

Introduction

A decade after the initial reforms of the former Soviet economy, the results in agriculture remain disappointing. Despite food price liberalization, barriers to marketing agricultural output are still present in many regions, and access to modern inputs is very limited almost everywhere. Agricultural output remains about one-third below the pre-reform levels of 1989-91. Incomes of workers employed in agriculture remain depressed. Yet significant changes have occurred. Output increases have been noted on household subsidiary plots, which have been enlarged and play an important role, especially where former collective farms are weakest. New arrangements are springing up in which input suppliers or other businesses related to agriculture are establishing vertically integrated or other contractual arrangements with agricultural producers. These arrangements are managing to supply much-needed fertilizer, chemical, and energy inputs in ways more promising than the barter arrangements that have characterized the dealings of many former collective farms and the ad hoc and unpriced ways in which owner-employees of these farms often acquire inputs for their own farming enterprises on private plots. Even without fully developed land ownership rights, it appears that rental transactions under which new operators may acquire the use of increased acreage are increasing and are beginning to be economically important.

Despite work of the World Bank in the early 1990s, and the general interest and concern of many observers, there have been few systematic research efforts to survey, analyze, and make recommendations on the post-1991 economic development of Russian agriculture. Reviews and studies undertaken to date indicate how difficult it is to draw conclusions about the extent, effectiveness, and consequences of even quite well documented and widely implemented reforms—so that, for example, even to this day there remains substantial disagreement about how far Russia has gone in establishing a functioning market economy in retail food commodities (particularly with respect to the importance of regional barriers to trade and arbitrage between markets). With respect to factor markets, the informational and statistical base is less well developed. Indeed much of the anecdotal evidence pertains to barter transactions (e.g., a farm trading wheat for fuel with an energy company as counterpart) that suggest a lack of functioning factor markets.

Therefore the group of American and Russian agrarian economists have decided to launch the long-term research project. The objectives of the project are to quantify the extent to which factor market constraints have impaired the ability of Russian agriculture to function efficiently and profitably, to establish which constraints are most important in both the short and long run perspectives, and to provide the analytical knowledge needed to formulate policies to remedy obstacles and constraints.

In order to consider the state of knowledge and determine the research directions in following three years the BASIS¹, University of Maryland and Centre AFE have hold a

¹ BASIS-Russia is a program of long-term American-Russian collaboration in the field of studies in agri-food policy. This is a part of more global program of international research collaboration in the field of social and economic issues of factor markets and their availability for farmers. The ultimate purpose of the study is to present the Russia's policy-makers the most well grounded analysis of agricultural factors markets (land, labor, purchased inputs, capital) and elaboration of policy recommendations for increase of

conference in July, 2001 in Golitzino (Golitzino-II) nearby Moscow. The proceedings of this conference are presented in this book . The book is issued in English and Russian simultaneously.

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efficiency of these markets and availability of the factors to the farms. The programme is led by Richard Blue (BASIS, USA), professor Bruce Gardner (University of Maryland) and professor Eugenia Serova (Analytical Centre for Agri-Food Economics, Russia). The program is financed by the USAID.