The New Land Rush;
How Global Capital Flows Transform Rural Economies

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Abstract:

An unparalleled mobility of global capital and increasing global prices for food and agricultural commodities fuelled demand for arable land in Africa, Asia, Latin America and the former Soviet Union since the early 2000s, spurring a new kind of global land rush. This trend is transferring land ownership across the world to large agricultural firms, know as new agricultural operators (NAO), funded through domestic and international capital investments. How these trends affect rural communities is often explained via the variable of institutional strength: if strong institutions vet land deals and regulate NAO's operations, capital influx to rural areas can have positive effects. In countries that lack institutional capacity to fulfill these functions, this new land rush negatively affects small farmers in a variety of ways. Contra the focus on relatively static institutional parameters, this paper foregrounds governments' active responses to global trends. The central claim this paper advances is that governance responses act as dynamic catalysts of domestic change, rather than as static filters. In particular, I highlight the role of dynamic ideational agendas and policy interventions that are mobilized in pursuit of these goals as catalysts for local transformations. This theoretical lens sheds a new light on how global trends affect domestic outcomes, because it makes apparent how interactions between new and old actors and the terms on which they compete are transformed. The institutionalist approach works with stylized assumptions about how actors relate to each other and therefore lacks theoretical tools to assess emerging economic conflicts and compacts.

To support this argument, the paper details the Russian government's response to the increasing demand for arable land and the way in which an influx of capital transformed the country's agricultural production over the last fifteen years. For a number of reasons, the Russian case is useful to probe broader questions about the role of institutions. For once, Russia does not neatly fit the continuum of strong versus weak institutions: it is neither an indebted, weak developing country, nor does it have what are considered "good" (i.e. transparent, accountable, participatory etc.) institutions. Russia's domestic market institutions were transformed as the food sovereignty was implemented. This suggests that while governing institutions were important they did not act as exogenous, static or independent variables that determined the local effects of international trends. Instead, I find that a governance response under Putin – the food sovereignty agenda – actively directed the influx of capital to the Russian countryside, thereby shaping interactions between new and old economic actors. We cannot explain how global trends (the capital influx) affected the Russian countryside, without understanding the role of the two pillars of this response – an ideational agenda that promoted domestic self-sufficiency and targeted pragmatic interventions in pursuit of this goal.

1. Global trends, local transformations – thinking beyond institutional strength

A historically unprecedented demand for arable land has given rise to a new form of farmland ownership across the world: internationally funded agricultural operators are acquiring very large swathes of farm land in Africa, Asia, Latin America and the former Soviet Union.[1] These trends originate from the confluence of two unrelated developments that characterize the millennial global economy: the unparalleled mobility of global capital that followed capital market liberalization and a steep increase in food prices; both developments started in the nineties and accelerated in the early 2000s.[2] Their confluence meant that fertile farmland became a coveted investment opportunity for a wide range of international investors. This in turn led to significant transfers of land ownership to large-scale agricultural operators, often referred to as "new agricultural operators" (NAOs) or superfarms. Both the scale and nature of these trends are remarkable.[3] They raise a number of critical questions about the impact of these trends on local economies, for example, how they affect small-scale producers and the overall productivity of farm-land. Will the influx of capital transform rural economies in ways that can benefit local economies and national food systems? Or will they displace small producers, reducing food security and offering few economic opportunities in return? [4] These questions are debated by international development institutions, such as the World Bank, FAO and IFAD, as well as rural sociologists, but have remained curiously outside the purview of international and comparative political economy.[5]

As these trends are recent, developments on the ground are moving targets. A number of studies have focused on how the financialization of agriculture has increased the volatility of food prices

[1] See for example Cotula, *The Great African Land Grab?*; Cotula and Vermeulen, "Deal or No Deal: The Outlook for Agricultural Land Investment in Africa"; Visser and Spoor, "Land Grabbing in Post-Soviet Eurasia: The World's Largest Agricultural Land Reserves at Stake"; Visser, Mamonova, and Spoor, "Oligarchs, Megafarms and Land Reserves: Understanding Land Grabbing in Russia"; De Schutter, "How Not to Think of Land-Grabbing: Three Critiques of Large-Scale Investments in Farmland"; Borras Jr. and Franco, "Towards a Broader View of the Politics of Global Land Grab: Rethinking Land Issues, Reframing Resistance"; Zoomers, "Globalisation and the Foreignisation of Space: Seven Processes Driving the Current Global Land Grab"; Deininger and Byerlee, "The Rise of Large Farms in Land Abundant Countries"; Sassen, *Expulsions*; Clapp, *Hunger in the Balance: The New Politics of International Food Aid*. GRAIN 2008 and IFPRI are two environmental non-profits that document these trends, variously been referred to as "rising global interest in farmland" or land-grab.

[2] Zoomers shows that several other factors, including the liberalization of land markets also critically contributed to this trend; Zoomers, "Globalisation and the Foreignisation of Space: Seven Processes Driving the Current Global Land Grab." Note also that area- expansions are not new (well known are the expansion of soy-bean production in Brazil); what is new is that rising prices for agricultural commodities across the board led to a perception that farm land is an attractive investment commodity, and that this prompted the influx of domestic and foreign capital in local land-markets across the world. According to the World Bank, most area expansion in Africa prior to this date was based on smallholder agriculture (WB 2011, xxx).

[3] Sassen (2014). along with many others, noted the scale of these transfers; an "extremely sharp change in the total level and geographical range of foreign land acquisitions," p.80. See Deininger and Beylerlee/World Bank (2011) for country-level data on hectares involved in land-deals.

[4] Each of these "big" questions entail several others, see discussion below, on pp.?

[5] The Deininger and Beylerlee/World Bank has produced the most detailed report to date, but the FAO and Oxfam have also reported on these developments. Deininger and Beylerlee/World Bank (2011), FAO, IFAO, Oxfam.

and hence vulnerability of the poor across the world.[6] Others have looked at how global trends affect local communities differently, focusing on domestic institutional parameters as an explanatory variable. In broad terms, this debate argues that in countries were institutions are weak and governments are indebted, the effects of these global trends on local productivity and the well-being of small-holders are likely to be negative. In a race to the bottom to attract investors, governments do not scrutinize land-deals for their in-situ effects, nor do they regulate NAOs, who operate with little regard for environmental sustainability and local land rights.[7] This argument also suggests that if institutional capacity is strong and the governance response to surging demand in arable land is transparent, deliberate and coordinated, NAOs are held accountable by local authorities and can make a positive contribution to the well-being of countries with fertile agricultural land. In a best case scenario, they solve the long-standing problem of rural under-investment by bringing technology that can increase yields and better employment for the rural poor.[8] The starting point of my research is that these empirical phenomena and the prevailing theoretical focus on institutional strength present a unique opportunity for political economy. They speak to questions at the hart of both comparative and international political economy – the role of domestic governance institutions as mediating factor of global economic transformations. The focus on institutional strength is congruent with the dominant canon in political economy of development that privileges institutional capacity as a decisive factor determining the local impact of global trends.[9] Finally, much of literature on the post-socialist transitions has also focused on the question of institutional failures. Studies that explain why Russia's rural land reforms of the 90s stalled and why privatization did not improve the productivity of Russian farms (as was expected) point to a number of institutional failures, such as bureaucratic hurdles and obstruction of privatization by collective farm directors.[10]

While institutional frameworks are no doubt important, this paper argues that it is misleading to think of local transformations resulting in a linear fashion from either weak or strong domestic governance institutions. The institutionalist consensus neglects two absolutely critical aspects of how domestic governance shapes local outcomes. First, it conceives of institutions as relatively stable templates that act as filters for how global pressure shape local outcomes. This obscures that polities and governments interpret and respond to changing opportunities and pressures that emanate from the international economy.[11] Secondly, institutionalist approaches work largely with stylized assumptions about how economic actors compete and interact. It therefore lacks the tools to

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[6] See Clapp (2012) and Russi (2013).
[7] Deininger and Byerlee (2010); Sassen (2014); Von Braun and Meinzen-Dick (2009); Cotula and Vermeulen (2009).
[8] Deininger and Byerlee/World Bank outline this optimistic scenario on p. xxv; see Anseeuw et al., as well.
[9] Deininger and Byerlee/World Bank's focus on "good governance" is well known; see Catherine Weaver (2010), in Abeldal, Blyth, Parsons, *Constructing the International Economy,* for an excellent account of how this approach gained dominance. A focus on institutions also congruent with mainstream approaches to understanding the effects of foreign direct investment, which argues that domestic institutional strength helps predict position of domestic governments in bargains with international investors. See for example Jensen (2008), *Nation-States and the Multinational Corporation: A Political Economy of Foreign Direct Investment*.
[10] Allina-Pisano (2007); Wegren (1998); Wegren (2003); Wegren (2010).
[11] Chaudhry (1998) "The Myth of the Market," TBC on the importance of timing of international integration.

understand the ways in which dynamic governance interventions shape the economic terrain in which new and old actors compete, and how they relate to each other. Contra the focus on institutions, this paper foregrounds governments' responses to global trends, and argues that we need to pay attention to *dynamic ideational agendas* and *policy interventions* that are mobilized in pursuit of these goals.[12] A governance agenda is a real-time response to material global flows, and it grows out of the country's experience with past interventions and ideas. Hence, rather than treating institutions as a static filter, this paper argues, we need to take the agentic, dynamic and embedded character of governance responses seriously. Both the governance response, and the economic actors are historically and socially embedded and their relationship to each other changes as some actors are singled out as privileged agents of change in a particular ideational framework. With this lens we gain a much deeper understanding of how governing institutions shape the terms of interactions between economic actors, hence how global trends shape local outcomes.

The paper illustrates these claims through the lens of Soviet and Russian agricultural reforms. Russia is an interesting case to examine these questions. For one, Russian farmland – fertile, relatively cheap and comparatively well connected to international commodity markets (in contrast with cheap and fertile farmland in Africa, for example), has become a highly coveted commodity, and Russia's countryside has seen a significant influx of domestic and foreign capital. What is more, the effects of this inflow of capital have triggered a far-reaching rural transformation, one that remains underreported outside of Russia.[13] Four distinct, though closely related outcomes are important: First (i), very large, vertically integrated agriholdings – the NAOs – emerged as new actors in Russia's agri-food system, acquiring ownership of large swathes of Russia's most fertile farmland from the former collective farms (still known as *sovkhozy* and *kolkhzy*). Secondly (ii), in some sectors, most notably in grains, the capital influx led to a substantial increase in domestic production and productivity. As grain production surged, Russia – since the nineteen seventies a major grain importer – emerged as the world's second largest wheat producer. Third (iii), this rise of the NAOs did not lead to a large-scale displacement of rural residents and subsistence farmer from their land, largely because NAOs did not compete with these kinds of farmers (*lichnoye podsobnoye khozyaystvo* in Russian) for land. NAOs in Russia acquired land from former collective farms (the *sovkhozes* and *kolkhozes*) that had been privatized in the 90s. Though NAOs and small-scale farmers did not compete for land, the relationship between these actors evolved in a number of ways that I will outline in detail below. One critical effect of the rise of the NAOs was that industrially produced meat, dairy and eggs became more competitive compared to the products of subsistence farmers,

[12] This suggestion is not novel; it is informed by a Polanyian understanding of international and local economies. Recovering this tradition arguably yields a much richer understanding of how domestic factors interact with the global economy.
[13] Exceptions are Visser and Spoor (2011); Visser et al. (2014); Nikulin (2003); Pallot and Nefedova (2003) and the work by Steven Wegren cited above. I thank Oane Visser for drawing attention to the fact that Russian realities should be seen in the context of the surging demand for global farm land.

and *production* increasingly shifted from the subsistence sector to the modernized sector. Finally (iv), the politics of rural reforms evolved as new actors entered the political arena.

The Russian rural transformation offers an opportunity to rethink the theoretical framework used to understand local effects of global trends. In many ways, Russia's institutional context does not fit neatly into the dichotomy of weak/strong institutions. In the period under discussion, the last decade and a half, Russia has not unambiguously improved its institutional environment, nor is it a country that is indebted and vulnerable to whims of domestic oligarchs and international investors. While federal authorities have been strengthened and a number of institutional reforms have liberalized land and capital markets under Vladimir Putin, few would argue that Russia's institutions resemble what the good governance canon envisages. The security of property rights remains unsettled, corruption is endemic, a significant degree of political risk is associated with foreign investments in Russia, and transparent and participatory governance have declined under Putin. Instead of identifying institutional parameters as determinants of local outcomes, I highlight the government's response to the increasing availability of capital led to Putin's adoption of the food sovereignty agenda. Within a few weeks of becoming president, Putin stated that "raise[ing] the volumes of food output… and … *reduc[ing] the country's dependence on imports* [is] our first-order task."[14] To pursue these goals, a multitude of measures channeled domestic and foreign capital to support and bolster domestic production. This agenda is simultaneously a response to a perceived global opportunity and to the country's experience with agricultural reforms in the nineties and before. It also bears noting here that Russia's increasing dependence on foreign food and grain imports in the 80s and 90s became a central concern of Putin government, while it had *not* been a concern for Yeltsin or for Soviet governments since the seventies, who were happy to increase import dependence to reach domestic policy goals. Under Putin, the measures and policies pursued under the Food sovereignty agenda critically shaped the terms of interaction and competition between new and old economic actors, thereby playing an important role in determining local impacts of the influx of global capital.

While the bulk of the evidence rests on a detailed case study o the food sovereignty agenda under Putin, to back up the more general claim about the relevance of strategies and ideas through which domestic polities respond to global trends, I contrast Putin's agenda with two earlier attempts to reform the Russian countryside, during the late Soviet (1970s-early 90s) and early post-Soviet period (1990s). In each period, the opportunities emanating from the international economy differed, and varied policy responses shaped domestic outcomes.

In sum, this paper documents and explains Russia's rural transformation both in historical and contemporary international contexts, and it draws broader conclusions for our understanding of local effects of the surging demand for global farmland. The remainder of the paper is structured as

[14] Cited in Wegren (2003), p. 237. Emphasis added.

follows: section 2 outlines the theoretical debates surrounding the local effects of the rising global demand for farmland, discussing a number of alternatives to the prevailing institutionalist framework. Section 3 documents the transformation of Russia's rural economic, political and social relationships over the last fifteen years. Section 4 makes the case that Vladimir Putin's food sovereignty agenda played a critical role in channeling global capital flows, and hence is an important part of the story how the influx of domestic and international capital transformed the Russian countryside. Finally, section 6 compares Putin's policy response with those of Yeltsin and late-Soviet leaders, to make the case that these responses shaped local outcomes differently.

2. Understanding the Rise of the NAOs and Local Effects

An enormous increase in the demand for land since the early 2000s has led to ownership transfers of million of hectares of land in may developing and transition countries in Sub-Saharan Africa, Latin America, South East Asia and the Former Soviet Union.[15] In broad terms, these farmland acquisitions by international financial investors (often involving cross-border transactions) have raised two sets of concerns: one regarding the modalities of ownership redistribution, and a second regarding the effects of this reorganization on farm productivity. A host of specific questions are subsumed under each: for the former, we want to know who sells, who buys, under what conditions and with what consequences for those who give up land rights? The latter raises questions about what happens on the land that changes hands, what kinds of crops are produced, for example, with which methods and for which markets.[16] Given the diversity of actors and local contexts that are involved in these trends, on-the-ground transformations vary greatly, and far more research is needed.[17] To date, the literature on this new land rush (or land grab) has discussed two possible outcomes to the above questions. In a best-case scenario, corporate agricultural operators (also known as NAOs) take over land ownership from small-holders, they invest capital, operate land more efficiently, thereby increasing yields and improving livelihoods. The mainstream development paradigm tends to view the influx of capital along these lines, as a potentially beneficial trend in which capital inflows create opportunities to increase productivity and employment. However, even proponents warn that risks are significant and the ability of these projects to "generate satisfactory local benefits" varies widely.[18] Other observers are far more skeptical of these trends, which they see as "land grab" or the financialization of farm land. For skeptics, foreign funded NAOs are likely to displace small-holders and subsistence farmers from their land, offering them inadequate

[15] Deininger & Byerlee/WB, e.g. p. xvi; see also note 1.
[16] De Schutter (2011) argues that the reorganization of production is in fact a more important question, as it has more long-term effects on poverty-alleviation than the questions about the modalities of ownership transfers.
[17] A good case study is Huggins' (2012) on Rwanda.
[18] See below for a more detailed discussion. Some observers are fundamentally skeptical, regardless of the institutions that are created: "[the capital influx] will result in a type of farming that will have much less powerful poverty-reducing impacts, than if access to land and water were improved for the local farming communities," De Schutter (2011). Hoa et al. (2014) offers a discussion of how the financialization debate has discussed the linkage of the agriculture and financial spheres and offers an alternative take.

compensation for land-rights and little alternative economic opportunities. In this projected outcome, the new land rush has few potentially positives effects; instead it presents an acute threat to small-holders' land rights, livelihoods and food security. How can we understand which one of these divergent trajectories is likely to shape a country's encounter with the global trend, or more broadly how the increasing availability of capital shapes local outcomes?

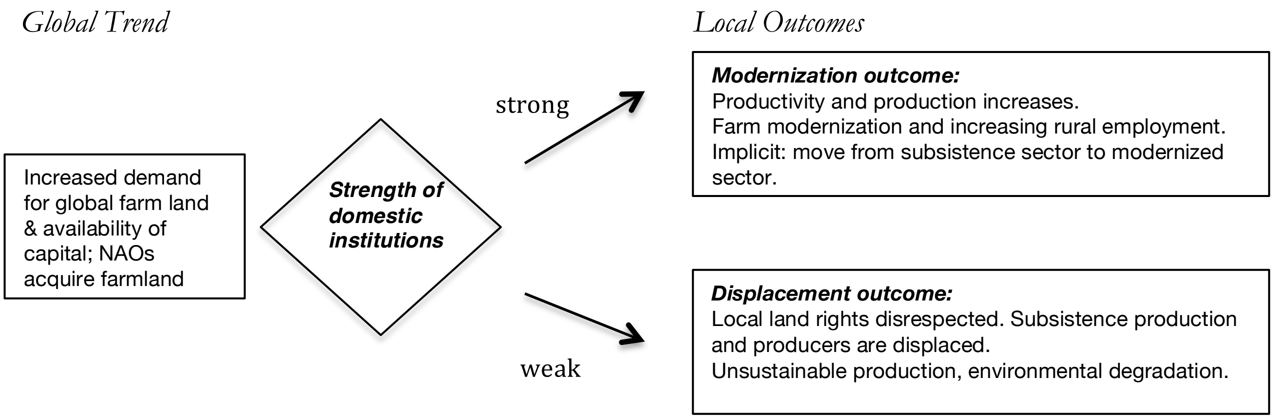
2.1) Local outcomes a reflection of domestic institutional strength

As introduced above, governance institutions are often central explanatory variables in studies about the local effects of the rising interest in global farmland. These explanations are in line with much of development and transition theories since the nineties that have focused on the quality of domestic institutions as the principal determinants of local impacts of globalization.[19] In this literature, the term "weak governance" refers to a whole series of institutional deficiencies, including the uneven application of laws and regulation (rule of law), unclear assignment of responsibility to relevant institutions (regulation), the abuses of public powers to support private developments (corruption), lack of information to identify and utilize economic opportunities (transparency).[20] To assess the local impact of the rising demand for global farmland, Derek Byerlee et.al. focus on these parameters and makes two principal claims related to weak institutions and local effects of capital influx: first, international investors are drawn to countries with weak land governance, as this reduces the cost of compliance with various rules and regulations.[21] Secondly, weak land governance means capital investments are more likely to have negative social effects: "The focus of investor interest on countries with weak land governance increases the risk that investors acquire the land essentially for free and neglect of local rights, with potentially far-reaching negative consequences," states the hitherto most comprehensive assessment of the global land grab.[22] Saskia Sassen holds similarly that "weak, corrupt and uncaring governments" are not in a position to halt the displacement of small-holder farmers and the degradation of the land that the arrival or the NAO brings.[23] The logic of how weak land governance negatively affects local communities works through a variety of institutional mechanisms. The lack of transparency, for example, negatively affects outcomes, because "lack of […]information makes it difficult to identify and utilize opportunities, ensure a level playing field, and enforce regulation and contracts properly."[24] The good governance logic tends to work with an implicit "all-bad-things-go-together" assumption, and the lack of

[19] Both policy an academic analyses increasingly rejected earlier development theories that favored macro-economic stabilization as the principal policy tool (aka the Washington Consensus), instead embracing the notion that the state and institutions matter (aka Good Governance). This turns is well documented, Weaver. WB report on the institutional turn.
[20] See for example pp. 60 and pp. x in WB report. This critique of the good governance approach has been made by Rodrik (2012), for example.
[21] Byerlee and Deiniger, Cotula, WB, etc.
[22] WB, p.55.
[23] Sassen, p.86, and section, starting on pp.80. Sassen makes sweeping claims about local effects of foreign capital investment in land across the world, though her case studies are all based in Africa.
[24] Byerlee & Deininger/WB, p.CHECK.

transparency, corruption, weak regulatory and legal frameworks are usually seen as compounding problems.

Illustration 1: Institutional strength/weakness as determinants of local outcomes



How would this framework explain the rise of Russian NAOs, the surge in grain production and the interactions between NAOs and subsistence producers? Relying on the institutional strength/weakness as determinants of local effects of capital inflow, would mean that the institutional context has improved to make the increases in productivity in the grain sector and the grain export boom possible, and to prevent the infringement of land-rights by subsistence farmers. If institutions had improved in this way, we would also expect that they could regulate farming practices in a way that do not damage long-term environmental degradation. While Russia's domestic market institutions have changed a great deal over the last twenty-five years, few would argue that Russia's market institutions under Putin have unambiguously improved. Instead, the pattern of institutional change is multi-dimensional and suggests that institutions evolve together with a changing international flow, rather than being ex-ante determinants of their impact. One the one hand a number of important legal changes – the passage of the Law on Agricultural Land Transactions (2003), amendments to the Law on Mortgages (2004) and a series of reforms that liberalized Russian capital markets (2006)[25], have been seen as milestones in the creation of the legal basis for land transfers and the free movement of capital. Rather than a race to the bottom, then, the Russian government took steps to improve market institutions – it clarified the land code, instituted markets for land rights. It also invested in infrastructure to facilitate the modernization of agriculture (such as grain elevators and port facilities). On the other hand, many institutional challenges persisted and observers still complain about weak administrative capacity, corruption and that the process of land-acquisition is complicated and arduous.[26] Many aspects of Russia's apparent

[25] Treisman (2012), Logvinenko (dissertation/2014).
[26] Liefert and Liefert (2012). Azareva (manuscript/tbs). Visser, Spoor and Mamonova (2014) cite a foreign land investor: "In Russia the process of land acquisition by buying land shares from every shareholder is a complicated

institutional failings (corrupt and paternalistic meddling of collective farm directors and local administrations, for example) were considered key impediments to the rise of private farming in the nineties. Yet, why did these institutional failures not hamper the NAO's productivity gains in the 2000s in the same way? In other words, important aspects of Russia's institutional weakness has persisted through the 90s and into the 2000s, but Russia's rural production systems underwent significant changes under Putin, while they seemed intractable for Yeltsin and Soviet regimes. Institutional factors then seem to be less useful to explain the transformation since 2000. A closer look at the timing of institutional reforms is interesting here; we will see in more detail below that with the growing centrality of the food sovereignty agenda and with the increasing availability of capital for rural land, institutions were selectively adapted to facilitate the goals of the food sovereignty agenda.

While the institutional framework has dominated analysis, others have been dissatisfied with the inability of this framework to grasp the political dynamics that accompany the new land rush. A number of sociologists have directed attention to responses "from below," analyzing and comparing the ways in which local communities resist, negotiate and adapt to new ownership.[27] Borras and Franco have called for new ways to conceptualize governance and regulation at the national and transnational level, though their suggestions are still largely concerned with assessing which types of institutions have positive developmental outcomes.[28] (While this is an important concern, in light of a recent turn in the political economy of development that is departing from the notion that one set of institutions, or "one recipe" generates similar outcomes across different context, it is arguably less useful than it might seem.) [29]

2.2) Are domestic outcomes a reflection of states' modernization programs?

An interesting exception to the prescriptive trend is a case study of Rwanda by Christopher Huggins that pays close attention to the ways in which the government's "modernization agenda" is shaping the conditions for small-holders. He casts doubt on the correlation between strong/weak institutions and positive/negative outcomes, arguing that it is not the state's weakness, but the relative strength of Rwandan government and of its agenda, which ends up negatively affecting Rwandan smallholders. Huggins shows that government's agenda shapes local outcomes by privileging actors that fit into its "vision of a commercial, export-driven, 'modern' and mechanized

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and long process."

[27] Several contributions to special issue of Journal of Peasant Studies, Vol.42, May 2015; issues are summarized in introductory article, by Ruth Hall, Marc Edelman, Saturnino M. Borras Jr., Ian Scoones, Ben White and Wendy Wolford (Hall et al 2015).

[28] In particular, Borras and Franco (see Borras Jr. and Franco, 2010). In a more recent article, Saturnino Borras, Jennifer Franco, Chunyu Wang (see Borras Jr. et al, 2013), suggest a distinction between 'regulate to facilitate', 'regulate to mitigate negative impacts and maximize opportunities', and 'regulate to block and rollback' land grabbing; in *Globalization 10:1, 2013.*

[29] Hausman et al 2008, Galvan and Sil 2007, Rodrik 2011, Wengle 2015.

agricultural sector" and actors that can be incorporated into "commercial value chains, […] through contract farming and access to credit."[30]

This emphasis on the modernization rationale in many ways reflect James Scott's framework of a high modernist state that transforms nature through interventions meant to make nature and human affairs legible and rational. The advantage of Scott's and Huggins' framework is that it draws attention to the way the government actively shape economies, in particular to the ways in which economic actors interact – an important theoretical shift this paper proposes as an alternative to the institutionalist consensus. It also allows for studies of resistance from below. The drawback of the modernization paradigm is that it cannot explain the form that policies and interventions take. Scott's account of the Soviet efforts to modernize rural Russia focuses on Stalin's collectivization, an ambitious and brutal campaign to evicted private farmers (the *kulaks*) and create collective farms, while Putin's modernization led to the dismantling of the *kolkhozes* and *sovkhozes*. Both are attempts to modernize, but clearly and obviously, times had changed: Putin's ideational framework is no longer informed by ideologically committed communism, but by a far more pragmatic position that combines markets and states to achieve its goals (more details on this below). Scott's account is deeply historical and as such highly attune to how collectivization radically transformed the economic and social texture of the Russian countryside. But it does not offer much in the way of a theoretical account why and how this transformation differs across contexts and times. Moreover, because of its focus on the grand schemes of the state, it fails to see how the Soviet State relied from the very start and throughout the Soviet period on the output of household farms (*lichnoye podsobnoye khozyaystvo;* see section 3.3 below).

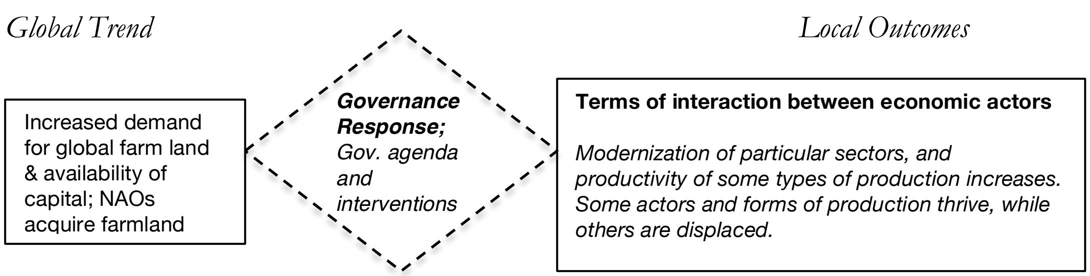
2.3) Local outcomes a reflection of dynamic/reflexive construction projects

The principal weakness of both the institutionalist and the modernization framework are their inability to grasp the kinds of "market making" that governments engage in. The institutionalist framework largely relies on the assumption that "good" institutions lead to "good" interactions (transparent, legal, fair, arms-length), while "bad" institutions are at the root of exploitative relations skewed against the powerless. What this neglects is that governments are much more actively and deeply involved in creating the terrain of interaction between economic actors, that they do this in a multitude of ways, and through many different kinds of ideational and material interventions. What is more, the conditions and the terrain for interactions they create are far more complex than the dichotomy of arms-length versus corrupt (or modern-pre-capitalist) suggests. This paper proposes that governance is not so much a stable framework for homogenous interactions – rather it is an active intervention that continuously shapes the sites and terms of competition between actors

[30] Huggins also argues that "the greatest risk for smallholder livelihoods comes not necessarily from 'land grabbing' by foreign corporations, but from a rapid process of socio-economic differentiation (in the context of government policies which limit smallholder livelihood options)," p. 5.

(between NAOs and subsistence farmers, for example). The advantage of this kind of theoretical lens is that it allows us to gain a much better understanding of how governments act as market makers and how they shape the terrain of economic interactions. And key to understanding market making are the dynamic ideational agendas that underpin governance. These ideational agendas respond to international trends and to past local experiences, they are dynamic responses to and reflections of opportunities and constraints.[31] In emphasizing dynamic, responsive and reflexive aspects of governance, I draw on a wave of recent scholarship that is informed by pragmatist social theory and on the constructivist tradition in political economy.[32] These frameworks have a unique theoretical take on the distinction between actors and context: actors respond to challenges and through these actions, they collectively re-define social context and institutions.[33] They are also intrinsically dynamic approaches – outcomes are always provisional, subject to endogenous and exogenous challenges. Sections 3-6 will elaborate the fit between this framework and Russia's rural transformation and its advantages for the analysis of the interface between global trends and local outcomes more generally.

Figure 2: Focus on Domestic Governance Response



2.4) Local transformations the result of interest and rational actors

In emphasizing the responses by domestic authorities and local economic actors, the framework I am suggesting is more agentic and less structuralist than currently dominant institutional narratives. A focus on actors is just as well established in the political economy of agricultural politics as the institutionalist canon; hence it bears noting how the approach this paper is suggesting borrows and

[31] In many ways, this argument draws on and contributes to constructivist thought political economy. It affirms central tenets of constructivism, that interests of actors are shaped in local, ideational contexts (see discussion in Abdelal et al, 2010). While this has been a successful research strategy, constructivist accounts have also limited themselves by focusing on demonstrating the causal force of relatively stable ideas and ideologically coherent frameworks, Keynesianism, or Austerity, for example, that are born out of particular contexts that are also seen as stable.
[32] Sabel, Latour, Herrigel, *Manufacturing Opportunities*, Keck and Abers, *Practical Authority,* Berk and Galvan, Galvan and Sil *Political Creativity.* < complete these cites>
[33] See Herrigel 2010, pp. 6, for a discussion of how pragmatism is relevant for political economy.

differs from the intellectual tradition that theorizes governments and farmers are theorized as rational actors with profit and power maximizing interests. Robert Bates landmark study of African agricultural policies relies squarely on governments as rational actors who squeeze farmers while trying to appease urban constituencies: "Governments want to stay in power. They must appease powerful interests."[34] Studies on the political economy of land-reform in Latin America have also tended to assess the relative influence of various groups, e.g. landed elites, landless peasants, or democratic reformers and autocratic leaders on policy – and reform outcomes, refracted through institutional features of domestic politics.[35] The strength of this approach is its ability to understand how governments adapt policies and institutions towards a set of goals (Bates is particularly interested in marketing boards) and then can trace the effects of these policies on different actors. Their weakness is their inability to grasp how broad motivations and goals (maximizing power or profits) in reality are manifest as specific and vastly different agendas and interventions over time; a weakness that mirrors the concerns outlined above with the modernization framework.[36] Neither public nor private interests are stable once they are contextualized. I introduced above that Russian leaders before Putin were not particularly concerned with import dependence, and we will see below, that oligarchic actors were scarcely interested in rural Russia before the late nineties. The oligarchs and NAOs only emerged as political actors interested in shaping trade policies and subsidies in the early 2000s in the context of the food sovereignty agenda and rising food commodity prices.

3. Russia's 21st Century Rural Transformation

Modes of Soviet-era agricultural production and property ownership were cast decisively during Stalin's forced collectivization in the early and mid-1930s. The former collective farms have remained the largest landowners, despite the reforms that followed the collapse of the Soviet Union in the early nineties. While farm privatization was intended as a radical institutional transformations – for the first time since the 1930s, farms were privatized and rural residents could own land, in reality, only very few farm workers opted out of collectives to farm privately. Collective farms thus remained largely intact until the early 2000s – "land reform [of the nineties] was 'largely cosmetic', involving little more than changing the name plate of the farm."[37]

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[34] Robert Bates (1981), *Markets and States in Tropical Africa*.
[35] < TBC> Research on rural reforms in this vein to explain land redistribution and has paid scant attention to empirical problems of land accumulation and ownership consolidation
[36] This is a standard critique of rationalist approaches by constructivist, see Abdelal, Blyth, Parsons.
[37] Brooks et. al. 1996, quoted in Visser et.al. 2012.

3.1) The Rise of the NAOs

In the first decade of the 2000s, by contrast, a new type of property owner emerged and the size of rural landholdings in fertile regions became *larger*, not smaller, as had been expected during the nineties. Rather than breaking up former collective farms, large farm enterprises – the new agricultural operators (NAOs) – consolidated land holdings. In Russia, the NAOs were large, vertically integrated agriculture and food companies, owned and largely funded by domestic oligarchic conglomerates (in the finance, energy and metals sectors) or by foreign investors. Russian NAOs focused on grains, sugar beets, vegetable oils or vertically integrated livestock production, sectors in which production has surged over the last fifteen years. NAOs relied on the deployment of the most cutting-edge farm technology and on new forms of farm management, both of which are made possible through large-scale capital inflows from parent companies in other sectors or foreign funders. NAOs accumulated land in Russia's most fertile regions, largely through land purchases, but also through long-term leases from the former collective sectors and through land expropriation (though the extent of the latter is unclear).[38]

As introduced above, the international context in which the rise of the NAOs was possible was a growing interest by domestic and international capital in Russian farmland. A number of Russian food processor became interested in acquiring land around the turn of the century, after the 1998 ruble devaluation made foreign imports expensive and demand for acceptable domestic alternatives rose.[39] This trend accelerated, when the government under Putin started to subsidize and protect domestic producers. And when food prices rose during the 2000s, first steadily and then rapidly around 2005, foreign investors became increasingly interested in Russian arable land, recognizing its value as both a speculative and productive asset. The origin of the capital investments in Russian farmland is remarkably global, including sovereign wealth funds from the Gulf States (Bahrain, UAE and Saudi Arabia), Libya, South Korean and China, as well as a variety of other institutional investors (pension funds, hedge funds, private equity funds) from the US, Canada, Israel and Europe (Denmark, Germany, Luxembourg, Sweden, Switzerland).[40] Some of these investments were pursued as short-term risk spreads, others were part of long-term strategies to invest in food and biofuel production in low-cost contexts.[41] Due to this sharply increasing interest in Russian farmland after the 2005/2006 food price spike, the value of Russian farm land nearly doubled in just two years, between 2006 and 2008.[42] Both foreign and domestic investors sought out or formed NAOs, spurring the transfer of land ownership from collective farms to these new owners.

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[38] Vasily Uzun 2005.
[39] (Barnes 2006), pp.197.
[40] Visser and Spoor (2011) document these land deals. Their careful analysis documents regional trends (European investors were mainly interested in the Russian Black Earth, while China has pursued opportunities in Siberia, as well as Kazakhstan).
[41] Ibid. p.311
[42] Ibid. p. 207

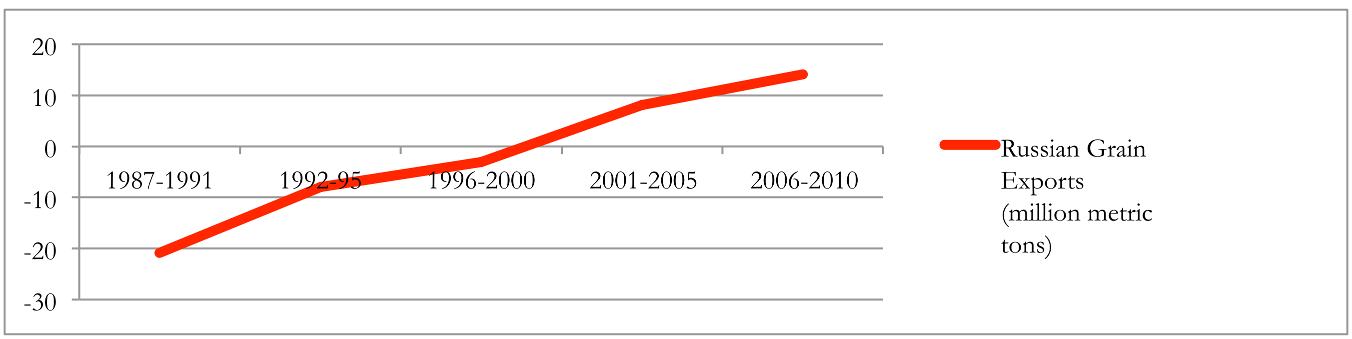
While it is difficult to discern precisely how much land NAOs control in Russia, by all accounts, a relatively small number of new agricultural holding companies control extremely large farms, and have triggered what has been called a "radical transformation of asset control in agriculture."[43] An insider estimates that by 2014 around 40 companies controlled land-holdings of over 100'000 hectares each.[44] Since a Soviet-era *kolkhoz* tended to farm around 6000 hectares, the largest NAOs control and work more than 15 times the land of a typical Soviet-era collective farm.[45] Truly large landholdings indeed. The World Bank estimated that the largest 30 agriholdings farm 6.7 million hectares in Russia (on average that amounts to 233'333 hectares per farm) – an even higher degree of land concentration.[46] Rosagro, one of the largest NAOs, stated in 2014 that its landbank consisted of 460'000 hectares in Russia's Central Black Earth,[47] and Gazprom reportedly holds over 500'000 hectares of land via an agricultural subsidiary.[48] And despite their size, NAOs appetite remains robust. Another large NAO, Kubanagroholding confidently published this projection in 2013, stating that it currently holds "109,000 [hectares] of farmland in southern Russia, in the Volga region and the Moscow area. It plans to triple its area to 300,000 [hectares] by 2016 by buying existing farms and undeveloped land in Siberia and the Far East."[49] The NAOs presence is geographically concentrated in the most fertile regions with the highest agricultural yields: they dominate land-holding in the Central Black Soil region (approx. 45% of landholding), and are present in the Volga (17%) and Southern Provinces (21%). They hold less than 10% of arable the land in the Urals (9%), Siberia (7%) and are virtually absent in the less productive agricultural regions of Russia.[50]

[43] This is Andrew Barnes's assessment, p.199. He refers to the transformation of ownership after 1998, as his book was published in 2006, though I find his statement is even more accurate for the period after 2005.
[44] Dmitry Rylko, interview with author, July 2014; see also chapter in Lerman ed.volume. The Russian government does not publish data on the NAOs and they are not a category in official statistics.
[45] Rylko, in Lerman et.al. (2004). The largest *sovkhozes* were roughly 15'000 hectares.
[46] D&B/WB, p.27. In the same report, the Bank also estimates that at least 70 producers in Russia and Ukraine control more than 10 million hectares, D&B/World Bank 2010, p.xxxi
[47] While many NAOs do not have a public presence, some of the larger Russian NAOs publicly boast of the size of their landbank. Rusagro states on its website that it owns land the Belgorod, Tambov and Voronezh regions. Rusagro started operating in 1995 as a sugar importer; during the nineties it bought a sugar plants in one region and a sugar beet farm. Starting in 2004, the company expands and diversifies to become one of the larges vertically-integrated agriholding company in Russia, still producing sugar, grains, corn, soy, oil, fats, and meat
[48] Visser and Mamonova, 2014.
[49] Kubanagroholding is a daughter company of BasEl, one of Russia's largest oligarchic conglomerate; (see Kuban Agroholding)
[50] Far East, not clear.

3.2) Russia a Global Wheat Power

A second important aspect of Russia's rural transformation since the turn of the millennium Russia is the reversal of the country's grain trade balance. Russia became a major exporter of grain by 2010, and it is likely that the rise of the NAOs was largely responsible for this feat. The country went from importing 20.9 million metric tons at the end of the Soviet period (1987-1991, annual average), to exporting 14.1 million metric tons roughly twenty years later (2006-2010, annual average).[51] The tremendous decline in livestock production in the nineties meant that much domestic demand for feed grains dried up, which reduced the need to import large amounts of grain. At the same time, Russia's growing role as a grain exporter in the 2000s resulted from a rebound in domestic production: average annual grain output increased annually by 82 million metric ton from 2006-2010. Output rose largely because grain production became more efficient during this time: total grain sown contracted (by 45 million hectares), while yields/hectare grew from 1.3 to 1.88 during this time.[52] As only the NAOs had capital to invest in up-to-date farming technology (most collective farms were bankrupt), these increases in yields most likely result from their expanding role in Russian agriculture. While the shift in the trade balance in grains is particularly stark, Russia also became less dependent on meat imports during this period as domestic production recovered.[53]

Graph 1: Russian Grain: from import dependence to major grain exporter



Source: Liefert and Liefert (2012).

3.3) NAOs and the decline of Subsistence Production

A third aspect of rural transformation that is just as significant for what ends up on Russian plates concerns recent trends in subsistence/household production. Private subsistence, or household farming plots (*lichnoye podsobnoye khozyaystvo*) were instituted in the 1930s alongside the collective farms and traditionally made up for the failings of the notoriously inefficient production on state farms. Vegetables, fruits and preserves, a few heads of livestock kept for meat, eggs and dairy were

[51] Liefert and Liefert (2012), p. 48.
[52] Ibid., p. 49.
[53] Check cite: FAO Meat Report, tables in Annex 12, External Meat Balance for different types of meat, pp.180-183.

typically yields of a subsistence/household plot, providing the staples of the Russian diet. Small-scale private plots (typically .25-.5 hectares, tiny compared to the state-farms), were a characteristic feature of socialized agriculture. They were originally, a crucial source of food for rural collective workers (who were paid only once a year during harvest time until the late fifties). And we will see below that these rural and sub-urban plots were a critical lifeline for both rural and urban residents throughout the Soviet period.[54] In the 2000s, however, paralleling the rise of the NAOs, subsistence production has been in steady and in some sector, in steep decline. This is particularly evident in small-scale production of livestock, especially for chicken, pork and sheep.

Over the last ten years, the Russian domestic pork and poultry production has shifted production from private households to large-scale industrial facilities.[55] In a process that parallels the large operators growing role as land-owners, large, vertically integrated processors are rapidly consolidating and gaining market shares in meat markets.[56] Livestock inventories are a useful proxy to document for the shift of production away from small household farms: in poultry and pork, inventories at large agricultural establishments have been increasing, with the largest producers growing the fastest, while inventories of private households are dwindling. In 1998 – the nadir of Russia's post-Soviet economic crisis, 30% of birds were raised by households,[57] in 2008, ten years later, that number was down to 14%,[58] and by 2013, it was only 10%.[59] With pigs, the decline is even more marked: from 70% in 2005,[60] to 21% (or less, according to other estimates) in 2014.[61] These shifts entail more than a change of location: the NAOs rely on very different swine breeds, and on technologically sophisticated production methods, feeds and confinement facilities, that all stand in market contrast with household production.[62]

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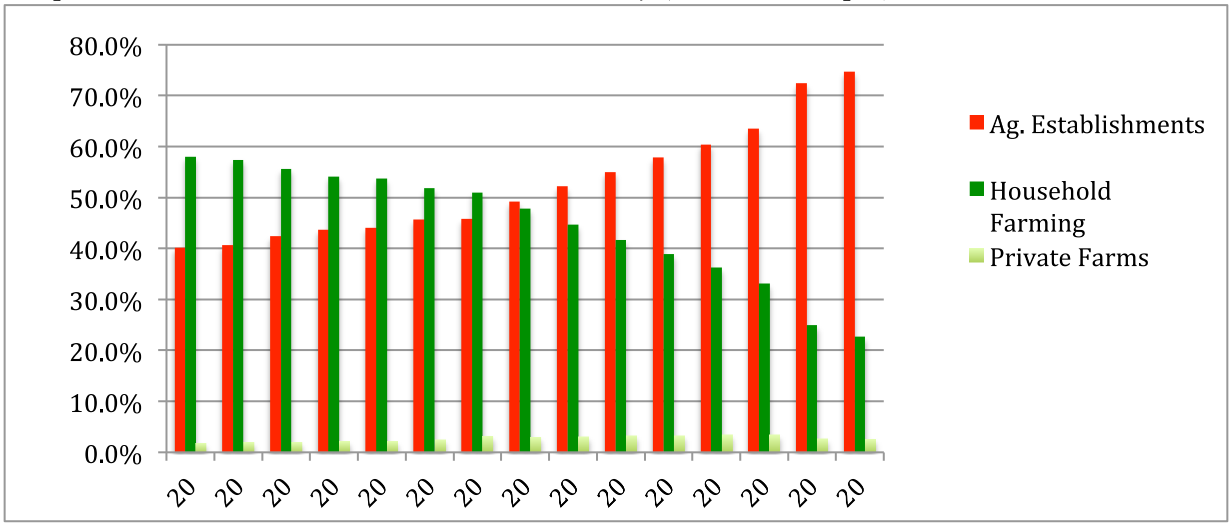
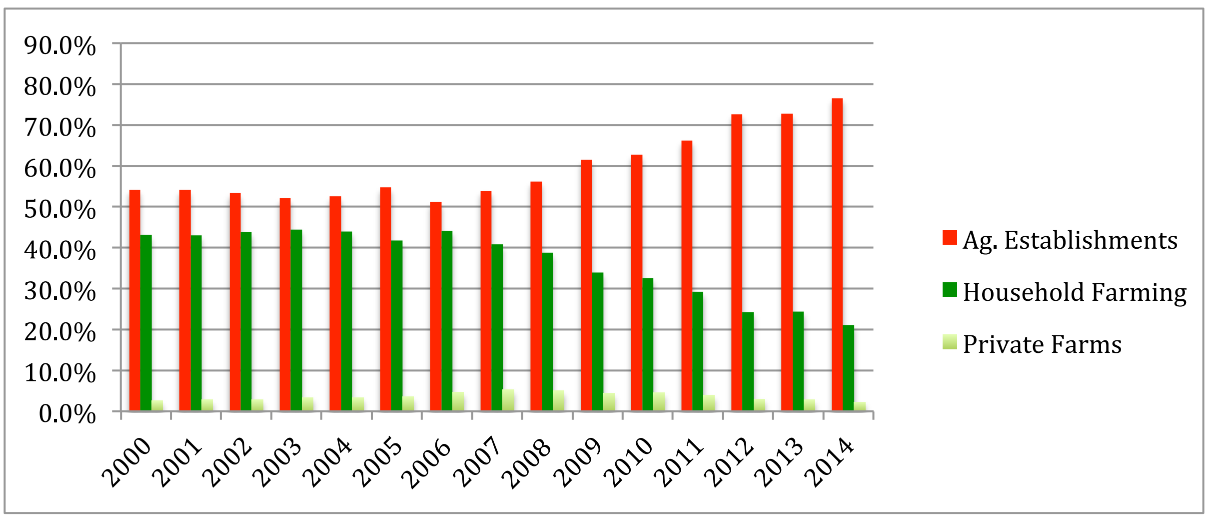
[54] See Hedlund 1989.
[55] In Rosstat, these are captured by the category: "agricultural establishments."
[56] Industry reports by the major meat industry associations attest to these trends. The USDA GAIN reports are also a good source to track consolidation.
[57] (Smith and Maximenko, 2000) USDA FAS GAIN Report, GAIN Report #RS0040, 8/15/2000 http://apps.fas.usda.gov/gainfiles/200008/30677740.pdf
[58] USDA FAS GAIN Report No. RS 1020, 4/6/2010.
[59] USDA FAS GAIN Report No. RS 1414; ADD DATE by 2013: 90% of total birds were raised in agricultural establishments; 86% in 2008; up from 69% in 1998.
[60] USDA FAS GAIN Report, RS 1416, ADD DATE; the 70% in 2005 is an estimate by the Union of Pork Producers.
[61] *Rosstat:* Livestock Inventory by Types of Enterpriseshttp://www.gks.ru/bgd/regl/b13_12/IssWWW.exe/stg/d01/15-21.htm. The National Union of Pork Producers estimates that by 2020, household production will account for less than 20%.
[62] In AIC context, the negative externalities of this kind of mass production has come under increasing criticism; see Pachirat (2011) for an empirically and theoretically interesting account. De Schutter (2011) has warned that these changes are likely to have a larger impact on rural livelihoods than land appropriations.

Graph 2: Decline of Household Production, Poultry (% of total output)



Source: Rosstat, Osnovie Pokasateli Selskokhoziastvo, yearly bulletins 2000 - 2014.

Graph 2: Decline of Household Production, Hogs (% of total output)



Source: Rosstat, Osnovie Pokasateli Selskokhoziastvo, yearly bulletins 2000 – 2014

It is important here to understand the mechanism through which the rise of the NAOs affected subsistence farming. The institutional literature on the new land rush focuses on formal land rights and expects either strong institutions that protect them, or weak governance that cannot prevent the infringement of small-holder rights. This framework assumes that the interaction between NAOs and subsistence farmers centers on the competition over land; this is an assumption about the type of interaction between large and small actors that dos not hold in the Russian context. NAOs interact and compete with subsistence production in Russia mainly in two ways. The primary interaction worked via market shares. Once the products of large-scale industrial food production led to more, better and cheaper products in stores, rural residents bought more meat in stores and were less likely to tend their own livestock. The second mechanism dates to the Soviet period and relates to the complex way in which subsistence farming relied on the collective farms for inputs. Many, if not most of household farms' inputs were obtained via the collective sector, either through formal or informal channels. Farm workers were often paid in kind, instead of through cash wages, and obtained animal feed, hay and young animals from the collective farm. Alternatively, they bartered (or sometimes stole) goods and services – for example, private cattle grazed on collective farm land, they could help themselves to manure to fertilize their plots, workers could borrow machinery, the state-farm's veterinarian would lend a hand when cattle was sick, or tractor drivers would moonshine on private plots. Subsistence farming also relied a whole range of critical infrastructural services – water, roads, electricity – secured via the collective farm.[63] When NAOs took over, they were often unwilling to continue this tight and symbiotic relationship with subsistence farmers.[64] Though there were some conflicts over the terms of land-sales and lease agreements surfaced,[65] more commonly, the interaction between NAOs and subsistence farming relate to such local barter and in-kind arrangements. New owners were often asked by rural residents and in some places by regional authorities to "look after" rural residents, much in the same way that collective farms had done in the past.[66] The extent to which NAOs did this depended on the negotiations between new and old actors. Some NAO representatives have argued that they ignore local populations, as they rely on high-tech machinery and hired teams of highly trained workers brought to the country-side at different times in the production cycle.[67] NAOs and observers state that these are companies have a "market-driven" orientation, which they contrast with the "social" orientation of the *sovkhozes* and *kolkhozes*.[68] In other accounts, though, NAOs did rely on local workers and hence tried to remain on good terms with rural residents and help maintain schools and churches.[69] Overall, the point is that the interactions between the NAOs and subsistence producers were *not* generic competitions over land. They were constituted by the political dynamics that favored NAOs and the social fabric of rural Russia they encountered. (I will get back to this point

[63] Grigory Ioffe, Tatiana Nefedova, and Ilya Zaslavsky, *The End of Peasantry?: The Disintegration of Rural Russia* (University of Pittsburgh Press, 2006). Stephen Wegren, *Agriculture and the State in Soviet and Post-Soviet Russia* (University of Pittsburgh Press, 1998). Pallot and Nefedova, p. 109. The transfers of goods and services from collective farms that made household farming was a lifeline for rural residents with practically no cash-incomes. It amounted to a symbiotic relationship that became an important part of the explanation, why collective farm workers did not embrace private farming.
[64] Pallot & Nefedova, Nikulin 2003, Spoor & Visser 2004.
[65] Nikulin.
[66] Pallott and Nefedova, p. 123
[67] Interview with Rusagro representative. See also Azaerva (manuscript).
[68] According to Serova 2007, SEROVA, Eu. (2008) Farm restructuring in transition: Russian case. In: Food Policy for Developing Countries/ The Role of Government in Global, National and Local Food Systems. http://cip.cornell.edu/gfs SEROVA, Eu. (2007) Vertical Integration in Russian Agriculture. In: Global Supply Chains. Standards and the Poor: How the Globalization of Food Systems and Standards Affects Rural Development and Poverty (Swinnen, 2007).
[69] Nikulin reports that one NAO manager built a church and hired to priest to appease local residents. Pallott and Nefedova also mention that NOAs invest in churches and schools. Visser and Mamonova quote a NAO operator: "if you help the local population, they also help ensure that theft and sabotage on your territory stays at a minimum. If you do not participate in social issues, than people have less of an incentive to protect your interests." P.18

below in the discussion of how particular governance interventions affected large and small scale producers differently).

3.4) New Political Actors

A final aspect of the recent agricultural transformation concerns new actors who can shape the political dynamics in the sector. Following the interest based model that explained rural reforms in Latin America, early accounts of post-Soviet rural reforms predicted the emergence of a farm-manager lobby or an agrarian party that would shape outcomes.[70] While Russia did see the creation of an Agrarian Party, it's influence was negligible for most of the nineties (not reaching the 5% threshold after 1995), dwindled even more in the 2000s and eventually merged with United Russia (2008).[71] Russia's notorious oligarchs were initially scarcely interested in owning and operating farms and poultry plants, perhaps influenced by Soviet elite's strong urban bias and recurrent crises, rural Russia was considered the epitome of un-reformable backwardness for much of the nineties. While some domestic oligarchs did start to look to land as a way to diversify their holdings in the late nineties,[72] it was not the case that corporate or capital's interests shaped the recent transformation as pre-existing, stable and organized forces.

Rather, as introduced above, they emerged as political actors in the context of the rising demand for farmland and the food sovereignty agenda that channeled incentives to large actors. A look at timing is critical here. Many of the NAOs that benefitted from the transformation in the 2000s, were either not around in the period that preceded reforms, or they existed as financial- or oil-oriented oligarchic conglomerates.[73] With a few exceptions (mostly food processing companies that had an interest in securing the supply chain), NAOs with a sustained interest in farming emerged *after* 2000, from the confluence of the rising food commodity prices that attracted private investors and government support to large operators. What is more, it that it took another few years, for these economic actors to organize and form industry association, i.e. become political actors. A few industry associations were formed in the early 2000s, such as the National Meat Association (*Национальная Мясная Ассосоциации)* and the National Union of Poultry Producers

[70] (Don Van Atta, "Russian Food Supplies in 1992 and the Prospects for 1993," Working Paper 807-06, National Council for Soviet and East European Research, Washington DC, April 1993). Since the late 90s, tough, studies documenting the role of vested interests in the post-Soviet context have generally highlighted the influence of oligarchic conglomerates on reform trajectories, deemphasizing parties and interest groups. (Hellman, 1998) <<cite>>.
[71] Interestingly, the agrarian party was revived in 2012; though it is unclear and perhaps unlikely that it can play a role as an independent political actor.
[72] See Barnes' discussion.
[73] Rusagro became a NAO in 2004. Miratorg, Russia's largest pork producers was founded in 1995, but was exclusively a meat importer until 2003, and only started making significant capital investments in pig production in 2005, and in slaughter facilities in 2008, working towards the goal of become a vertically integrated meat processor ("from field to fork"). Cherkizovo, Russia's second largest pork (and meat) producer, was founded in 2005. Agro-Belogorye, Russia's third largest meat producers, was founded in 2007.

(*Росптицесоюз*), formed in 2003 and 2001 respectively, but it was not until the middle of the decade, in negotiations leading up to WTO accession in the that they became vocal political actors. The Union of National Dairy Producers *(Союзмолоко)* and the National Union of Swine Breeders (*Национальный Союз свиноводов*) are both industry association that have been critical of Putin's reforms and trade policy, they were created in 2008 and 2009 respectively.[74] Visser and Mamonova also document that grassroots organizations were formed to in the mid-2000s to coordinate their demands vis-à-vis the NAOs, though only one of them, the *Krestyansky Front* was independent of the government.[75] NAOs, in turn, informally cooperated with local and regional authorities to deal with administrative hurdles and resolve conflicts with local residents.[76] One of the interesting aspects of the period under discussion is that availability of capital and the domestic governance response contributed to *creating* economic and political actors.

In sum, over the last fifteen years, land and farm ownership shifted from former *sovkhozes* and *kolkhozes* to oligarchic conglomerates and foreign investors. Grain exports soared and household production declined, as NAOs and subsistence producers interacted in new ways. The economic and political terrain was profoundly reshaped during this period.

4. Putin's Food Sovereignty Agenda acts as Market Maker

If a focus on Russia's institutional capacity or interests alone cannot offer a satisfactory explanation for these transformations, what can? In a nutshell, I will argue that an important part of the answer is the way in which the government under Vladimir Putin acted as a market maker. The government responded to past crises of Russia's food system as well as to the increasing availability of global and domestic capital with an ideational agenda or a set of goal – subsumed under the food sovereignty agenda – and a set of evolving policy interventions designed to realize it. This response shaped the terms of economic actors' domestic and global competition and profoundly shaped Russia's countryside. Though earlier Russian/Soviet governments were concerned about agricultural production, *food sovereignty* as a policy goal was not central during the 90s and the late Soviet period – it is a responsive and new policy agenda. Yeltsin's reforms had intended to reshape rural property relations and modernize agriculture, but they did not center on food provision. The marketization and liberalization of agriculture of the nineties were largely responses (or better, rejections) of the priorities and methods that the Soviet command system had advocated (see section 5 for more details of Yeltsin and Soviet reform attempts).

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[74] See association website: http://www.nssrf.ru/about.php?action=history. (English acronym, RUSB). There are a number of livestock meat associations created in the 2000s. The National Meat Association (*Natsional'naya Myasnaya Assotsiatsiya)* was formed in 2003. The National Union of Poultry Producers was formed in 2001 (*Росптицесоюз*); http://www.rps.ru/.
[75] Visser and Mamonova, pp.21.
[76] Ibid.

Under Putin, by contrast, *"food* problems" (***продовольственныи проблеми***) and import dependence became central concerns of the state, raising domestic production and reducing import dependence became overarching national priorities.[77] This was evident in the first agricultural program under Putin, drafted by the Ministry of Agriculture in 2000, called the "Basic Directions of Agrifood Policy."[78] By the mid-2000s, a host of programs had been established, including a "National Priority Project: Development of the Agro-food Complex" (2005). As food prices rose across the world, the government's attention to food sovereignty heighted further, culminating in the adoption of "National Food Security Doctrine" (first draft published in 2008, adopted in 2010).[79] In the early 2000s, the government was hamstrung by a tight budget, but as oil prices rose and tax collection improved by the mid-2000s, state support for domestic agriculture strengthened. Between 2005 to 2010 total state support to agriculture more than tripled in nominal rubles, rising by 135% in real rubles.[80]

4.1) Central characteristics of the food sovereignty agenda

The food sovereignty's agenda's main goal was to boost domestic food production, a basic prerequisite for a number of critical domestic and foreign policy goals.[81] The centerpiece of the National Food Security Doctrine was a set of precise and ambitious self-sufficiency targets for the main commodities used in the Russian diet.[82] Self-sufficiency targets, in turn, were prerequisites for the government's ability to control domestic prices; besides rural development, the 2010 Doctrine singles out domestic price stability for basic staple food as its main domestic aims. The prioritization of price stability was the result of the Putin government's assessment of the multiple crises of the 90s: rising cost of staple foods during hyperinflation had acutely threatened social stability and the legitimacy of the Yeltsin government.[83] Concerns about food security gained urgency in the mid-2000, correlating with a sharp increase in food commodity prices across the world that also threatened to affect the prices of Russian staples. Over the last decade the Russian government under Putin repeatedly adopted measures to control prices for basic "socially important" food

[77] Wegren 2002
[78] Locate "Basic Directions" document.
[79] (2010 Food Security Doctrine), Указ «Об утверждении Доктрины продовольственной безопасности Российской Федерации." reported by Kremlin press service, http://www.kremlin.ru/news/6752. Full text of Doctrine is available at http://graph.document.kremlin.ru/page.aspx?1049708. See also USDA/FAS GAIN Report Number: RS1008; ADD DATE>
[80] Liefert and Liefert 2012, p.50
[81] The program should serve the "purpose of implementing the state economic policy in the field of food security of the Russian Federation, aimed at ensuring reliable food supplies to the population, developing the national agro-industrial and fish-producing sectors, responding promptly to internal and external threats to the stability of the food market, and participating effectively in international cooperation in the field of food security;" see http://www.globaltradealert.org/measure/russia-food-security-doctrine-focused-import-substitution.
[82] Add some examples of production targets as examples: between 80 and 95% of basic staples.
[83] ADD SOURCES from Christy's document. Azareva also stresses the legitimacy dimension.

commodities, most recently in February 2015, in an agreement between the Federal Tariff Service and Russia's major retailers.[84]

At the same time food sovereignty was also explicitly an element of Russia's foreign policy.[85] As we have seen above, Russia became increasingly dependent on foreign food imports during the nineties, as domestic production collapsed. In 1998, when the collapse of the ruble marked the nadir of the transition crisis, Russia received food aid from the US and the EU. Although Yeltsin occasionally noted that dependence on foreign food was not a good thing, his rural reform program in no way reflected this concern (quite the opposite: it arguably contributed to domestic output collapse and a growing import dependence). Putin, by contrast, elevated the importance of external dimension of food security, which went along with the adoption of a more assertive foreign policy stance. The external dimension also explains the prominence of the ambitious self-sufficiency targets for specific commodities. When Russian wheat exports not only recovered, but rapidly gained global market shares, Russia also saw the possibility to influence global affairs via global grain prices, i.e. to use grain exports as a foreign policy tool.[86] Aleksey Gordeev, Minister of Agriculture, claimed that Russia has the potential to become a "major agrarian power."[87] Around 2010, a series of comments by government officials floated the idea of creating a global wheat-cartel modeled on OPEC.[88] In less zero-sum terms, Russian commentators framed its increasing role in global wheat markets as a promise: Russian grain could solve the problem of feeding a growing world population.[89] Whatever the intention, the Food Security Doctrine was explicitly coordinated with boarder national security aims, and was a dynamic response to external conditions, rather than a stable ideational context.

To realize the goals of the food sovereignty agenda, the government under Putin resorted to a cornucopia of policy interventions, such as trade restrictions, subsidized credits, local content rules, newly created state-owned enterprises. Russian government called these interventions "*market*

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[84] This price freeze is a response to the plunging value of the ruble since 2014. This is not an isolated event, the government has on several occasion mandated such measure, working with various producer and industry association to put a ceiling on prices on a few central commodities (the producer Unions as they are called in Russia, for example wheat, sugar, oils). Statements that stable food prices are critical appear often, in response to less than expected wheat yields in 2012, for example, Gordeev stated, "we won't allow any surges in grain or food prices." Itar-Tass, Sept., 2012.

[85] See for example Концепция внешней политики Российской Федерации 15 июля 2008 года, available at http://kremlin.ru/acts/785

[86] Both the 2008 and 2010 FSD clearly state that dependence on foreign food imports is a concern. The more ambitious claim, to use grain as a foreign policy tool, was floated in reports about Russia at the center of a grain cartel, modeled on OPEC. Critics rejected the possibility that Russia would control enough of the world market for wheat to play an important role (World Bank 2009).

[87] Kramer, NY Times, 2008

[88] This idea was widely criticized, see World Bank 2009, and ultimately dropped. Aside from questions whether post-Soviet countries would control enough global market shares, the cooperation between Russia, Ukraine and Kazakhstan was also an absolute prerequisite for the cartel's viability, which ultimately became impossible.

[89] ADD Christy's source from *Vedomosti*… Russia has among the largest areas of unused or underused arable land, and its grain belt is so vast that it stretches across several climatic zones, that total harvest failures are less likely than in other countries.

instruments," deployed to "*react* to international markets" and achieve its goals.[90] The term "market instruments" reveals a contrast with earlier reforms: both previous regimes were committed to a particular property form as the agents of transformation. Soviet reformers were committed to the collective farm (plan was the agenda), while under Yeltsin, small private farms were meant to overcome the shortcomings of Soviet agriculture (markets were the agenda). For Putin, by contrast, markets were a means, not an end in themselves – he was largely agnostic as to who the new owners should be, and whether market or statist policy tools were used.[91] The 2010 Food Security Doctrine and other policy documents set ambitious framework goals and benchmarks, but much to the frustration of Western observers who wanted to see a commitment to market mechanisms, they did not stipulate measures and tools.

What this ideational flexibility means for the larger question on the role of institutions is that in the Russian case, is that there was no one particular type of institution or policy response that was favored. Instead, the government adapted institutions and policies to the needs of domestic and foreign capital to enlist them for the food sovereignty agenda. In other words, institutions were not exogenous variables; they became a malleable means to an ulterior aim – food sovereignty. This also meant that the policy interventions evolved over time, reacting to changing market conditions. They responded to international market trends, such as rising prices, as well as to domestic market conditions, like droughts and bumper crops. They were modified in response to their own successes and failures, which implies that Russian policy making is more reflexive and capable of learning than is usually acknowledged. Finally, Putin's food sovereignty agenda relied almost exclusively on *large* and *private* actors that could make significant capital investments to realize the type of modernization and production increases that the agenda envisaged.[92] As we will see in more detail below, small

[90] In the words of Vladmir Putin, speaking at a meeting of the Gossovet in 2001: "Реагировать на колебания цен на мировых рынках оперативнее, используя весь набор имеющихся у Правительства рыночных инструментов. Их достаточно." *Стенографический отчет о заседании Государственного совета по вопросу о региональной инвестиционной политике*, 11 окт. 2007 г. http://kremlin.ru/transcripts/24592. See also Gordeev: "Для поддержания стабильности на этом рынке предполагается использовать весь арсенал мер, которыми располагает Правительство" Основные направления агропродовольственной политики на 2001-2010 годы Выступление Заместителя Председателя Правительства Российской Федерации - Министра сельского хозяйства Российской Федерации Гордеева А. В. на заседании Правительства Российской Федерации; 27 июля 2000

[91] Dmitry Butrin, economics journalist for Vedomosti, noted in a reference to Chinese pragmatism: "Deng Xiaoping's portrait may not hang in the Kremlin […], but those in the know keep on saying: 'the colour of the cat doesn't matter, as long as it catches the mice'." Quoted in https://www.opendemocracy.net/od-russia/dmitry-butrin/russia-paralysed-by-pragmatism. The point here is not to argue that Russia is on the way to replicate the exceptional Chinese experience; Russia far less experienced and perhaps more reluctant to grant local authorities policy autonomy. At the same time, in terms of ideological orientation, the state's strategies are pragmatic and flexible, aiming chiefly at adapting local structures to the needs of domestic and global capital, the designated drivers of modernization in the agro-food system.

[92] This argument that the state relied on private actors might seem odd, given the role of a number of large public companies in the sector (we will learn more about *Roselkhoz, Rosleasing*, the United Grain Company below). Yet, these state owned behemoths were (and are) all slated for privatization and acted largely, I argued, as a way to attract private capital to the agro-food system.

actors were either ignored, or positively pushed out; hence the effect of the national goals on subsistence producers.

These attributes of the food sovereignty agenda – its pragmatic and evolving nature, and the fact that it was geared towards enlisting the newly available private capital are important for the theoretical claims of the paper, because they demonstrate the relevance of reflexive ideas that respond to particular international contexts and past experiences. While harder to grasp, this kind of flexible ideational framework transformed local contexts through a series targeted interventions, or "market tools" to use the term coined by the Putin government. The remainder of this section documents how targeted grain and livestock interventions reshaped rural economies and the national food system more broadly.

4.2) Grain interventions

Boosting grain production was at the center of the food sovereignty agenda. Grains, and wheat in particular is by far Russia's most important crop, grown on 22% of arable land.[93] Wheat, as *kasha* or as bread, has traditionally been a singularly important staple of the Russian diet, and feed grains are also the main input for livestock production. In Gordeev's terms – "the welfare of many, if not all, depends on the situation in the grain market."[94] Domestic production, control of exports and stockpiles were critical concerns for a government worried about the price of domestic staple food. On the international side of the food security equation, Turkey, Syria, Egypt and Pakistan come into focus: they are all countries that rely on Russian wheat for staple foods, as well as polities that Russia would like to exert influence. In broad terms, then the Russian government's goals for domestic grain were simple – incentivizing farmers to grow more of it, because more grain allowed it to achieve domestic and international goals. The means and interventions designed to realize this goal, though, evolved quite substantially over time, with state actors learning from past experience and responding to changing market conditions.

In the early 2000s, the Ministry of Agriculture experimented with grain purchasing programs. A first attempt, in 2001, was by all accounts a failure: the state procurement bureaucracy once the backbone of Soviet agriculture had disintegrated years before, and the government was having difficulties procuring grain from farmers.[95] Responding to this failure, procurement efforts in subsequent years were planned via the Russian National Mercantile Exchange. In 2002, the state purchased grain for 4.5 billion rubles (of 6 billion allocated for this purpose), an enormous and unprecedented purchase in the short post-Soviet history of the commodity exchange. Relying on the exchange for purchasing

[93] FAOSTAT/FAO, Agriculture and Trade Policy Background Notes: Russia, p.2. Year?
[94] Gordeev 2002 speech. Check Christie's sources.
[95] According to Azareva, this meant that much of the grains were purchased from one seller, a trader, and only a fraction of the allocated budget funds were spent (only 675 million rubles of the 5 billion rubles that had been allocated).

was supposed to allow for the government to be one of several bidders and make the bidding more competitive. However, delays in the release of budget funds meant that they coincided with the tail end of the grain season. Anticipating government the government purchase, most of the grain had already been purchased by traders, who then resold to the government at higher prices; even this new way of purchasing grain was thus ultimately deemed a failure. In addition to purchasing grains, the government also needed to find and pay storage elevators. In the first few years of the purchasing program, the government scrambled to buy storage elevators and build grain export facilities. Purchasing programs continued to grow, but with a record harvest in 2008, concerns over the cost, inefficiencies and disorganization of the purchasing program grew.

Responding to these problems, the government pursued a strategy that was widely criticized by foreign observers: it created a state-owned grain company, United Grain Company (UGC, or *ОЗК*, *Объединенной Зерновой Компании*) and transferred not only huge wheat stocks, but also most of the government owned storage elevators, grain transport infrastructure and port facilities.[96] According to UGC's new CEO the government wanted to create a company with sufficient "influence on the market to *implement the national goals* by using market methods."[97] This statement reveals the government's position: national goals, i.e. food security stand at the center, should to be realized through a combination of state control and market mechanisms. This is also evident in the fact that while the government brought enormously valuable assets under the umbrella of one organization, only a year later, in 2010, a presidential decree stipulated that 50% (minus one share) of UGC should be sold to private investors. The government also refrained from placing government representatives on the UGC board, a move that was criticized by the statist faction of Putin's government.[98] In 2012, the government proceeded to sell a large stake in UGC. The new owners stated their strategy as follows: "expansion of the infrastructure of the grain market in order to *strengthen the international position of Russian grain*" – clearly aligning themselves with the government's goals.[99] What the government had achieved with the creation and subsequent privatization of UGC was the reorganizing of grain trading in order to attract significant private capital to grain storage and port infrastructure.[100]

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[96] << ADD Vedomosti Source, see in Azareva for timing >>. The World Bank was critical (WB 2009), international observers were concerned about the market power of UGC on global what markets (Leipzig paper).
[97] Sergey LASTNAME, director of United Grain; SOURCE?
[98] This decision was often criticized, in particular by the Ministry of Agriculture, see Почему в руководстве ОЗК нет представителей Минсельхоза? *Крестьянские ведомости,* 13/03/2014. Available http://www.agronews.ru/news/detail/132183/
[99] Statement by Aleksandr Vinokurov, the President of Summa Group, in USDA FAS GAIN Report, RS 1240, 6/8/2012. Vinokurov also goes on to mention the expansion of infrastructure in the Russian Far East, also one of the government's priorities for agricultural development.
[100] The winning bidder in what appears to have been a competitive tender was a investment holding company, Summa Group, that paid 5.951 billion rubles ($198 million) for UGC shares. USDA FAS GAIN Report, RS 1240, 6/8/2012. The Report also cites that the government's goal had been to attract a single strategic investor.

In addition to the re-organization of grain trading, storage and port-facilities, the government also used other highly targeted trade policies as tools in its arsenal to achieve food sovereignty. Although boosting exports was one of the government's priorities, it occasionally imposed export taxes and even a temporary export ban on grains, to make sure sufficient domestic grains stocks and stable prices.[101] The most important case was an export embargo that lasted from August to December 2010, when a historic drought dramatically diminished the harvest, and threatened to send food and feed prices through the roof.[102] It was clear that "Putin chose to sacrifice exports for domestic stability."[103] Overall, the point here is that the government's grain interventions were oriented towards realizing the twin goals of domestic food security and international food sovereignty, and that it used policy tools pragmatically and flexibly in response to international opportunities to achieve these goals. These interventions contributed to the rise of NAOs and other big actors like UGC, because they incentivized large-scale production by securing a stable price, and by improving storage, transport and export infrastructure. At the same time, they contributed to the decline of household production, because NAOs were not interested in keeping alive the symbiotic relationship in which collectives had sustained subsistence production. Household farms could no longer rely critical inputs, such as feed grains or veterinarian services from the collective farms, when a NAO took over. The effect of the rise of the NAOs on subsistence production is particularly clear in the livestock sector, which I will turn to next.

4.3) Livestock interventions

Grains and wheat were seen as economically important, as export commodities and as staples of the Russian diet. Meat is symbolically important. As introduced above, the Soviet regime's ability to put meat on the table was an axis along which it measured its success and failure vis-à-vis capitalism. Once a point of pride and achievement of the Soviet system, livestock production and meat consumption collapsed with the Soviet Union's planned economy. During the nineties, livestock production and holdings shrank year after year, as feed grains and other inputs were unavailable or too expensive. Precipitous declines livestock inventories reflected this reality: cattle and hog inventories in 2000 were less than half their level in 1988 and sheep and goat inventories were at about one-third.[104] With the decline in production, consumption fell, too, but it also made Russia an attractive market for meat imports. The import of meat products soared, with US chickens (both

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[101] Russia officially sought to comply with the WTO's Uruguay Round of trade liberalization on agricultural products, although we will see below, that the legality of import restrictions on certain type of meat products disputed by trade partners. Export restrictions as "emergency measures" << look up wording here>> are permissible under these rules.

[102] Look for source in Rossiskaya Gazeta Aug. 6, Government Resolution # 599 of August 5, 2010 "About Introduction of the Temporary Ban on Exports of Certain Agricultural Commodities from Russia". The grain export ban was widely commented on, see for example, Wegren 2011.

[103] USDA FAS GAIN Report, 8/6/2010 GAIN Report Number: RS1039.

[104] FAO (2003) Food security in the Russian Federation, data by FAOSTAT.

cheap and abundant) being one of the main meat imports.[105] With the renewed emphasis on food security under Putin, the sad state of Russian meat production and the apparent dependence on foreign meat were deemed alarming – "we are particularly concerned about the situation in livestock production," noted Gordeev, and the 2010 Food Security Doctrine singled out meat production as a priority.[106]

As with grains, the state resorted to a cornucopia of measures to put Russian meat back on the table. Meat producers were able to secure cheap credit, rely on extensive support to update facilities, benefit from state-funded breeding programs and genetic research that aimed to modernize pork, cattle and poultry production to name just the most important programs. A number of short-term programs sought to respond to changing market conditions; pork and poultry producers received compensation for a spike in feed prices and state programs imported large numbers of piglets from Europe.[107] State support for pork production was particularly ample, for example, the National Priority Program in Agriculture supported the (re-) construction of 750 production facilities in the five years after the adoption of the.[108] During this time, industrial pork production tripled, and the number of efficiency indicators (meat yield/sow, piglets reared/sow, reliance on new breeds etc.) showed that Russian producers had thoroughly modernized production practices.[109] This modernization was also clearly supported by the highest rung of the government. Miratorg, the largest Russian pork producer boasts in its 2013 annual report: "[Our] investment of 24 billion rubles was supported at the top government level: *Vnesheconombank* provided loan financing for over 20bln rubles and the loan agreement was signed personally by Vladimir Putin…"[110] In addition to credit subsidies and financial support, targeted trade restrictions were another powerful tool the Russian government used to revive livestock production.[111] With Russia's accession to the WTO, most trade restrictions and quotas were reduced, though others were resurrected first under the heading of sanitary/food safety concerns. Poultry imports, for example, have long been the center of US-Russian trade disputes and a number of concerns have led Russia to restrict imports, including the use of antibiotics and chlorine washes. More recently, these trade restrictions have been revived as reciprocating sanctions against the sanctions imposed by the US and Western Europe after Russia's invasion of the Crimea.

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[105] FAO STAT
[106] Gordeev, Federation Council Session 2007.
[107] GAIN: Russian Livestock & Products Semi-annual, March 2012
[108] See FAO Report on Russian Meat Market, 2014. Between 2006 and 2011, $8 billion of state support flowed to the update of pork production facilities, according to the Russian Union of Swine Breeders <<source>>. In 2014, for example, pork producers received 75 billion rubles (slightly more than $2 billion) in government support payments from the state program on "Pork Production Development in 2013-2015," according to USDA GAIN Report No. RS 1416.
[109] According to the Russian Union of Swine Breeders. Can I find Rosstat data on this, too?
[110] The company also noted that this investment allowed them to become market leaders. Miratorg, annual report 2013. 24 bln rubles = $580million.
[111] These trade restrictions have been the central bone of contention in trade negotiations between the US and Soviet Union; they appear in successive USDA GAIN reports, and FAO report on Russian Meat Market.

Much like the policies in the grain sector, livestock interventions contributed to the rise of the modern agrifood sector, and the decline of subsistence/household production. All of these programs clearly benefitted large producers and were detrimental to subsidiary production of pork in a number of ways. State support and the subsidized credits benefitted largely the NAOs centered on livestock operations.[112] Collective farms with dairy and livestock operations could technically apply for these programs, but most collective farms were saddled with bad loans, hence neither able to obtain credit, nor benefit from interest rate subsidies. Subsistence producers, lacking collateral altogether, were not in a position to obtain credit through these programs. Aside from this lack of access, there were several other ways in which the rise of modern facilities negatively affected subsistence livestock holdings. I mentioned the competition for market shares, and the decreasing access to inputs from collective farms above. Another dynamic could be described as a type of displacement effect: once the large-scale industrial production of pork and poultry increased the availability of affordable meat in stores, rural residents no longer thought it necessary to hold livestock themselves. Another way in which the state more actively contributed to the decline of subsistence farming were a number of phyto-sanitary campaigns that decimated the livestock holdings of subsistence farmers, in particular pork and poultry. The rationale was that household farms were breeding ground for disease (like African Swine fever and avian flu) that would harm livestock in the emerging modern sector. On several occasions between 2009 and 20014, the Russian veterinary watchdog *Rosselkhoznadsor* destroyed tens of thousands of heads up pigs. Given that subsistence producers tend to rear only a handful of swine, these campaigns affected a large number of producers.[113] These interventions also sent important signals that the state considered this kind of livestock holding outdated and unsafe, and a threat to the "profitability and investment attractiveness" of the modern pork industry.[114]

In sum, Putin's food sovereignty agenda reshaped domestic meat markets in which a particular kind of market participant – the NAOs – were supported and thrived, while another kind – small-scale household producers – was unable to take advantage of state support and was unable to compete. The food sovereignty agenda reshaped the terms of interaction and competition of these economic actors.

5. Putin in Perspective, or support for broader theoretical claims

The broader theoretical argument, that local effects are shaped by dynamic and reflexive governance responses, rather than resulting from static institutional determinants crystalizes if we look at earlier periods of rural reform in Russia. To put this differently the policy agenda and interventions under

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112 Wegren 2012

113 Vladislav Vorontikov, GlobalMeat, July 2012, estimates the number at 23-27'000 destroyed heads of pork for 2014. See also USDA numbers, look this up.

114 This is an estimate by Musheg Mamikonyan, head of the industry association Russian Meat Union; cite?

Putin with two earlier reform attempts, during the late Soviet (1970s-early 90s) and early post-Soviet period (1990s) can serve as shadow cases to support claims derived from the most recent transformation. In each of these periods, global capital/commodity flows presented different opportunities, and the domestic ideational responses and interventions to these opportunities varied, hence local production was affected differently. To parallel the focus of the discussion of the most recent period, I draw attention to the country's agricultural trade balance and the relative role of collective farms and subsistence producers in overall production. Table 1. summarizes these transformations.

Table 1. Material global flows, domestic ideational agenda and how they shaped Russia' agrifood transformations

	Global Flows	*Domestic Agrifood Agenda*	*Local Transformations*
1970s-1990	Little capital mobility, but grains are abundantly available.	Promotion of meat and dairy *consumption*. Import dependence accepted as a necessity.	Livestock production on collective farms soars; dependency on grain imports arises
1990s	Capital mobility increases, but no interest in farm land. Global agri-food trade matures beyond grains.	Marketization and liberalization of agri- food systems. Soaring imports accepted as byproduct of global integration	Collective farms fail; imports and subsistence farming fill the gap
2000s	Abundant mobile capital interested in farm land	Food Sovereignty Agenda entails the promotion of domestic *production*. Import dependence singled out as critical concern.	Rise of the NAOs, yields increase, grain exports soar; decline of subsistence farming

Each of these transformations and the way they took shape in a particular international context are detailed below. The main point this historical comparison illustrates is that governance responses and domestic ideational agendas evolved over time: while food security and scarcity were concerns of earlier Soviet and Russian governments, successive regimes understood, and hence tried to solve these problems differently. As noted above, it was only when Vladimir Putin came to power that food sovereignty came to dominate the policy agenda. Both the late Soviet and the Yeltsin government's strategy, did not oppose a reliance on imported food to make up for domestic shortfalls.

5.1) Goals of late Soviet agriculture in context

The *sovkhozes* and *kolkhozes* defined Soviet agricultural production for many decades, yet, by all accounts Soviet leaders recognized that they were plagued by ongoing crises, chronic shortages and gross inefficiencies. Even though farms industrialized and yields increased in the post-war period, collective farm output could not keep up with a growing and urbanizing population's demand for a variety of foodstuff.[115] Successive Soviet leaders since Khrushchev realized that scarcity and shortfalls for staple foods were more than just ciphers in annual statistics; they translated into everyday experiences for most Soviet citizen as empty shelves in grocery stores and standing in line for basic commodities. How could the Soviet Union be the land of plenty, as Soviet leaders since Khrushchev promised, if there was no meat on the table? By mid-60s, when living standards of an urbanizing population were generally rising, the food shortages, of meat and dairy in particular, became a distinctly political problem. The domestic policy agenda during this period thus focused on alleviating food shortages and realizing the promise of abundance.

The international context in which the government sought to realize these goals was marked by the rise of global markets for basic agricultural commodities, in particular grains. In contrast with the Soviet Union, the US produced whooping grain surpluses year after year of the post-war period. In order to maintain domestic prices, it desperately needed international markets to dispose of them, hence the export of agricultural surplus were subsidized and encouraged in all kinds. (Capital markets, by contrast with later periods, were far less internationalized at that point). In 1972, in an initially secret, but historical coup, the US and Russian governments brokered a deal in which, for the first time the Soviet Union imported a large amount of wheat from its Cold War nemesis to make up for its own production shortfalls.[116] From that point on, Russia's dependence of imported food only increased. Brezhnev initiated an ambitious campaign to boost meat production and consumption, to satisfy the appetites of increasingly urban population for proteins.[117] A variety of interventions meant to achieve this goal, relatively high prices the state procurement system paid for beef and poultry were among them. Meat consumption reached levels comparable to Western Europe and the US by the mid-70s; the achievement of this feat necessitated the import of large amount of feed grains.[118] Dairy too, was increasingly imported, too, for example, to make ice-cream – so "beloved by all" – easily available.[119]

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[115] Although aggregate output increased steadily in response to growing allocations of resources and – in the form of capital, land and labor that flowed to the collective farms.
[116] This deal was controversial in the US. It served the goal of disposing of domestic surpluses and helped support grain prices, it was also framed as a deal that provided grain to the enemy at heavily subsidized prices. See the Great Grain Robbery, Martha Hamilton.
[117] On Brezhnev's meat campaign; see Hedlund, Gorbachev, Liefert and Leifert.
[118] Liefert and Leifert (2012), p. 45
[119] A history of Soviet ice cream, Jenny Leigh Smith, in Belasco and Horowitz, food chains, pp.

While imports alleviated domestic production shortfalls private subsistence thrived as an alternative form of food production. Soviet leaders were initially ideologically opposed to this form of food production – after all, it was private, inefficient and a far cry from the modernist principles they sought to instill. Yet, given the significant contribution it made to the country's overall food supply (and at times, even to fulfilling plan targets of the collective sector), over time, Soviet leaders grudgingly accepted it.[120] Production and distribution of food-stuff produced on small private plots happened entirely in the informal economy – i.e. products were largely consumed by producers' extended family and friends, or they were exchanged, or bartered in very local networks.[121]

5.2) Yeltsin's reforms in the context of the nineties

The collapse of Soviet economy triggered a precipitous crisis of Russian agriculture, marked by a tremendous output collapse, de-cultivation of arable land and rural outmigration. From 1991 to 2000, Russian agricultural output dropped by nearly two-fifths and livestock production was cut in half.[122] Causes of this crisis lay in the disorganization of supply chains, import competition and the general economic depression that the collapse of the Soviet planned economy entailed.[123] Rural reforms under Yeltsin meant to address these trends through the break up and the privatization of the former collective farms to create medium-sized, owner-occupied private farms. The domestic policy agenda at the time aimed at marketizing collective farms and the state-run marketing system, and at liberalizing international trade in food and agricultural commodities.[124] The intended effect of reforms had been to use ownership rights and competition as incentives for rural residents to farm more efficiently than the state could. Liberal reforms meant to exposed Russia's inefficient farms to international competition; but instead of acting as a catalyst for change, liberalization led to plummeting agricultural output rural outmigration, as residents left for jobs in cities.[125] But reforms failed because only very few collective farm members were able to create medium-sized, private farms. Former collective farms remained by far the largest landowners, though all of them struggled with liberalization, many went bankrupt and could hardly stem the tide of rural outmigration and land abandonment.[126] Much of literature on the first decade of the post-Soviet rural transformation has tried to explain rural outcomes by pointing to a combination of institutional failures, corruption,

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[120] Collective farm managers at times resorted to the output of household farms to make plan targets; see Palgrave chapter.

[121] Note that small scale production was tolerated, but in no way encouraged; reform initiatives and capital allocation were poured into collectives, state-owned production. LPK benefited only indirectly, via symbiotic ties to collective sector discussed in section 3.3.

[122] Leifert (2102), p. 46

[123] Allina-Pisano, Barnes and Wegren for a detailed account of reforms.

[124] This was on the agenda of multi-lateral trade agreements at the time; GATT/WTO agreements focused on ag. starting with XXX.

[125] Landmark studies on rural land-reforms include Alina-Pisano (2007), Visser and Spoor (2001) and 2006, Nikulin 2003, Pallot & Nefedova (2007), Wegren 2009, Ioffe, Zaslavsky and Nefedova (year). Katherine Verdery's *Vanishing Hectar* deals with land reform

[126] Source for bankrupt collective farms

and vested interests. Reforms assigned shares but not concrete parcels to individual owners, for example. This meant that directors of collective farms were not willing to hand over the collectives' more valuable land to members who tried to farm independently. Apart from the institutional difficulties, however, few farmers opted out of the collective system, because the state-farms remained the site where the few resources that were available in the Russian countryside concentrated.

Given the failure of Yeltsin's reforms, small-scale subsistence plots remained an important source of food; for the newly vulnerable poor, they became critical sources of livelihoods (poverty and inequality soared during the post-Soviet period). For some commodities, the share of household production was close to 90% (potatoes and root crops), for many others it was over 50% (milk, poultry, pork, lamb).[127] At the same time as subsistence production increased, Russia also became far more dependent on imported food, as both the quantity and range of imported agricultural and food commodities widened. By the nineties, international markets for such commodities had become highly diversified and as the Russian economy integrated into global markets in the 90s, multinational agrifood companies stood ready to satisfy Russian demand for imported foods of all kinds, from chicken wings to ready-made meals. Average annual poultry imports, for example, more than quadrupled in the twenty years from 1991 to 2010, from 0.2 metric tons to over 1 metric ton per year.[128]

While many observers focused on institutional deficiencies to explain the failures of the reforms in the nineties, in retrospect, the availability of domestic and international capital is a much starker difference between the nineties and the 2000s. During the nineties, farmers had very little, if any, access to loans to buy inputs and equipment and could not make a living on the land they formally owned. Jessica Alina-Pisano notes succinctly: "farming requires … capital and few villagers had a way of getting it."[129] According to another observer, there were virtually no "financially sound enterprises or organizations, capable of large capital investments and of the modernization of agricultural production."[130] This changed gradually around the turn of the millennium, and more swiftly after the mid-2000s, when domestic oligarchs and international investors took an interest in Russian farmland. While the availability of capital, was perhaps single most important factor that made Russia's rural transformation possible, though the domestic effects of this global trend were directed by Putin's agenda. The prevailing focus on pre-exiting institutions and the focus on institutional deficiencies, in particular, as determinants of local transformations cannot do justice to the way in which local actions are not passive bystanders, but actors who respond and adapt ideas and institution to changing international contexts.

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[127] Stats vary over the years; add some numbers from Pallot and Nefedova.
[128] Leifert and Leifert (2012), p. 47
[129] Allina-Pisano, Potemkin Village, p.139.
[130] "Недостатке финансово устойчивых предприятий (организаций), способных на крупные капитальные вложения в модернизацию сельскохозяйственного производства"

6. Conclusion

Global capital and commodity flows that shape local trajectories differently have long presented political economy with a conundrum. Institutions, interests and ideas have been seen as types of filters that refract global trends and explain divergent national responses, though for developing countries, the strength of institutional frameworks has tended to dominate explanatory frameworks. What this paper suggests is that we should think of local outcomes as generated through governance responses to global trends, and that dynamic ideational agendas are particularly important to understand how global trends affect local economies and polities.

The principle advantage of paying attention to dynamic and evolving commitments, goals and agendas is that it does not single out either institution, ideas of interests, or actors versus structures as driving forces. Instead of chasing the most relevant independent variable or coming down on the side of structure and agency, this is a framework that allows for a focus on how actors, ideas, institutions evolve together and separately, endogenously and exogenously with contexts. Experiences produce new realities and contexts can change, new ideas emerge, which in turn, as practice (meaning-in-action) create new contexts.[131] The growing demand for arable land by international investors and the new forms of rural social, political and economic life this gives rise to demonstrate this kind of interaction between context and policies particularly well: on the one hand, global trends are new and largely unprecedented, and domestic policies are reflexive responses that interpret them as changes in exogenous contexts. At the same time, the Russian government's commitments were also responses to past experiences, the perceived failure of Yeltsin's reforms, and the historical contexts that Soviet agrarian policies had created. Given the pace of global economic change, a more dynamic framework is arguably a useful addition to political economy's toolkit.

[131] See Emirbayer and Mische (1998) on the relevance of agency that transforms structures (*projective agency),* an idea developed further by Mische (2009).

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