everyone is waiting to see how things will go. Some are waiting to say, "Well, you see, in this country, nothing is possible!", Others are waiting, but with interest and perhaps some hope for success. People are not happy to experience collapse and unemployment."(Okno v Rossiu 21.11.2013)

Summarising the above, I argue that human capital, when referred to as a simple factor, disentangled from the context in which it is shaped, leads to erroneous inferences and negative attitudes towards marginalised rural residents. The unconditional reference to the deterioration of human capital, conceals many interlinking processes, that in the case of the Russian countryside, have led to deep structural changes that had a detrimental effect for the development of human abilities, skills, health and knowledge. Accordingly, government policies and discourse that would aim in the betterment of the rural human capital would have to address a long series of accumulate problems in rural societies, which can not be reversed overnight.
5.3 Depoliticising dissent

In the beginning of chapter 6, it was claimed that the Putin government embraced many of the elements of the opposition to the agrarian policy of Yeltsin. This discursive shift signalised an ostensible convergence between agrarian interests and governmental policies. The government enacted indeed, a series of laws for the support of agriculture and the rural socio-economic development. As a result agriculture showed significant signs of growth during the last decade and the rural economy improved. However, the growth has not been even for all areas and population strata, and rural incomes still lag behind urban ones. In fact, in spite of the overall decline of rural poverty, its share among the country’s total number of poor has increased. In the period between 2000-2013, the share of poor that were concentrated in the countryside of Russia grew from 32% to 41% (Obcharova 2014, 20).

The above discussion of agrarian policies under Putin aimed at investigating how governmental discourse has shaped policies and agents’ behaviour, and uncover the nature of the concrete policy measures and their impact on rural society. I have mentioned earlier that during the 1990s under president Yeltsin, there had taken place structural changes that formed specific trajectories to which the new leadership had to relate. The new governmental discourse on agrarian policy established its hegemony by renouncing neoliberal policies, at least rhetorically, and by taking measures defined as anti-market.

However, although announcing a moderation of the radical liberal policies of its predecessor, the government under the presidencies of Putin and Medvedev, continued on much of the same trajectories set by the former regime. By closer scrutiny of the nodal terms used in governmental agrarian discourse it seems clear that the articulated goal of supporting agriculture, was indeed done through expressing concern for the domestic production, but not through a purposeful commitment to change the configuration of social and economic organisation of the production, formed under the previous government. Nor did the current leadership succeeded in overcoming significant constrains linked with the unfair distribution of gains derived from the growth of agricultural production. In the aftermath of the announced national project “On the Development of Agriculture” in 2006, the minister of agriculture was asked:

Rossiyskaya Gazeta: Subsidies on loan interests constitute the core of the national project. Do you have concerns that this mechanism will make the poor poorer and the rich richer? After all, the poor are not able to take the credit either outside the national project neither as part of it?
Alexei Gordeyev: This concern I have expressed before: yes, unfortunately, in Russia the rich get richer and the poor - even poorer. But on the other hand, it is quite obvious that you need to create locomotives - strong, powerful companies that match international standards in technology, work organisation, in business management. Though we also found a method that would allow the weak to become a little bit stronger. This is cooperation, horizontal integration. After all, the weak became such simply because of the fact that in agricultural economy there have not been institutional structural reform. (Russian ministry of Agriculture)

Hence, agricultural policies in Russia after 2000, have favoured primarily these locomotives, the large farm organisations, in order to induce a rapid boost in production and effective modernisation. However, although this step might seem as a corrective to Yeltsin´s wish to dismantle collective farms, it encouraged at the same time the entrance of big capital interests in the agrarian sector and enabled the accumulation of land and production to few private agents. Subsequently, a large number of peasants were compelled to rely on personal subsidiary farming. Moreover, the term investor has merged almost unnoticed with the term agricultural producers within governmental discourse, while the term private public partnership has been established to denote the instrument for the development of rural social and material infrastructure. At the same time the term peasants became devoid of its original meaning and now denotes mainly agricultural workers, instead of agricultural producers.

It should also be noted that the notion of profitability and competitiveness remained as guiding principles, although this time not for legitimising unrestricted market selection mechanisms, but the distribution of state financial support. This support though aimed at enhancing the position of domestic agricultural producers within the framework of future Russian accession to WTO. Thus, the Russian agrarian policies tended to adapt to the articulated liberal policies of WTO. The argument that agroholdings are better prepared to compete within WTO´s rules was utilised to channel state support to this type of producers, in spite of the ambiguous attitude that Aleksei Gordeyev repeatedly had expressed about WTO:

*The World Trade Organisation is in a sense, even harmful to the global economy, because all issues are discussed from a purely commercial point of view*. This surprise announcement was made yesterday by the Minister of Agriculture Aleksei Gordeyev.
Agriculture, the Minister explained, is not regarded as a vital industry shaping the social sphere for many countries and its social aspects are not considered. And even that would not be scaring, Gordeyev said, had they not also used completely different standards for each country. What is allowed for one state, for another is perceived for another as an attack on liberal values and global interests.

Today it is the headquarters of the developed countries, or better say, a well-known country, which controls everything according to its own economic interests, he said. - It's a certain litmus test - we will enter or not enter the WTO – of the Western countries’ relationship to Russia: do they actually consider us as an equal partner? "(RG 26.9.2008)

These contradictory aspects between the view of the agricultural minister and the policy pursued in the agrarian sector capture some of the essence of Putin politics, embracing liberal political projects, combined with conservative discursive elements. This fact found its expression occasionally in tensions between Russia’s Ministry of Agriculture and the Ministry of Economic Development and Trade for issues related to WTO. Whereas the first tried to maintain subsidies, import tariffs and quotas, the latter seemed ready to sacrifice agriculture in the WTO negotiations. Notably it was the Ministry of Economic Development and trade that participated in the accession negotiations (Ioffe and Nefedova 2006, 225).

This specific ability of discursively reconciling polarised objectives is arguably the feature that enabled Putin’s political discourse to become hegemonic. The overcoming of the polarisation between “communists” and “democrats”, or between “liberals” and “patriots” consist the marker of Putin’s accomplishment. (Prozorov 2005, 122). Moreover, the economic stabilisation and growth that marked Putin’s presidential periods are perceived in opposition to “the time of troubles” of the Yeltsin era. Therefore the liberal features of the present political course have by and large remained unobserved. Hence, according to Leonid Polyakov:

Putin’s socioeconomic reform programme is substantively liberal, and thus continuous with the dominant orientation of the Yeltsin presidency, but situationally and stylistically conservative, which accounts for its perceived heterogeneity with the Yeltsin project. (Prozorov 2005, 124).

19 The term originally denoted the time between the end of reign of the last tsar of the Rurik Dynasty in 1598, until the enthronement in 1613 of Mikhail Romanov, the first in the Romanov Dynasty. This period was marked by famine, foreign occupation civil uprisings and chaos and it is therefore defined as one of the darkest periods in Russian history.
Under a perceived liberal conservative discourse that in practice embraces both the outcomes of the liberal reforms of Yeltsin, together with more conservative views connected with the strong state, national sovereignty and protection of national interests, the current government managed to gather support from both radical liberals and conservatives alike. In this manner government discourse transcends the dualism of right and left and achieves a depoliticisation of the political space. The political speech of Putin in 1999 “Russia at the Turn of the Millennium” gives a good example on how the liberal course is canonised under an expressed pragmatism and universalism:

> Russia is completing the first transitional phase of economic and political reforms. Despite all the difficulties and mistakes, we have now arrived on the main track, on which is the whole of humanity. Only this way, as is clearly evident by international experience, offers a real prospect of dynamic economic growth and improving living standards for the people. There is no alternative. [...] We can hope for the future if we can organically synthesise the universal principles of market economy and democracy with the Russian reality’’ (NG 30.12.99)

The de-politicisation of the political field happens through the call to join in the developmental path taken by the whole humanity, embracing the universal principles of the market. These are presented as incontestable facts through the recontextualisation of the well known “There is no alternative”20. The universalism deduced from this political credo, signalises the transition from confrontational to consensus politics. The political scientist Mikhail Remizov claims that it is a consensus by default, expressing the absence of political and ideational antagonism, a kind of politics that follow the logic of every day life (Prozorov 2005, 136)

   In respect to governmental discourse on agrarian policy, a similar closure is achieved by expressions like objective process, new economic realities or world practice for the purpose of portraying political decisions as universally valid.

   In what concerns rural interests, the depoliticisation of contest can be detected by the merging of the initially left-oriented Agrarian Party of Russia (APR) with the ruling party of “United Russia” and the growing state-embeddedness of AKKOR, the interest organisation of private farmers. APR reappeared on the political stage in 2012, this time as a right-oriented party. Mamonova and Visser argue that the increased attention and state subsidies to agriculture under Putin, spurred the creation of several rural social movement organisations.

20 First coined from the British Prime Minister Margaret Thatcher in 1980s, implying that there is no other political option than economic liberalism
However, the limited room for political action and the difficulties in raising financial resources, propelled many interest organisations to choose to work within governmental guidelines rather than in confrontation with the government. Other grassroots organisations for the defence of peasants' interests (for instance mobilisation against land grabbing) have occasionally emerged, but with a limited scope of demands and usually dissolved after meeting their initial goals (Mamonova 2014, 510-511). Hence the eventual diversity of political views regarding rural development or the interests of agricultural producers is doomed to unfold within the ruling party and not in opposition to it.

Hence, the rural and agrarian development proceeds on the basis of a pragmatic consideration of costs and benefits—primarily economic—, guided by liberal economic thinking and thus connected to a high degree to the rural societies’ potential for engaging in competitive economic activity i.e agricultural production and processing. Marginalised communities or individuals, estimated as uncompetitive are rendered in this process disfavoured and are not able to break out of their poverty.
6. Conclusion
The present thesis built on the assumed connection between agrarian reforms and poverty, which was taken as implicit premiss that served to justify the focus on agrarian reforms and agricultural policy in order to identify the causes of rural poverty. My findings however, support my initial assumptions about this connection. My special focus has been on the interplay between structure and agent i.e., constrains and opportunities that rural workers and other economic players, as well as policy makers were faced with in the course of the reform period. The method of CDA was applied in order to trace out the strategy of policy makers in the restructuring process of the agricultural sector, the ideological and political justification of this restructuring, but equally important, to investigate the coping strategies of the rural population within a changing rural socio-economic environment. Hence, I have addressed a series of issues that can help explain the adverse consequences of the reforms on the livelihood of rural dwellers.

Starting with the first reform program under president Yeltsin, I have examined the political and ideological foundation of the privatisation program in the agrarian sector. My analysis suggests that the restructuring program was initiated from above and did not take in consideration the specificities and needs of domestic agricultural producers.

Although policy makers justified the reforms by the discursive framing of raising efficiency and entrepreneurship, the structural premisses offered to rural agricultural producers precluded their active involvement in innovative and productive practices. Privatisation coupled with cut in subsidies, price liberalisation and opening up of the market to foreign producers damaged the financial and technological competitiveness of agricultural collectives. Rural communities whose socio-economic organisation was interwoven with the farm collectives were thus undermined. On the other hand, governmental incentives for private farming proved in practice insufficient. Moreover, their implementation by the regional and local authorities was conducted arbitrarily, favouring those players who possessed the necessary political capital and did not pose any threat to the established socio-political configuration of power. The option of starting a private family farm was therefore out of reach for many rural residents.

Moreover, the specific institutional framework within which the privatisation was implemented, created a conflict of interests between the old and the new types of agricultural producers. Indeed, the state-sponsored program of farmerisation of the Russian agriculture led to the fragmentation of agrarian interests and to their inability to mount a counterforce against the essentially anti-rural policies of the government.
Further, the inter-discursive analysis of the terms *privatisation* and *liberalisation of the economy* suggested that these terms were part of the discourse prevailing within international institutions which promoted neoliberal agricultural policy regimes. These terms were re-contextualised within the discourse on the reconstruction of Russian agriculture. The coinciding moments of the *democratisation* of the Russian political system and the restructuring of the agrarian sector (and the entire economic system), enabled the reform government to pass anti-rural reforms under the guise of *democratic transformations*. Hence, the state divested itself of the social costs of this restructuring which were passed over to the rural population.

Hence, in respect to the research questions, I conclude that the Yeltsin reforms created structural barriers for the sustainable growth of agricultural enterprises as a whole. The compounded effects of these structural constrains exceeded the modest incentives offered for private family farming. As a result, inefficient farm collectives persisted, a large share of rural workers were relegated to personal subsidiary farming, whereas private family farming showed only modest progress. The overwhelming majority of agricultural producers experienced indeed a technological retrogression that undermined not only their productivity, but also the material infrastructure in their communities. Contrary to governmental declarations, Yeltsin’s reforms created institutional traps which perpetuated inefficient practices and hampered the smooth integration of small agricultural producers to the formal economy. Poverty and declining living standards in rural communities constituted the unfortunate consequences of the downsizing of Russian agriculture in the first decade of the reforms.

Investigating the period of Putin’s and Medvedev’s presidency, I argued that there was an apparent shift in the official discourse on agriculture in relation to the discourse of their predecessor. The new leadership put on the political agenda the pressing issue of the need to boost agricultural production, together with the improvement of the socio-economic environment of rural areas. The last decade was indeed marked by significant growth in agricultural production and improvement of the rural infrastructure. However, by closer scrutiny we discovered that this improvement has not led to a corresponding increase in all rural incomes, evenly distributed throughout all regions of Russia and all strata of rural population. To explain this, I have conducted a more detailed critical analysis of the discursive field dealing with agricultural polices and rural society.
A critical analysis of the features of the official discourse revealed that the Putin government declared a moderation of the liberal agrarian policies of its predecessor. However, this moderation constituted a discursive closure between a continuous liberal social policy coupled with economic measures aiming at protecting domestic production. The objective of enhancing Russia’s role in international grain trade within the WTO framework and the need to decrease her dependence on food imports, made the government seek cooperation with these operators that had the economic muscles to carry this task and achieve quick rebound in agricultural production. In this process the choice of the model of “self-development” of rural communities passed in the background. Rather, the government promoted the notion of investor as deus ex machina for the rescue of the countryside. Consequently, discursive practices downplayed the importance of locally embedded practices of production and thereby restricted the agency of rural dwellers. Rather, outside investors were assisted in their endeavour to integrate agricultural production units in their vertical integrated companies. This development entailed the accumulation of land and production in the hands of few operators. This process which was by critics labelled as land grabbing, was by officials promoted as an objective process in the route towards modernisation of agriculture.

Moreover, governmental policies failed to hamper the power of monopolistic structures controlling the delivery of input machinery and the distribution, as well as the retail sector of agricultural products. Small and medium agricultural producers faced with the terms set up by these market-agents, were thus rendered powerless and achieved the lowest profit within the trade cycle.

Finally, I discussed the relation of the local community and individual behaviour to the demands of modern entrepreneurs within the new social order. I argued that the deprivation experienced as a result of the first decade of reforms, had detrimental effects on the health, psychology and coping strategies of the most marginalised rural dwellers. This fact in turn was discursively used to discard a large part of the rural population as inadequate for the labour market and contributed to their continuous exclusion.

Hence, the analysis of the second reform period also confirms the second hypothesis in that although state policies contributed to the rebound of the agricultural sector, structural specificities created during Yeltsin’s period were not entirely overcome and constituted still considerable constrains on the agency of rural inhabitants. On the other hand, the most deprived individuals and rural communities lost, in the course of time, the possibility to keep up with the development in the agricultural sector. As a result, they maladapted and seem
unable to meet the requirements of the market, or respond to incentives offered by the authorities. My analysis however suggests, that this fact is rather a consequence of their deprivation and not primarily its cause.

The present thesis used a broad perspective in explaining rural poverty in Russia. However, it must be said that by applying such a broad perspective the research can overlook processes on the local or regional level that differ from those manifested on the federal level, but which are equally important in answering the research questions. Therefore, the answers to my research questions must be considered more as trends that have contributed to the persistence of poverty. Additional studies on local discourses and social practices would be a valuable supplement to the study of rural poverty in Russia.

Concluding this thesis, I own to propose possible ways passed the current problem. I would argue in this respect, that a reconceptualisation of the role of rural sector is needed in order to maintain a sustainable development of rural areas and enhance the rural population’s territorial connectedness. Such a reconceptualisation requires the consideration of the specificities of Russian agriculture in respect to geographical, climatic, cultural and demographic aspects which are precluded from purely market-economic calculations guiding neoliberal international trade policies. Furthermore, it entails the diversification of rural economy into other economic activities than agricultural production, as for instance processing, recreation, agro-tourism, service, culture and education. Finally, in combatting rural poverty the state should support the empowerment of the rural population by promoting the model of *self-development* based on local resources, strengthening horizontal integration of small and medium enterprises, as well as their vertical integration in the market system.
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