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Russia: A Country Slowly Trying to Rebuild

Russia is the largest country in the world. It has, in recent history, been through many changes in government and lifestyle. Forty years ago, Russia was a superpower. Now, it is rebuilding after an economic and political collapse. This has had major effects on Russia's economy and industries, including agriculture.

When most midwestern farmers are questioned about their Russian counterparts, they tend to think of large, robust families living on idyllic countryside farms. This, however, has changed greatly over the years. In recent years, families have gotten smaller. Most couples have between zero and two children. Many young couples do not have enough money to rent their own apartment, or buy their own house, so they live with their parents until they are finished with school and have enough money. Many young people try to finish college before they have children.

The health care in Russia varies greatly depending on the amount of money you have. The government provides health care, which is funded by taxes. Even though it is available to everyone, the government provided healthcare is very low quality ("Healthcare in Russia"). It still follows the old soviet health care system, which leads to unequal distribution of money for health care ("Healthcare in Russia"). All of the medical staff are highly trained, but they do not get paid enough and therefore, cannot buy the equipment they need ("Healthcare in Russia"). If, however, you happen to have a high paying job, you can buy private health insurance. The private insurance is much more reliable than the government run health care, and you get better doctors with better equipment. ("Healthcare in Russia")

In Russia, it is very hard to get essential vitamins and nutrients. They eat a lot of meat, soups, and vegetables. They eat mostly whatever can be grown there. There is not a lot of fresh produce, unless you grow it yourself ("Food and Diet in Russia").

The average farm in Russia is about 12,500 acres ("Russia: Agricultural Overview"), however these farms are usually collectively owned. Collectively owned farms are one giant farm where many people work together for the government. The government had a lot of control over what happened on these farms. There were also state owned farms, which were completely owned by the government. Many state owned farms have either turned into collectively owned farms or have broken up into private farms.

The collectively owned farms remain from the Soviet era, when the government owned everything and everyone worked for the government. Many of these farms have broken up into privately owned farms. These smaller farms are about 125 acres. On either type of farm, wheat, barley, corn, and sunflower seeds are commonly grown ("Russia: Agricultural Overview"). Many farms rotate their crops, like we do here in the American midwest. Most farms also raise animals. They raise cattle, sheep, goats and other livestock.

Besides the former government farms growing commodities, there are also private household plots. These measure less than five acres per family. These household plots are some of the biggest producers of the actual table food Russians eat. They produce 93 percent of the country's potatoes and 80 percent of the country's vegetables. All of these are either eaten at the household that produced them, or they are sold at local markets ("Russia: Agricultural Overview").

Because of the transition in government, from communism to capitalism, there are trust issues between the people and the government, and other countries and the Russian Government. I think the Russian government could build trust with its people and with other countries by becoming more stable. They need to take care of the people and prove that the change was for the better.

Another side-effect of changing systems of government is that many government programs that were available in the Soviet Union are not available now because the government is still trying to establish itself. Unfortunately, many of the programs to which the funding was cut were the ones that deal with agriculture (“Russia: Agricultural Overview”).

Because of the lack of funding, many farmers cannot afford to buy needed supplies. The typical farmer can not afford to buy new machinery, and the aging equipment limits their progress and efficiency. The government may be somewhat to blame for this, as it tried to stop foreign companies from selling their farm equipment in Russia by enforcing tariffs on the incoming machinery. Policies also prevented purchase of foreign equipment by operations that were run directly by the government (“Farm Equipment”). Some foreign companies have found a way to get around the steep tariffs by choosing to set up production plants in Russia. Because the equipment is now made in Russia, it avoids the tariff, thus making the product cheaper. Still, machinery and equipment from the world’s major agricultural suppliers is difficult to acquire by the typical Russian farmer.

Fertilizers are also very expensive, which greatly affects farm productivity and efficiency. Many of the farmers are so poor that they cannot afford to buy certified seed, which is the norm in American agriculture. Consider the prominence of companies such as Pioneer and DeKalb, yet the typical Russian farmer is still keeping the seed back from the crop from the year before (“Russia: Agricultural Overview”). In contrast, seed-saving is mostly illegal in the U.S. due to the genetic patents of the major seed companies. So, while the Russian farmer may not have to purchase seed from a parent company, they are missing out on the benefits of the modern crop genetics.

In any farm society where farmers grow commodity crops to sell rather than food for the table, the money from the crop sales must be used to purchase food. It is paradoxical that farmers who sell most of what they grow in order to “feed the world,” then need to buy food. In the more remote areas, farmers have a difficult challenge to find nutritional food, and to buy it at an affordable price. It is expensive to import fresh vegetables and produce, like citrus fruits, so families are often limited to buying local or prepackaged food.

The biggest problem facing the security of food in Russia is the government. The government is currently trying to gain its footing after the collapse of Soviet Union. The former Soviet Union had a communist government. In this type of government, the government controls everything, from what job you work at and what you are paid, down to the price of the goods you buy.

During the Soviet time period there were some shocking things that happened. In one instance, the government decided that it was a smart idea to price goods according to how important they were in the economy. There was a set price and a set market for everything. The free-market economic idea of supply and demand was not considered. They did not let the market correct itself. This made for some very strange pricing situations. For example, at one time, the price of a loaf of bread was less than the price of the wheat used to make it. Because of the high cost of wheat and the low cost of bread, some farmers started to feed their livestock bread instead of wheat to save money (“The Economy”). So while the government spent the money to buy the wheat from the farmers, and either sell it for feed, or grind it, make it into bread, and sell it for a lower price, the farmers just bought the bread. It cost less and had close to the same nutritional value as the wheat that was used to make it, so why waste the extra money? This is just one example of the problems that developed in agriculture through the communist system.

Currently, Russia is trying to be more market oriented. Instead of trying to set all of the prices, the government is taking a step back and letting the demand and supply control the price of goods. This is a much better approach. When the government was setting prices, they were making the price low so that everyone could afford to buy more than one of everything. This led to waste in the extreme. There was one point in time that Russians could get commodities like natural gas, crude oil, and coal at less than global market value. This made it seem like there was a surplus in supply and so the resources were wasted (“The Economy”).

One of the side-effects of the national government stepping down in their role is that now regional and/or local governments are now taking on the role of buyer (“Russia- The Economy”). This is not really helping the situation much. If they back off like the national government, the market will balance itself out and agriculture will improve, helping the whole economy.

As the government in Russia continues to improve, they will be able to get back to where they were in the world at the height of the Soviet Union, when they were a world superpower. They were even with the United States in terms of power and weapons, but historians often overlook comparisons in agriculture. The more stable their government becomes, the more they can focus on the needs of the people.

Part of my solution is that they could start to give out government aid like some of the programs we have here in the United States. We have the Farm Service Agency (FSA) to help farmers. They have programs like the emergency farm loans. Farmers can receive up to \$500,000 to help pay for lost crops or equipment or property that was lost in a disaster. This money can also be used to pay for day to day living expenses (“Emergency Farm Loans”). The FSA also gives microloans. Microloans are used to help a farm start up. It is loaned out at a low rate. The money is used to start a farm, pay for things like seed, fertilizers, and equipment, or to help with irrigation (“Program Fact Sheets”).

Russia has programs similar to the ones we have here, but they are poorly funded and do not always get help to the right people. Another problem facing these assistance programs is the fiscal problems the government is facing. In Russia, like here in the United States, the government has problems with spending, so they are looking for ways to cut spending. Their solution is to cut programs that help fund farmers as well as other programs (“Agriculture”). This is certainly not a solution if Russia is to improve their food security. On the other hand, programs that fund the Russian farmer need to be increased, with focus on advances in equipment technology and crop science.

Funds for these proposed programs could come from the programs themselves by cracking down on fraud in these programs. Another option could be to have farmers pay for what they used in the programs after they have gotten on their feet with the information they learned from the programs, or the equipment they received. If the extra money were found in this way, everyone would be happy. Budgets would not have to be majorly realigned, so there would be no argument about where the money comes from.

Barriers to this type of reform could be urban-dwellers, politicians, or outsiders who do not understand the importance agriculture has on any economy. Agriculture is as important in Russia as it is in every country, including our own. The improvement of the agricultural sector will lead to improvements in other areas of the Russian economy that are still struggling with the transition between communism and capitalism (“Russia- The Economy”).

One of the best programs they have is “Private Garden Plot Act”. It was signed into law in 2003 and is one of the few ways the Russian government is successfully helping farmers. It mostly helps small scale farmers or people who just want a large garden. It does not help with machinery or building or the like, but it does help them get started. The program gives away, free of charge, land from the government. The

amount of land available varies depending on where you live. It can be as much as three hectares or as little as one. A hectare is about 2.2 acres. The land is inheritable and is free from taxation (“in 1999, 35 Million”). The families who own land from this program usually grow food for themselves, but the rural farmers who have more land than needed for sustenance usually grow food to sell at market. The food they sell can also be exported, or turned into something else, like bread, or can be fed to livestock.

The “Private Garden Plot Act” is a good place to start, but if it were scaled up a bit, there would be more large-scale farmers. If the land remained nontaxable, then the farmers would have more money to pay for seed and equipment improvements, livestock feed, and increase their nutritional standard of living. They could become more self-sufficient, building more food secure Russian communities. This program could be scaled up by increasing the amount of land available per family. It could also provide classes for farmers where they could learn about better farming techniques that can be done with the equipment they have access to. This program would mostly affect small scale farmers and first-time farmers. Some extra funding would be necessary, but not much more than what is already being spent on the program.

Another problem the government has had in the recent past is the definition of private property. After the breakup of the Soviet Union, the new congress in Russia made laws saying that people could own private property. However, they did not do a very good job of defining the meaning of private property to a population used to a communist regime. Many people were afraid to take on land for themselves because they were afraid the government would take it back like they did in the Soviet era (“Agriculture”).

In March of 1996, the Russian president decreed that farmers could privately buy and sell land without government interference. In April of that same year, however, the congress passed a draft of a law that forbid the buying and selling of land by anyone but the government. This decision was heavily influenced by a political party that was completely against reform, the Agrarian Party of Russia (“Agriculture”). This bill did not go through to become a real law.

Finally in the later part of 1996, the Russian government finally stepped out of the agriculture market. They let supply and demand decide on the prices. The local governments are still trying to keep a steady market for farmers with set prices. In the areas where the government of all kinds, national down to local, stays out of the markets, the farmers are slowly making a recovery. This is positive progress, and the governments, both local and national need to stay out of the markets let supply and demand economics stabilized the food economy.

There are many major issues that could arise that would wipe out all of Russia’s forward progress. A natural disaster, like droughts and floods, for example, are always a possibility in this part of the world. This is another area that needs to be amended in order to improve food security. A crop loss would put the government in position to let people starve, or demonstrate effectiveness by solving the crisis. The Russian government needs to implement a system to pay for the loss of income and help feed the farmers, such as the federal crop insurance program in the United States.

Another problem that could arise and reset their progress would be war. If Russia became part of a war, they would have to spend more money and manpower on fighting instead of focusing on improving their economy.

The worst possible thing that could happen to destroy Russia’s progress would be if another dictator came into power. A dictator would change the government completely and would probably go back to a communist form of government, with no incentives whatsoever. Then they would be right back to where they were during the Soviet Union.

Russia is a country that is in flux, trying to rebuild after its government collapsed. Moving from communism to capitalism has proven a difficult challenge to the new government. However, there is also great opportunity for the country to create a system that greatly improves food security and nutritional standard of living in Russia. If they continue to let supply and demand control the markets, all areas of the economy will be better off. If they had that much control over the agricultural sector, then I can only imagine how much the government controlled the rest of the economy. If they stabilize the country's finances, they can begin giving help to farmers so they can catch up with the rest of the industrialized world in terms of technology , equipment, and productivity.

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