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The Family Farm Ideology, the Baltic Countries, and Theories of Development*

In this article ¹ I develop, based on existing data and post-socialism discourse, a theoretical perspective on the research into the privatization of agriculture in the Baltic republics. These countries aim at replacing collective farms with a 'Western' system of 'family farms'. However, there is the danger that their agriculture will be marginalized into ineffective foodstuff production and farms will become the reserve of a temporary and cheap labour force. In most neo-Marxist development theories this kind of permanently divided or 'disarticulated' ² social structure is understood as the most important characteristic of a developing country ³. In modernization theories, however, this relationship is not permanent; modern elements

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¹ The Baltic-Nordic Project (*Social Change in the Baltic and Nordic Countries. A Comparative Study of Estonia, Latvia, Lithuania, Finland and Sweden*) is a research project, financed by the Nordic Council, that compares the class structures of the Nordic and Baltic countries. My independent sub-project, financed by the Finnish Academy, is entitled *The Privatization of Agriculture, the Family Farm Ideology and Class Formation in the Newly Independent Baltic Republics*. It needs to be emphasized that the data referred to here are preliminary. They are based on a survey with a random sample of 1500 individuals from each Baltic country. Cf. also Ilkka Alanen, *Agricultural Petty Production and the Rise of Capitalist Agriculture in the Baltic Countries* [in:] I. Alanen (ed.), *The Baltic States at a Crossroads. Preliminary Methodological Analyses*, Publications of the Department of Sociology, University of Jyväskylä, 1993; I. Alanen, *Privatization of Agriculture and the Family Farm Ideology in the Baltic Countries*, paper presented at the XIII World Congress of Sociology (ISA), 18-29 July, 1994, Bielefeld, Germany.

² S. Amin, *Imperialism and Unequal Development. Essays by Samir Amin*, Sussex: Harvester Press, 1977.

³ I. Wallerstein, W. Martin and T. Dickinson, *Household Structures and Production Processes: Preliminary Theses and Findings*, Review, Vol. V, 3 (1982); C. Meillassoux, *Maidens, Meal and Money. Capitalism and the Domestic Community*, Cambridge: Cambridge University Press, 1981.

are assumed to foster the development of backward ones. The future history of Baltic agriculture can therefore be expected to test the validity of these, the most influential theoretical approaches to development from the perspective of a wider society.

BACKGROUND INFORMATION ON BALTIC AGRICULTURE

As much as estate ownership in the 19th century, small farming established in sweeping land reforms characterized Baltic agriculture between the World Wars. Before the collectivization, Estonian farms had the largest average acreage and the smallest size differences; Lithuania, by contrast, had the smallest average acreage and the least equal distribution of land property. However, small farming was clearly the dominant type of agricultural production in all the Baltic countries. Lithuanian agriculture came closest to Russian farming practices, while Latvia and Estonia to a large extent paralleled Western Europe. Before the war the Baltic countries were agricultural economies, but during the Soviet period they became relatively industrialized. At the beginning of the 1990s the proportion of the rural population was about 30 percent in every Baltic republic ⁴.

In Estonia and Latvia, private farms started to be founded during the years of *perestroika*, earlier than in Lithuania. These farms had much better starting points than those that were founded later, including cheap production equipment and materials (some of which were donated from abroad), good producer prices and earned incomes with much purchasing power ⁵. However, in Estonia the land reform came to an almost complete standstill in summer 1992, and although the process has continued since 1993, many experts think that its completion will take several decades. The Estonian land reform has been hampered by several factors. The assessment of real estate prices proved difficult due to the lack of markets; it turned out to be difficult to apply the compensation principle; and in general there are

⁴ V. Niitemaa and K. Hovi, *Baltian historia*, Jyväskylä: Gummerus, 1991, pp. 373–374; P. Pabreza, *Family Farming in Lithuania from the Historical and Economical point of view*, [in:] *Family Farming Possibilities, Finnish-Baltic Common Seminar*, Helsinki, Finland, 1990. Maatalouden taloudellinen tutkimuslaitos. Julkaisuja 61 (1990), p. 110; The World Bank, *Food and Agricultural Policy Reforms in the Former USSR. An Agenda for the Transition*, Country Department III: Europe and Central Asia Region, Studies of Economies in Transformation, Paper Number 1, Washington: The World Bank, 1992, p. 191.

⁵ A. Hanser, *Die Rolle staatlicher und intermediärer institutionen bei der Umgestaltung der estnischen Landwirtschaft*, Diplomarbeit, Justus-Liebig Universität, Monograph (1992), p. 29. Cf. Jaan Leetsar, *Agricultural Strategy until Year 2000*, unpublished working paper, 1993).

too many interested parties⁶. Strict legalism is the peculiarity of Estonia, where stringent laws are used to meticulously restore the ownership relations that prevailed before the socialist period. According to a revealing statement by Jaan Leetsar, Estonia's Minister of Agriculture, 'the contradictions of distributing property have been unhappily codified in the agricultural reform'⁷. Although land reform got the slowest start in Lithuania, extensive establishment of private farms led to a corresponding destruction of collective farms during 1992. The table below shows the number and average size of the farms of the family farm type that had been founded, *de jure*, by the end of 1992⁸:

Country	Number	Average size (hectares)
Estonia	8,555	25.8
Latvia	52,299	16.7
Lithuania	68,581	9.9

A *de jure* farm is not necessarily in operation. Especially in Lithuania (and perhaps in Latvia) there are few operated farms — only 5,200 at the end of 1993 (with an average acreage of 17 hectares). As some of the applicants and juridical owners of small farms are unable or even unwilling to start productive activities, agricultural production threatens to collapse. At the same time the political dissatisfaction of the workers of collective farms has grown enormously. Therefore the new government has started to curb the fragmentation of collective farms. Some expect their children to become farmers, others intend to hire or sell their farms. Nevertheless, at least in Estonia, family farms and plots account for a surprisingly large share of the entire production, about 40 percent (in 1992), and at the beginning of 1994 the country's 10,153 family farms possessed 17.2 percent of the total cultivated area. However, most of the petty production still comes from plots. In Estonia, plots accounted for about a fifth, in Latvia a fourth and in Lithuania almost a third of the total value of agricultural production in 1989, and their importance has been continuously growing since the 1980s. In the former Soviet Union plots were in many ways dependent on collective farms, both in terms of production inputs and marketing. Paradoxically, the situation has remained the same despite the

⁶ J. Rouhiainen, *Lyhyt katsaus Viron maatalouden tilaan*, unpublished memorandum, 5.1.1993); R. Frydman, A. Rapaczynski and J. S. Earle, *The Privatization Process in Russia, Ukraine and the Baltic States*, Budapest: Central European University Press, 1993, p. 187; H. Maide, *The Agrarian Reform in Estonia*, Reform Round Table, Working Paper No. 8, Tallinn: Estonian Academy of Sciences, Institute of Economics, 1994, pp. 6, 10–11.

⁷ Leetsar, op. cit.

⁸ E. Kuum, *Eesti talud*, Postimees, April 16, 1993.

progress of reform, and this relationship of dependence has even extended to new family farms ⁹.

In the Baltic countries a considerable number of small farmers are only juridically possessors of the land, since their rights of ownership are not confirmed until the application for the restoration of ownership has been accepted as valid and the land has been transferred to the applicant. In legalistic Estonia a total of 210,000 applications, one for each available 10 hectares, were submitted by the deadline. By the end of 1993 land had been distributed to about 9,000 farmers, but only 14 of them had been confirmed to be owners ¹⁰.

In Estonia the minimum size of a farm to be restored must be ten hectares, but there is no maximum limit. In Lithuania, by contrast, there is no minimum size, but a maximum size of 80 hectares. A large proportion of the holdings of former plot farmers and workers of collective farms will probably remain very small farms. In all Baltic countries legal restrictions have been placed on the owners possibilities of selling his or her land subsequent to its restoration. The new farm structure has thus been frozen for a certain period. However, changes in reform legislation are taking place all the time within the framework of the family farm strategy.

THE RISE OF CAPITALISM AND SOCIAL PATTERNS OF DEVELOPMENT

Capitalism is a form of generalized commodity economy, and the Baltic countries may not yet have it, at least not in full strength. Furthermore, postsocialism does not self-evidently represent a transition to capitalism ¹¹; in this article, however, I assume that the Baltic countries are undergoing

⁹ R. Abrahams, *The Emergence of New Family Farmers: The Countryside of Estonia in Transition*, [in:] D. Lane (ed.), *Russia in Flux. The Political and Social Consequences of Reform*, London: Edward Elgar, 1992, p. 143; Frydman et al., op. cit., p. 258; I. Raig, *Reforming Estonian Agriculture. Case Study*, a congress presentation. Salzburg, 30.10.–6.11.1993, Mimeo (1993), p. 22; M. Taljunaite, *Social Stratification under the Privatization in Lithuania*, a paper prepared for the congress *Social Transition in the Baltic Countries*, Tampere 2.–4.12.1993, Mimeo (1993), p. 10.; Ad hoc group of experts on East/West economic relations in agriculture, *Agricultural Policy and Trade Developments in Estonia in 1993–1994*, Mimeo, Paris: 1994, p. 4; The World Bank, op. cit., p. 193; I. Raig, *Viron sekundaaritalous*, Kansantaloudellinen aikakauskirja — The Finnish Economic Journal LXXXV, 1 (1989), pp. 63–64; T. N. Ash, R. Lewis and T. Skaldina, *Russia Sets the Pace of Agricultural Reform*, RFE/RE Research Report 1, 25 (1992), pp. 58–59. A. Lieven, *The Baltic Revolution*, New Haven: Yale University Press, 1993, pp. 268–269, 348, 352–355. Also, the results of the survey carried out in the Baltic–Nordic Project in 1994 confirm this development.

¹⁰ A. Molner, *The State of Agriculture in Baltic States*, Memorandum (Estonia, 1993).

¹¹ See Alanen, *Agricultural Petty Production and the Rise of Capitalist Agriculture*.

a postsocialist transition to capitalism. I base my conception of capitalism on the mutually complementary elements in the thinking of Durkheim, Marx and Weber. They saw capitalism as presupposing (1) absolute private ownership of the means of production, (2) masses of free wage workers and (3) the separation of the state from civil society (Marx and Weber). In the symbols of the state, citizens' 'sacred' experiences are represented and channelled into some kind of 'illusory community' (Marx). A nation as a nation-state also requires (4) institutional arrangements for state control. The regulation of interest conflicts presupposes (5) a hegemonic basis of morality (Gramsci). The ethical elements of a nation, maintained and transmitted by occupational corporations (Durkheim), function as the prerequisites of commodity exchange (Durkheim and Marx). Only within this kind of structure can the law of value (Marx) force the entire society into increasing formal rationalization (Weber).

Marx referred to the historical production of capitalist social structure as the 'so-called primitive accumulation'. It consists in the redistribution of existing wealth under the conditions of the new social structure. Compared with this redistribution of existing wealth, work as a source of new wealth is marginal. The general definitions of capitalism allow for a great deal of historical variation, but in all cases primitive accumulation is decisive. The way the existing wealth is distributed depends on those social projects that different population groups are able to launch and carry out. In the Baltic countries the strategies of restoring agricultural property and, connected with this, the strategies of family farming are ideological and practical alternatives rooted in the particular social conditions and moral traditions of these countries. At the moment only foreign investments can in principle produce structural changes in the Baltic economies that would be comparable to the 'so-called primitive accumulation'.

Many experts estimate that without foreign investments only a small proportion of national industry in the Baltics can in the next few years become internationally competitive. In contrast, a great deal of production based on foreign investments was planned to be exported from the beginning. The extent of the modern sector is thereby highly dependent on foreign investments, whereas most of the domestically owned production will depend on the home market. Although foreign investments grow rapidly in the Baltics, their importance will remain marginal for some time ¹². Obviously, the societal importance of the modern sector is also bound up with its qualitative characteristics. Its connections with the non-modern or downright backward sector are especially interesting from the viewpoint of development theories. The family farm strategy needs to be analysed from this perspective as well.

¹² Frydman et al., *op. cit.*, especially pp. 167–168.

In Western Europe and North America, agriculture has been central to the domestic market, which has been characterized (with the exception of Britain) by a mutually beneficial growth dynamics between agriculture and industry¹³. Dependence theorist Samir Amin argues that economy 'articulated' by agriculture and agribusiness on the one hand, and industry and commerce on the other, has been typical of developed countries. The 'disarticulated', underdeveloped economies of the developing countries constitute the opposite extreme. They are characterized by the splitting of the economy into the enclave of modern export sector and the stagnating, marginalizing, and often informal domestic market that is exploited by the former. In this exploitative relationship — Amin argues — the peasantry is the real proletariat of entire world capitalism¹⁴. By hindering the growth of demand and consumption, exploitation effectively prevents modernization from spreading to all sectors of society.

Some researchers have criticized Amin's theory, as well as the theories of other dependence theorists, by pointing out that the concentration of production and capital has reached an unprecedented international level. As a result of this, it is argued, development presupposes more and more capital, importation of advanced technology, and transnational coordination of production and marketing. Indeed, in the rapidly developing countries of South-east Asia foreign capital has evidently catalyzed socioeconomic development. According to Amin, it is not possible to build an 'articulated' relationship between agriculture and industry in the developing countries; however, the land reforms after the Second World War have evidently promoted the economic development of South Korea and Taiwan¹⁵. Thus, the empirical evidence would appear to support assumptions typical of modernization theories, according to which foreign investments and land reforms (in addition to modern institutions and transmission of values) foster social development¹⁶.

However, dependency and modernization theories are not totally opposite to each other logically¹⁷. All the variants of modernization theory do not assume that the movements of foreign capital are totally unrestricted, as postulated by neo-liberalist economic theory. On the contrary, the success stories of the newly industrialized countries (NIC) of South-east Asia serve as examples of the efficacy of the regulation systems and strategies

¹³ H. Friedmann, and P. McMichael, *Agriculture and State System. The Rise and Decline of National Agriculture*, Sociologia Ruralis, Vol. XXIX, 2 (1989).

¹⁴ For an agricultural viewpoint, see A. de Janvry, *The Agrarian Question and Reformism in Latin America*, Baltimore: The Johns Hopkins University Press, 1981.

¹⁵ S. Barlowh, *An End to Hunger. The social Origins of Food Strategies*, United Nations Research Institute for Social Development, London: Zed Books, 1991.

¹⁶ J. Browett, *The Newly Industrializing Countries and Radical Theories of Development*, World Development, Vol. 13, 7 (1985), p. 794.

¹⁷ *Ibid.*, p. 789.

of the state. Their production structure has been developed among other things by strategic protectionism, by controlling and guiding the movements of domestic and foreign capital, and by developing imports-replacing industry¹⁸. Thus, the NIC countries have been used as contrary evidence to dependence theories¹⁹. The above examples, however, do not disprove dependence theory, because the South-east Asian countries constitute an exception rather than the rule. They nevertheless show that the dynamics of development also depends on societal enclaves' concrete structure and the contents of the politics pursued, which are not predetermined in the way assumed by dependence theorists. Unfortunately, for the moment there are no adequate empirical data on the future enclaves in the Baltic countries. Neither are the other conditions of Baltic agriculture given; they too are formed in the process of nation building and thus represent the outcome of the struggle between different social forces. Nonetheless, it is possible to theorize about the probabilities of different alternatives on the basis of the prevailing land reform strategy.

FAMILY FARM IDEOLOGY AND THE HISTORICAL CONDITIONS OF THE PEASANT STATE

The family farm ideology is the ideology of agricultural petty producers, although it is not restricted to small farming. Its historical roots in Western Europe can be traced back to the first half of the 1800s, when the principles of freedom and ownership were extended to the peasantry²⁰. From one viewpoint the family farm is a fiction (the non-capitalist nature of family labour is emphasized, although the farm type can only exist under conditions of wage work, etc.); from another it represents peoples practical relationship to each other, nature and agricultural implements in the form of cultivation traditions, models of the family and inheritance, socialization mechanisms, and so on²¹. In Western Europe the family farm ideology was unable to challenge the ideology of large-scale production until the turn of the 20th century. The solution of the 'agricultural question' led to a shift in the hegemonic basis of social morality to a new type of regulation system, the peasant state.

¹⁸ D. O'Hearn, *Tales and Realities*, *American Sociological Review*, Vol. 35, 4 (1990), p. 604.

¹⁹ B. Warren, *Imperialism: Pioneer of Capitalism*, London: New Left Books, 1980.

²⁰ On the German development, see M. Muth, *Der Weg zum landwirtschaftlichen Familienbetrieb*, *Berichte Über Landwirtschaft*, Vol. 45 (1957), pp. 345–358.

²¹ I. Alanen, *Miten teoretisoida maatalouden pientuotantoa (On the Conceptualization of Petty Production in Agriculture)*, *Jyväskylä Studies in Education, Psychology and Social Research*, 81, Jyväskylä: the University of Jyväskylä (1991), pp. 95–103.

The reason for the triumph of the peasant state in Western Europe was political ²². The introduction of universal suffrage as such favoured the numerically large peasantry, but in the parliamentary struggles of Western Europe it owed its strategic position to the power of radical labour movements ²³. Therefore, the 'agricultural question' was solved by means of a compromise, by tying the advantages of the 'family farm' with the interests of the agribusiness, parliament and the wider community ²⁴. Unlike in the case of the welfare state, the basis of the peasant state cannot be found in industrial mass production (fordism) but in the national systems set up to protect agriculture. From the overproduction crisis of the 1800s onwards these systems were instituted in different countries, first as customs duties and later as price and exports subsidies ²⁵. At present the regulation of agriculture includes not only the protection of domestic agriculture, but also the maintenance of the physical infrastructure required by small farming (roads, general commercial and welfare services, etc.), occupational education and research, the development of agricultural products and production equipment, advising, and the regulation of the income level, social relations and environmental effects of agriculture. Samir Amin's term 'articulated economy' expresses this kind of relationship between agriculture (i.e. the agroindustrial complex) and (other) industry, but his economic and analytically rudimentary conception fails to provide an adequate definition of a peasant state.

After the Second World War, there have been attempts to reconcile the peasant state and the welfare state. 'Fordistic regulation' refers to a principle of linking the production process and consumption in such a way that mass production provides the content for the generalization of wage work ²⁶. In agriculture fordism has meant the integration of family farms vertically (like wage work) into food industry and food trade. The integration permits the application of the principles of mass production to

²² On the background of the US developments, which I do not discuss here, see e.g. A. E. Havens, *Capitalist Development in the United States: State, Accumulation and Agricultural Production Systems* [in:] E. Havens, G. Hooks, P. Mooney & M. Pfeffer (eds.), *Studies in the Transformation of U.S. Agriculture*, Boulder: Westview Press, 1986.

²³ Alanen, *Miten teoretisoida maatalouden pientuotantoa*, pp. 34–41.

²⁴ J. van der Ploeg, *Rural Sociology and the New Agrarian Question. A Perspective from Netherlands*. *Sociologia Ruralis*, Vol. XXXIII, 2 (1993). Especially California is an exception from this general rule — see J. Gilbert and A. Raymond, *Increasing Structural Divergence in U.S. Dairying: California and Wisconsin since 1950*, *Rural Sociology*, Vol. 58, 1 (1988).

²⁵ For more details, see Alanen, *Privatization of Agriculture and the Family Farm Ideology in the Baltic Countries*, *passim*.

²⁶ M. Aglietta, *A Theory of Capitalist Regulation. The US Experience*, London: Verso, 1987.

agricultural petty production²⁷. Nevertheless, the separate basis of the peasant state is maintained in the national systems set up to protect petty production, which have been partly transformed into transnational regional totalities such as the EU. The ideological and institutional repertoire of the peasant state has lacked a powerful challenger during this century.

FAMILY FARMING AS THE CENTRAL IDEOLOGY OF THE POST-SOCIALIST COUNTRIES

Comparative studies of rural communities in former Czechoslovakia reveal the importance of cultural orientations to entrepreneurship²⁸. According to Hudečková and Lošťák²⁹, the maintenance of an 'individualistic achievement orientation' typical of peasant culture is an important prerequisite to the success of family farm policy. In former Czechoslovakia, only a small proportion of economically active farmers exhibited this orientation. Experience of private farming increased interest in it. According to an intensive study³⁰, in Estonia the most tenacious plot farmers were those who were children of peasants at the time of the collectivization period, and the founders of the first family farms proper were typically previous landowners who had been deported as kulaks to Siberia.

However, there are no guarantees of the continuity of the new small farming that started towards the end of the socialist period. Even in Hungary, which was often regarded as the paragon of the socialist market economy, extensive plot farming was only possible because in general the members of the farming family were also working outside the farm. Mass unemployment and the steep rise in traffic fares have later on undermined small farming³¹. Again, in the Baltics both plot farming and

²⁷ Alanen, *Miten teoretisoida maatalouden pientuotantoa*, pp. 124–128; M. Kenney, L. Lobao, J. Curry and R. Goe, *Midwestern Agriculture in US Fordism*, *Sociologia Ruralis*, Vol. XXIX, 2 (1989); M. Sauer, *Fordist Modernization of German Agriculture and the Future of Family Farms*, *Sociologia Ruralis*, Vol. XXX, 3–4 (1990); T. K. Marsden, *Exploring a Rural Sociology for the Fordist Transition; Incorporating Social Relations into Economic Restructuring*, *Sociologia Ruralis*, Vol. XXXII, 2/3 (1992).

²⁸ H. Hudečková, *Vesnice v jihoceskem pohranici*, *Sociologie venkova a zemedelstvi*, Vol. 28, 1 (1992), pp. 15–16; H. Hudečková, *Vesnice v ceskem pohranici*, *Sociologicky casopis*, Vol. XXVIII, 4 (1992), p. 542; M. Lošťák, *Zemedelstvi v obci v jihoceskem pohranici*, *Sociologie venkova a zemedelstvi*, Vol. 28, 1 (1992), pp. 20–30.

²⁹ H. Hudečková and M. Lošťák, *The Influence of Collectivization and Decollectivization on the Development of Rural Communities in the Czech Republic*, *Journal of Rural Cooperation*, Vol. XX, 2 (1992), pp. 122, 125.

³⁰ Abrahams, *op. cit.*, pp. 139–140.

³¹ A. Toth, *The Social Impact of Restructuring in Rural Areas of Hungary: Disruption of Security or the End of the Rural Socialist Middle Class Society?*, *Soviet Studies*, Vol. 44, 6 (1992), pp. 1039–1043.

the new family farms developed under the support of the resources of the collective farms. After dissolving of the latter, the entire food system with its infrastructure must be rebuilt, so that only some of the material and spiritual elements of large-scale farming (machines, buildings, training, division of grounds) continue to be usable. In the same way, other industry and commerce linked with agriculture must be harmonized with the new entrepreneurial structure of agriculture and market economy³². Therefore the disappearance of collective large-scale farming paradoxically weakens the institutional conditions of family farming.

Thus, the cultural repertoire of the family farming system in the West is based on extensive institutional arrangements (the 'peasant state') and moral patterns that even highly motivated farmers need. The agricultural population of the post-socialist countries is above all characterized by lack of motivation for family farming. Studies carried out in former East Germany and Czechoslovakia, but also in Russia and elsewhere consistently show that the largest part of the agricultural population opposes the substitution of small farming for traditional large-scale production³³. In Estonia especially older workers and others who cannot practise agriculture independently oppose the petty production ideology³⁴. According to the preliminary data from the interviews carried out in the Baltic-Nordic Project³⁵, the ideological resistance is clearly strongest in Lithuania, but in all Baltic countries it is less powerful than in other post-socialist countries. In former East Germany and Czechoslovakia the willingness of the rural population to become petty producers is paradoxically somewhat weaker than that of the urban population³⁶. Those who are personally interested in establishing a family farm are most often town dwellers, whom the country people tend to regard as 'naive' or 'adventurous'³⁷.

Subjectively, the reluctance to establish a family farm has pragmatic,

³² The World Bank, *Estonia: The Transition to a Market Economy*, Washington, D.C., 1993); Maide, op. cit., pp. 11–12.

³³ T. Bergmann, *The Reprivatization of Farming in Eastern Germany*, *Sociologia Ruralis*, Vol. XXXII, 2/3 (1992); J. Vavrik, *Entwicklung der tschechoslowakischen Landwirtschaft nach dem Zweiten Weltkrieg und ihre heutigen Probleme der Umgestaltung*, *Ber. Ldw* (1992), pp. 149–155; Hudečková and Lošťák, *Privatization in Czechoslovak Agriculture: Results of a 1990 Sociological Survey*, *Sociologia Ruralis*, Vol. XXXII, 2/3 (1992); R. McIntyre, *Collective Agriculture in Eastern Europe and Former Soviet Union*, *Monthly Review*, Vol. 45, 7 (1993).

³⁴ Abrahams, op. cit., p. 143; Maide, op. cit.

³⁵ The Baltic-Nordic Project, op. cit.

³⁶ S. K. Wegren, *Dilemmas of Agrarian Reform in the Soviet Union*, *Soviet Studies*, Vol. 44, 1 (1992), pp. 19–20; M. Kupka, *Transformation of Ownership in Czechoslovakia*, *Soviet Studies*, Vol. 44, 2 (1992), p. 305; J. Vitečková, O. Hubáček, K. Netik and M. Pinkova, *The Zero Generation of Small Business Owners in Czechoslovakia*, Working Papers, Institute of Sociology, Czechoslovakian Academy of Sciences, Prague, 1993.

³⁷ Hudečková and Lošťák, *The Influence of Collectivization*, p. 123.

interest-based and ideological underpinnings. In former East Germany and Czechoslovakia, a family farmer would lack the necessary material and cognitive resources: the farm that he or she could expect to get would generally not be large enough from the viewpoint of modern technology; the families do not have adequate financial resources for basic investments (in machinery, buildings, seeds, cattle, etc.); and they lack the cultural knowledge of family farming as well as all the cognitive skills required by farming and entrepreneurship³⁸. Many workers in Estonia and former East Germany are also worried about losing the welfare services earlier created by collective farms. Understandably, people's opinions are also affected by their opportunities of getting jobs and properties. The opposition of some rural people, however, is more deeply ideological. For them, becoming a family farmer would mean giving up the 'modern' lifestyle of a wage worker, and thereby a regressive step³⁹. This attitude is more prevalent in former East Germany and Czechoslovakia than in the Baltic republics. Apart from cultural factors, this difference can probably be explained by the degree of agricultural development⁴⁰.

The land reform that would accord with the family farm ideology is promoted not by the agricultural population but by political elites that rather straightforwardly regard family farming as the most effective way of organizing production. They are inspired by the pre-socialist ideological tradition and the Western model, but are reluctant to channel significant social resources into agriculture. Like many other post-socialist countries⁴¹, the Baltic republics lack the basic protection of their agriculture, such as customs and import restrictions — the first condition of the peasant state (and of articulated economy in general). Due to chronic overproduction, world market prices are artificially low. Although some efforts have been made to protect e.g. Estonian economy against random fluctuations, there are no signs of Western-type protection of domestic production that would guarantee the preconditions for the accumulation of sufficient capital⁴². The magnitude of the resources required by agriculture is revealed by the example of Germany: the massive West German investments in the agriculture of former East Germany are not nearly sufficient to permit the replacement of collective farms by small farms⁴³. The economic resources of post-socialist countries are obviously scarce, but unfavourable political conditions are an even more crucial factor. These countries lack the politically

³⁸ Bergmann, *op. cit.*; Hudečková and Lošíák, both articles cited.

³⁹ Bergmann, *op. cit.*; Hudečková and Lošíák, both articles cited.

⁴⁰ Y. Stryjan, *Czechoslovak Agriculture: Institutional Change and Cooperative Solutions*, *Journal of Rural Cooperation*, Vol. XX, 2 (1992); cf. McIntyre, *op. cit.*

⁴¹ S. Tangermann, *Economic Reform and World Agricultural Markets*, *Comparative Economic Studies* 35, 4 (1993).

⁴² See Raig, *Reforming Estonian Agriculture. Case Study*.

⁴³ Bergmann, *op. cit.*

and even economically important mass of agricultural petty producers, and the latter are not at the centre of the political struggle. At present the political and cultural elites are trying to push on the agricultural population something that most of them are either unwilling or unable to espouse. In Estonia, two parties compete for the votes of the agricultural population, one appealing to the interests of the workers of collective farms (Maa-Liit) and the other to those of small farmers (Maa-Keskera-kond), but neither has managed to secure significant adherence. Petty producers, however, are active in local government and interest organizations, which may be an indication of the political maturing of the Western model or some other project ⁴⁴.

THE PRIVATIZATION OF AGRICULTURE, THE TYPES OF AGRICULTURAL ENTERPRISE AND SOCIAL DEVELOPMENT

Agriculture can be theoretically divided into main types and sub-types. The main types of agricultural enterprise are large- and small-scale farms. International theoretical discussion on the entrepreneurial structure of agriculture has for long been characterized by confrontation between those researchers who are convinced of the natural effectiveness of agricultural petty production (the family farm discourse) and those who analyze the changes in the entrepreneurial structure only from the viewpoint of concentration (the concentration discourse). Elsewhere ⁴⁵ I have argued that both positions are untenable, emphasizing the historical conditioning of both paths of development. The future of petty production is open in principle, and its preconditions can only be clarified by empirical research. Thus, agricultural petty production declines or revives under specific historical conditions ⁴⁶. I will evaluate different alternatives with the aid of a typificatory scheme.

On the basis of reproduction type, agricultural petty production can be classified into three main groups, to which two types of large-scale production need to be added. Capitalist agriculture usually includes the following types of enterprise: (1) marginalized enterprises, (2) semi-proletarian enterprises, (3) capital-intensive family farms, and (4) capitalistically organized large farms relying purely on hired labour. In the Baltic and other post-socialist countries large-scale production based on wage labour can be supplemented and replaced by (5) large-scale production owned collectively by the workers in cooperative or other juridical forms.

⁴⁴ Abrahams, *op. cit.*, pp. 144–147.

⁴⁵ Alanen, *Miten teoretisoida maatalouden pientuotantoa*.

⁴⁶ *Ibid.*, section 3.2.1.

(1) **Marginalized petty producers.** This group has little significance in the agricultural produce and labour markets. This marginality defines the reproduction model of the group. In advanced capitalist countries it includes people who have fallen into the poverty trap due to lack of occupational skills, poor health, inadequate education, unfavourable geographical location, and so on. It also includes so-called multiple problem families and individuals. It is difficult to estimate the size of this group in advanced capitalist countries. The data on the very low income level of some outwardly typical family farms, however, suggest that it may be even larger than the group of capitalistic family farms. According to many empirical studies, this type of petty production is numerically dominant in the developing countries ⁴⁷.

In the Baltics this group consists of old or new plot farmers that have got their patches either through purchase (hiring) or on the basis of pre-socialist ownership rights. A study carried out in former Czechoslovakia found that the only significant positive orientation to petty production was connected with the cultivation of plots (0.5–2 ha), additional family income being the main purpose of farming ⁴⁸. Economic difficulties, mass unemployment and the modest social security may lead to a considerable increase in the number of small farms of this kind in the Baltics as well. The growth is permitted by the fact that a great deal of the population can easily acquire landed property either in connection with privatization or later from the land market, when the prices of land are expected to go down due to the oversupply of agricultural land ⁴⁹. Cultivation of potatoes and other vegetables does not require modern implements or great skill. Under the present conditions small-scale and sometimes primitive agricultural production easily becomes an essential, even necessary source of income ⁵⁰. On the other hand, the agricultural reform is likely to seriously aggravate unemployment. Maide ⁵¹ expects that half of the work force of the former large-scale farms becomes redundant. During 1993 alone, the labour force in Estonian agriculture diminished by 30 percent ⁵². The general tendency is the same in the other Baltic republics. This becomes clear also from the preliminary results of the interview data collected in the Baltic–Nordic Project.

⁴⁷ Ibid., section 4.4.4.

⁴⁸ Hudečková and Lošťák, *The Influence of Collectivization*, p. 122.

⁴⁹ Maide, op. cit., p. 7.

⁵⁰ According to a 'household budget survey' carried out in Latvia in 1994, 'during the first quarter of 1992, compared with the same period in 1991, the poorest one-third of the population experienced a fall in daily caloric food intake of more than 12%, to just over 2,080 kilocalories per day'. T. N. Ash, *Agriculture and Food Supply in the Former Soviet Union*, RFE/RE Research Report 1, 45 (1992), p. 44.

⁵¹ Maide, op. cit., p. 11.

⁵² IMF Economic Reviews 7 (August 1994), p. 7.

The masses of marginalized plot farmers can create a basis for the disarticulation of the economies of the Baltic countries. In this scenario, marginalized farms would constitute a part of the stagnating informal sector utilized by the export-oriented and technologically advanced formal sector. Plot farmers would become a large and flexible reserve of cheap labour force. Since these people would derive part of their livelihood from the plots, they would be able to do non-agricultural work for a lower salary than other people. In this way the marginalized informal sector would lower the general wage level, which again would cut domestic demand. The ownership of a plot farm would thus permit 'super exploitation', to use Claude Meillassoux's term. The small farm would, then, take on the role of the social-structural element that most neo-Marxist or radical developmental theorists use to explain the subordination of particular countries in the world system ⁵³.

(2) **Semi-proletarian enterprises.** These small farms depend for the reproduction of the family crucially on off-farm wage work, which defines their basis of reproduction. In advanced capitalist countries semi-proletarian groups make up probably the largest group of petty producers, and their proportion appears to be increasing. The persistent existence of this group can be explained by the income gained from wage work. Semi-proletarian farms are typical of agricultural petty production in advanced capitalist countries because the latter provide the kind of labour markets (with an adequate income level and regular employment opportunities) that petty production requires. In the Baltic countries, the new farmers' non-agricultural previous occupations based on a developed division of labour and their relatively high educational level could provide good preconditions for different combinations of wage work and agricultural entrepreneurship. In Estonia, low salaries and the mass unemployment that plagues even more Latvia and Lithuania ⁵⁴ undermine this reproduction model. The off-farm earnings of the farmers do not increase the profitability of their farms, and farms that are larger than plot farms also threaten to be marginalized. According to Maide, the 'establishment of a medium-sized farm costs over a million kroons (without the price of land)' in present-day Estonia ⁵⁵. The IMF put the average gross wage in Estonia at 1,164 kroons in January

⁵³ Amin, *op. cit.*, p. 21; I. Wallerstein, W. Martin and T. Dickinson, *Household Structures and Production Processes: Preliminary Theses and Findings*, Review, Vol. V, 3 (1992), pp. 438, 440. A thoroughgoing analysis from the viewpoint of agriculture is provided by Alain de Janvry in his monograph *The Agrarian Question and Reformism in Latin America*, (*op. cit.*).

⁵⁴ Taljunaite, *op. cit.*

⁵⁵ Maide, *op. cit.*, p. 12.

1994⁵⁶. Tisenkopf argues⁵⁷ that 70 percent of the Latvian farms formed in the land reform are characterized by inefficiency and marginality, in addition to which the production of every fifth farm is channelled primarily to the family's own consumption.

(3) **Capital-intensive family farms** are enterprises fully integrated into the agricultural commodity market. The term also refers to the high economic and technological level of the capital tied to this type of enterprise. The definition excludes capitalistic enterprises that aim at making profit by using predominantly external labour force. However, that segment of petty bourgeoisie that gets some extra earnings from non-agricultural occupations belongs to this category insofar as the reproduction of the family still primarily depends on the agricultural commodity market. The segment that depends on wage work belongs to the semi-proletariat. It is evident that in the Baltic countries the goal is to construct an entrepreneurial structure composed primarily of capital-intensive family farms. However, in the West the development of this structure and its shift into the core of agricultural production has been a long process, and it has presupposed a great deal of state economic input and a complex regulatory system. As already mentioned, the central concern of the farmers in former East Germany and Czechoslovakia has been the lack of resources and the weaknesses of state regulation. In the Baltic countries, no major measures to improve the conditions of capital-intensive family farms are in sight, not even in the form of the necessary protection of domestic agriculture. The existing farms, of course, do not constitute a homogeneous mass. At least in Estonia and Latvia farms that were founded first, i.e. during *perestroika* years, have the advantage over those that have been established later. However, some of the more recently established small farms exhibit strong entrepreneurial spirit and resourceful leadership. Furthermore, one can detect rudiments of class differentiation that may produce capital-intensive family farms⁵⁸. In the short term, however, capital-intensive farms are not likely to constitute the backbone of agriculture in any Baltic country.

(4) **Capitalist large enterprises.** This group includes enterprises whose reproduction model is characterized by hired labour and profit motive. Large-scale agriculture can develop in the Baltics as a result of domestic or foreign investments. More precisely, it is probable that the development has already started, although there are no research results that would

⁵⁶ The IMF, op. cit., p. 43.

⁵⁷ Personal communication.

⁵⁸ Abrahams, op. cit., pp. 144–145. Tisenkopf estimates (personal communication) that about 5 percent of Latvian farms are capital-intensive. However, part of them are not family farms but capitalist plantations.

clearly confirm this. In any case, both in the post-socialist countries⁵⁹ and elsewhere there are increasing pressures to abandon the 'family farm system' as the basis of agricultural production and permit foreign ownership of land. Also, the World Bank's report on Estonia⁶⁰ recommends a re-evaluation of the 'strong desire to establish and maintain family farms'. There is no (longer) overproduction of agricultural produce in the Baltic countries, and land and labour will be cheap. The reproduction of large-scale agriculture does not require productivity-increasing investments, as investments in buildings and machinery are not necessarily in the long-term interests of the enterprises: investments in fixed capital would hamper the withdrawal of capital from the production sector in the event of weakening economic advantages. In the developing countries the competitive advantages of such farms ('latifundia') include an almost unlimited, lowly paid workforce that is recruited seasonally from the unofficial sector, mainly from marginalized farms ('minifundia'). Indeed, Latin America has witnessed the simultaneous processes of the centralization of agricultural production and the growth of the numbers of marginalized peasant households⁶¹. In theory, also in the Baltics the existence of a great number of plot farmers would favour the concentration of agricultural production and Latin American type of development.

(5) **Collectively owned large farms.** Although the starting point in the Baltic countries has been the dismantling of the collective farms, the threatening collapse of agricultural production and the gradually increased opposition of the rural people to the closing down of these enterprises has at least in Estonia given rise to the possibility that also these types of enterprise could be preserved, as they were in former East Germany⁶². In Estonia, a number of agricultural cooperatives have already started to be reorganized on a new basis⁶³. Enterprises of this kind utilize and build on the existing, relatively developed production equipment as well as the occupationally specialized and trained workers. Their reproduction model can be assumed to differ in principle from large-scale production based solely on the use of wage labour, as the production strategies of the enterprise will have to treat the workers as owners⁶⁴. This reproduction type might also (in contrast to the preceding type) lead to such division of labour be-

⁵⁹ Cf. A. Ulyukayev, *Agrarian crisis and economic reforms in the USSR*, Food Policy Vol. 16 (August 1991), pp. 281–283.

⁶⁰ The World Bank, *op. cit.*, p. 111.

⁶¹ A. de Janvry, E. Sadoulet and L. Young, *Land and Labour in Latin American Agriculture from the 1950s to the 1980s*, The Journal of Peasant Studies, Vol. 16, 3 (1989).

⁶² Bergmann, *op. cit.*

⁶³ Maide, *op. cit.*, pp. 9–10.

⁶⁴ There are already examples of this — cf. Abrahams, *op. cit.*, p. 134.

tween agriculture and industry, or between rural and urban areas, in which some of the industrial functions and service activities remain internal to the enterprise, although often taking the form of outward-oriented, economic functions. This would increase the demand for labour force in the countryside. Collectively owned enterprises cannot, however, simply continue along the lines laid down in the Soviet mode of production. The transition from 'command economy' to market economy will require an internal reorganization of the large enterprises controlled by the workers.

At the moment it is impossible to evaluate the real ideological and political chances of this alternative. The economic prospects of the Baltic countries look gloomy. According to Maide, the reorganized, collectively owned farms represent merely a transition stage during which they will be replaced by private farms. Typically, in the course of the agricultural reform their property has been sold cheaply to the managers of the farms or their friends, or stolen or privatized⁶⁵. As already pointed out, this has a harmful effect on the productive activities in the new family farms — and thereby on the entire family farming policy.

⁶⁵ Maide, *op. cit.*, pp. 10, 12.