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THE CONTROVERSIAL LAND CODE OF THE RUSSIAN FEDERATION: A BALANCED APPROACH TO RESOLVING RUSSIA'S LAND REFORM QUESTION AND ENCOURAGING FOREIGN INVESTMENT

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A sphinx is Russia; sorrow and joy embrace
Her both; and she is darkly drenched in gore
She gazes, gazes, gazes in thy face
And in that look both love and hate implore.
— Alexander Blok

I. INTRODUCTION

The Lower House of Russian Parliament, known as the Duma, is encountering many obstacles in its pursuit of a comprehensive land code for the country. The reasons for the impasse are as numerous and complicated as the political forces that are battling behind the scenes over this controversial piece of legislation. Currently, the Russian Federation continues to operate with a patchwork of decrees, legislation and an outdated land code that was enacted in 1991 when the Soviet Union was still in existence.¹ That code contradicts the...
Russian Constitution by not providing for private land ownership. A new draft Land Code has been in committee since 1996 and is now the subject of heated debate in the Duma. This new draft, proposed by the Agrarians and Communists, requires an individual to lease and work a parcel of land as a farmer for ten years before he may take ownership of the land. Land owners must also pass an agricultural qualifying exam before they are allowed to own a parcel of land that can be worked by an individual. The Union of Right Forces party has proposed an alternative Code which puts one condition on land sales; agricultural land must be used for agricultural purposes.

The importance of resolving this dispute cannot be underestimated. Russia’s land will have an eventual market value estimated at approximately five trillion dollars. It is therefore of vital interest to foreign investors to have a stable environment to protect their investment. Property rights are a key determinant of economic activity and consequently establish the rate and pattern of economic development. Therefore, the contents of the new code will not only have an important effect on Russia itself, but also on foreign investors, many of whom already have a large stake in the rebirth of an economically strong Russia. While this is not the first time that such a controversial and comprehensive land re-

2. Article 9 of the Constitution of the Russian Federation provides: “Land and other natural resources may become private, state, municipal, and other forms of property.” KONST. RF [Constitution] art. 9 (Russ.). Article 36 provides: “(1) The right of private ownership shall be protected by law. (2) Each person shall have the right to own property and to possess, use and dispose of it both individually and jointly with other persons.” Id. art. 36. See also SMITH, supra note 1, at 241 (providing the English text version of the Constitution of the Russian Federation).
4. See Borisova, supra note 3, at 1.
5. See id.
form effort has been introduced in Russia, it symbolizes a final break with the Soviet past that many want to bury in the annals of history.

One of the most controversial issues in the fight for a new land code is whether to proceed with the privatization and development of the 128.5 million hectares of agricultural land in the Russian Federation. Two regions within the Russian Federation have already forged ahead with their own municipal legislation concerning private land sales. The goal of this legislation, however, has not been met; land sales have not increased. The reason for this failure is that these laws, enacted at the regional and municipal level, cannot operate in a "federal legislative vacuum." Though the Russian Constitution provides that land can be privately owned, the necessary legislative framework to implement and regulate land ownership is non-existent.

Those opposed to the land code proposed by the Communists and other parties on the left argue that, without the removal of restrictions on the sale of this agricultural land, Russia will slide into further economic chaos. In addition, some argue that a land code allowing for private ownership of agricultural lands will enable those lands to be sold to developers or mortgaged in order to allow farmers to buy the necessary farm equipment and seeds to till it. This argument appears convincing especially given the fact that subsidies are unlikely to be forthcoming from the Russian government. Meanwhile, agricultural land across the nation is sinking into neglect with each passing year with about eighty percent of the nation's 24,000 state or collective farms and 270,000 private farms believed to be insolvent.

8. See id.
9. See Borisova, supra note 3.
10. See id.
11. See id.
12. Id.
13. See KONST. RF art. 36 (Russ.).
14. See Borisova, supra note 3.
15. See generally Prosterman, supra note 6, at 1.
16. See Borisova, supra note 3.
17. See id. The RSFSR Law on Land Reform, enacted in 1990, ended government subsidies for collective and state-owned farms. See infra note 95 and accompanying text.
18. See Borisova, supra note 3. The grain harvest in 1992 was 106.9 million tons, while currently it hovers in the 50 million to 60 million ton range. See id.
On the other hand, those supporting the land code proposed by the Communists and Agrarians argue that only those in the highest income brackets in Russia will be able to purchase this land, namely the oligarchs, mafia, and foreign investors. Furthermore, the Communists and Agrarians fear that these individuals may decide not to use the land for agricultural purposes. Other interested parties worry that if Russia permits the sale of agricultural land peasants will sell these land parcels for a pittance, leaving them impoverished. The lessons learned from privatization of industry, where the best factories were bought out by the mafia and Russia's "new rich," demonstrate that these fears are not just mere paranoia.

This comment analyzes the issue of Russian land reform in three parts. Part II discusses the historical aspects of ownership of agricultural land and State property in Russia, Russia's policies of collectivization, and Russia's existing land legislation and land reforms. Part III identifies the problems associated with privatization of ownership of agricultural land. Part IV and Part V demonstrate that the historical and deeply rooted notions of communal and collective land ownership necessitate a slower pace of privatization and reconstruction of state farming in the Russian Federation.

II. BACKGROUND

The development of Russian law in regard to the ownership of agricultural land has been of particular interest to those who have examined its continuity and change. This history of continuity and change becomes even more profound when examined in the light of the proclamations of the Bolsheviks; that the revolution of 1917 marked a total break with the past. The Russian paradox becomes more vivid be-

19. See id. (citing an interview with Pyotr Teikhrib, who runs the Komsomolskoye state farm in the Orenburg region of the Ural Mountains).
21. See Borisova, supra note 3.
23. See id.
cause of the fact that such an extreme approach was followed by the adoption of laws under the New Economic Policy ("NEP"). These laws were patterned after those of the Tsarist period and continued under subsequent reforms and collectivization during the Stalin period. The reforms of the Soviet period did not introduce a radical new concept of State ownership to the Russian countryside, but rather reconstructed old, established legal customs of the Russian peasants.

The Russian concept of land ownership is quite different from the Western concept. Westerners view land ownership as an unrestricted right to use, sell, transfer, mortgage, bequeath, and dispose of land however the owner sees fit. There is no intrinsic link between land and agriculture. However, land ownership to a Russian means owning a farm and using the land solely for agricultural purposes. Early land ownership laws in Russia reflect the relationship between land and farming. Therefore, any analysis of land ownership is naturally dependent upon a knowledge of the history of agricultural reform and privatization in Russia.

A. Land Reform in Tsarist Russia 1649-1917

Russian agriculture has a deep-rooted history in collectivization and communal farming. The basic principles of Russian peasant customary laws were based on the labor principle of justice as opposed to the principles of property

24. The New Economic Policy (NEP), lasting from 1921 to 1928, was a series of decrees issued by the Bolshevik government shortly after the end of the Civil War, whereby private enterprise and a free-market economy were allowed to operate on a small-scale. See NEP: Capitalism for a Day, THE MOSCOW TIMES, Feb. 6, 1996, available in LEXIS, News Library, Moscow Times File.
25. See Beermann, supra note 22, at 179.
26. See id.
27. See Olga Floroff & Susan W. Tiefenbrun, Land Ownership in the Russian Federation: Laws and Obstacles, 37 ST. LOUIS U. L.J. 235, 236 (1993) (explaining that the semantic field of the word "land" for a Russian is indelibly linked to the semantic field of agriculture and farming).
28. See id. at 237.
29. See id. at 236.
30. See id. at 237.
31. See id.
32. See generally Beermann, supra note 22, at 179-92 (providing a historical discussion of pre-Revolutionary reforms and laws governing the Russian rural population up until 1917).
relationships found in Western legal systems. An individual acquired material possessions by laboring in the village commune. Furthermore, the Russian peasants did not privately own land. Instead, they believed that the land was given by God to men and should be possessed communally by all those who till it.

Prior to the First World War, Russia was first among all nations in the quantity of production and export of wheat, and second only to the United States in the total production of cereals. Despite this success, the tradition of private land ownership was not well established in Tsarist Russia. Land was predominantly owned by peasant communal farms called obschina or mirs. The remainder of land was owned by the State. These factors hindered the development of private land ownership.

State ownership of land was not a theoretical product of communist ideology and collectivization. Tsarist Russia was primarily an agricultural country with an established history of State ownership of land. State property in Russia was derived from the property of princes, tsars and sovereigns. Land that did not belong to anybody in particular was considered the property of the Tsar and placed under the jurisdic-

33. See id. at 179. It is argued by some scholars, that this was due to the reception in the West of Roman law principles, which neglected labor and meticulously elaborated property relationships. See id. at 180.

34. See id. at 180.

35. Although a desire for more land was an inherent characteristic of the Russian peasant, it was not a desire for more property, per se, but a need for more arable land to till. See id. (explaining the differences between the development in the concepts of ownership in the West and Russia).


37. See Baev, supra note 20, at 4.

38. See id.

39. See id.

40. See Nearing & Hardy, supra note 36.

41. See Baev, supra note 20, at 5 (citing the Edict on the Imperial Family of 1797 establishing a special type of property, the appanage estates or udelnii imenija. These appanage estates were recognized as the private property of the Imperial Family and other members of the Imperial aristocracy, and were thus separated from the fund of the state.). See also Rafail Nasirov, Opredelenie gosudarstvennoi sobstvennosti v Rossiskom dorevoluzionnom zakonodatelstve [Definition of State Property in Pre-Revolutionary Russian Legislation], in Aktualnii Problemi Pravovedeniya na Sovremennom Etape [Actual Problems with Authority of the Law at the Present Stage] 12 (Sverdlovsk Law Inst. ed., 1992).
tion of the state treasury.\textsuperscript{42} As the Russian empire expanded and acquired new lands, the State took ownership of this property.\textsuperscript{43} The ruling elite in Tsarist Russia believed that the Russian people had put their faith in the Tsar and his discretion to use the land to benefit the State and its people.\textsuperscript{44} The Slavophiles, who included many Russian artists and writers advancing the unique "slavic" way of developing Russia, later expounded upon these ideas concerning the formation and development of the Russian State.\textsuperscript{45} The historical and legal development of Russia has always been slower than the West.\textsuperscript{46} This reality reinforces a prevailing belief among most Russians that there should be Russian solutions to Russian problems.\textsuperscript{47} Thus, as Russian history demonstrates, Russian land reform must develop at its own pace and proceed with caution. To suggest otherwise, as some legal scholars in the West argue,\textsuperscript{48} would be to proceed without heed to the dangers and experiences of the unique development of Russia.

Tsarist Russia, however, faced many problems trying to manage the huge expanse of state owned lands. At the start of the nineteenth century, the country began embarking on

\begin{itemize}
  \item \textsuperscript{42} See Baev, supra note 20, at 5.
  \item \textsuperscript{43} See id.
  \item \textsuperscript{44} See id. (citing the Tsar's Minister of Finance, Count Witte, in his 1893 report to Tsar Nicholas II on land reforms):
    \begin{quote}
      [In our fatherland, because of the specific historical conditions which the Russian state has formatted and developed, a market economy cannot restrict itself within strictly defined boundaries, which are pre-established according to the state's needs in the generally accepted meaning of the word. The Russian people have a deep notion, rooted in their feelings and their minds, that everything, including a concern about the well-being and needs of the people, springs from the power of the Tsar.]
    \end{quote}
  \item \textsuperscript{45} See generally NICOLAI BERDYAEV, THE RUSSIAN IDEA (Beacon Press ed. 1962) (explaining the foundational and philosophical beliefs of the Slavophiles). See also Baev, supra note 20, at 6.
  \item \textsuperscript{46} See SMITH, supra note 1, at 1-12; W. E. BUTLER, RUSSIAN LAW 14-31 (1999) (explaining the Mongol subjugation of Russia from 1240-1480, as being the principle reason for Russia's failure to keep up with the pace and course of legal development in Western Europe).
  \item \textsuperscript{47} See BERDYAEV, supra note 45.
  \item \textsuperscript{48} See Andrei A. Baev, Civil Law and the Transformation of State Property in Post-Socialist Economies: Alternatives to Privatization, 12 UCLA PAC. BASIN L.J. 131, 138-39 (1993) (arguing that although the author is a staunch supporter of privatization, one must consider the fact that the answer to how to proceed with privatization in Russia may not be as simple as it is pictured by some American and Western researchers and analysts).
\end{itemize}
numerous reforms to create appropriate conditions for the development of small private farms. Although the slow pace of this reform was an obstacle to faster economic development, it nonetheless had a significant positive impact in Russia.

Tsar Alexander II’s Land Reform Act of 1861 was famous for its liberation of the serfs, its elimination of landlord property rights, and its establishment of the peasant or village communes. The aim of these reforms was to create a commercial framework, which in turn would lead to Russia’s increased economic productivity. Despite these reforms, many peasants remained without their own land. The peasant communes continued to own the land, and individual peasants were not allowed to demand their share of the land upon leaving the commune. Additionally, these household plots contained only a small amount of arable land. Within the commune, a peasant would farm a parcel of land only temporarily and each time in a different place. This system did not promote efficient farming and it offered the peasants no incentive to invest their labor and capital in the land.

Meanwhile, privatization moved at a steady pace in Tsarist Russia until the First Russian Revolution of 1905 forced the government to take serious steps to extend the availability of private agricultural lands. Although the State owned the majority of land in Russia, the actual percentage of state controlled land at that time is still unknown. Soon after the 1905 revolution, Prime Minister

49. The Edict of 1801 initiated the process of privatizing state lands by giving merchants, the petty bourgeois, and the free peasants the right to purchase state lands. See Baev, supra note 20, at 7.
50. See id.
51. See Beermann, supra note 22, at 182.
52. See Wagner, supra note 7, at 143.
53. See Baev, supra note 20, at 7. The Tsarist government, pursuing its own policy interests, did not want to do away with the peasant communes. See id.
54. See id.
55. See Beermann, supra note 22, at 185.
56. See Baev, supra note 20, at 7.
57. See id.
58. During this time, the Tsar’s Minister of Finance, an advocate of private ownership and an opponent of state economic planning established a policy of allowing minimum state intervention in the economic sphere. State-built railroads were transferred to private associations and privatization also extended to state-owned factories, plants, and fiscal lands. See id.
59. According to the general census of 1905, the state owned thirty-eight
Pyotr Stolypin instituted land reforms which signaled the transition to the concept of private farming. At the time, Stolypin's reforms represented the most significant attempt to resolve the "land question" in Russia by promoting the development of individual agricultural farms. Only arable land was sold in accordance with the new reforms. Lands belonging to churches, schools, state factories, and other organizations were excluded. The agricultural land was sold to individual farmers, cooperatives, and peasant communes. It was possible to buy land on credit with only a small down payment, and the balance paid in annual installments for a period ranging between 13 to 55.5 years. However, one condition that attached to the purchase of state land was that the buyer had to lease the land for a specified period before being transferred title to the land. Additionally, the prospective owner was required to move onto the property before the State prepared and notarized the land certificates.

Specially created commissions slowly and carefully administered this process of privatization under Stolypin's reforms. The country viewed these reforms as a success even though the distribution of state lands did not occur on a massive scale.

B. Collectivization and Subsequent Reform in the Soviet Union

1. Lenin's First Attempts at Land Reform

Low level forms of collectivization began to appear soon percent of all agricultural lands and sixty percent of all forests in the European section of Russia. See id. at 6.

60. See id. at 8.
61. See id. (discussing the Edict of the 27th of August, 1906).
62. See id.
63. See id.
64. See id.
65. See id.
66. See id.
67. See id.
68. The specially created commissions included a local administration, judges, government, agents, and public delegates as well as representatives of the Peasants' Land Bank to provide mortgages and assessments on the price of distributed land. See id.
69. By January 1, 1912, only 9,351 land purchases were completed, privatizing approximately 421,200 acres of state-owned land. See id.
after the Great October Socialist Revolution of 1917.70 This was done because the Bolsheviks expected a world-wide revolution to occur that would overthrow the old capitalist order. By the end of 1922, one-fourth of Russia's peasant population was working on some form of collective farm.71 The new Bolshevik government soon found itself having to contend with the problems of the old Tsarist Empire and its need for land reform.72 Landlord property rights were quickly abolished and the Bolsheviks nationalized lands previously belonging to the Imperial Family, the government, and local municipalities.73 "War Communism" instituted during the Civil War aggravated an already deteriorating situation in the countryside, and overall agricultural production fell.74

In response to these conditions, the Bolsheviks introduced NEP in 1922, whereby peasants were given a tenancy right in the land for as long as they cultivated it.75 NEP replaced forced grain requisitions with a tax in grain.76 All grain produced in excess of this tax could be sold on the free market, thus creating incentives for producing a surplus.77 The effect of NEP was tremendous: the economy recovered and agricultural production was restored to pre-war levels.78 But the positive effects of NEP were short-lived. Soon after Lenin's death in 1924, Stalin embarked on a program of mass collectivization of agricultural land reversing all the progress made under NEP.79 By 1933, there were 200,000 collective

71. See Kiralfy, supra note 70, at 194.
72. See BUTLER, supra note 70, at 25.
73. "The Decree On Land' provided that peasants were the true owners of the land in their possession ...." See Baev, supra note 20, at 9.
74. See id., at 10. In 1918, Lenin introduced a policy known as "war communism" in response to the grain crisis enveloping Russia at the time. The private grain trade was abolished and grain was commandeered by the State in order to fight inflation and mass starvation. See id.
76. See id. In the exchange of goods, the State assumed more of a regulatory than a proprietary role, although in some fields it intended to compete with the private sector. See BUTLER, supra note 46, at 333.
77. See id.
78. See Baev, supra note 20, at 10.
79. See Kiralfy, supra note 70.
farms and over 14 million peasant households working in collectives.\textsuperscript{80} Along with the catastrophic human tragedy, collectivization resulted in the aggravation of agricultural production problems.\textsuperscript{81}

2. The Effect of Stalin's Collectivization

Some commentators have argued that the main goal of collectivization was to increase grain supplies in order to feed workers in the cities.\textsuperscript{82} Others argue that the purpose behind collectivization was primarily political because there were no clear economic goals to be served by reforming the agricultural organization.\textsuperscript{83} Many scholars have proposed reasons for the low agricultural output and food shortages during the period of Stalinist collectivization. These include urbanization, poor climatic conditions, and economic depression resulting from war.\textsuperscript{84}

Perhaps another reason for the low agricultural output of the collectives was the devotion of the peasant households to their own personal plots rather than the collective farms.\textsuperscript{85} The compromise reached in the Soviet period between the collective system and the importance of the peasant household plot has always been one of reluctant tolerance.\textsuperscript{86}

The “Decree on Land” of 26 October 1917 allowed each peasant household to retain a small personal plot.\textsuperscript{87} Even during the years of mass collectivization, small plots were permitted under the existing decrees and laws governing collective farms.\textsuperscript{88} Despite the laws reducing their size, personal plots appeared to have a positive effect on the economy during this period.\textsuperscript{89} In essence, this system of small peasant house-

\textsuperscript{80} By comparison, in 1928 there were only 60,000 collective farms and less than half a million peasant households in collectives. See id. at 194.

\textsuperscript{81} See Baev, supra note 20, at 11.


\textsuperscript{83} See Baev, supra note 20, at 12.

\textsuperscript{84} See id.

\textsuperscript{85} See Kiralfy, supra note 70, at 212.

\textsuperscript{86} See id.

\textsuperscript{87} See id.

\textsuperscript{88} See id.

\textsuperscript{89} A report in The Times in 1976, stated that over a quarter of Soviet farm produce was grown on these plots, although half of this was consumed by the
hold plots in combination with the larger arable tracks for the collective was resonate of the obschina or village communes of the nineteenth century.  

C. Land Reform under Perestroika  

Collectivization was a failure and further attempts to improve the system after Stalin's death did not improve agricultural production. In the 1980's, the Soviet government introduced incentives to the agricultural sector in order to increase productivity. Many of these changes mirrored reforms made under NEP. As the implementation of perestroika began to take effect it was clear that the privatization of land was occurring at a much slower pace than expected due in part to resistance by state farms. Another significant factor was the deeply held cultural aversion to private ownership of huge expanses of land. As a result, no significant change in agricultural production was ever realized. The primary flaw of these restructuring efforts was that they did not change the basic premise of the centralized economy and agricultural production: state ownership of the land.

1. USSR Fundamentals of Law on Land Ownership  

In 1990, the Union of Soviet Socialist Republics ("USSR")
enacted laws establishing principles of land ownership. The USSR Fundamentals of Law on Land Ownership granted a limited right to individuals to use, possess, lease, and dispose of land. However, the right to own land, as that concept is understood in the common-law system, which includes a deed of title and the free use and disposition of land with unlimited transfer rights, was not set forth in the Law on Land Ownership. Although the law on Land Ownership established the right to possess land, it did not mention "ownership" and explicitly prohibited the buying and selling of land. The meaning of ownership was further confused by the adoption of other laws expressly contradicting the provisions of the Law on Land Ownership.

2. RSFSR Law on Land Reform

The Russian Soviet Republic government enacted the Russian Soviet Federal Socialist Republic ("RSFSR") Law on Land Reform in 1990 to end subsidies to the collective farms by transferring ownership to the farmers themselves. The RSFSR Law on Land Reform was controversial in that ownership of any shares of land given to farmers who wished to leave the collective were still subject to the approval of the rest of the farm workers. The RSFSR Law on Land Reform contained a number of reservations including restrictions on the size of land that could be transferred to private ownership. In addition, the State was the only entity that could buy land from an owner. Furthermore, parcels of land could

98. See SMITH, supra note 1.
100. See Floroff & Tiefenbrun, supra note 27, at 237.
101. This lack of ownership principle remained consistant to that of the Tsarist period. See supra note 42 and accompanying text.
102. One such example, is the RSFSR Law on Land Reform as discussed below. See Floroff & Tiefenbrun, supra note 27, at 238.
104. See SMITH, supra note 1, at 180.
105. See RSFSR Law on Land Reform, supra note 103, art. 2, para. 4.
106. See id., art. 4, para. 1.
be used only for the agricultural purposes.\textsuperscript{107}

Although the RSFSR Law on Land Reform was modified soon after its enactment, it represented a significant step toward the end of the state's monopoly on land ownership.\textsuperscript{108} The RSFSR Law on Peasant Holding\textsuperscript{109} enacted at the same time as the RSFSR Law on Land Reform allowed for the creation of various forms of individually and collectively-owned farms.\textsuperscript{110} According to its provisions, agricultural land could be owned and in certain circumstances even mortgaged.\textsuperscript{111} The RSFSR Land Code,\textsuperscript{112} significantly changed by various decrees by former President Yeltsin, still remains in force.\textsuperscript{113} When first enacted the RSFSR Land Code did not allow land ownership for entrepreneurial purposes.\textsuperscript{114} Restrictions on the sale of land limited it to one buyer which was the State.\textsuperscript{115} Moreover, land had to be used for a specific purpose and could not be sold for a period of ten years from the date of grant.\textsuperscript{116} After the demise of the Soviet Union and the emergence of the Russian Federation, certain laws were changed to allow for small scale land transactions. However, the core issue of what to do with the large tracts of agricultural land in the collective farms is still unresolved.

D. Land Reform and Privatization in the Russian Federation

The slow pace of privatization and the negative effect that the limitations were having on land sales and the development of a market economy influenced President Boris Yeltsin to issue the Decree On Urgent Matters in the Implementation of Land Reform in the RSFSR.\textsuperscript{117} This decree repealed

\textsuperscript{107} See id.
\textsuperscript{108} See Floroff & Tiefenbrun, supra note 27, at 241.
\textsuperscript{110} See Floroff & Tiefenbrun, supra note 27, at 242.
\textsuperscript{111} See id. at 243 (providing a detailed analysis of RSFSR Law on Peasant Holding's provisions concerning types of ownership, as well as provisions concerning mortgaging and land sales).
\textsuperscript{112} Zemelelniy Kodeks RSFSR [The Land Code of the RSFSR] (enacted April 1991) [hereinafter RSFSR Land Code].
\textsuperscript{113} See BORISOVA, supra note 3.
\textsuperscript{114} See Floroff & Tiefenbrun, supra note 27, at 250.
\textsuperscript{115} See id.
\textsuperscript{116} See SMITH, supra note 1, at 180.
\textsuperscript{117} See id.
various sections of the RSFSR Land Code and required the commercialization of all farms by March, 1992. After intense pressure from the agricultural sector, the collective and state farms were permitted to keep their existing legal status, with the exception that they, and not the state, owned the land. While the privatization of industry forged ahead, several additional decrees were enacted in the interim dealing with the purchase and sale of private land plots. Efforts began in 1993 to draft a new land code but presidential vetoes, a rebellious parliament, and subsequent elections brought these efforts to an end. Strong differences regarding the disposition of agricultural land made it clear that passing a new land code would be next to impossible. While the new Constitution of 1993 and the new Civil Code of 1994 emphasized the right to private land ownership, the Civil Code like its Soviet predecessor, still tied ownership rights in land to the purposeful uses made of it. By the end of 1993, approximately 95 percent of collective and state farms were reorganized; however the historical concept of land ownership in Russia remained firmly entrenched and inseparable from the concepts of farming and agriculture.

Yeltsin's reforms had little effect on the operation of collective farms. Although private garden plots and family farms did account for 40 percent of the total agriculture production, many farmers decided not to leave the collective farms. Several reasons have been advanced to explain the apparent reluctance of many farmers to accept private ownership of

118. The decree originally provided five methods by which collective and state farms could reorganize themselves: (1) liquidation and distribution, (2) sale to an industrial enterprise, (3) formation of an association with the farmers as members, (4) conversion into a joint-stock company, or (5) division of assets and voluntary formation of a cooperative. See id.
119. See id.
120. An example is the Decree No. 503 issued in May 1993, which provided for the regulation of the private purchase and sale of land plots. See SMITH, supra note 1, at 181. See also On Regulation of Land Relations and Development of Agrarian Reform in Russia, President's Decree No. 1767 (Oct. 27, 1993), translated in XLV CURRENT DIGEST OF THE POST-SOVIET PRESS, No. 43, Nov. 24, 1993, at 14, available in LEXIS, All News Group File.
121. See SMITH, supra note 1, at 181.
122. See id.
123. See id.
124. See id. at 182.
125. See Floroff & Tiefenbrun, supra note 27, at 269.
126. See SMITH, supra note 1, at 182.
land. The first is that farmers would have to leave the guaranteed salary a collective farm provides. They would also have to contend with unreliable equipment and supplies, and assume the risks associated with farming and selling goods in the open market. Another negative factor is the agrarian sector's animosity towards Yeltsin's reforms. Farmers wishing to leave the collectives (as they are entitled to do under existing decrees), must often settle for land of marginal quality or their share of the collective is grossly undervalued. In addition, farmers are not allowed to sell or mortgage either their land share rights or existing land plots. Against such a historical backdrop of reforms, counter-measures and resistance, the intensity of the Russian land reform debate becomes apparent.

E. The Debate Over a New Land Code

Opponents of the draft Land Code put forth by the Communists contend that the Communists' goal, "to preserve the collective farms, whatever the cost to Russia may be," is insidious. Opponents also contend that the proposed code makes it virtually impossible for an individual farmer to leave the collective with his share of the land to start a private farm. Some Western legal scholars argue that such restraints "make property unmarketable, discourage improvements on land, [and] prevent the owner's creditors from reaching the property . . . ." Opponents argue that prohibiting an owner from freely selling property and reaping the proceeds of sale perpetuates the concentration of wealth

127. Many farmers simply do not see the risks inherent in leaving a collective as worth the effort to farm privately. See id.
128. See id.
129. See id.
130. See id.
131. See id. The Decree on Regulation of Land Relations and Development of Agrarian Reform in Russia, supra note 120, made it possible for members of collective farms to demand the partition of the land or receive compensation for their share. See SMITH, supra note 1, at 180. See also supra text accompanying note 109.
132. See RSFSR Law on Peasant Holding, supra note 109; Prosterman, supra note 6.
133. Prosterman, supra note 6.
134. Provisions in the Communists' draft Land Code do not allow a farmer to leave with his share of land unless he has the collective management's permission. See id.
135. Baev, supra note 20, at 19.
The central thesis of this argument is that "private sector organizations, where rights to profits are clearly defined, will perform better than public sector organizations, where rights are diffused and uncertain." 

On the other hand, Communists and Agrarians argue that if the unregulated sale of agricultural land is permitted these lands might fall prey to speculators interested in buying the land and keeping it fallow while waiting for prices to escalate before they resell the land. Land could be bought cheaply by foreigners who without legal restraints might use it for non-agricultural purposes.

Ever-increasing inflation and the catastrophic depreciation of the ruble have created a host of problems that further exacerbate the already rampant corruption in Russia. For example, the "new rich" and Russian Mafia could take advantage of unsuspecting rural landowners by purchasing their property at unreasonably low prices leaving them with no means of support. Furthermore, these purchases could serve as a means to launder money. It is difficult to dismiss these arguments because the lessons learned from privatization are a vivid reminder of the power of the Mafia and other corrupt forces destroying the country.

Many conclusions on the effects of land reform in Russia can be drawn from its historical development. State ownership of land has historically dominated in Russia. Furthermore, the traditional concept of land ownership in Russia never allowed private farming to fully develop. Despite these obstacles, the process of privatization has begun and must continue in order to achieve economic stability.

III. IDENTIFICATION OF THE PROBLEM

Farming is a crucial part of the Russian economy, making the debate over agricultural land reform vital to the eco-
nomic recovery and stability of the Russian Federation. Choosing the appropriate course of action for land reform remains a delicate issue. The question is whether Russia is ready to radically transform its land code by adopting foreign concepts of property ownership. The transformation from collective to individual farming has emphasized individualization as the major direction of the land reform. In other former Soviet republics, the quiet successes and failures of agrarian reform have taken shape; however the provisions written into their land codes still recognize the historical Slavic land ownership principles tying rights to the land with the uses made of it. It is useful to analyze the agrarian reform in these former Soviet republics in order to gauge the likelihood of Russian success. In addition, it is also important to analyze the historical and legal traditions of Russian land reform in order to arrive at a possible solution to this complicated problem.

IV. ANALYSIS

Commentators have argued that the Russian economy was prematurely, and perhaps recklessly, pushed into the process of privatization. Serious economic, social, and political problems have hindered the adoption of a comprehensive and speedy privatization program in Russia. At the heart of the debate are the assurances by those opposed to the Communist draft code that land speculation and devouring of farmland by the "new rich" for non-agrarian purposes will not occur. However, both sides agree that land reform and some degree of privatization must take place in order to

145. See Floroff & Tiefenbrun, supra note 27, at 260.
146. Id.
147. See Land Code of the Ukraine, available in LEXIS, Martindale-Hubbell International Law Digest File, Ukraine Law Digest (providing various restrictions and uses for land that is privatized for individual ownership). See also Yevgeniya Borisova, Agriculture Reforms Slow to Take Root, THE MOSCOW TIMES, Nov. 15, 2000, at 1, available in LEXIS, News Library, Moscow Times File (discussing the fact that the former Soviet republics of Moldova and the Ukraine have progressed much farther than the Russian Federation in the area of land reform).
148. See Baev, supra note 20, at 1 (arguing that privatization is not by itself a viable solution to developing a market economy in Russia because it may conflict with the need to improve agriculture).
149. Id.
150. See Borisova, supra note 3.
achieve economic efficiency and prosperity.151 The historical and legal traditions of Russia demonstrate that the privatization of land must proceed slowly and in conjunction with other fundamental changes in order to achieve meaningful and lasting land reform.

The key obstacle to the development of a market economy in Russia is the historical view of the concept of land ownership.152 As noted above, Russian land ownership differs significantly from its Western counterpart. Land ownership laws in both Tsarist Russia and the Soviet Union reflected the relationship between land and its particular uses.153 Many established traditions are reflected in the legislation and affect the evolution of the political and economic consciousness of the country.154

Legal commentators taking a restraint approach to agricultural land reform argue that the theoretical reasons for privatization fail to consider the uniqueness of the concept of land ownership in Russia.155 To prescribe the same economic and legal formula for all different countries would be to ignore other historical, legal, and economic forms of privatization.156 The experience of privatization in the West and the lessons learned are not tremendously meaningful to Russia because her own development has been unlike other countries in Western Europe and other parts of the world.157 However, one cannot forget that Russian property law and its Soviet and Tsarist predecessors originated from the continental European civil law tradition.158 The civil law has an absolute character of ownership concept159 as opposed to the varying forms of ownership under common law.160 The civil law deals

151. See id.
152. See Baev, supra note 20, at 1.
153. See supra Part II.
154. See Baev, supra note 20, at 2.
155. See Baev, supra note 48, at 139 (arguing that the American “do as we do” approach is not the best way to approach the issue of privatization in Russia).
156. See id.
157. See id.
158. See Baev, supra note 20, at 15.
159. The continental European civil law provides for one object of ownership and one right of ownership. Many of the forms of ownership in the common law system have no direct counterparts in civil law.
160. See Baev, supra note 20, at 15 (provides a discussion of the various estates in land in the common law system).
with tangible, movable objects, but does not address abstract intangible rights found in the common law system. Such distinctions make it difficult, if not impossible, to introduce common law concepts of land ownership into the Russian legal system. The obstacles that must be overcome include the concept of state ownership of land, ambiguous title, and finally the limited rights to use and alienate property.

Russia's history demonstrates that state devolution of land cannot occur overnight. Privatization of state-owned property precludes collective ownership being vested with an undivided interest in the owner. Such devolution of the concepts and rights of ownership causes confusion. Since there is no land register, locating the owners of a specific parcel of land presents significant problems. Moreover, title to the land cannot be assured because only an administrative document or state land certificate establishes the grant of the particular parcel of land for a specified use. Due to the lack of a land register, an interested buyer would have a difficult time trying to track prior transfers of title or encumbrances. Furthermore, a person who is entitled to use the agricultural land has no right to own it.

Urban land is likewise considered to be an object for agricultural production. Unlike the common law concept of mineral rights, Russian law does not recognize the principle that possession of land equates to possession of everything that is attached to or under that land. Although this narrow interpretation of land ownership is necessary to combat potential corruption, it is nevertheless an interpretation that conflicts with the notion of absolute land ownership. However, in order for privatization to be successful in Russia, the

161. An example of this is possession in fee simple. See id.
162. See id. at 16.
163. See id.
164. See id. (discussing the problems and unique attributes of socialist-based legal systems).
165. See id.
166. See id.
167. See id.
168. See id. at 17.
169. See id.
170. See id. See also BUTLER, supra note 46, 515-27 (providing a full discussion on the development of natural resource law in Russia).
171. See Baev, supra note 20, at 17.
initial objective must be to ensure economic stability.172 Once that goal is achieved, Russian property law will align more naturally with the civil law traditions of their European neighbors.173

Despite these obstacles it is important to note two general observations concerning privatization.174 First, privatization has the potential to increase "static efficiency," meaning that privatization can push enterprises to operate in a more cost effective manner.175 Secondly, only by privatizing property rights can a developing country encourage foreign investment.176 Russia’s current property laws are hindering new investment because they do not allow land owners to realize the land’s full potential.177 These arguments sum up the United States’ notion of privatization: “efficiency is the bottom line.”178 For the time being, the method of abolishing old socialist restraints on alienation remains the battleground.179 Russian land legislation continues to evolve from “subjective restrictions” on the alienation of land, as was the case in the Soviet era, to the “objective restrictions” on the types of land that may be privatized.180

Do the two points raised above suggest that public as opposed to private ownership is the key element that determines economic success or failure?181 Some experts argue that there is no difference in economic performance under public or private ownership.182 This argument leads to the conclusion that the causes of inefficiency in the public sector are not so much “the differences in the transferability of ownership

172. See Baev, supra note 48, at 137-38.
173. See id.
174. See id. at 139 (discussing the views of Mary M. Shirley, a leading expert and the Chief of the Public Sector Management and Private Sector Development Division of the World Bank).
175. See id. at 140.
176. See id.
177. Those in favor of the unrestricted alienation of farmland argue that merely allowing leasehold estates does not create investors with a clear interest in putting their own funds at risk. See id.
178. Id.
179. See id.
181. See Baev, supra note 48, at 140.
182. See id. at 140-41 (citing a 1982 survey from Borcherding, Pommerehne & Schneider, a 1983 survey from Millward & Parker, and finally a 1986 survey from C.W. Boyd).
but rather [are due to a] lack of competition.\(^\text{183}\)

Privatization is not a quick fix to a complex problem. Rather, it is a gradual process of economic transformation and decentralization.\(^\text{184}\) To isolate this process from economic, social and political change would create economic chaos and political instability, similar to the events transpiring after the "mis-privatization" of industry in Russia.\(^\text{185}\) This process depends on the rule of law and strong democratic principles. Thus it is necessary to consider the historical and economic interests of the various political and social groups in Russia.\(^\text{186}\)

The underlying objectives of privatization are to restructure the system of state land ownership and encourage foreign investment.\(^\text{187}\) Russia cannot achieve economic stability without redefining what it means to own land and who is entitled to do so.\(^\text{188}\)

Another objective of land privatization is to encourage the development of efficient farming methods through diversification of agricultural land ownership.\(^\text{189}\) Although the present system of collective farms is inefficient, it does not necessarily need to be abolished.\(^\text{190}\) Indeed, some peasants may choose to keep their shares of land in cooperatives partly due to their traditional view of land ownership and also due to the success of the collectives and the decreased risk.\(^\text{191}\) Simply stated, they do not know of any other way to farm and a sudden drastic change in the system would create chaos.

One of the main obstacles to land reform is the individual reluctance of the Russian people to embrace significant change in the way they view land ownership.\(^\text{192}\) State decrees cannot eliminate this psychological resistance to private land ownership.\(^\text{193}\) Opinion polls indicate that one-half of all farmers in Russia oppose de-collectivization.\(^\text{194}\) This is due to the

\(^{183}\) Id. at 140.
\(^{184}\) See id. at 144.
\(^{185}\) See id.
\(^{186}\) See id.
\(^{187}\) See Baev, supra note 20, at 27 (discussing overall government objectives in privatization and several factors that affect its course).
\(^{188}\) See id.
\(^{189}\) See id.
\(^{190}\) See id.
\(^{191}\) See id.
\(^{192}\) See id.
\(^{193}\) See id.
\(^{194}\) See id.
fact that the elimination of mandatory grain deliveries have paved the way for collective farms to successfully compete with the private sector. Russian agriculture has once again established a solid footing with farms generating close to 15 billion rubles (approximately $521 million US dollars) worth of profit in 2000. This increased competitive edge casts further doubt on the notion that the collectives will liquidate in the near future. Still those who wish to operate independent farms should be encouraged to do so.

Freedom of land management would encourage development of the agricultural market and give peasants an incentive to use their land productively. On the other hand, the need to implement sufficient safeguards to prevent land speculation and corruption is also necessary to buttress the ill effects of privatization. Thus, safeguards are as important to the element of the transformation of state farming as is privatization to the reconstruction of the agricultural system. The ultimate objective of privatization is to improve the economic and social standards of the Russian people. The draft Land Code which proposes restricting the resale of agricultural land transferred to private ownership for a period of ten years will go a long way toward ensuring that the abuses and corruption prevalent in the Russian Federation will not affect such a vital aspect of the Russian economy. Laws that do not give a land owner the power to utilize and dispose of natural resources on or under the land will further prevent speculation and ensure that such land will be used for agricultural purposes.

In light of their similar historical and economic development, the land reform experiences of other ex-Soviet republics serve as excellent models for comparison with the Russian experience. In Kyrgyzstan, the people overwhelmingly approved a referendum in 1998 which provided for private own-

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195. See id.
197. See Baev, supra note 20, at 27.
198. See id.
199. See id.
200. See id.
201. See id.
202. See id. at 21.
203. See id.
ership of land while placing a five-year moratorium on land sales. Problems began to occur however, when the moratorium was lifted by the President of Kyrgyzstan in December 2000. The Kyrgyz parliament promptly vetoed the president's action of lifting restrictions on selling and purchasing land. Thus, the Kyrgyz parliament, like their Russian counterpart, was more concerned with the mechanism used to implement land reform rather than private land ownership in and of itself.

In neighboring Kazakhstan, the situation is similar in that their traditionally loyal parliament has refused to support private ownership of land. The Kazakh parliament apparently believes that it should adopt measures to ensure that the transition from public to private ownership occurs without the problems and corruption that plagued Russia. To rush into land reform without creating a stable political and financial foundation would invite disaster. Without a strong legal regime in place, corruption and abuse would flourish in land sales.

In the Ukraine, the privatization of land ownership was permitted without the adoption of regulatory mechanisms. This revealed the type of corruption that may transpire if the privatization of agricultural land occurs without the necessary economic and social development. The "new rich" and other mafia groups have been illegally buying up land certificates from unsuspecting peasant owners for a price of 50 to 100 times lower than the actual value. In fact, the number of cases where land certificates were sold increased by 550 percent in 2000, exacerbating the problems of land specula-

205. See id.
206. See id.
207. See id.
208. See id.
209. See id.
210. See Baev, supra note 20, at 28.
211. See President to Prevent Rural Land Speculation, INTEL NEWS AGENCY, Nov. 24, 2000, at 1, available in LEXIS, News Library, BBC World Wide Monitoring.
212. See id.
213. See id.
This type of corruption, i.e., the illegal purchase of land certificates, seriously undermines the argument that land reform is a means to achieve greater economic development. The President of the Ukraine, Leonid Kuchma, realized that the economic and social realities of privatization require restrictions on the sale of agricultural land. He has asked parliament to institute a four-year moratorium on the sale of land. Although it can be argued that Russia is more economically developed than any of the other ex-Soviet republics, the creation of a civilized land market is still a necessary prerequisite to avoid these pitfalls. However, Russia has yet to demonstrate that it is capable of creating such a market.

Restraints on alienation will likely aid in the desirable distribution of wealth and eliminate transfers that threaten the economic stability of the Russian people. Placing such conditions on property interests until the economic and political environment stabilizes will create conditions that are more favorable for domestic and foreign investors. Moreover, Russia's land is estimated to have an eventual market value of 5 trillion dollars; thus a stable market is of vital interest to would-be foreign investors. A balanced approach to land reform will provide a stable market for Russia's land, encourage domestic and foreign investment, improve the economy, and provide a tax base to help support local services.

V. PROPOSAL

Several factors have contributed to the initial failures of privatization. The primary reasons are Russia's failure to both establish legal incentives for foreign investors, as well as Russia's prohibition of private ownership rights to agricul-

214. See id.
215. See id.
216. See id. See also supra text accompanying note 148.
217. See President to Prevent Rural Land Speculation, supra note 211.
218. See Baev, supra note 20, at 31.
219. See id.
220. See Prosterman, supra note 6.
221. See id.
222. See Baev, supra note 20, at 1 (discussing the reason that privatization in Russia has encountered serious economic, social, and political problems, is that the Russian economy was pushed into the process of privatization prematurely).
However, the privatization and transfer of state property to the private sector does not require Russia to implement only one all-inclusive approach. The privatization of collective farms might solve the problems of production and supply of agricultural goods, but it will not resolve all existing problems of Russian agricultural land reform. The Russian concept of absolute ownership is inconsistent with the public policy goal of increasing farm efficiency through privatization. Simply giving away agricultural land will encourage corruption and further exacerbate a delicate issue. The huge economic gap between the “new rich” in Russia and the average Russian citizen is a direct result of the implementation of a privatization program without proper checks and balances. This disparity results from weaknesses in the law and its administration, which is detrimental to foreign investment and economic growth. Inflation, the collapse of the ruble in 1997, land speculation, and corruption are all by products of the type of privatization that most US legal scholars advocate. These consequences neither serve the economic interests of Russia nor increase the confidence of foreign investors.

The question then becomes which restraints are necessary to ensure that the privatization process develops in a manner that allows for the optimum amount of economic prosperity, while at the same time remains mindful of the traditional concepts of land ownership? Russia should postpone making any decision regarding the unrestricted sale of land until the country achieves economic and social stability. In other words, Russia should wait until the issue is “ripe.” Eventually removing the decision-making process from the government and placing it in the hands of ordinary citizens is another key element to this gradual implementa-
tion of land reform. This would reduce social tension, overcome psychological and historical barriers, and ensure transparency of the privatization process.

To encourage stability, there must be two separate and distinct mechanisms in place for the regulation and distribution of land: one for urban land and another for farm land. Since urban land is much more important to the economy, the removal of urban land restrictions will encourage broad investments and stimulate the development of urban areas. The privatization of urban land must have fewer restrictions than the system of allocating agricultural lands because Russia cannot afford to lose its agricultural production, which is crucial to its economic health. Such a risk would allow Russia's "new rich" and foreigners to take advantage of inflation and the ruble's weakness, and purchase farm land for a fraction of what it is worth. The objectives of improving the economy and encouraging foreign investment cannot be achieved through "mis-privatization." Therefore, agricultural land must be temporarily subjected to some restrictions on its use and alienation. In the absence of such drastic measures, fairness and equity of distribution cannot be achieved.

Another measure would be to temporarily restrict the use of agricultural lands for any purpose other than farming in order to discourage land speculation. A ten-year restriction would create economic and political stability and it would also

233. See id.
234. See id. Kulov argues that decisions adopted by authorities should be based on resolutions on specific issues concerning areas and plots of land made in community town hall meetings and the like. Only the implementation of decisions, rather than fruitless debates, will ensure improvement. See id.
235. See Baev, supra note 20, at 28.
236. See id. at 29.
237. See id. at 28.
238. See id.
239. See Kulov, supra note 204.
240. See Baev, supra note 20, at 28.
241. See id. at 29.
242. See id. For example, California's Williamson Act was enacted as a way of preserving agricultural land by providing a voluntary ten-year restriction of land to agricultural and open space uses in exchange for property tax benefits. California landowners that contract with the State are rewarded with a property tax reduction based on income stream, as opposed to the normal market valuation of the land. See Dale Will, The Land Conservation Act At The 32 Year Mark: Enforcement, Reform, and Innovation, 9 S.J. AGRI. L. REV. 1 (1999).
give the Russian farmers sufficient time to appreciate the notion of land ownership.\textsuperscript{243} The State must be given the power to seize land if it is not used for the specified agricultural purpose; thus minimizing the problem of land speculation.\textsuperscript{244} Furthermore maintaining restrictions on agricultural land ensures that the land will remain with owners who value it.\textsuperscript{245} The State must continue to ensure that collective and private farmers have equal opportunities including access to credit and financial assistance.\textsuperscript{246} The Russian government should follow the example of the United States and the European Union and offer subsidies in order to protect the farming industry from being destroyed by excessive importation of foreign products.\textsuperscript{247} Other temporary restrictions such as defining "ownership" of property to exclude the natural resources found under the land, would discourage land speculation during the period of initial privatization and prevent corruption.\textsuperscript{248}

Agricultural land reform should reflect the current state of economic and social transformation.\textsuperscript{249} If it is done properly, the restrictions will only be temporary.\textsuperscript{250} "A transitional period requires only transitional law."\textsuperscript{251} The law must therefore continue to freely allow the sale of personal plots of land as the initial step in a long process.\textsuperscript{252} The designation of land as a commodity and as an object of capital investment will help ease the Russian population into a different notion of land ownership that will enable them to improve their econ-

\begin{footnotes}
\item[243] See Baev, supra note 20, at 29.
\item[244] See id. at 31.
\item[245] See id.
\item[246] See id. at 32.
\item[247] The Russian Federation enacted the RSFSR Law on Land Reform and cut subsidies to the collective farms in 1991, as discussed in Part II.C.2. In 1999, U.S. farm subsidies totaled roughly $16.6 billion U.S. dollars, with the amount expected to increase in the coming years. By comparison, the European Union provides roughly $50 billion U.S. dollars per year in farm subsidies. See Editorial Writers Desk, Battle on Farm Subsidies, L.A. TIMES, Aug. 16, 1999, at B4, available in LEXIS, News Library, Major Newspapers file, Los Angeles Times (discussing the reasons advanced by the United States and European Union for providing farm subsidies).
\item[248] See Baev, supra note 20, at 32.
\item[249] See id. at 27.
\item[250] See id.
\item[251] Kulov, supra note 204.
\item[252] See id.
\end{footnotes}
Furthermore, allowing restricted land sales of private plots will enable existing individual farmers to obtain loans through mortgages, to buy new equipment, and to increase their productivity. Looking to the future, the Russian Federation will provide an excellent market for foreign investment if a land code providing for a balanced approach to agricultural land privatization is enacted.

VI. CONCLUSION

Agricultural land reform is inherently a controversial issue, which helps explain why the Russian parliament has failed to pass a comprehensive land code. The process has generated considerable political debate and has spawned numerous opinions on how best to proceed with the privatization of agricultural land. Many scholars recognize that this process is necessary in order to bring in foreign investment and improve the economic climate. But inadequate attention to the process of implementation may destroy the program. The current economic situation, political instability, absence of the rule of law, and corruption all demand implementation of a clear and coherent policy. Only the State can control the land allocation process and designate the subsequent use of the land. However, privatization should be driven by public initiatives, and citizens should have the opportunity to contribute their ideas, rather than allowing the State to manipulate the process. This transition period demands flexible laws that not only guarantee an owner the ability to realize his ownership interest in the property but also give society the legal means to control transfers of land accordingly.

The Russian civil law tradition, with its "absolute character" of ownership, may present obstacles for foreign investors. But the more significant legal hurdle is the improvement of the Russian economy through a change in the
country's concept of land ownership. Russia would do well to learn from the mistakes of other ex-Soviet republics and mimic their successes. Privatization is, in essence, a transformation of society because not only must land codes and economic conditions change, but the people's historical idea of ownership and attitudes toward privatization must also change.

Ownership relations are the key to the success of privatization; everything else is secondary. Ownership is the main goal of socio-economic development. Only economic freedom can provide freedom of choice and stability. A well-thought-out program of land privatization with sufficient safeguards against corruption and abuse provides equity of opportunity, establishes conditions for entrepreneurial activity, and permits competition between different forms of ownership. President Putin has made the resolution of this problem a priority for his administration and it is hoped that his political alliance with the Communists in the Duma will provide a positive foundation on which to build a stable program of efficient but cautious land reform.

263. See id.
264. See Baev, supra note 48, at 189.
265. See id.
266. See id.
267. See id.