

COMPARISON OF LAND REFORM OF LATVIA AND RUSSIA IN CONDITIONS OF TRANSITION PERIOD

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Abstract

For many centuries land relations in the territories of Latvia and Russia have been developed by different influences of different foreign forces. The comparison of orientation and dynamics of the land reform in countries with similar initial parameters allowed analyzing the impact of changes in property relations on activities of farms, their productivity, involved costs and the benefits. The main conclusion is that the land reforms in Latvia and in Russia were not the main objective of agricultural land use saving and development of agricultural enterprises.

Key words: land reform, land use, agricultural enterprises.

Introduction

For many centuries land relations in the territories of Latvia and Russia have been developed by different influences of different foreign forces.

The Saeima of the Republic of Latvia in the session on July 22, 1940 accepted the “Declaration on Land Proclamation as National Estate”. The Saeima proclaimed all the land with its riches, forests, lakes, rivers as national or the state’s property. Latvia and Russia from 1940 till 1990 were included in the Soviet Union, therefore there was a common legal basis for land use and agricultural enterprises (Zemes reformai Latvijā, 2000).

The land reform of Latvia in 1990 was one of the cornerstones of the political stability and the independence. No other reform, no further enacted law has been as comprehensive and influential on each person's life in Latvia and Russia as the land reform.

The need for land reform in Latvia and Russia was caused not by the progressive development of successive economic relations, but by the tensions of political and socio-economic situation in the countries.

On November 21, 1990 the Supreme Council of the Republic of Latvia adopted the law “On Land Reform of the Republic of Latvia in Rural Territories” known in history as the first law of economic reforms which regulated the right to acquire real estate after May 4, 1990 (Zemes, mana, tava.. 2002).

The land reform of Russia was performed using methodologies and recommendations of the World Bank. It was assumed that the creation of conditions for equal development of different forms of agricultural enterprises’ management, the formation of a mixed economy based on diversity and equality of different forms of ownership of the land, the development of market structures and competition will provide self-regulation of land relations and optimize the use of land resources (Czaki, Nash, 1997).

The aim of article is a comparative study of the mechanisms and outcomes of the land reforms in Latvia and Russia. The research objectives of article are:

1. Compare the legal basis of the reforms.
2. Analyze general and specific features of these processes.
3. Compare the results of reforms.

To solve the research objectives, the following research methods were used: *the monographic descriptive method* in the research of historical development, theory aspects and problem elements and *the empirical research method* to develop general statements from separate facts and to determine regularities.

Methodology of research and materials

The research was chosen to analyze the process of the land reforms in Latvia and in Russia. For the analysis normative acts of the land reforms were selected. The previous research and the authors' opinions were taken into account. This study uses publicly available data on agricultural land use in Latvia and in Russia.

Applying scientific research methods (*monographic descriptive method* and *empirical research method*) common and different features of the land reforms were assessed.

Discussions and results

The research analyzes and evaluates the laws that regulate (govern) agricultural activities in Latvia. These laws can be divided into three major groups: land use and agricultural production supporting legislation; laws that restrict land use; laws that regulate the land use. According to the Agricultural law, it is intended to promote support for the rational land use in Latvia by promoting: improvement of agricultural land, by co-funding drainage and sewerage system reconstruction and renovation, as well as liming of acid soils. Crops Development Support Programmes which co-finances sown areas, new fruit and berry orchards, seed production and covers the industry risks; modernization of agricultural production process; biological and non-agricultural development; other financing programs.

In Russia the main emphasis was with collective forms of land use on the individual (private owner, farmer) methods of radical liberal or command-administrative. The phrase "farmer will feed Russia" became the reform slogan and the incentive - aspiration to reach the western level of production. By the level of the capital-labor farms the United States surpassed the Russian collective farms by 4 - 5 times and installed capacity by 5 - 6 times. A farmer in the West in the process of high technological production takes possession of 20 - 25 professions, while a farmer in Russia trained only in 2 - 3 professions (Петриков 1998: 12). It was considered that the high level of competition in the market will induce commodity producers to continually improve technology and qualifications and, consequently, there will be an increase in labor of productivity and efficiency.

The reforms started in the 90s of the previous century from different starting points: in Latvia small commodity agricultural production dominated, in Russia - cooperative forms of management (the share of state and collective farm co-operative sector production amounted to 72%, while private farming – to 28%) (Иванюга, 1999). Mechanism of the land reforms in Latvia and Russia are described in Table 1.

Table 1.

National characteristics the mechanism of realization land reforms in Latvia and Russia

Latvia	Russia
The transition from the land nationalization to its denationalization, privatization of land, decentralization of ownership of the land. Multiple forms of ownership: physical persons; legal persons; municipalities and state.	The transition from the land nationalization to its denationalization, privatization of land, decentralization of ownership of the land. Multiple forms of ownership of the land: private (individual, total lobar and total joint); private - physical and legal persons; state, which is divided into federal property and property subjects of Federation, municipal, other forms of ownership.
From 1989 till 1990 – to exit from the collective farm (state farm), the consent of its members with the land allocation of the reorganized farms is not required. Provides for the establishment of peasant farms by allocating workers of collective farm and state farms with their shares of land and property.	To exit from the collective farm (state farm) the consent of its members with the land allocation of the reorganized farms is also not required. Provides for the establishment of peasant farms by allocating workers of collective farms and state farms with their shares of land and property.
Land reform legislation does not impose restrictions on who may be owner of agricultural land.	People access to land resources; do not have relations of collective farm and state farms production. Significant differences in the formation of government support for land owners as independent commodity producers.
Workers of collective farm and state farms obtained the land in usage in the first part of the land reform, but in second part - in ownership.	Workers of collective farm and state farms obtained in ownership land share of agricultural land from reorganized farms. Other categories of citizens' land is given from the agricultural land of district fund.
-	In accordance with the Law "On land turnover importance of agriculture" citizen is permitted to redeem the property that does not exceed 10% of the area of farmland administrative district. Land share does not depend on the length of employment, labor contribution.
Financial support - privatization certificates, paysteps; Mortgage and Land Bank of Latvia	Financial support - Agricultural Bank of Russia

Latvia	Russia
-	Terms allocation area - 1 month
Land owners are physical and legal persons, the state and municipalities. Possible to lease land for a fee from the owner.	Abolished the state monopoly on the land. Made the transition to multiple forms of land ownership. Land redistributed in favor of citizens. Established use of land in return for payment.

The land reform in Russia started in 1990 was not implemented due to the lack of funding. In the framework of the Federal target program, the land reform has been provided with a significant amount of work in 1999 - 2002, which was also not performed due to lack of funding. Since 2002 the development of documents started to form lists of the land for which the Russian Federation, subjects of the Russian Federation and municipal ownership have the right of ownership for the purpose of state cadastral registration of these sites for the demarcation of state land ownership (Волков, 2007).

In reality the land reform in Russia only exacerbated the economic crisis, led to the ruin of many agricultural enterprises and the reduction of sown areas and decrease in soil fertility. Russia lost 1/3 of its internal market. Food production limit led to the absence of reserves of productive land, progressive soil degradation, increasing bends of productive land for non-agricultural purposes, the increasing cost of energy and fertilizers, deficiency of fresh water. Agriculture has become more and more energy intensive due to application of fertilizers, pesticides, etc. A part of arable land (20 - 40%) has overgrown with shrubs and is out of use.

The focus on the development of farming in Russia was not justified. The main areas of the land belonged to the state and municipalities owners. Peasants showed great interest in the field of family farming (private farms), getting help from the main existing collective farms ((land allotments, food, machinery, fertilizers, seeds, etc.).

Unlike the participants of the market relations and efforts to achieve maximum efficiency, owners of private farms avoided self-production keeping in mind high risks and uncertainty of the agricultural market. The main purpose of private farms became ensuring the social protection.

Results of nearly 15 years of the reform have revealed its low efficiency in Russia. The area of farmland decreased by 14% (30.5 million hectares) (Fig.1.), production in all categories of farms - 40% (90 million rubles in 1991 prices) (Индикаторы рынка земли, 2013).

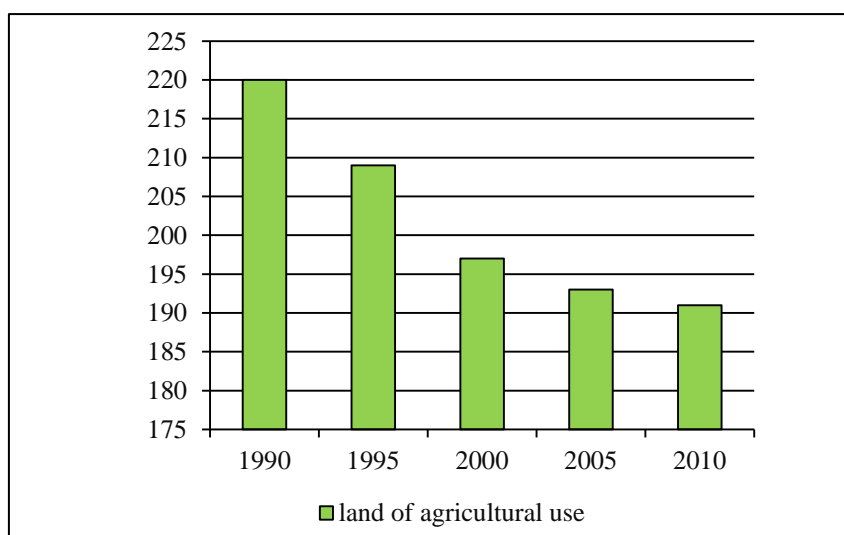


Fig.1. Changes of land of agricultural use in Russia during the years of the reform, million hectares.

As regards Latvia, year after year the fields of Latvia became deserted not only of people, but also of the farms. Every year the number of farms have been decreasing by several thousand in Latvia (Desmit gadu laikā...,2014). If in 2003 there were about 133,000 farms, now there are only 83,000. This is demonstrated by the data of the agricultural land use changes (Table 2.). In the period of the last hundred years agricultural land use has decreased by more than 1,000 hectares in Latvia.

Table 2.

Changes of land of agricultural use in Latvia, thousands hectares

	1913	1935	1989	2000	01.01.2014.
Total Land of agricultural use	3,633.8	3,770.5	2,568.7	2,486.0	2,376.7
including:					
arable land and orchards	1,729.6	2,113.7	1,721.0	1,880.3	1,726.6
meadows	910.2	905.3	236.0	233.8	231.8
pastures	994.0	751.5	611.7	371.9	418.3

Agriculture Organization of the Cooperation Council is concerned that in the near future even 60,000 farms could suspend their activities.

There are several reasons for reduction of the number of agricultural farms - small farms are joined to the large farms, people leave homesteads. Small and medium-sized farmers are worried about this development and consider that soon smaller rural municipalities will have only two or three large farms and fields will become abandoned land.

Accidental people registered as farmers, having large areas of land with agriculture machinery and equipment. Sometimes the means of production and land were obtained by deceit and "for free", afterwards being sold with great profit; agricultural land was used for building cottages.

The efficiency of the use of land and the productivity of labour in agriculture of European countries is 5 - 7 times higher than its level of Russia. Experts consider that the land resources in Russia are undervalued at least by 3-5 times. Researchers of the Agricultural Academy of Russia has estimated that the development of agricultural production in Russia has been thrown back: the number of cattle - more than a quarter of a century back, the land productivity - 25-30 years back, machinery and equipment - almost half a century back (Петриков, 1998).

General Guidelines of the Development of Agricultural Enterprises from 2014 till 2020 in Latvia are as follows (Lauku attīstības politika, 2014): increase of income from efficient production, increase of value-added and market-oriented products, small and medium-sized farms' support (cooperation, education, niche products, employment outside the agriculture), the support of family farms, which are able to earn and provide for their family, each hectare of of agriculture land, forest and private waters could be used for value creation, development of science and education.

Conclusions and proposals

1. 15 years have shown that the proposed models have not been implemented in Russia ignoring the objective realities, the absence of material, organizational and financial resources, the proper development of agricultural science.
2. The emphasis on the development of farms has not justified itself.
3. In Russia, collective farms in active cooperation with private farms have become the main producers of agricultural products.
4. The land reform envisaged the return of the agricultural land to its former owners or their heirs rather than the cultivation of agricultural land and development of agricultural enterprises.

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