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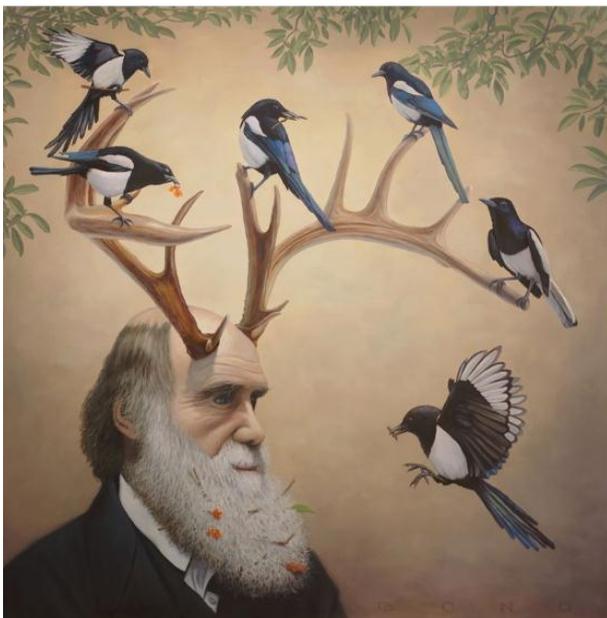
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Formation of Russian farming: Problems and prospects

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Abstract

The article analyzes the state and prospects of development of family farms in the Russian agrarian sector via statistical analysis. The static data provided by the authors highlight the systemic deformation in shaping the structure of domestic agriculture. The conducted scientific research shows that the use of non-market methods of artificial planting of large forms of organization of agriculture is counterproductive. In conclusion, the formation of the modern farming segment of the Russian agrarian sector is complicated by both the factors arising from the historical and cultural context and the conditions generated by the post-Soviet economic reality.

Keywords: Agrarian, Peasant, Commodity, Business, State.

Formación de la agricultura rusa: problemas y perspectivas

Resumen

El artículo analiza el estado y las perspectivas de desarrollo de las granjas familiares en el sector agrario ruso a través del análisis estadístico. Los datos estáticos proporcionados por los autores destacan la deformación sistémica en la configuración de la estructura de la agricultura doméstica. La investigación científica realizada

muestra que el uso de métodos no comerciales de siembra artificial de grandes formas de organización de la agricultura es contraproducente. En conclusión, la formación del segmento agrícola moderno del sector agrario ruso se complica tanto por los factores derivados del contexto histórico y cultural como por las condiciones generadas por la realidad económica postsoviética.

Palabras clave: Agrario, Campesino, Mercantil, Comercial, Estatal.

1. INTRODUCTION

Small business forms of organization are the basis of the global agrarian sector. Family farms that are characterized by their small size and the use of highly motivated labor of the family members demonstrate a high level of market adaptability and viability. In the Russian rural economy, the farming movement, despite the presence of objective demand for enterprises of this type, has not received proper development.

Under the conditions of a clearly urgent strategy of restoring a Russian village, addressing the problem of family farms is not only of great scientific, but also practical importance. Only commodity farms, including the traditional family institution, can solve the problem of attracting the general population to the rural economy and, therefore, ensure a decent standard of living for millions of Russians. Family farms, successive to the communal world order, can play an important role in restoring the true self-government of the territories, filling the local consumer markets with high-quality agricultural products and, the most importantly, contributing to the sustainable growth of the

food potential of industrial territories. The purpose of this study is to substantiate an alternative course imposed by the government on the initiation of large organizational forms, the concentration of agriculture through the co-operation of family commodity farms.

The natural rootedness of the institution of the family of rural producers in the community organization gave reason to Brox to see in family farms the conductor of the democratic beginning in a significant part of society (BROX, 2006). One of the directions of development of the agricultural sector of the post-Soviet countries of Eastern Europe, researchers rightly consider the development of farms.

2. MATERIALS AND METHODS

The problem of family commodity production has become the subject of study by Russian agricultural scientists. The research works of domestic authors cover a wide range of approaches. So, Koznova considers family farms in the context of the revival of peasant commodity and business commodity systems (KOZNOVA, 2004).

In the historical context, the problem of Russian farming is presented in the book by (NIKOLSKY, 2012). The fundamental difference between Soviet collectivization and post-communist de-collectivization, in his opinion, was that the first was carried out with an increasing amount of public investment in agriculture, while the reforms of the 1990s were actually the formal procedures of

destructing the public sector, accompanied by a massive impoverishment of the population (NIKOLSKY, 2012).

The method of statistical analysis was used by the authors to attract the materials of the all-Russian agricultural census of 2016, illustrating the potential of farms. The conclusions of the article and the materials of the survey of peasant farms of Belgorod, Lipetsk, Nizhny Novgorod regions and Krasnodar region were significantly substantiated. 397 heads of peasant farms were surveyed by random sampling. At the same time, taking into account the specifics of livestock and crop farms, the survey observed the proportion of the sample of relevant activity profiles. The limit of the survey results is not more than 3.06%.

3. RESULTS AND DISCUSSION

The starting development point of Russian farming is considered to be the Russian Soviet Federative Socialist Republic Law On peasant farming, adopted in 1990. Due to the revolutionary nature of the genesis of Russian farms, created on the ruins of the state-farm-collective system of the public agricultural sector, their weakness and small number became their characteristic features. By the end of the 1990s, a total of 261 thousand farms were established in the country. By the 1st of July, 2006, 56.8% of functioning peasant farms cultivated up to 20 hectares of land.

Most importantly, the dominance of large business in the domestic agriculture significantly impedes the already difficult development of the agricultural sector of the country. This is confirmed by the data characterizing the structure of the state support recipients for domestic agriculture. With a lower level of state support for the agrarian sector than in other countries, its large share falls on large agricultural organizations (SHAGAIDA & UZUN, 2016). Peasant farms with a low level of material wealth have a limited possibility of bank lending. Unlike large agricultural businesses, the share of loans issued to farmers tends to decrease.

Table 1. The volume of attracted loans in Peasant Farming (share)

Years	2013	2014	2015
The share of peasant farms in total volume of credits and loans, %	1.9	1.6	1.3

Thus, the situation related to the bias in the development of domestic agriculture towards the predominance of large forms does not only contribute to the stability of the development trend of the agricultural sector, but, on the contrary, creates conditions that inevitably provoke serious social-and-economic problems in the medium term. In addition to the social disadvantage of the large agro-business predominance, expressed in the absence of a mechanism for attracting the broad mass of the rural population to active economic activity, such a state of affairs does not create the necessary conditions for the development of agriculture in the territories unsuitable for mass agrarian production (WISKERKE, 2004).

Along with the general employment decline in agriculture, the number of employees in this sector decreased by a third from 2006 to 2017. As in Soviet times, the majority of those employed in rural areas are hired laborers, and the number of unemployed in 2010 was almost equal to the number employed in agricultural organizations. The proportion of hired employees in the total labor force of the Russian agricultural sector is 68.3%. The employment structure of the rural population according to the sample survey held in 2017 is graphically shown below.

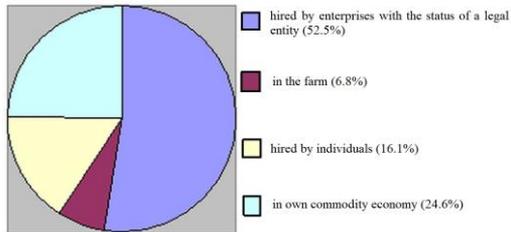


Figure 1. The structure of official employment in agriculture
 Source: Labor, employment and unemployment in Russia

The limited social division of labor in agriculture and, consequently, the impossibility of simplifying and unifying individual work cycles require the use of interested, having special skills, labor, which almost inevitably involves overcoming the contradiction between labor and property and limiting the scope of hired labor for auxiliary operations. Having noticed this feature of the agricultural system, Chayanov made a very important theoretical conclusion that the first step to a cooperative organization in agriculture is not a union of manufacturing type, as in industry, but family cooperation (CHAYANOV, 1989).

In contrast to industrial production, the complex type of cooperation in the agrarian sector did not arise in the form of the manufactory, born by the process of the social division of labor, but within the organizational structure of family groups that ensure the division of labor functions among family members. At the same time, the long development of related associations in the conditions of the natural economy determines the unconditional availability of necessary skills of each of their constituent subjects.

The lack of coherent government policy aimed at supporting family commodity farms not only impedes the development of this segment of the agricultural sector, but also leads to a decrease in the number of peasant farms. Moreover, according to the data of the All-Russian Agricultural Census of 2016, only 69.9% of peasant farms from the registered ones carry out economic activities.

Table 2: The dynamics of farming sector development

Indicator	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Number of peasant farms, thousand at the beginning of the year	49	182	270	279	280	278	274	270	261	261	265	264	263	261	257	255	255	253	168	180	304	308	268	223	216	215
The area of land plots for peasant farms, million hectares	2.1	7.8	11	11	12	12	13	13	14	15	16	17	18	19	19	20	20	20	20	20	20	20	20	20	20	20
The average size of peasant farm's plot, ha	42	43	42	43	44	48	51	55	58	62	67	69	73	75	103	103	103	62.8	X	X	X	X	X	X	162	240
Sown area, thousand hectares	334	253	503	503	566	483	549	590	600	650	776	885	952	108	119	131	141	152	158	156	165	171	185	197	208	2192
Grain production, thousand tons	181	223	513	416	300	323	549	324	387	551	938	105	967	136	142	156	164	227	203	133	208	157	227	266	275	3331
Sunflower production, thousand tons	11	180	273	260	519	316	310	330	531	567	443	753	108	120	177	199	168	212	186	141	254	205	287	249	271	3340
Sugar beet production, thousand tons	7	512	100	487	669	540	485	434	834	690	827	112	197	227	223	366	327	285	244	241	624	542	389	345	414	5733
Potato production, thousand tons	88	307	376	302	363	359	358	309	322	375	422	453	603	739	802	114	120	146	182	117	241	237	205	236	289	2634

Vegetable production, thousand tons	18	78	102	111	148	117	165	186	248	263	296	317	450	653	781	994	997	1314	1385	1388	2022	2013	2094	2101	2427	23765
Cattle and poultry in live weight, thousand tons	21	93	139	154	147	147	129	127	122	128	137	143	169	175	190	217	265	292	327	348	377	3487	3971	435	467	480
Cattle and poultry in slaughter weight, thousand tons	12	56	84	93	88	88	78	76	74	80	87	91	108	110	119	138	168	191	201	210	227	2315	2361	2631	2788	
Milk, thousand tons	44	247	495	568	576	525	527	547	558	568	6157	700	820	905	981	1123	1284	1379	1425	1484	1525	1719	1804	1918	2035	2159
Eggs, million pes	3	24	83	107	129	119	119	120	125	140	1655	2163	1723	1934	2603	2733	3142	3365	3102	3035	3321	3334	3000	3218	369	425
Wool, t	156	142	292	328	422	329	266	241	222	218	2464	3379	4917	6488	9574	12360	12036	13987	14414	13868	14213	16695	17820	18685	18865	
Honey, t	267	646	119	964	122	991	102	100	101	118	128	112	128	157	150	164	182	192	179	172	251	288	293	301	245	
Gross agricultural output, billion rubles (until 1998 - billion rubles.)	0.02	0.03	0.7	1.2	4	5.6	7.4	6.7	15.4	23.6	35.7	38.3	52.4	79.0	84.3	111.3	156.5	209.2	189.7	187.4	294.2	297.5	361.3	429.7	575.2	702.2

Source: (Russian farmers in numbers, 2017: 5)

Despite the general downward trend in the number of peasant farms over the past five years, an increase in the average size of agriculturally used land has been observed. It was a result of the concentration of activities of farms specializing in crop production.

According to data obtained from a survey of peasant farms in the Belgorod, Lipetsk, Nizhny Novgorod regions and the Krasnodar Territory, organized in 2018 within the framework of the Russian Foundation for Basic Research project, the role of hired labor in the largest and commodity enterprises becomes decisive, indicating the appearance and production relations dominating in these sectors of agricultural production of large agricultural corporations.

Table 3: The grouping of peasant farms by size of land, number of employees and revenue

Peasant farm groups by area, ha	% of farms in a group	Number of workers per farm, persons	Including farm's members, people	Plot area, ha	Revenue for 1 farm, rub.
0-10	10.2	2.4	1.7	2.8	125 000.0
10-50	16.3	9.9	3.2	24.1	5 733 777.8
50-100	6.1	2.0	2.0	79.0	2 650 000.0
100-500	34.7	7.2	2.6	257.4	10 905 187.5
500-1000	12.2	6.7	4.0	739.5	18 498 333.3
1000-1500	10.2	15.0	2.0	1 190.0	39 703 200.0
1500-3000	8.2	45.0	7.0	2 504.5	69 645 666.7
more 3000	2.0	57.0	2.0	8380.0	236 500 000.0

With an average number of permanent workers 27.9% and temporary workers 17.1% in peasant farming the proportion of workers involved in three groups of the largest agricultural farms reaches, as the scale increases, respectively, 86.7%, 85.5 %, 96.5%. The data of mentioned above survey of four constituent entities of the Russian Federation indicate that farms with indicators in the range of revenues exceeding 1 million rubles and marketability level of 50% up to the category with revenues of 7 million rubles

and marketability level of 60 % experience the greatest tend for cooperation.

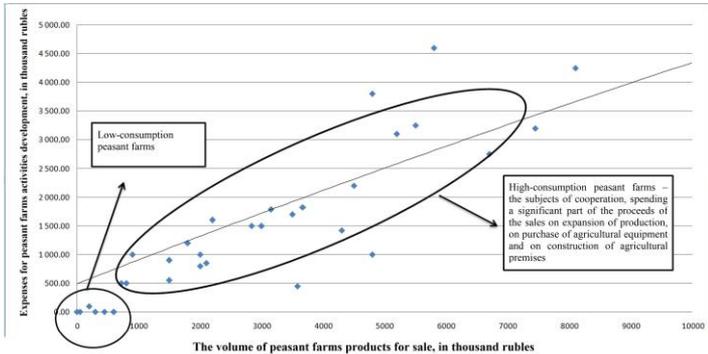


Figure 2: The level of cooperative mobility of peasant farms

Marks show peasant farm groups experiencing a need for cooperation. Financially well-off farmers, with an income of more than 7 million rubles, have practically no craving for co-operation. At the same time, the global experience illustrates the direction of concentration of commodity family farms, in accordance with the instructions of Chayanov about agrarian cooperation. In the USA, 35.5% of milk produced by farmers and 39.8% of seeds are sold through cooperative associations (WHATMORE, MUNTON, LITTLE & MARSDEN, 1987).

In Canadian agriculture, there are 1,500 cooperatives, of which 4 million farmers are members. In addition, each farmer is

simultaneously a member of several cooperative associations operating in the marketing, procurement, processing or joint operation of machinery. Cooperatives of Canada sell over 50% of grain and oilseeds, 36% of fertilizers, 21% of compound feed, 19% of seeds. In animal agriculture, peasant farming positions are most noticeable in sheep and wool production.

Table 4: Production of basic animal agriculture products in peasant farming of the Russian Federation in 2017 (% of total production)

	Total, thousand tons	Peasant farms' production, in thousand tons	Peasant farms' production, in% to total volume
Cattle and poultry for slaughter (slaughter weight)	10319.0	305.3	2.9
Cattle	1569.3	147.0	9.3
Pigs	3515.7	44.2	1.2
Sheep and goats	219.5	50.7	23.1
Poultry	4941.0	52.0	1.0
Milk	30154.5	2375.4	7.8
Eggs, million pieces	44829.2	466.2	1.0
Wool (in physical weight), tons	56733	20926	36.8
Honey, tons	65167	2597	3.9

Source: (Production of main livestock products in the Russian Federation (thousand tons), 2019)

Even the largest family farms in animal agriculture have a much lower level of marketability. Only 38% of the total number of

farm enterprises engaged in raising cattle and 26.7% in sheep farming sell 90% or more of their products (2016 All-Russian Agricultural Census, 2017). Despite the increase in livestock in 2.4 times in peasant farms in 2006-2016 and milk production in 1.9 times the share of farmers segment in the total volume of dairy products is 7.8% (TOLEDO, 1990).

Such a state of affairs in this production cannot be considered satisfactory simply because the reliance on large cattle-breeding complexes does not demonstrate sufficient effectiveness. The production of beef and milk in large business structures is practically not being developed, as the data of Federal Service of State Statistics evidence:

Table 5: Beef and milk production by agricultural organizations
(thousand tons)

Years	2011	2012	2013	2014	2015	2016	2017
Beef producti on	514.1	533.4	529.9	529.8	525.9	536.2	544.4
Milk producti on	14395 .0	14752 .4	14046 .5	14365 .0	14718 .0	15061 .2	15673 .7

Source: (Production of main livestock products in the Russian Federation (thousand tons), 2019)

Taking into account the particular adequacy of the natural qualities of family commodity farms the development of animal agriculture in peasant farming should be the subject of a special

direction of the state agricultural policy. Due to much less material wealth, family livestock farms are experiencing a considerable craving to co-operation. Lack of own funds and the need for real economic activity determine a relatively high level of informal cooperative ties of family commodity farms in animal agriculture. According to the survey, the mutual assistance of peasant breeders covers a wide range of technological operations.

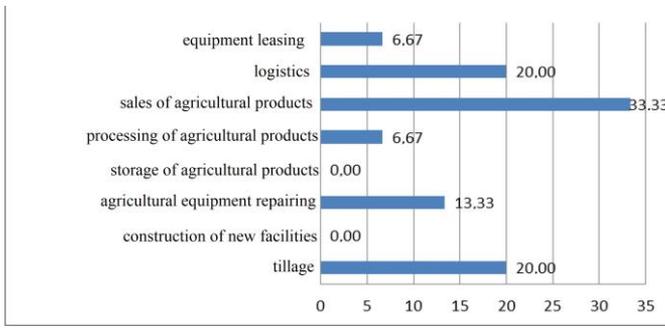


Figure 3: The proportion of family farms entering into cooperative ties in %

Source: Sample survey of peasant farms in Belgorod, Lipetsk, Nizhny Novgorod regions and Krasnodar Territory, 2018

Potential subjects of cooperation among livestock farms are significantly below the parameters of agricultural peasant farms in the range of material wealth (production volume up to 1 million rubles of marketable products and investment volume up to 4 million rubles).

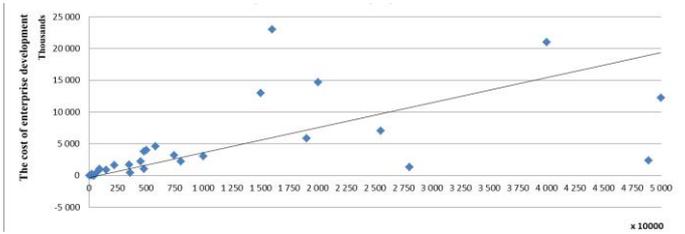


Figure 4: The subjects of cooperation of peasant farms in animal agriculture (the volume of products for sale (in thousand rubles)
 Source: Sample survey of peasant farms in Belgorod, Lipetsk, Nizhny Novgorod regions and Krasnodar Territory, 2018

In general, cooperation as a factor of peasant farms’ development in the agricultural sector of Russia is evidenced by the data about the expressed desire of their heads to unite in various technological operations.

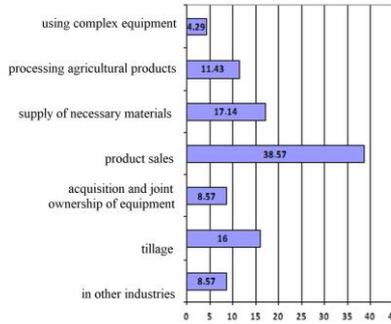


Figure 5: The answers of the peasant farms’ heads to the question: Are you ready to cooperate with other peasant farms
 Source: Sample survey of peasant farms in Belgorod, Lipetsk, Nizhny Novgorod regions and Krasnodar Territory, 2018

At the same time, it should be specially noted that the development of agrarian cooperation of farmers is not solely the result of the forcing state policy of collective enterprises. The formation and development of the cooperative sector of agriculture is possible only if there are objective prerequisites: small property of farmers and commodity nature of their farms.

Grant receivers are established by regional competition commissions (Regional experience, 2016). The maximum amount of the grant for beginning farmers is 1.5 million rubles, for family livestock farms - 21.6 million rubles. The number of peasant farms received actual financial support from the federal budget is 11,832 in 2012-2017.

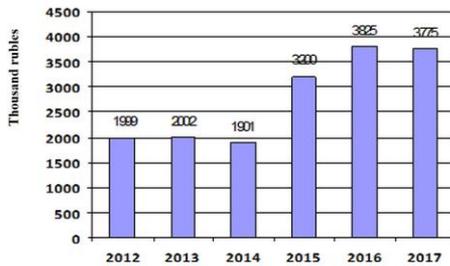


Figure 6: The volume of federal budget funds aimed at supporting beginning farmers in 2012-2017

All heads of peasant farms questioned in the course of the mentioned above sampling survey in 2018 stated that they were

familiar with the state program of subsidizing farmers, 64% with the participation in the program, 66% with appreciable assistance from the state. However, almost half of survey participants (47.7%) still count on improving their own business conditions solely on their own strength, and 52.9% noted the complexity of registering procedure for subsidiary state support. As obstacles to the further development of their own farms, the heads named five main reasons.

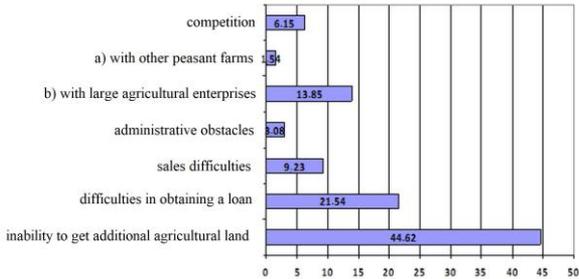


Figure 7: The main obstacles in the development of peasant farms (according to the sample survey of the peasant farms' heads of Belgorod, Lipetsk, Nizhny Novgorod regions and Krasnodar Territory in 2018 (in%))

Despite the emerging changes related to the implementation of the state program, so far it has not been possible to achieve stable growth in the small-scale commodity sector of the Russian agrarian sector. In general, over the past ten years, the proportion of peasant farms in the structure of the product of the Russian agricultural sector has increased slightly.

Table 6: The structure of agricultural product by categories of farms in the Russian Federation

	2009	2010	2011	2012	2013	2014	2015*	2016*	2017*	2018**
	100	100	100	100	100	100	100	100	100	100
All agricultural subjects	45.4	44.5	47.2	47.9	47.6	49.5	53.9	55.1	55.0	55.1
Households	47.1	48.3	43.8	43.2	42.6	40.5	34.6	32.5	32.5	33.0
Peasant farms	7,5	7,2	9,0	8,9	9,8	10,0	11,5	12,4	12,5	11,9

4. CONCLUSION

Thus, the formation of the modern farming segment of the Russian agrarian sector is complicated by both the factors arising from the historical and cultural context and the conditions generated by the post-Soviet economic reality. By the beginning of the second decade of this century, the political leadership of the country had an understanding of impossibility for developing agriculture without reproduction of small-scale commodity system, which is particularly adaptable to market conditions and which allow the rural population to be recruited into active economic activity.

At the same time, measures taken by the state aimed at expanding the scale of family farming have not yet initiated its quantitative and qualitative growth. In this regard, the strategy of promoting the peasant farms of the country remains relevant in the

medium term. The Russian experience of reforming the agrarian industry shows, that the most reliable mechanism for determining the strategy for the development of agriculture is the market mechanisms that determine the ratio of the ways and forms of its organization. Despite the successful functioning of large business structures in the agrarian sector, their absolutization does not correspond to the regular evolution of the village, which is based on family commodity farms.

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