Agricultural Landownership in Transitional Economies

Many of us that are interested in — but not specialists of — socialist agriculture have been wondering why the transition from the socialist collective farming system to the individual system based on private property rights in land has been so slow and, hence, unsuccessful in raising agricultural production and productivity in the Central and Eastern European countries and the former Soviet Union. This short volume presents a collection of essays on the achievement of and the obstacles to landownership reform in these transitional economies. Analyses are neat but cover many of the key issues regarding the economic transition. There is no doubt that this book provides a useful and compact assessment of the present state of the landownership reform. It is also noteworthy that discussions leading to this volume were initiated at the 22nd Conference of Agricultural Economists in Harare, Zimbabwe, in 1994.

The agricultural sector is undergoing dramatic changes in most of the countries in the transition to a market economy. State ownership of land is shifting to private ownership. Yet ‘privatization’ of land is complicated and elusive, because it does not necessarily imply the transfer of land from state to individual cultivators. In Russia, for example, most land has been transferred from state to collective ownership, but the transfer to individual farmers has yet to be implemented in many areas. Moreover, Thiesenhusen (Chapter 2) observes that peasants do not seem to prefer individual farming when given a choice and, hence, even though land is distributed to individuals in the form of paper shares, this is not followed by physical allocation of individual entitlements. In Central and Eastern Europe, strong political pressure exists to restitute land to former owners or their heirs, many of whom are not farmers and do not possess adequate technological and institutional means for farm cultivation. Land recipients in this region have often opted to join farmers’ production associations or production cooperatives. In Russia, too, agricultural production cooperatives are common, which are little different from collective and state farms in terms of the way work is organized. Riddell (Chapter 5) argues that newly independent farm families have few places to turn to for farm machinery, seed supplies, fertilizer, sales of produce, credit, extension, and so forth, based on the experience of FAO member states in transition.

In my view, there are four major issues in landownership reform in transitional economies: (1) the slow implementation of landownership transfer, (2) the failure to establish family farming, (3) the absence of positive productivity impact of reform, and (4) the future of landownership reform.

The difficulty in implementing the restitution is identified as a major reason for slow implementation of landownership transfer. The required documents are often missing and the government officials making decisions regarding the validity of applied documents are in short supply. Thus, Müller (Chapter 6) predicts that completion of the restitution will take several decades.

The restitution poses a difficult transitional issue, because the heirs of previous owners do not know farming. As is pointed out by Munro–Faure (Chapter 4), there seems to have been a presumption in the transitional economies that, even if the restitution distributes lands to non-productive users, market transactions transfer lands from low to high productive users.

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Land markets, however, do not function precisely because of the incomplete implementation of land reform or the failure to establish private property rights in land. Therefore, a land tax is considered necessary to ensure productive use of land and to induce sale by non-productive landowners. Considerable attention is, therefore, paid to the issue of land tax in this volume.

The failure to establish private or individual farming is explained most importantly by the absence of an efficient marketing sector as well as the lack of organizations providing credit and extension services to individual farmers. Authors almost unanimously argue that large-scale group farming will remain prominent, given the lack of markets and farm support services. It is true that without efficient marketing and farm support services, individual farming cannot be practiced efficiently. It is by now well-established, however, that, other things being the same, collective farming is less efficient than family farming, because of the high supervision cost of collective farm workers.

This point has been most lucidly demonstrated by the experience of the introduction of the household production responsibility system in China and Vietnam, in which farm productivity improved dramatically as farm organization shifted to individual farming. Interesting enough, collectives continue to provide marketing and other services to individual farmers in these countries. As Lerman (Chapter 3) suggests, if marketing is costly for individual farmers, they can form service cooperatives or retain the service functions of collective organizations while creating and maintaining individual farming. Indeed it is reported that, as in the case of China and Vietnam, private farming on auxiliary plots, as well as private farmers, depends on state marketing channels in the transitional economies under consideration.

Therefore, the absence of markets and farm support services alone cannot explain the prevalence of collective or group farming. Theoretically, a more reasonable explanation is the inadequate knowledge of farm operation possessed by collective and state farm workers, not to mention heirs of previous owners. The editor (Chapter 1) states that the cooperative represents a unique form of farm organization enabling dispersed entrepreneurship and asset ownership to capture economies of scale and fully utilizing resources in transitionally short supply. Another explanation is offered by Riddell, that new private farms are likely to be subject either to the restitution or to multiple claims in future, so that little progress can be expected until land reform is completed. It appears that why private farms have failed to develop remains to be explored further.

Although private farms have been established to a limited extent, landownership system has undergone remarkable changes and a number of new joint producer groups have been formed. Compared with the experience of China and Vietnam, however, the productivity gains in the countries this volume covers have been minuscule. It is true that the agricultural sector suffered from the general economic disruption. The lack of productivity gains may also simply reflect the slow progress of reform implementation. Lerman (Chapter 3) argues that the difference in the patterns of agricultural transformation between the former socialist countries of Europe and Asia is not surprising, given the much higher level of mechanization and technology in the European countries. This important argument, however, is not elaborated further. The editor also points out that arguably, land reform is more a matter of equity than productivity, more justice than efficiency. The basis for this argument, however, is unclear.

In fact, a variety of farm organizations coexist in the transitional economies, ranging from the traditional socialist farms with auxiliary plots to new agricultural cooperatives and new private farms. Furthermore, private farms have continued to exist during socialist periods in the Eastern European countries.

A comparative analysis of farming practices and productivity among the different farm organizations can provide us useful information as to the actual impact of landownership reform and its future. For example, it is instructive to know whether farming on auxiliary plots continues to be much more productive or profitable than collective farming. If the answer is affirmative, what is the obstacle to further expansion of private farming on auxiliary plots? This issue is relevant, because the establishment of individual farming in China can be considered conceptually as an expansion of private farming on auxiliary plots. Another important question is concerned with the difference in productivity between private farms and the new agricultural cooperatives. Specifically, are there differences in input use and the choice of crops between them? If such analyses are supplemented by the analy-
sis of the choice of farm organizations, we will be able to obtain much better understanding of the future of agricultural organization in the transitional economies.

In conclusion, the authors of this volume predict that group farming will continue to be dominant farm organization in the foreseeable future in Central and Eastern Europe and the former Soviet Union. Such conclusion, however, is not convincing, because of the lack of supporting evidence. It seems to the present reviewer that there is a good possibility that individual family farming will develop, securing marketing and support services through collective organizations.

I fully recognize the limited availability of statistical data necessary for rigorous empirical analyses in the context of the transitional economies, so that it is probably unfair to criticize the lack of rigorous analyses in this volume. I would like to point out, however, that the contribution of this volume would have been much greater if the synthesis of the findings and arguments were provided in such a way as to stimulate future research in this frontier area of investigation in our profession.

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Maize Technology Development And Transfer: A GIS Application For Research Planning In Kenya
Rashid Hassan (Ed.); CAB International, Wallingford, UK. Published in association with the International Maize and Wheat Improvement Center (CIMMYT) and the Kenya Agricultural Research Institute (KARI), 1998, 230 pp., USS 85.00 cloth, ISBN 0851-992-870

The staff of most national and international agricultural research organizations recognize the importance for research design and impact analysis of integrating the efforts of social and biological scientists. Often, however, this ‘integration’ occurs on an ad hoc basis, as the confidence of individual scientists in the work of colleagues from other disciplines grows over time, and one discipline (or scientist) ‘informs’ the other. Unfortunately, the principal purpose of economic analysis in agricultural research is sometimes narrowly identified with documenting ‘successes’ or explaining ‘failures’ after the research occurs.

A major contribution of this book is to demonstrate how technology development, impact analysis, and priority setting can be integrated analytically by developing models from the same brass tacks—a digital database incorporating spatially-referenced information on agroclimate, population density, cropping intensity, on-farm trials, and farmer surveys. The most immediate gain to this approach is the refined definition of maize breeding environments in Kenya. The analysis revealed an extensive zone of maize production (some 45% of Kenya’s maize growing area) whose agroclimatic characteristics were not adequately reflected in the targeting scheme then in use. The revised zoning explicitly identified and mapped a ‘transitional’ environment within the established mid-altitude and highland environments, thus providing breeders with more specific guidelines for addressing a significant need for new maize germplasm.

Keying data on crop production environment to information on the perceptions of farmers, farmer characteristics, input use, and management practices can result in more targeted recommendations that have immediate application to the work of a national research program. For example, most adoption studies are conceived and implemented in the absence of agroclimatic or soils information; even when this type of information is recorded by social scientists, their ‘taxonomies’ may not be conformable to those of biological scientists. The geographical information system (GIS) framework enables these variables to be moved from the unexplained (error term) to the systematically explained (explanatory factors) portion of the socio-economic model.

While the merits and impacts of the GIS database are evident throughout the book, the description of the database itself is relatively limited. The power of a digital (GIS) database is that any number of spatially referenced, thematic layers of data (climate, soil,