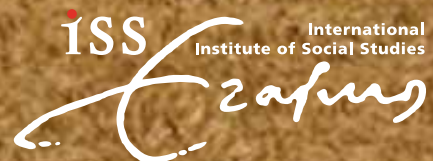


AGRARIAN REFORM AND TRANSITION: What can we learn from 'the East'?

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I. INTRODUCTION¹

Over a period of only two decades, the transition countries of Eastern Europe, the Caucasus and Central Asia (EECCA) have undergone profound agrarian transformations. At the start of this ‘transition’— (known as “die Wende”, which was initiated by the fall of the Berlin Wall) — the agricultural sector in most countries² was organized into a system of large collective, state or self-governed cooperative farm enterprises, in combination with the existence of small family plots for household food production. Agrarian reform was intended to introduce important changes in the agricultural sectors of 29 transition countries of the EECCA region, a process which had already taken place in China and Vietnam (the Asian transition countries, or ATEs) in the early 1980s, albeit in the context of ‘reconfiguring socialism’, rather than a transition to capitalism (Enriquez, 2010). These vast reforms are considered to be on a far greater scale than the classic cases of land reform which took place in Mexico, Brazil, Japan, South Korea and Taiwan (Sedik and Lerman, 2008). Indeed, and that is one of the main messages of this lecture, the transformation of agricultural production and land property rights in the EECCA region has taken place in a very short space of time, affecting vast areas of fertile agricultural land and millions of people. This was a truly unique ‘social laboratory’, in which profound agrarian transformation took place, and from which some fascinating lessons can be drawn.

I will analyse these transformations in depth, and will show that — next to these dramatic changes — in several important transition countries of the former Soviet Union (or the Commonwealth of Independent States, CIS) one can observe unexpected forms of continuity between currently emerging capitalist production systems and the ‘Soviet dream’ of large-scale production units.³ The independent ‘family’ farm, which was to be the main beneficiary of the large-scale agrarian reforms in this region, never really became important in the countries where Large Farm Enterprises and Agro-Holdings are ‘calling the shots’. This is especially the case since the mid-2000s (Uzun et al., 2009), when the latter became more powerful in Ukraine and Russia. If one were to compare the Soviet farm enterprises with Latin American *haciendas* and the subsidiary plots with *minifundia* — which is actually only partly possible — one could indeed have expected a difficult transformation.⁴

The analysis will be presented in three successive sections. The *second* section will briefly discuss ‘agrarian reform’ focusing on land reform and farm restructuring. In an attempt to deal empirically with the ‘agrarian question’ (Akram-Lodhi and Kay, 2010a and 2010b) in a context of transition, a spectrum of diverse outcomes in terms of agrarian structure, state influence and rural poverty will be sketched. Several patterns of agrarian reform and development will be presented, in part using the available literature, and in part grounded in fieldwork. In the *third* part, five case studies will be analyzed that show com-

parative processes, but also different policies that were used, in order to draw some lessons from ‘the East’ that can enrich the agrarian literature (and practice) which that has a distinct ‘Southern’ orientation. These cases are: Russia, Armenia, Moldova, Uzbekistan and China. The first four were all part of the former Soviet Union, while the Chinese case will be presented as a comparable case of reform (and outcomes). In China the Western Xinjiang region will be discussed, since it is the only part of China where large state farms are still a dominant actor in the agrarian structure.⁵ In the *fourth* part some preliminary lessons will be highlighted and their broader significance discussed.

II. LAND AND FARM REFORMS

The agricultural and rural sector was transformed primarily through processes of land reform (re-distribution, restitution, but also consolidation, concentration of land, and most recently, even ‘land grabbing’) and farm restructuring (which transformed the state and collective farms and services companies). Most of these processes in the EECCA region took place during the 1990s, in which the agricultural and rural sectors of these economies underwent profound changes, while this happened already earlier in countries such as China and Vietnam during the 1980s.

Land reform entailed a transformation (varying in different countries) from (near) full state ownership of land (agricultural land, pastures, forests, wastelands etc.) to private property rights, leasehold rights, and forms of communal land ownership or land use rights. This transformation of the property right system was primarily based on the assumption that private ownership of land would result in greater efficiency, a longer-term perspective leading to a higher level of investment in land and increasing land (and labour) productivity. In the EECCA region the context was (in most cases) one of rapid transition to capitalism, in which farms and peasant farmers were to become fully embedded in capitalist production relations. The process of farm restructuring was initiated because the collective and state farms (and other upstream or downstream state enterprises) were economically inefficient, with low labour and land productivity, labour shirking, and high monitoring costs to keep labour as active as possible (Deininger, 2002). Reform was also meant to break the existing symbiotic (but also ‘parasitic’; see Spoor and Visser, 2004) relation between the large collective and state farms and the subsidiary household plots, with the latter using capital and labour inputs from the former in order to produce low volume, high value products.

However, the large farm enterprises of the Soviet system did not only have a productive, but also a social, function. Whilst in most Western economies, these social security functions (education, health, and pensions) would be in the hands of national and local authorities or agencies, in the former Soviet Union

these were quite often channelled through collective and state farms. Spoor and Visser (2004) have observed that the strong LFEs, where management continue to provide a reasonable level of social security, are still able to bind in particular skilled agricultural workers to the farm enterprise, whereas the weak ones (of which there are many) have reduced these levels drastically. This deviates from the observation of Swinnen, Macours and Vranken (2009) that the 'partial maintenance of the social functions of these large-scale farms' is 'an impeding factor for productivity gains'. Sutherland (2004) pointed to the social roots of post-Soviet farm managers, who, on the basis of their traditional roles, could provide better opportunities for agricultural workers in the privatized corporate farms.⁶

With the full-scale farm restructuring programme, the previous 'workfare' (not welfare) system changed fundamentally as the new private enterprises, also the large ones, withdrew increasingly from the social domain, even when local administrations were by far not ready to take over. What LFEs currently do, is to provide productive services to 'their' workers' households. The erstwhile widespread stealing of resources from the collective/state farm by households has been replaced by the provision of low-priced inputs and plowing subsidiary plots to the households of agricultural workers (Visser, 2009). With all the fundamental changes, farm restructuring has contributed to growing inequalities, not only in terms of incomes, but also because of the growing gap in access to social services.

Income and non-income inequality and poverty were aggravated by the general social exclusion of the rural population, such as the peasants and small farmers who had emerged in the overall process of individualization of production and property rights reform. However, the oft forgotten group that suffered most in this process is the agricultural workers – women more than men as most women did not receive land titles. Not all agricultural workers became (in different countries in the EECCA region) small farmers or peasants. In most cases they remained farm workers, took non-farm or urban jobs, became unemployed, or migrated.⁷ Others received land but did not have the skills (or age) to operate a small farm viably, and rapidly sold off their only real asset (except for their labour power), often against very low prices.

Growing inequality, widespread rural poverty and social exclusion were also the outcome of reforms, which in the first place were aimed at improving productivity and efficiency. In order to illustrate this, five significant and highly diverse cases in the 'family' of (Eastern) European and Asian transition countries will be discussed, namely Russia, Armenia, Moldova, Uzbekistan and China. In all cases the analysis will be complemented with some field-based examples and empirical material of the agrarian reforms of these countries. These cases represent different pathways of agrarian reform which are depicted in Table 1.

Table 1: Essential Outcomes of Two Decades of Agrarian Transformation

	Dominant Actors	Property Rights	State Influence	Rural Poverty
Russia	LFEs + Agro-holdings and Small Farms/Family Plots	Private	Medium	Increased
Moldova	Corporate Lease Farms and Small Farms	Private	Low	Increased
Armenia	Small Farms with Emerging Concentration in Corporate Farms	Private	Low	Decreased
Uzbekistan	Medium-sized Farms and Small <i>Dehkan</i> Farms	Leasehold	High	Same
China (Xinjiang)	Peasant Farms and Large Regiment Farms	User rights	High	Decreased

Source: Author's Elaboration;

Four essential outcomes of the agrarian transformations are being portrayed, as they have emerged after two (or three) decades of land reform and farm restructuring, with regard to: (1) the dominant actors in agriculture; (2) the system of property rights; (3) the influence of the state on the production process and markets; and (4) the development of rural poverty. Russia and Moldova show a dominance of Large Farm Enterprises, Armenia and China (except for Xinjiang province) of small and peasant farms, while in Uzbekistan medium-sized leasehold farms dominate. Property rights systems range from private to user rights; state influence is still substantial, and in general the rural poverty level is still medium to high (see also Spoor, 2007a). Table 1 is comparable, although not entirely, with the sub-regional differences that were indicated by Sedik and Lerman (2008: 4), who put Central Asia in the category of individual and corporate (with 68 per cent of land cultivated by individual farms), the Caucasus (individual; 97 per cent), and Russia + Western CIS (individual and corporate; 34 per cent).⁸ Rural poverty seems to have decreased in those cases where redistributive land reform policies were implemented, such as Armenia and China.

In a slightly different manner, primarily looking at the development of agricultural productivity, Swinnen, Macours and Vranken (2009: 29–32) distinguished four patterns within the overall group of EECCA and Asian transition economies:

- *'Small-scale, agriculture-led, broad-based growth in rural areas'*; a number of countries fit into this category, namely China (which will be discussed separately),⁹ Albania (see Stahl, 2010), Armenia, Azerbaijan, Georgia (in the Caucasus), and Kyrgyzstan (which all implemented re-distributive land reform policies at different intervals in the 1990s).
- *'Large-scale, agriculture-led productivity growth with major employment reductions but good social security'*; included here are the Czech Republic, Slovakia, Hungary, and in part Poland, all of these countries entering the EU by 2004, benefiting from the Common Agricultural Policy (CAP).
- *'Falling between the cracks in the poorer EU accession countries'*; a category in which countries such as Bulgaria, Romania, Latvia and Lithuania would be situated, countries who all followed restitution and re-distribution land reform policies, which contributed to extreme forms of land fragmentation.



- *‘Large CIS countries exhibiting little restructuring and decline before 1998, with recovery after’*; in which particularly the large countries of the former Soviet Union would be grouped, namely Kazakhstan, Russian, Ukraine and Uzbekistan.

Next to this classification focusing on the economic functioning of the sector and its contribution to income generation and poverty reduction, we will also look at the emerging agrarian structure, and in particular the role of peasants, farmers (or ‘family’ farms) and agricultural workers.

The original expectation of agrarian (‘land and farm’) reforms in the transition countries of particularly Eastern Europe and the CIS was that independent ‘family’ farms would rapidly replace the obsolete and inefficient collective and state farm dominated agrarian system, in a way similar to Western European agriculture (World Bank, 1992; Small, 2002). However, in most of Central and Eastern Europe (CEE), in particular in the larger countries such as Kazakhstan, Russia and Ukraine, family farms hardly became a sector of any significance. Small (2005) therefore concluded:

Despite widely varying land privatization programmes and national policy structures, agriculture across CEE is marked by dualism – the unexpected resilience of large-scale, Soviet-style structures, and an increase in the number of small scale, almost subsistence-style, agricultural units (Swain, 2000).

Only in some countries where the small private farm persisted during the socialist period, such as Poland and the former Yugoslavia (such as Serbia), they remained in the transition period. In the Czech Republic, Slovakia and Hungary small farmers became prominent after the re-distributive and restitution-based land reforms of the early 1990s (Cartwright and Swain, 2002), as well as in Bulgaria and Romania, where there was widespread fragmentation of land. In others, in particular in the smaller countries, such as Armenia, Georgia and Moldova, family farms were established through re-distributive (‘plot-based’ and not ‘share-based’) land reforms, although a trend can be discerned towards the formation of corporate farms, often on the basis of informal leasing arrangements. We will see that many of these small farms are rather marginal in their existence (‘peasant farms’), not resembling the thriving ‘family farm’ sector in countries such as the Netherlands, Denmark and in the Western parts of Germany.

In many of the other transition countries (except for China and Vietnam), large corporate farms have become, or remained, dominant. In a more theoretical sense, it seems that the rapid transition from socialism to capitalism has put the ‘agrarian question’ on the agenda again, and in a way that runs counter to

the initial expectations of Western theorists, as no substantial ‘family farm’ sector emerged (Spoor and Visser, 2004; Small, 2005).

In cases such as Kazakhstan, Russia and Ukraine, the largest agricultural countries (next to Poland and Romania), this trend is currently even being strengthened by the formation of giant agro-holdings, which include hundreds of LFEs, with upstream and downstream input and processing facilities (Visser and Spoor, 2011).

III. CASE STUDIES OF AGRARIAN TRANSFORMATION

In this section I briefly discuss five typical and distinguishable cases of agrarian transformation, where applicable with reference to the results of agrarian reform presented in Table 1.

Russia

During the last two decades of the Soviet Union, some steps were already taken to reform the ailing collective and state agricultural production system. Although not widely known, these steps were taken more or less at the same time as the reforms of China in the post-Mao era of the late 1970s and early 1980s. These reforms had the objective to improve the labour management systems at the LFEs and to increase incentives to produce, at the level of the brigade, through agricultural collective contracts (ACC) (Swinnen and Rozelle, 2006: 106–07). For several reasons, but mainly due to ‘grassroots resistance’, these reforms failed. Just before the collapse of the Soviet Union these policies were widened:

In response to the shortcomings of the ACC reforms, Gorbachev attempted to introduce even bolder reforms in the late 1980s. In particular, new regulations in 1988 allowed individual farmers to lease land, hire labor, and own tractors, trucks, and other capital assets. Rental brigades (*arendnyi podrida*) had more discretionary power, and they increased in number in 1988 and 1989. As in the case of the ACC reforms, however, the effect of the reforms never materialized during the Soviet era (Ibid: 107).

At the outset of transition in the Russian Federation it was, perhaps naively, expected that 40 per cent of Russian agricultural output would be produced by a new, rapidly growing independent family farm sector by 1995 (World Bank, 1992). If one looks at the contribution to Gross Agricultural Output (GAO), in terms of food, household production had been already important at the start of the transition. According to Wegren (2009: 66–67), this was 32 per cent in 1992, increasing to 48 per cent in 1995. After a peak in 2002 (56 per cent) it declined

somewhat to 51 per cent in 2004. However, private farms (in the sense of small and medium-sized independent family enterprises) have remained a relatively small sub-sector. They increased their acreage from 6.5 million hectares in 1992 to 14.5 million hectares in 2000, and to 19.5 million hectares in 2005, but the Large Farm Enterprises (LFE) sector remained by far the largest sector in terms of land. LFEs encompassed 86 per cent of agricultural land in 1992, and still 72 per cent in 2005.¹⁰ LFEs, former *Sovkhozes* and *Kolkhozes* that had mostly transformed into cooperatives, and limited liability or joint stock companies, gradually emerged as large-scale corporate farms (Spoor and Visser, 2004: 516). While during the early period of Yeltsin there was still quite some attention and support for the emerging private farm sector (Wegren, 1998), under Putin there was a stronger push to support and stimulate the LFEs. As Small (2005) noted:

Recent legislation in Krasnodar Territory has made it illegal to purchase less than 300 hectares of land in a single transaction, effectively eliminating the potential for existing independent farmers to expand, or for new farmers to increase their scale beyond 5 hectares.

In spite of the growth of the (small and medium-sized) private farm sector, the rural landscape in terms of land use (and ownership) has not fundamentally changed since the outset of the transition. Before, there was a system in which *Kolkhozes* and *Sovkhozes* were completely dominant in terms of land (with an important contribution from the household subsidiary plot sector in food production, in particular the high value, low volume commodities). Instead of a more diversified agrarian structure that was assumed would emerge, a bi-modal structure (LFEs and Households) has been established, with a relatively small independent ('family farm') sector a third player.¹¹ The LFEs, however, in particular the economically weaker ones, have substantially reduced their social function (in terms of expenditure on social services and social security). This provides an incentive to households to start a farm and acquire more land, for example through rental markets which have emerged. However, the environment in terms of input, output, credit and technological markets (and services) is not such that these family farms can easily survive and accumulate to become more thriving economic units.

Has re-peasantization taken place in Central and Eastern Europe, as Leonard and Kaneff (2002) state? The answer is that this is partly the case, in particular in Central Europe, and in some of the smaller countries in the Caucasus and the Western CIS, but much less so in the large CIS countries, namely Kazakhstan, Russia and Ukraine. In the nearly bi-modal (or dual) agrarian structure there are LFEs, a relatively small sub-sector of individual private farms and those who are agricultural workers, but who, with their family plots, are also peasants.

Strengthening the latter was on the reform agenda in most of the CIS countries, and indeed a process of 'peasantization' occurred as Leonard and Kaneff (2002) noted. However, more recently, with peasants selling or renting out their land, and with the growing importance of agro-holdings and LFEs, these peasants have once again become more like agricultural workers, hence there is also 'de-peasantization'.¹² The traditional farm worker remains, but without the 'cradle to grave' kind of workfare that was traditionally provided by the LFE. That changes the picture significantly, as agricultural workers have a different view of the world compared to small farmers or peasants. As Small (2005) said:

Agricultural workers evidence no particular pride in continuing in the occupation of their parent, despite identifying large-scale, industrial agriculture as the most productive of the agricultural forms. Neither do they want their children to follow after them. This has implications for the longevity of the co-operative enterprises. Where independent farmers anticipate passing their enterprises on to their children, workers do not have this desire or capacity.

With the diminishment of the social function of the current, mostly privatized, large farm enterprises, this phenomenon of detachment will become even stronger. The landscape of countries such as Kazakhstan, Russia and Ukraine is becoming more dominated by LFEs and large agro-holdings (often established with finance from the energy sector). This can be seen as a rather rapidly occurring advanced stage of agrarian capitalism, and also surprisingly close to the old 'Soviet dream' of mega farm enterprises.

Armenia

Armenia, a small country in the Caucasus, is within the CIS clearly a counterexample of Russia if we analyse agrarian reform. Armenia implemented in 1992 (just like its neighbour, Georgia) a quick and sweeping re-distributive land reform directly after the dissolution of the USSR, in which a large part of the arable land was distributed amongst the members of collective and state farms. Arable land in Armenia is very scarce, as only 450,000 hectares of the total land surface of 3.0 million km² is arable, most of it to be found in the Ararat valley. There is also more than 1.1 million hectares of pastures, mostly to be found in the mountainous and hilly areas of the country. As a consequence of the re-distributive land reform in the first few years of the land reform, around 330,000 peasant farms were formed, with an average size of 1.3 hectares per farm (Spoor, 2007b: 192). On the one hand, this early and widespread reform of land property rights (and farm restructuring, as most of the large farm enterprises were liquidated) provided a 'cushion' against rural poverty. The latter declined until the mid-1990s (Ibid: 196), while urban poverty, in particular in the intermediate cities, was rising. For a while even, an inverted stream of migration emerged, as

the urban industrial crisis was of such magnitude that traditional relations with family members in the countryside were tightened in order to have sufficient access to food. There was also a positive correlation between land ownership and reduced poverty rates (Mkrtchyan, Minasyan and Spoor, 2009: 172).¹³



After the mid-1990s this picture changed, with a stagnating decline of rural poverty rates, while – accompanied by substantial economic growth rates – poverty rates in Yerevan declined to very low levels (World Bank, 2005). Mkrtchyan, Minasyan and Spoor (2009: 173–4) explain that is difficult to measure the precise relative differences in poverty between rural and urban areas in Armenia, mainly because of a lack of data. During the 2000s poverty in most of Armenia declined markedly, but despite this phenomenon:

....some disadvantaged regions have experienced a relative deterioration of their poverty situation. Factors contributing to rural poverty are geographical location, both in terms of distance from regional centers and markets and elevation above sea level, the ratio of irrigated lands and the availability of livestock. In addition, landownership appears to be a major factor determining income status. Rural residents with no land or very little land face higher risk of poverty, and this risk has increased since 1999 (Ibid: 174).

In the period 2004–06 overall poverty rates started to decline, although ‘disadvantaged regions’ in particular lagged behind, and in ‘pockets of poverty’, such

as in the mountainous areas stagnated, while they grew with the economic crisis of 2008–09. Nevertheless, the initial move towards re-distributive land reform worked quite well, in particular to contain the impact of a deep economic crisis in the early 1990s that was caused by the break-up of the USSR and the negative supply shock that hit particularly the smaller countries of the Soviet periphery. However, there was a clear lack of agricultural institutions and policies to support the newly formed majority sector of small farmers. There were also problems of land fragmentation, as many farmers in the Ararat valley had received very uneconomical strips of land which had been administratively allocated and subdivided.¹⁴ Furthermore, much of the former large-scale surface irrigation system had deteriorated¹⁵ or was not suitable for the small-scale farms that had emerged, while credit markets, input and output markets were still fragmented and highly inefficient, making it difficult for the small farmer to produce for the market and accumulate some capital.

In fact, during one of my field visits, I was witness of a disastrous transition from ‘grapes to grain’, in which a small farmer had cut down his vineyard and started growing wheat in order to provide food security for his household, as there was no credit facility and input and output markets were hardly working. These were problems particular to the 1990s, although in the following decade many markets became oligopolistic rather than competitive. In the following decade one could notice the influence of larger players in the agricultural field, in which the production of Armenian cognac in 1998 came in the hands of a French company Pernod Ricard, and local elites started to buy land in order to begin with large-scale grape production. The government cadastre stated (with data) that very few land sales and land rental operations were being performed. However, there was also evidence that informal (or illegal) land transactions were taking place, and that instead of the official picture of small farms of nearly equal size (except for those higher up the mountain, with somewhat more marginal soils), there was a new agrarian structure emerging, with ‘entrepreneurial farmers’ (15–500 hectares), ‘subsistence farmers’ (1.5–5 hectares) and ‘vulnerable farmers’ (Spoor, 2007b: 205), hence basically dual. This process of land concentration was partly caused by the non-transparent nature of local governance, and ‘hidden’ because of high costs of formal transactions.

The government of Armenia in the mid-2000s was planning to have a ‘second wave’ of land reform. This was to include the transfer of the remaining part of arable land and the pastoral lands, which were owned by the State, to the village and small town administrations who could then decide how to privatize this land, through auctions or other means. During the same period, in 2004–05, some corruption cases had already made it to the newspapers, showing that transparency in these operations was low, and that land concentration would follow rapidly if this policy were to be implemented. The proposed privatization of pastures would also have led to land conflicts between farmers whose cattle were grazing these ‘commons’ at the time.

For the moment the government seems to have accepted the advice that this policy was not a wise one. Arable land reserves should be used to support landless peasants (or those with very little land), and that it should also stimulate land rental markets in order to promote higher efficiency of land use without compromising equity objectives in the land policy (Spoor, 2007b). However, land concentration seems to have continued, in particular through investments by large value chains.

Moldova

Agrarian reform in the Republic of Moldova exhibits aspects of both cases previously discussed. It started in 1992 with the distribution of household plots and legislation regulating the formation of peasant farms. Just like in Russia, the distribution of land and other assets from collective and state farms was in the form of paper shares, as opposed to Armenia, where it was plot based (Sedik and Lerman, 2008). While many peasant farmers wanted to take their shares out of the collective structure, in 1994 a counter-reform was announced, supported by the conservative Agrarian Party, representing a powerful lobby of the rural nomenclature. However, in 1996 the process of land privatization was resumed, but the growth of the small farmers' or peasant sector remained limited and many remained in collective farms which have been restructured only nominally, or only formally renamed in farm associations or production cooperatives (Spoor and Izman, 2009).

Possibly related to the major impact of the Russian financial crisis on Moldova, the National Land Programme (NLP) was launched in 1998, which was the prelude to much more radical agrarian reform. The mostly bankrupt large farm enterprises were liquidated, and a public land fund of 1.7 million hectares of land was created, which was distributed to more than 1 million small farms (in the form of more than 3 million parcels, with an average size of 0.5 hectares). This mass privatization process led to the formation of a very large number of peasant farms (of between 1–5 hectares), while furthermore a substantial section of agricultural land remained in the hands of corporate farms. In 2005 the former sector owned 27 per cent, while the latter owned 32 per cent of the total acreage (Ibid: 105).¹⁶ In 2007 the former had 36 per cent of agricultural land and the various forms of corporate farms in total 54.5 per cent. As land was distributed to everybody who had been in collective or state farms in 1992, very often land went to pensioners, or some who had already migrated to the urban centres before the re-distributive land reform took place in the late 1990s (and excluded much of the youth).

Many of the new corporate farms were relatively uniquely structured, and hardly formalized, but very real in practice. They were called 'leader' farms, in which an entrepreneurial farmer in a village took the initiative to rent in the shares or plots of other peasants who were not interested, or did not have the

necessary skills, to farm. This led to a rapid process of de-peasantization after the initial re-distributive land reform. These mostly informal land rentals are difficult to document. Officially, those who rented out their land were still independent operators or small farms, but de facto large rental-based corporate farm structures started to emerge. There has also been massive land purchasing, in which a few buyers purchase large numbers of land plots in a particular village or region.



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These transactions provided little benefits to the seller as land prices were very low in the first years after re-distribution. Individual owners sold their land to investors, processing companies, or entrepreneurial farmers at around US\$ 250–300 in 2000, and US\$ 400–450 in 2004 (Ibid: 110). The sellers transformed themselves into agricultural workers, for lack of any other alternatives. In the end, after the agrarian reform, Moldova emerged having a largely bi-modal or dual farm structure, with peasant farms (including the household plots with subsistence activities) on the one hand, and large corporate farm enterprises (of different texture) on the other.

In the absence of well-developed institutions and markets ‘beyond land’, another process has taken place in the post-agrarian reform period, namely the emergence of rather oligopolistic processing sectors, such as in the wine sector and edible sunflower oil production. This development was to the detriment of the peasant farms, as they were all price takers, and the opportunistic behaviour of some processing companies pushed down the prices of agricultural raw materials.

The rather problematic transition of the Republic of Moldova has translated itself into very high poverty rates, as reported by World Bank (2005). In 2003 the poverty headcount was 43 per cent, but it has declined substantially in the following years, from 30.2 per cent in 2006 to 26.4 per cent in 2008 (amongst other reasons, through migration and remittances inflow).¹⁷ The rural poverty headcount grew to levels higher than in urban areas, namely 34.1 per cent in 2006, and after a decline, rising to 34.6 per cent in 2008, with even higher absolute poverty rates measured (in late 2009) amongst the agricultural workers (42.8 per cent) and self-employed peasant farmers (36.9 per cent) (UNDP, 2010). Widespread rural poverty in Moldova has also led to mass migration; whilst migrants provide remittances, rural family structures are further deteriorating in the process.

Uzbekistan

Uzbekistan followed a very different agrarian transformation pathway from any of the other Eastern European states. It is an example of a very gradual, state-led reform. In the early stages of transition a policy initiated to distribute (from state reserves and large farm enterprises) new plots to rural households, or add to existing ones. This process had already started in the late 1980s. By 1993, a total of 650,000 households had received plots and 1.6 million households had augmented the size of their subsidiary plot, from 0.12 hectare to 0.19 hectare (Lerman et al., 1996). This seems very small, but taking into account that there were very few sources of income other than agricultural labour in the large cotton and grain farm enterprises, these subsidiary plots were extremely important for food production, both at a household as well as at a national level. The *sovkhoses* and *kolhozes* were converted into collective or cooperative

farms, which mostly implied only a cosmetic change, or simply a change of name (from *kolkhoz* to peasant association). They were kept within the planned system, which remained largely in force, with planned production quota, delivered inputs, and procurement of output, in particular of cotton, which was (and is) 'king' in Uzbekistan and the most important foreign exchange earner of the economy (Spoor, 2006, 2010; Veldwisch and Spoor, 2008).



The new type of farm that was supposed to emerge, as it was introduced in the Law on Peasant Farms of July 1992, was the peasant or *dehkan* farm. Originally they were intended to become leasehold farms of between 10–20 hectares, thus quite different from the size of the household plots. However, they did not emerge as an important sector and since the end of the 1990s, the term *dehkan* is only used for a formalized type of household (plot) or peasant farm, which uses household labour and the private plot given to the head of the household (in lifelong inheritable ownership). This meant that while there were around 3.4 million subsidiary plots in use by households in 2001, around 1.8 million of these were formalized as peasant farms, with a maximum size of 0.35 hectare irrigated land/capita, and up to 0.5–1.0 hectare or non-irrigated land. Hence, a new large sector of *minifundia* was formalized, with symbiotic relations (for labour and inputs) with the still existing LFEs, named *shirkats* in Uzbekistan. In the late 1990s a second phase of agrarian reform was initiated, focusing in particular on the financial sanitation of the (many) insolvent *shirkats*. Until

then, there had been some reforms within the current labour regimes of the *shirkats*, for example the formalization of *pudrats*, or household contracts, which stipulate the amounts of cotton and wheat to be delivered to the state, with the option to sell a surplus at negotiated or even 'free market' prices (Spoor, 2009b). At the same time, since the early 2000s, the sector of 'private' leasehold farms, originally called *dehkan* farms, was expanding very fast, in particular when the *shirkats* were liquidated and split into medium-sized individual farms, often called business units. They used land under so-called rental or *ijara* contracts, the first ones, as was stated above, from as early as 1991 (Veldwisch and Spoor, 2008). By 2002 the number of leasehold farms, called *fermer*, had grown to 55,400, encompassing a total acreage of more than 1.0 million hectares (of mostly arable and therefore irrigated land); in 2004 the number had grown to 103,900 covering an acreage of 2.9 million hectares, while early 2008 the number had more than doubled to 235,000, encompassing 5.8 million hectares of land (Dept. of Statistics of Ministry of Macroeconomics and Statistics, Tashkent).

There was therefore rapid growth in 'private' leasehold farms, along with the decline and eventual elimination of the *shirkats*. While I was working in that period in Uzbekistan with UNDP to contribute to the formulation of a national poverty reduction and employment growth strategy, it was clear that the government was not at all inclined to give in to the existing 'land hunger', and was instead focused on a reform that would produce the 'optimal size' of the farm, which was thought to be a medium-sized farm of between 20–50 hectares.¹⁸ The new leasehold farms were not formed in a very transparent process: sometimes through exams sat by potential farmers [focusing on skills and training levels] and sometimes through lotteries (in which the workers became included with the land, and the unprofitable procurement obligations; see Kandyoti, 2003; Khan, 2007).

Uzbekistan has fully transformed the large *shirkats* into medium-sized 'private' *fermer* farms, in addition to a mass of peasant farms and household plots. In the FSU this seems to be the only case where this size of farm has become dominant in the agrarian structure. However, the Uzbek land and farm reforms have strengthened the state's grip on the sector, causing re-regulation, rather than a de-regulation in the reformist sense (Trevisani, 2009). These 'private' family farms are not really private, as they are embedded in the still existing planning system and forward and backward linkages of state delivered inputs (and credit), and obligatory state procurement (Trevisani, 2007).¹⁹

Rural poverty remained quite high, in particular in the cotton producing areas of the country (such as the densely populated Ferghana valley). Economic growth of the country did not trickle down to the poorest of the rural population, namely the agricultural workers in the cotton sector.²⁰ In one of the few available surveys (World Bank, 2005), it was reported that the poverty headcount

for Tashkent was only 4 per cent, whereas this was 55 per cent for rural areas (and 43 per cent for other urban centres), with poverty extremely high in the Southern province of Syrdarya (72 per cent), where land is heavily degraded due to overuse, water logging and nitrification of the top soil (Fieldnotes Uzbekistan, 2004).

China

Very often China is seen as the countervailing example in relation to agrarian reform, in particular because it has introduced a re-distributive land reform (regarding the individual or household 'user rights' of land) in the early 1980s and subsequently gradually liberalized the markets 'beyond land' in the following two decades. All of these reforms took place under the leadership of the Chinese Communist Party, and – in contrast to the example of the Soviet Union and Russia – were undertaken after successful grassroots experiments (Ho, 2009) and even grassroots pressure on the leadership (Swinnen and Rozelle, 2006). Enriquez (2010: 16) has recently conceptualized the reforms in Russia as having taken place in the context of a 'rapid retreat from socialism', while in China, in particular in the early 1980s, as part and parcel of 'reconfiguring socialism'. Nevertheless, Russia (or the Soviet Union) and China also share similar pathways, albeit in different historical periods.

Early Chinese agrarian reform was based on the introduction of the 'household responsibility system' (HRS), which was finally approved in 1981, giving a boost to agricultural production and rural incomes. Agricultural growth was spectacular during the first half of the 1980s, in which households received greater incentives to produce on 'their land', sold part of it at higher prices in peasant markets, being able to save, invest and consume more urban products. These effects had a great impact on rural livelihoods until the mid-1980s, after which agricultural growth rates slowed down again. From then onwards the agricultural and rural sector lagged far behind growth in the Eastern, coastal provinces, where much of the industry was located and domestic and foreign direct investment was directed to. Hence, income inequality grew fast (Spoor, Heerink and Qu, 2007). Only in the past decade the pendulum seems to have swung towards agriculture and rural development, which was neglected for more than two decades.

In the early 2000s the Chinese government launched the Great Western Development Strategy, directing more domestic investment to the impoverished Western (and some Southern) provinces. By 2004–05 grain subsidies were introduced to support grain farmers and the national endeavor of food security. In 2006 the government introduced its massive investment program to create a 'new socialist countryside', recognizing the ever-larger income and non-income discrepancies between rural and urban areas. Finally, in 2008 new legislation came into force guaranteeing private property rights for rural land, primarily to

provide peasants more security in their battles against encroaching local urban administrations and real estate developers.²¹

In a special part of China, namely Xinjiang, although the HRS was also introduced in the early 1980s, a different kind of strategy regarding land was followed. Xinjiang is seen as a region of national importance, and during the 1950s and 1960s a near-military strategy was implemented to develop and control it. Army regiments were sent to settle in the province, which at that moment was largely inhabited by Muslim Uyghurs (Spoor and Shi, 2009; Spoor, Shi and Pu, 2010). The operation was led by a giant state company, the Xinjiang Production and Construction Corps (or *Bin Tuan*). This company was led in a military fashion, and so-called regiment farms were set up, which were large-scale nearly industrial type of farm enterprises, mostly producing cotton and grain. The operation can be compared somewhat to the massive move in the 1950s into the 'virgin lands' of the Kazakh SSR (now Kazakhstan). The regiment farms cleared wasteland and constructed vast surface irrigation systems and road infrastructure. The vast transmigration of Han Chinese from other provinces, and the large-scale form of farming of the Xinjiang Production and Construction Corps created a bi-modal agrarian structure along ethnic lines, with many small Uyghur peasants and large-scale Han Chinese populated regiment farms. The latter very often have better access to water, get subsidized inputs, and have economies of scale. Furthermore, the social infrastructure of these regiment farms still resembles the Soviet *sovkhozes* and *kolkhozes*.

Production in the regiment farms is very much controlled and planned, while for the small Uyghur peasants more or less the same degree of freedom exists than elsewhere in China – except for the strategic cotton crop, where very often peasants are 'strongly advised' by village officials to produce a certain acreage, in a manner comparable to Uzbekistan.²² Rural poverty is still widespread, in particular amongst the Uyghur peasants, in spite of a large-scale crop diversification programme (introducing fruit and nut varieties), that has recently been introduced. The very small size of these peasant farms and the low prices in sometimes still administratively-influenced markets, produces a situation which does not resemble the first pattern distinguished by Swinnen, Macours and Vranken (2009) that included China – in particular as there is very little non-farm employment, migration is limited and distances to (export) markets are very large. Indeed, the Xinjiang case is peculiar in the Chinese context, and is presented here as it is comparable, in its dual agrarian structure, with the other cases presented here (except in part for Armenia).

IV. WHAT CAN WE LEARN FROM THESE AGRARIAN TRANSFORMATIONS?

There are several general lessons that can be drawn from the above:

1. Agrarian reform in the 'South' disappeared from the 'development agenda' for several decades, with only a few exceptions, the last important one having taken place in Nicaragua (see Enriquez, 2010). However, it returned in the form of a new 'market-led' format that was promoted by the World Bank (2003), known as the 'market-led agrarian reform'. The experiments that have taken place in countries such as Brazil, South Africa, and the Philippines have been strongly criticized, amongst others by Borras, Kay and Lahiff (2010). They have largely failed. Interestingly enough, in Eurasian transition countries (the EECCA region and the ATEs), which were discussed in this study, agrarian reform was massively introduced, and it was state-led. Agrarian reform programmes were often (at least in the EECCA region) supported by the same World Bank or other international organizations, such as USAID, that are advising against such state-led reforms in 'the South'. There was of course no other option, as markets and related institutions were still weak or not credible. Land (sales and rental) markets, for example, were non-existent, but the efficiency of state-led agrarian reform was never disputed, in view of the overall transformation of these societies. The various types of agrarian reforms that have taken place in 'the East' are a statement in themselves in favour of state-led agrarian reform.
2. The expectation that small and medium-sized independent 'family' farms would become the backbone of the 'new' agriculture has not materialized, in particular not in the countries in the former Soviet Union. In the large countries such as Kazakhstan, Russia and Ukraine, Large Farm Enterprises (LFEs) have remained dominant, particularly in the large-scale (bulk) grain production. The private small and medium-sized independent 'family' farm was predicted by the World Bank (1992) to become the key sector in agriculture. Whilst it did grow in size, it never became a large sector, and can best be described as the third player in a primarily dual agricultural economy, which is composed of LFEs and the large number of household plots (that produce an important part of food products in these countries), or peasant farms. LFEs changed ownership and management, but remained important, although sometimes 'coping with the market' (Spoor and Visser, 2004). The weak ones did away with their social functions, rendering the position of agricultural workers more problematic than ever. Whether the 'social roots' of the current LFE managers will improve their lot as Small (2005) expected, remains to be seen. Renewed land concentration has been largely driven by the rapid economic recovery of the 2000s, where 'outside capital' in particular started to acquire land, with investments in agro-food chains.

3. Rural poverty has remained a large problem in many of these countries and often increased. Large rural–urban income and non-income inequalities have grown during these decades. Land and farm reforms were undertaken in parallel with policies of deregulation and liberalization (very often in times of a deep economic crisis). The result was that property rights became more private and/or individual. In most countries land ownership had a positive correlation with rural income levels, and therefore redistributive land reform, at least in the short run, tends to contribute positively to agricultural growth, and improved rural poverty levels. However, in a context of weak and fragmented markets, weak governance, and non-credible institutions, newly acquired land was often sold (or rented out) quite rapidly, at very low prices. Property rights reform alone is therefore not a sufficient condition for these presumed outcomes. Agricultural policies to support the sector of the newly emerging private farmers are crucial and ‘markets’ beyond land (technology, finance, labour and input/output) equally so (Chang, 2009). When property rights become private, and policies and markets are not functioning in favour of the (small) farmer or peasant, instead of being ‘secure’, as the mainstream literature would argue, they can be rather ‘insecure’ (Thorpe, 1997; Borras and Franco, 2010), due to an insecure environment and the absence of ‘credible’ institutions (Ho and Spoor, 2006).
4. Finally, although this is not widely known, the issue of domestic and transnational ‘land grabbing’ is becoming very prominent in the transition economies of Eurasia, in particular in the transition countries. Again, weak governance, the absence of an independent judicial system and the dual or bi-modal agrarian structure already in place make it possible for large tracks of arable land to be bought or rented by private corporate companies (see Visser and Spoor, 2011). It is expected that much of this land will in the near future be used for large-scale food and bio-fuel production. While investment in agriculture is needed, as it was always the Cinderella of economic development and reform, it is questionable whether large-scale land grabbing will lead to an improvement of the fate of the agricultural workers, peasant and small farmers in these countries – those who are actually essential to viable sustainable agricultural and rural development, but often last in line to receive attention from those who influence or decide about policies.

Revisiting these lessons from ‘the East’ is important, as the future of millions of rural dwellers, who are the backbone of important agricultural and rural sectors in the countries discussed here, is at stake. They deserve the necessary attention, and the ‘rural bias’ that this inaugural lecture has certainly adopted, is therefore – in my opinion – fully justified.

AFTERWORD

I would like to thank a number of institutions and people who have played an important role throughout my career, if not a large part of my life. I am sure I cannot thank all who fit into this category, hence beforehand: all of you deserve thanks, even if you are not mentioned.

I would like to express my thanks to the Executive Board and the Board of Deans for their decision to accept me as the holder of the Chair of Development Studies (in particular regarding economies in transition), established by the Erasmus Trust Fund, and the previous Rector of ISS, Professor Louk de la Rive Box who strongly supported the establishment of a number of these Endowed Chairs.

Thanks also to Professor Michael Ellman, who was my supervisor at the University of Amsterdam [Yes, my Alma Mater was Leiden, and I got my PhD in Amsterdam...]. He is a great *connaisseur* of the Soviet space and history, a strict supervisor, and actually just what I needed at that time. I was a latecomer in this field, originally coming from the natural sciences. Hence, when the moment came, there was no time to lose in writing a PhD. He followed the rule of ‘soft doctors make stinking wounds’, and I am still grateful for that. Thanks also to my colleagues in the Staff Group, or Academic Department, “Rural Development, Environment and Population Studies”, the other members of the Staff Group Board, and in particular those who work (and have worked) with me in the field of agriculture and rural development. Our Staff Group is a very dynamic and intellectually engaged group at ISS and I hope that we will continue to work well together, in particular by expanding our research agendas, for which already quite some good ideas exist. Thanks also to those at the ISS who are always there but hardly noticed, in particular the ones who make it possible to run teaching programmes, or to organize large conferences. Thanks to all of you for your support.

Special thanks to my students, those of ISS, but in the past few years also from the Barcelona Institute of International Studies (IBEI), where I am a Visiting Professor. ISS students in particular come here to study, but we actually learn a lot from them, as this very special kind of mid-career student brings experience and energy with her or him. I have also learned much from teaching in different countries, in capacity building projects, such as in Vietnam and Nicaragua. The teaching and the policy-oriented research is what I love about this place, and is what I will continue to do in the – hopefully many – years to come.

In concluding this inaugural lecture, I would also like to thank my friends, at all stages of life and career, and Francisca, Saskia, and Friso, for all their love and support.

I will now end with the words 'Ik heb gezegd', which is the traditional Dutch form of concluding an inaugural lecture, meaning that I have said what I wanted to say. Well, I did, and thank you all very much for your undivided attention.

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Notes

1. I wish to thank Oane Visser for his detailed comments on an earlier draft of this text, and Friedl Marincowitz for the language editing.
2. With a few exceptions, such as Poland and Yugoslavia.
3. The CIS is often used interchangeably with the former Soviet Union. However, the Baltic States, Estonia, Latvia, and Lithuania were never member of the CIS and joined the EU in 2004, while Ukraine and Turkmenistan are not official members, while Georgia left the organization in 2008 after the conflict with Russia.
4. It was actually Deininger (2002), a fierce proponent of market-led agrarian reform, who made this point.
5. What in a Western perspective is called 'the East', as in the title of this inaugural lecture, is of course for the Chinese leadership 'the West', when it refers to Xinjiang.
6. Lee-Ann Sutherland is the same author as Lee-Ann Small.
7. A gender analysis presented by Holzner (2008) shows that when workers become peasants or small farmers, land titles nearly exclusively go to men.
8. In the article the 3rd category is actually named 'individual and corporate' as well, but this is adjusted here, to do justice to the dominance of the corporate sector in agriculture.
9. In general, China would fit in this pattern, but the Xinjiang case is different as we will see below.
10. The source is Rosstat: http://www.gks.ru/bgd/regl/b08_12/IssWWW.exe/stg/d02/15-01.htm, with thanks to Oane Visser who provided the data.
11. In 1992 the distribution in terms of output (LFE: HHs: Private Farms) 67.1: 31.8: 1.1 per cent; in 2008 this had become 49.3: 41.5: 9.2 per cent. See: http://www.gks.ru/bgd/regl/b09_12/IssWWW.exe/stg/d02/15-02.htm.
12. One may of course wonder whether Russian farm workers were still 'peasants', as was clearly the case in China and in most of the Central European countries where collective agriculture was only introduced in the period after WWII. Nevertheless, the subsidiary household plots always had an important function for the rural household in terms of production and consumption, occupying a symbiotic relationship with collective or state farm work (see also Kitching, 1998, although his expectations about the role of the peasantry were different). See also van der Ploeg (2010) for a discussion on the role of peasants and their current re-emergence.
13. Armenia fits in the first pattern distinguished by Swinnen, Macours and Vranken (2009).
14. During fieldwork undertaken by the author in Armenia (2004–05), a farmer showed him the land title, with a small map. His property consisted of a strip of land 500 meters long and 10 meter wide (0.5 hectares) which could not be reached by machinery. Others had various plots, distributed over a large area. However, land consolidation was difficult to undertake, as any programme with that title was seen as a concealed attempt to concentrate

land in the hands of the rural elite or the government (Fieldnotes, Armenia, 2004).

15. In 2006 Armenia won a large grant (US\$ 235 million) from the Millennium Challenge Account (MCA), an initiative of the G.W. Bush administration, largely to be used for an upgrade of the irrigation system, with as overall goal to broadly reduce rural poverty (www.mca.am, accessed 26 July 2010).
16. Household plots represented 14 per cent, state-owned lands 9 per cent, and there was a land reserve of 18 per cent of agricultural land (Ibid: 105).
17. The poverty headcount in this case measures the share of the population that has an income below the internationally comparable poverty line of US\$ 2.15 PPP/day.
18. With my colleagues Andrea Giovanni Cornia and Terry McKinley, several discussions about this topic were held with the Deputy Minister of Economics, Dr. Galina Karimova Saidova, in which we argued that: (1) there was no such thing as an optimal size of the farm, and (2) that a re-distributive land reform will contribute to a reduction of rural poverty, even without jeopardising the national level of cotton production. This was particularly the case because of high density of rural dwellers in the most important agricultural regions, such as the Ferghana valley, and limited possibilities in non-farm labour and migration. However, the Uzbek government was convinced that small producers were inefficient and, without saying this directly, could more easily control the surplus produced by medium-sized farms rather than that of millions of small peasant farms.
19. Although the state procurement quota for cotton and wheat were diminished between 1991 and 2002 (from resp. 100 to 50 per cent and from 95 to 30 per cent, and further reduced in the following years), but the grip on markets by state agencies in Uzbekistan remains so large, that it is nearly impossible to export cotton without a state, or a state-licensed channel. As cotton is 'king' there is quite some state capture in this sector.
20. In this case much of the harvest work is done by children, school youth and students, in often deplorable circumstances and being paid very low wages, an issue for which Uzbekistan has been criticized very often by international organization. Malnutrition and child poverty are also widespread in these areas (Spor, 2007b).
21. It remains as yet unclear what this will mean for the vast majority of peasants, as the traditional system of land reallocation (on the grounds of changing demography at local levels) is still in force. The Chinese government would want to avoid a rapid land concentration as is taking place in Russia, taking into account the possible consequences of massive migration and growing inequality.
22. Fieldwork in a joint research project financed by the Royal Netherlands Academy of Arts and Sciences (KNAW) in late 2008 in the southern Aksu prefecture in Xinjiang province confirmed this observation, although more and more of the processing companies (cotton gins) had become private.

Olivier B. Bommel on the ‘Soviet Dream’:



“Groot is mooi en veel
is lekker” (*Large is
beautiful and much is
nice*)

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