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Rural Households in Russia

Household Capital and the Agrarian Problem in Russia
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Household Capital and the Agrarian Problem in Russia is an excellent attempt at diagnosing the condition of households in rural areas during the time of socio-economic changes taking place in Russia in the 1990s. The authors aimed at presenting the adaptation strategies (psychological, social and economic) of rural inhabitants to the system changes. The basis for the presented suggestions are the results of panel research carried out in 1995, 1996 and 1997 in three Russian villages: Latonovo (southern Russia), Vengerovka (central Russia) and Bolshoe Sviatsovo (northern Russia).

Before presenting the results of their own research the authors present the transformation of social institutions in rural areas indicating that alongside the abolition of state and collective agriculture, the responsibility for the social and technical infrastructure, social services and organization of the village community (functions hitherto carried out by large farms) has been placed on the local authorities which lack adequate resources required for the realization of the above functions.

The socio-economic changes taking place in the 1990s brought about a rise in the rural population and the number of private farms. The countryside, rather like in Poland in the first years of the system change, became a buffer absorbing the surplus of production manpower from industry undergoing restructurization.

During the time of collective agriculture the owners of plots the size of which was 1/3 ha on average were a workforce base for the *kolkhozy* and *sovkhozy*. Due to the restructurization of collective agriculture started in 1992 collective farm workers were in a position to decide about the property remaining after former state farms. As a result of the economic changes peasants became the formal owners of considerable areas of land in rural

areas. However, a significant majority of peasants did not make use of this opportunity. According to law peasants could choose one of the potential options. The first was the registration of private farm land, aimed at private business. The second possibility was production for personal consumption. The third solution was leasing land to other farm workers or to a large agricultural business (*Tovarishchestvo s Ogranichennoi Otvetstvennostiu* — TOO, a joint-stock company whose shareholders could only be former collective farm workers and peasants whose land was leased by TOO did not have any share in managing the enterprise). The fourth choice available to former state farm workers was to sell the acquired land.

Research results indicate that the vast majority of workers in the socialized sector of agriculture opted for the third solution, leasing acquired land to large agricultural enterprises such as TOO. For 10% of the workers land is the source of maintaining a family (personal consumption — the second option) or is leased to farmers. Former workers of socialized agriculture were reluctant to register their land as private farms due to their anxiety about high maintenance costs as well as scepticism about whether they would really be capable of maintaining them as their own property over a long period of time. Research results confirm the general tendency characterizing the ownership transformation in the Russian countryside — land lease became a significant factor determining the growth in efficiency of peasant farms.

Being an element in the socio-economic change in Russia, the fall of collective agriculture brought about a breakthrough of its monopoly in that area of the economy and a degradation from the position of landowner to tenant, dependent on rural households. The elimination of collective agriculture has negative social implications — unemployment, leading to the marginalization of the unemployed. This problem mainly affects those rural inhabitants who due to their lack of qualifications or very narrow agricultural specializations which are impractical in the new conditions, have no chance of finding employment outside agriculture. Marginalization is a problem which has affected not only the Russian countryside but also the rural areas of other countries in Eastern and Central Europe (e.g. Poland, Eastern Germany).

According to the authors, the profound institutional changes taking place in rural areas are a chance of improving the condition of agriculture in Russia and emerging on the world market. As far as large farms are concerned a solution would be to transform them into a new type of cooperative. It will require far more effort to 'cure' rural households where success may be achieved by supporting agricultural production and creating an appropriate market infrastructure. New non-governmental local organizations would have to take responsibility for creating relations between households, the local authority and agribusiness.

The extensive empirical material which is the result of research carried out using the panel method is proof of the authors' great involvement and work. The book seems very interesting since the knowledge of our readers in various countries about the fate of the Russian countryside after the elimination of collective agriculture is minimal. The reviewed book is therefore a valuable source of supplementing that knowledge.

For readers who are not advanced empirics, the fact that the authors do not fully interpret the presented quantitative data on certain issues may be a certain drawback which is probably the result of the enormity of the collected empirical material. In spite of that the possibility of getting acquainted with a view of the current Russian countryside which the reader of "Household Capital and the Agrarian Problem in Russia" is faced with and confronting it with the rural conditions of other East European countries during the system transformation, is an incentive to read this work.