

# SUB ROSA RESISTANCE AND THE POLITICS OF ECONOMIC REFORM Land Redistribution in Post-Soviet Ukraine

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## INTRODUCTION

CHANGE in postcommunist societies has been marked by political obstacles to successful economic reform. Efforts to create democratic polities and market economies have often resulted in imperfect implementation of the liberalization programs promoted by international lending institutions and adopted by national governments. In some cases, state and societal actors in postcommunist polities have reshaped reform policies to suit real or perceived local needs.<sup>1</sup> Observers of reform processes have interpreted such practices variously as indications of societal reluctance to embrace change, self-interested behavior on the part of business and state elites, or incompetence among cadres. The literature on postcommunist transitions thus has emphasized three categories of explanation for stalled, distorted, or incomplete economic reform: societal resistance through the electoral process; rent-seeking behavior on the part of state and other actors; and weak state institutional capacity, which itself was both stipulation and product of reform policy.<sup>2</sup>

Existing accounts of the failures of economic reform look primarily to political obstacles exogenous to state institutions as their explanatory

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<sup>1</sup>Joel S. Migdal reviews literature on this phenomenon in other contexts; Migdal, *State in Society: Studying How States and Societies Transform and Constitute One Another* (Cambridge: Cambridge University Press, 2001).

<sup>2</sup>This was less the case in the People's Republic of China than in Central and Eastern Europe. In the latter case, Jeffrey Sachs provided among the most forceful statements of this component of reform, urging governments to "get the planners out of the process"; Sachs, *Poland's Jump to the Market Economy* (Cambridge, Mass.: MIT Press, 1993), 46.

variables, whether those obstacles are posed by those societal groups who suffer under reform (as in the model known as the J-curve)<sup>3</sup> or by those public actors motivated by private interest to gain personal wealth through reform (as in the partial reform equilibrium that facilitates rent seeking early in the reform process).<sup>4</sup> Studies that posit the weak capacity of postcommunist institutions to explain incomplete or stalled reforms likewise sideline the agency of state actors qua state actors in stalling the reform process.<sup>5</sup>

Emphasis on societal or quasi-societal agency, together with the presumption of radically weakened institutional capacity, elides a more obvious explanation: that state actors charged with carrying out reform, for reasons they believe to be in the public interest, wish to see reforms fail. Therefore, even as stalled reform can be a product of state officials' efforts to accumulate personal wealth, under certain circumstances—particularly in cases of privatization of the commons—resistance may be the legitimate product of local concerns and expertise. This is especially relevant in cases of liberalizing reforms that require the active participation of large numbers of state actors: such reforms must be implemented, not merely adopted.<sup>6</sup>

This article hypothesizes an alternative to explanations that emphasize societal resistance, rent-seeking state actors, or weak state capacity as primary causal mechanisms for reform failures or shortcomings. Instead, it proposes an explanation centered on the behavior of state actors who, due to their professional concerns about the consequences of policy implementation, pursue a strategy of sub rosa resistance to reform. They affect a façade of compliance with reform policies, generating what James C. Scott calls a “respectable performance,” as they deliberately subvert the goals of reform.<sup>7</sup> When confronted with policies they view as disadvantageous for their local economies and communities, some state officials at the subnational level adopt Janus-faced postures. They accede to some demands of the central state in order to

<sup>3</sup> Adam Przeworski, *Democracy and the Market: Political and Economic Reforms in Eastern Europe and Latin America* (New York: Cambridge University Press, 1991).

<sup>4</sup> Joel S. Hellman, “Winners Take All: The Politics of Partial Reform in Postcommunist Transitions,” *World Politics* 50 (January 1998). Other work on state capture of the postsocialist reform process by rent-seeking elites includes M. Anne Pitcher, *Transforming Mozambique: The Politics of Privatization, 1975–2000* (Cambridge: Cambridge University Press, 2002).

<sup>5</sup> For a discussion of the nonunitary state in postcommunist settings, see Pauline Jones Luong and Anna Grzymala-Busse, “Reconceptualizing the State: Lessons from Post-Communism,” *Politics and Society* 30 (December 2002).

<sup>6</sup> A relevant contrast here is that between large-scale privatization and price liberalization.

<sup>7</sup> James C. Scott, *Domination and the Arts of Resistance: Hidden Transcripts* (New Haven: Yale University Press, 1990).

generate the impression of policy implementation, but they act in their immediate jurisdiction to preserve the status quo.

Local state officials are likely to oppose reform policies under two simultaneous conditions: where the social costs of reform are expected to be high and where no effort has been made to provide positive incentives to those charged with pushing through reform (or where rent-seeking opportunities are limited because the assets to be privatized are illiquid).<sup>8</sup> Opposition to reform is likely to manifest itself as *sub rosa* resistance when state officials who question the soundness of reform policy are discouraged from openly expressing their preferences or beliefs about reform. This may occur where local state officials are appointed rather than elected, where bureaucratic discipline is tightly controlled, and in unconsolidated democracies or under authoritarian regimes.

The empirical focus of this article is a single instance of postcommunist liberalization in eastern Ukraine. This reform, articulated as an executive decree and implemented in 1999–2000, stipulated the creation of individual private property rights regimes in the Ukrainian countryside through the reorganization of agricultural enterprises and the distribution of land shares to those who worked on those enterprises. Resistance to liberalization in Ukraine was evident in both the discourse around enterprise reorganization and the actual process of land distribution. Local and regional state officials adopted an ambivalent position with regard to certain provisions of the policy: they articulated support for reform in their public statements, whereas in private meetings they urged maintaining current ownership and production relations.<sup>9</sup>

Local state officials had nothing personally to gain from hindering implementation. In the case of land reform, state officials acting in a private capacity—that is, engaging in rent-seeking behavior—are more likely initially to advance reform than to resist it. Accumulation of privatized land (or collecting fees for overseeing transfers) in the hands of state officials is possible only where enterprises were reorganized and their land freed for partial distribution to shareholders. While some local officials, as Joel Hellman has suggested, may have reason to obstruct *market entry* in order to maintain access to monopoly rents,<sup>10</sup>

<sup>8</sup> Andrei Shleifer and Daniel Treisman argue that a system of rents is necessary to ensure stakeholders' support for reform; Shleifer and Treisman, *Without a Map: Political Tactics and Economic Reform in Russia* (Cambridge, Mass.: MIT Press, 2000).

<sup>9</sup> In this article "state actors" refers to members of the regional and subregional Ukrainian state administration involved in the reform process. These included members of regional and district departments of the agricultural-industrial complex, land surveying and cadastre, economics, and other subdivisions. While there were the normal rivalries among departments with different specializations and between levels of state administration, there was remarkable uniformity in attitudes toward reform.

<sup>10</sup> Hellman (fn. 4), 205.

state officials in Ukraine acted to prevent the individuation of ownership to land on enterprises that were themselves already nonstate entities participating in markets. Local state officials had far more to gain as private actors by allowing reform to proceed than they did by blocking its implementation.<sup>11</sup>

Opposition appeared to emanate not from the political-ideological positions of state actors but from practical concerns about the possibly destructive effects of land reform policy. Reformers in Kiev (Kyiv in Ukrainian) envisioned a Ukrainian countryside populated by yeoman farmers; in response, state actors in provincial governments expressed alarm at the promised dissolution of large, industrial agricultural enterprises. While most former agricultural collectives in Ukraine struggled to generate profits, they served as socioeconomic anchors for their communities, providing employment, social services, inputs for household production, and food for urban populations. Above all, those involved in implementing the reform sought to avoid the catastrophic disruption in production that radical, large-scale land repartition inevitably would bring.

The existence of dual audiences with opposing interests—state officials in Kiev eager to showcase private landownership in rural Ukraine to the International Monetary Fund, and Ukrainian agricultural workers and managers reasonably fearful of changes that could threaten an already fragile livelihood—led regional and subregional state actors to pursue a *strategy* of incomplete reform. At the end of the period specified for implementing this particular reform, agricultural producers held formal rights to individual land parcels but no practical way of disposing of those rights. As in earlier iterations of enterprise reorganization, agricultural collectives had reregistered under different names but had not meaningfully transformed their labor or de facto ownership structure. Across Ukraine, collective agricultural enterprises became joint-stock companies and millions of shareholders became landowners, but the practical meaning of those property rights was thin at best. As members of a Ukrainian private farmers' association described the outcome of the reform: "It's a change of their signboard. . . . They changed the name and that's it. Those [farms] principally remained just the same."<sup>12</sup>

<sup>11</sup> It is not the purpose of this article to determine the conditions under which rent seeking may occur. Rather, I wish to establish a range of responses to reform policy that includes more than rent seeking, on the one hand, and inept compliance, on the other.

<sup>12</sup> Author interview with members of district farmers' association, Bohodukhivs'kiy district, Kharkiv region, May 27, 2000. The statement was made in response to the author's question: What changed after implementation of the decree?

Despite the incomplete character of land reform in Kharkiv region, change was not entirely absent. The paradox of sub rosa resistance in implementing reform is that it produces a degree of transformation, but that transformation may not be what reformers envision. The substantive changes in property regimes that resulted from this reform were arguably minimal, but the policy did generate legal changes in the status of enterprise shareholders.<sup>13</sup> Resistance as strategy may thus be even more problematic than other obstacles to reform: it generates formal institutional change that may mask the absence of deeper social and economic transformation.

### METHODOLOGY

Many studies of postcommunist economic reform rely primarily on evidence that is apparent from a distance. Readily observable facts of transition have tended to include compliance with (or at least a lack of obvious protest against) reform policy on the part of state actors, as well as less than entirely successful policy implementation. Taken alone, such evidence naturally may lead to the inference that state capacity is weak or that societal actors must be interfering in reform. However, if we assume that a lack of visible protest against reform policies reflects local elites' genuine preferences—and thus, that reform failures indicate inability, as opposed to unwillingness, to carry out reform—then we may get the causal story wrong.

This article uses process tracing to correct this problem, building theory on the basis of close, direct observation of reform implementation as it occurred. This method not only serves as a corrective to existing midlevel theory about obstacles to economic reform but also allows us to ask questions not suggested by other methods. Without ground-level research on how local state institutions function, we might not know to ask what effect local elites' preferences may have on reform implementation. In particular, we would not be able to identify the problem explored here: that there existed a discrepancy between state actors' apparent support for reform and the agendas they pursued locally—and that this discrepancy shaped reform outcomes.

This article thus is part of a growing body of research that focuses on

<sup>13</sup> Stephen Wegren has argued that claims about the "cosmetic" character of reorganization ignore the broader transformations that indeed have occurred in the post-Soviet countryside. See Wegren, "Change in Russian Agrarian Reform, 1992–1998: The Case of Kostroma Oblast," in Kurt Engelmann and Vjerran Pavlakovic, eds., *Rural Development in Eurasia and the Middle East: Land Reform, Demographic Change, and Environmental Constraints* (Seattle: University of Washington Press, 2001).

the role of informal institutions in shaping political and economic outcomes in the postcommunist world.<sup>14</sup> The constellation of practices that exists outside the purview of parchment institutions deserves our attention because informal institutions often play an important role in driving political outcomes. Like many other informal institutions, sub rosa resistance does not operate independently of formal political institutions.<sup>15</sup> Rather, it is endogenous to those institutions: it works within formal political institutions to generate outcomes that may themselves be hidden. The paper record of reform shows widespread creation of land rights, for example, but closer examination reveals little de facto distribution. However, it is those hidden outcomes—actual disposition of land rights, as opposed to the existence of paper rights—that will drive performance indicators for Ukrainian agriculture. If we wish to know why reforming economies behave the way they do, we need greater insight into the politics that play out behind the scenes.

The evidence presented here includes participant-observation research, structured interviews, and local press reports. This account is based on thirteen months of fieldwork conducted by the author in Kharkiv region of eastern Ukraine during 1999–2000. It is part of a larger project on agrarian reform in Russia and Ukraine that included twenty-five months of on-site research in the region. Research in Kharkiv included formal interviews and ethnographic work in state offices and on agricultural enterprises. Interviews and participant-observation research took place in Russian, Ukrainian, and Surzhyk (a Creole of Ukrainian and Russian), without the use of a translator. This article also draws on the author's review of hundreds of accounts of the reform in question in local and regional newspapers. Some local place-names within Kharkiv region appear in the text as pseudonyms. And because many of the individuals charged with implementing reform were threatened with losing their jobs if they did not comply with the decree, the text does not contain information that would allow those individuals to be identified, even indirectly.

<sup>14</sup>Recent work on informal institutions in postcommunist and other contexts includes Keith Darden, "Blackmail as a Tool of State Domination: Ukraine under Kuchma," *East European Constitutional Review* 10 (Spring–Summer 2001); Gretchen Helmke and Steven Levitsky, "Informal Institutions and Comparative Politics: A Research Agenda," *Perspectives on Politics* 2 (December 2004); Anna Grzymala-Busse, "Informal Institutions and the Post-Communist State" (Manuscript, Department of Political Science, Yale University, April 2004); and Lucan Way, "The Dilemmas of Reform in Weak States: The Case of Post-Soviet Fiscal Reform," *Politics and Society* 30 (December 2002).

<sup>15</sup>This article includes both rules and norms in its view of what institutions are, following Sue Crawford and Elinor Ostrom, "A Grammar of Institutions," *American Political Science Review* 89 (September 1995).

## RECONCEPTUALIZING THE POSTCOMMUNIST STATE

Much of the literature on postcommunist transformation has emphasized the problem of institutional capacity in states pursuing economic reform. Studies of post-Soviet Ukraine focus in particular on the “weakness” of the Ukrainian state.<sup>16</sup> However, the notion of weak state capacity requires disaggregation: in what way are postcommunist states weak—and in their capacity to do what?<sup>17</sup> The partial or even nominal character of the development of agrarian property rights has led to an inference that the Ukrainian state has exhibited weakness in its implementation of reform. However, in policy areas where regional elites were willing to cooperate with the demands of the center, the Ukrainian state has demonstrated relative strength.<sup>18</sup>

Other analyses of the Ukrainian state have described it as persistently corporatist.<sup>19</sup> In this view, creation of property rights should be a significant force for disentangling economic and state interests, but alliances of state and private interests stymie the development and allocation of rights. The behavior of Ukrainian regional elites with respect to land reform does not support such an approach. In one important respect, corporatist models do not explain the reluctance of state actors to implement reform: the actions of local state actors overseeing land reform do not constitute an alliance between groups with similar interests. Concurrent administrative reform and instructions “from above” to fire any bureaucrat who did not comply with this particular executive decree ensured that the interests of local state elites were allied with the presidential administration, not with local business interests who had their own reasons to obstruct reform.<sup>20</sup> Rather than allying with

<sup>16</sup> See, for example, Paul D’Anieri, Robert S. Kravchuk, and Taras Kuzio, *Politics and Society in Ukraine* (London: Westview Press, 1999), chap. 4. The claim of state weakness has often served as the foundation for arguments that in postcommunist polities, state building—rather than the dismantling of state institutions—is required to sustain successful economic reform. An exception to this tendency in the literature is Darden (fn. 14).

<sup>17</sup> D’Anieri, Kravchuk, and Kuzio (fn. 16), acknowledging a “distinct lack of precision” in discussions of state capacity, suggest an approach focusing on the management capabilities of state institutions, including the ability to implement economic reforms (p. 96).

<sup>18</sup> This has been most clearly illustrated in electoral politics. See Kimitaka Matsuzato, “All Kuchma’s Men: The Reshuffling of Ukrainian Governors and the Presidential Election of 1999,” *Post-Soviet Geography and Economics* 42, no. 6 (2001); and Darden (fn. 14).

<sup>19</sup> For example, Paul Kubicek describes “the relationship between *Kolkhoz* Council and state as corporatist in content if not in form.” Kubicek, “Ukrainian Interest Groups, Corporatism, and Economic Reform,” in Taras Kuzio, Robert S. Kravchuk, and Paul D’Anieri, eds., *State and Institution Building in Ukraine* (London: Macmillan, 1999), 67.

<sup>20</sup> Further evidence for the alignment of center-periphery state interests through individual economic incentives is provided by Matsuzato (fn. 18), who has shown that for Ukrainian regional elites under President Leonid Kuchma, job retention was based on loyalty to the executive, not on improvement of regional economic performance.

business groups on the basis of common interests, local officials charged with implementing land reform in essence acted in defiance of the central state—and of the political incentives structure meant to shape elite behavior—as they articulated the same positions as agricultural elites.

The reluctance of regional elites to implement land reform thus raises a problem in measuring state capacity and in identifying structural characteristics of the Ukrainian state: internal resistance by particular cadres can complicate accurate assessments of the ability of institutions to carry out their mandates. In the presence of observable instances of intrastate resistance to reform, the key question is not whether the Ukrainian state as such is weak but how we would know if it were. This article suggests that interpreting incomplete implementation of reform policy as weak state capacity misses not only the reluctance of individual cadres to carry out reforms but also an important aspect of what states do, namely, their capacity to establish and regulate norms.

Here, conceptualization of state capacity should include the ability of institutions not only to implement privatization policy but also to govern norms related to property. It is the contention of this article that partial or apparently failed outcomes are deliberate: not the result of inability but rather the result of reluctance to implement policy fully and of an insistence on reproducing a status quo set of norms regarding property rights. Here, the most striking feature of the Ukrainian state is not its weakness but its apparent devolution despite a tightly coordinated, centralized administrative structure.<sup>21</sup>

#### REFORM BY DECREE: LAND DISTRIBUTION IN KHARKIV

On December 3, 1999, Ukrainian president Leonid Kuchma issued an executive decree entitled, “On urgent measures for the acceleration of the reformation of the agrarian sector of the economy.” The decree provided for the immediate individuation of the land and nonland assets of agricultural collectives throughout Ukraine. It repeated many provisions of previously articulated reform policies that had been incompletely implemented. The decree acknowledged malfeasance in past attempts at reform, including administrative delays in the documentation of land shares and registration of private farms. Under the terms

<sup>21</sup> I say “apparent” devolution because there is evidence—including the language of the reform itself—to suggest that state officials at the national level also preferred to create only the appearance of reform. However, local state officials encountered clear signals from the center to implement the formal aspects of reform.



of the decree, collectives were to reorganize into private leasing companies or other forms of privately owned production, and members of collectives who wished to exit were to be encouraged to do so. Among the multiple iterations of agricultural enterprise reorganization in Ukraine during the 1990s, this decree seemed likely to succeed: state institutions at the national and regional level articulated the policy forcefully and carried it out with dispatch.

The presidential administration in Kiev was clear and unequivocal in its insistence on compliance, threatening to fire any functionary who did not carry out its demands.<sup>22</sup> Despite an unprecedented degree of bureaucratic discipline, however, implementation of the decree did not result in substantial distributive change. Members of collectives, now lessors of land to reorganized agricultural enterprises, did not experience noticeable improvements in either labor incentives or their ability to dispose of their property as they wished.<sup>23</sup> Relatively few members of collectives elected to use their land shares to form private farms. An independent report on the effects of the decree found that changes resulting from the decree were largely formal, and that implementation of the decree seemed to increase the power of farm directors.<sup>24</sup>

Reform of collective agricultural enterprises directly affected 15 percent of the regional population outside the city of Kharkiv:<sup>25</sup> nearly 230,000 people in the province were members of agricultural collectives and as such were entitled to shares in the property of those collectives. As of November 1999, Kharkiv had 484 collectives that would be subject to allotment of land and nonland asset shares under the provisions of the decree.<sup>26</sup> There were approximately eleven hundred private farms in the province at that time.<sup>27</sup>

Like other regions of Ukraine, Kharkiv had experienced previous ef-

<sup>22</sup> Oral testimony, Kharkiv regional farmers' association conference, January 18, 2000. Oral testimony refers to statements made in my presence and statements made directly to me outside the context of structured interviews.

<sup>23</sup> See Allina-Pisano, "Soviet Men into Peasants: Property Rights and Economy in the Black Earth, 1991–2000" (Ph.D. diss. Yale University, 2003).

<sup>24</sup> Mykola Puhachov, "Organizational Forms of the New Agricultural Enterprises in Ukraine" (Discussion paper, Institute for Policy Reform, Kiev, Iowa State University Ukraine Agricultural Policy Project, September 2000). This paper was subsequently published as Mykola Pugachov, with Don Van Atta, "Reorganization of Agricultural Enterprises in Ukraine in 2000: A Research Note," *Post-Soviet Geography and Economics* 41 (October–November 2000).

<sup>25</sup> Population estimates for the region in the late 1990s hovered at about 3,100,000, of whom approximately half live in the city of Kharkiv; *Statystychnyi shchorichnyk* (Kharkiv: Kharkiv's'ke oblasne upravlinnia statystyky, 1997).

<sup>26</sup> Calculation based on statistics obtained from the Kharkiv regional department of land-resource management, 1999.

<sup>27</sup> Datum obtained from the division of private farms in the Kharkiv regional department of agricultural management, 1999.

forts at reorganization during the 1990s. Results in Kharkiv did not differ greatly from those in other regions.<sup>28</sup> Collectives successfully completed their transformation on paper, but the structure of commercial agricultural production had not appreciably changed: private farms in the region cultivated less than 2 percent of agricultural land, and most professional cultivators continued to work in collectives.

Both the Ukrainian and the foreign press initially described the decree as a clear step toward market reform, but the decree itself and the process of its implementation contained contradictory demands and subtle hints not to reform. On the one hand, the decree served to reassure foreign lenders that Ukraine would have private, individual ownership of agricultural land.<sup>29</sup> On the other hand, it reassured domestic constituencies with provisions that promoted the preservation of collective forms of production. The ambivalence embedded in the decree gave license to conflicting interpretations of the practical aspects of implementation. National and regional state institutions demanded bureaucratic discipline only in outward manifestations of loyalty, not in achievement of results. This contributed to the persistence of formal, rather than substantive change: so long as the appearance of compliance was maintained, the parties involved were free to do as they liked.

### THE PUBLIC TRANSCRIPT

The contradictory character of certain policy demands becomes clear when we compare official statements with the ways state actors talked about practical implementation of the decree. Official discourse—statements about the decree by national and regional state officials in the press and other media—emphasized only the positive aspects of the decree and were suffused with optimism and enthusiasm. These statements provided an opportunity for state officials to articulate their support for the president and to pay lip service to him.

<sup>28</sup> Near the end of the decade compliance with reorganization policy (in most cases, destatification and the creation of collective [shared] ownership) among agricultural enterprises in Kharkiv region was 99.3 percent. The national average was 91.4 percent. The disparity is explained by outcomes in three administrative regions of Ukraine in which there was no privatization of agricultural enterprises (Ivano-Frankiv's'ka, Lviv's'ka, and Kyiv); State Land Committee of Ukraine, "Informatsiinyi biuletyn' shchodo reformuvannia zemel'nykh vidnosyn v Ukraïni" (Kiev: Derzhkomzem, 1999).

<sup>29</sup> Kuchma issued the decree in the midst of loan negotiations with the International Monetary Fund. The communist opposition in Ukraine made much of this fact, and in mid-December 1999 more than one hundred members of parliament protested the decree by appealing to Ukraine's Constitutional Court, arguing that decollectivization was unconstitutional. "Will Ukraine Abolish Kolkhozes?" Radio Free Europe/Radio Liberty Report 1, no. 28 (December 14, 1999), [www.rferl.org/reports/pbureport/1999/12/28-141299.asp](http://www.rferl.org/reports/pbureport/1999/12/28-141299.asp) (accessed November 6, 2004).

The regional and national press exhaustively discussed both the official agenda for reform and the meaning the state imputed to it.<sup>30</sup> As media sources and state officials suggested, the revolutionary character of the decree proceeded both from its breadth—affecting the entire rural population—and from its radical intention of doing away with collective agriculture as Ukraine knew it. The national newspaper *Den'* bragged that “the presidential decree will affect the twenty-two-million-man army of land [share] certificate holders.”<sup>31</sup> The minister of agrarian politics at the time, Ivan Kyrylenko, contributed to a sense of finality about the decree, by declaring that by the beginning of spring fieldwork in the southern and central regions, “all collective agricultural enterprises should disappear from the social-economic map of Ukraine.”<sup>32</sup>

The substance of the official story about the decree, in addition to the sense of finality it cultivated, centered on two ideas: the benefits of private property and the improvements in efficiency that private ownership would spur. At his last press conference of 1999, the head of the Kharkiv regional state administration captured these two tropes in declaring his support for reform: measures passed by the regional council for implementation of the decree would “provide the opportunity to make the villager an owner, a real *khoziain*, and in the final analysis make a breakthrough in the agrarian sector of the economy.”<sup>33</sup>

The official narrative of reform included not only praise for the new, individuated production relations the decree was meant to introduce but also sudden and intense criticism of current production relations. Regional leaders frequently used the phrase “collective irresponsibility” in reference to agricultural collectives.<sup>34</sup> “The kolkhozes are obsolete” became a mantra in the regional press.<sup>35</sup> During the implementation of

<sup>30</sup>The decree included a provision that required media coverage of its implementation—“constant illumination of questions of implementation of agrarian reform in Ukraine, including the realization of the provisions of this decree”—on all television channels, radio stations, and newspapers affiliated with regional and district-level state administration. Most of this coverage was, of course, positive.

<sup>31</sup>E. Kanevskiy, “Kuchma obeshchaet vvesti chastnuiu sobstvennost' na zemliu i rasformirovat' kolkhozy,” *Den'*, December 3, 1999.

<sup>32</sup>N. Perstneva, “Vesna prishla! Chinovnik torzhestvuet . . .” *Zerkalo nedeli*, March 25, 2000, <http://www.zerkalo-nedeli.com/nn/show/285/26456/> (accessed November 6, 2004). See also Yu. Kryklyvyi, “Lyudyna kriz' pryzmu reform” *Slobids'kyi krai*, January 27, 2000, 1–2. *Slobids'kyi krai* is the newspaper of the Kharkiv regional legislature and state administration.

<sup>33</sup>M. Khablak, “Oleh D'omin: ya viru v uspih reform,” *Slobids'kyi krai*, December 31, 1999, 1.

<sup>34</sup>See, for example, M. Mel'nyk, “Chyya zemlya v Rokitnomu?” *Slobids'kyi krai*, December 25, 1999, 1–2.

<sup>35</sup>One of the more obvious examples of this genre is M. Mel'nyk, “Kolhospy svoe vidzhyly—vvažhae deputat oblasnoi rady, holova Velykoburluts'koi raiderzhadministratsii V. O. Kur'ianov,” *Slobids'kyi krai*, January 29, 2000, 2.

the decree, some regional leaders began attributing the depleted condition of agriculture to improper property relations. As the deputy head of regional administration announced in late December, "Certainly, you won't find many people unacquainted with the decree . . . and even climatic conditions are not to blame for low harvests, but more likely, forms of management."<sup>36</sup> The implication that the organizational form of production was responsible for poor performance represented a break from previous discourse, which had attributed poor performance to a lack of inputs (including credit, seed, and fuel) and of appropriate marketing infrastructure. Criticism of organizational forms of production—and by extension, property relations—was not part of a sustained critique of agricultural practices; rather it was a way for regional officials to show their support for the president and his policies.

However, even vehement statements of support for the decree sometimes contained hints of discontent. The director of one collective was quoted in a Kharkiv regional newspaper as saying: "All of land reform is oriented toward improving the lives of villagers. And there's no need to go looking for pitfalls. Each will become lord not only of his field but of his destiny."<sup>37</sup> By introducing the idea of potential danger and then discounting that danger, the director successfully raised a concern about the decree while simultaneously, and safely, distancing himself from it. Such oblique suggestions of problems associated with reform were typical, a trope that ran throughout public discussion of the decree.

### MIXED MESSAGES

Private statements of state administrators about the decree introduced conflicting messages into the discourse of reform.<sup>38</sup> Their public declamations about the revolutionary character of the decree contrasted sharply with statements they made to their subordinates. These statements contained a different message: that land holdings in collectives should remain stable. Ambivalent positioning with respect to reform began with the president: the decree itself included ambiguities that permitted conflicting, dual approaches to land distribution.<sup>39</sup> Ambigu-

<sup>36</sup> Yu. Kryklyvyi, "Zemel'na reforma ne lische dlya sela, a i dlya vs'oho narodu," *Slobids'kyi krai*, December 21, 1999, 2. Also suggesting that collectively held property was the root of current problems in agriculture is Kryklyvyi, "Zupynka na pivdorozhi. Rivnoznachna vidstupovi," *Slobids'kyi krai*, January 6, 2000, 2.

<sup>37</sup> Yu. Kryklyvyi, "Pole svoe i chuzhe," *Slobids'kyi krai*, December 30, 1999, 2.

<sup>38</sup> "Private" refers to meetings closed to the press.

<sup>39</sup> This fact distinguishes the situation from standard principal-agent dilemmas, in which the principal's interests are more clearly defined.

ities in the text of the decree allowed officials at lower levels of government to implement its provisions selectively, advancing one or another property rights agenda. This section shows how state representatives interpreted the decree in ways that sent mixed messages to actors involved in reform implementation.

The main innovations of the decree<sup>40</sup> appeared straightforward: dissolution of collective-shared ownership of land in favor of private, individual ownership, specification of minimum conditions for leasing arrangements, and the designation of land-share certificates as legal title to land for the purpose of establishing leasing contracts. Land certificates were temporary documents specifying only the acreage of a land share, not its physical location. Because they do not require extensive surveying beyond what is usual for collectively held land, certificates are more easily obtained than are “state acts,” which document private ownership or private holding of specific land and do require extensive surveying.<sup>41</sup> The decree also simplified the formal procedure governing exit from collective agricultural enterprises by allowing land shareholders to take their shares out of collective holdings without the consent of other members.

A striking ambiguity in the language of the decree stemmed from a provision governing the allotment of land shares. The provision required “the allotment of land *in a single tract* to groups of land share holders who have declared their intent to remove partitioned land shares [from collective holdings] with the aim of joint use or leasing of those plots.”<sup>42</sup> Taken alone, this provision would seem to favor land shareholders who wish to exit from the collective and form their own farms or to lease their land to private farmers.<sup>43</sup> However, the decree also required—in turgid prose—“the preservation, as far as possible, of the integrity of use of the land and assets of former collective agricultural enterprises by private entities on the basis of leasing of land plots (shares) and asset shares by groups of owners of these plots (shares).”

<sup>40</sup> Previous reforms provided for the reorganization of collective forms of production and the establishment of private (peasant) farms. See, for example, Article 5 of the Land Code of Ukraine; Articles 9 and 10 of the Law of Ukraine “Pro kolektyvne sil’skohospodars’ke pidpryemstvo” (1992); Article 7 of the Law of Ukraine “Pro orendu zemli”; Articles 4 and 7 of the Law of Ukraine “Pro selians’ke (fermers’ke) gospodarstvo” (1993); and the Presidential Decree “Pro nevidkladni zakhody shchodo pryskoriuvannia zemel’noii reformy sferi sil’skohospodars’koho vyrobnytstva” (1994).

<sup>41</sup> By September 2000, ten months after the decree was issued, a total 6,300,000 people had received land-share certificates nationwide. Only 300,000 of these had received state acts. *Uriadovyy kur’er*, September 29, 2000, 4.

<sup>42</sup> Emphasis added.

<sup>43</sup> In theory, joint leasing also could describe individuals who remain in the reconstituted former collectives and lease their land back to it.

Here, the “private entities” leasing the land and assets of former collectives are the reconstituted collectives themselves.<sup>44</sup>

The first provision mentioned above implicitly acknowledges and prohibits the widespread practice of apportioning land on different sides of the collective to those wishing to create private (peasant) farms. The second provision, however, justified the continuation of this practice by specifying that the integrity of fields be maintained. The interests of individuals engaged in private farming and those who leased their land to former collectives were diametrically opposed, with different constituencies competing for the same tracts of land. The decree seemed to encourage both preservation of collectives and their dissolution in favor of individual farms—processes that could not coexist in the same time and place.<sup>45</sup>

The failure of the decree to identify a hierarchy of preferences in the case of conflicts between individual and collective farming allowed for interpretations that worked at cross-purposes. That is, the decree specified no mechanism for evaluating competing claims or resolving conflict: informal institutions would govern outcomes. Conflicts over land arose in every collective, leaving local actors to work out a solution for themselves, without explicit guidance from the central state.

During the weeks following the release of the decree, members of regional and district administrations throughout Kharkiv gathered with members of the agricultural elite to do exactly that. At these meetings, implementation of the decree was discussed by representatives of the state administration, economists and scholars from the regional agricultural university, representatives of surveying companies, and directors of collectives.<sup>46</sup> Despite their obvious interest in implementation of the decree, private farmers were usually not invited to these sessions.<sup>47</sup>

State officials articulated mixed agendas at these meetings. On the one hand, officials asserted their allegiance to the center, emphasizing their loyalty to the president’s policies.<sup>48</sup> On the other hand, officials in-

<sup>44</sup>In the case of private-leasing enterprises, “private entities” typically had a single owner: the director of the former collective.

<sup>45</sup>Official commentary on the decree also embodied this contradiction. See, especially, the comments of then deputy head of presidential administration Pavlo Haiduts’kyi on the decree, “Kolektyvnu vlasnist’ zminyly pryvatna,” *Uriadovyi kur’ier*, December 9, 1999.

<sup>46</sup>In the following sections I draw on three meetings at which I was present: at the regional level, in which regional agricultural officials addressed a gathering organized by the regional association of private farmers; a small, closed meeting of district officials and directors of select collectives in a district I have called L’vivs’kyi for the purpose of this article; and a larger meeting in the same district of regional and district officials, directors of collectives, their accountants and agronomists, and members of local (village) councils.

<sup>47</sup>Mel’nyk, “Fermery poza reformoiu?” *Slobids’kyi krai*, January 20, 2000, 1.

<sup>48</sup>The deputy head of regional administration urged district administrators to implement the de-

terpreted the decree in ways that conflicted directly with the supposed intentions of the decree, if not with its exact specifications. These interpretations often took the form of exhortations to maintain the status quo. When the second most powerful figure in the regional agricultural bureaucracy, the deputy head of agricultural management, was asked about the “degree of partition,” he replied that it was necessary to “preserve a single nonland asset complex,” a requirement, he emphasized, that was not actually in the decree but could be found in the commentary on it.<sup>49</sup> The main thing, he continued, was “not to allow the farms to be broken apart.”<sup>50</sup> The rector of a regional agricultural university announced on a separate occasion that while “our future is tied to private property,” those implementing the decree “must do everything so that the enterprises do not break up into pieces.”<sup>51</sup> And in a speech at a meeting closed to the press, the head of a district state administration urged directors of collective farms in his district “to maintain the collectives in their entirety, do not allow dissolution.” He continued, “You must be of one mind, retain the enterprises, just in another form—a private form.”<sup>52</sup>

The ways in which local state officials in Kharkiv shaped land reform resembled efforts in other parts of Ukraine. In the months following the decree, local press reports throughout the country noted similar phenomena: slow implementation and, as the Poltava regional newspaper put it, attempts “to preserve the integrity of the property complexes of farms.”<sup>53</sup> With the exception of some mountainous, land-poor areas in the west, state actors throughout Ukraine faced a similar structure of local economic incentives and contingencies and, compared with pushing through land distribution, a relative lack of personal material incentive to stall reform.

Whatever their personal feelings about the decree, the ambivalence expressed by state officials was necessitated by the delicacy of their position: on the one hand, they had to maintain the appearance of com-

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decree saying, “We must sustain this battle. On the side of the president, naturally.” Oral testimony, Lviv’skyi district administration, January 13, 2000.

<sup>49</sup> Oral testimony, Kharkiv regional farmers’ association conference, December 14, 1999.

<sup>50</sup> Ibid.

<sup>51</sup> Oral testimony, Lviv’skyi district administration, January 13, 2000.

<sup>52</sup> Oral testimony, Lviv’skyi district administration, January 8, 2000.

<sup>53</sup> *Zoria Poltavshchyny* no. 5, quoted in *The Week in Ukrainian Agriculture* (University of Iowa Project on Agrarian Policy in Ukraine) 3, no. 16, January 17–23, 2000. See also, from Dnipropetrovsk region, “Kak kolkhoz ne perekrashivai, tolku ne budet,” *Dneprovskaia pravda*, February 1, 2000; from Zaporizhzhia, *Zaporiz’ka pravda*, January 20, 2000 (*The Week in Ukrainian Agriculture* 4, no. 17, January 24–30, 2000); and from Vinnytsia region, *Vinnychchyna* no. 194 (*The Week in Ukrainian Agriculture*, December 27, 1999–January 3, 2000). Also M. Saenko, “Reforma po kolesami ochkovtirateľstva,” *Dneprovskaia pravda* no. 38, April 4, 2000. Quoted in *Obliad presy: Sil’skobospodars’ki novyny z usikh rehioniv Ukrainy 3–9 kvitnia 2000 roku* (Kiev: University of Iowa Project on Agrarian Policy in Ukraine, 2000).

pliance toward the center in order to maintain their jobs; on the other hand, their professional position gave them some incentive to reassure the regional agricultural industrial elite, who stood to lose much of their power base under implementation of the decree.<sup>54</sup> The prevailing atmosphere among the regional agricultural elite was not favorable to changes associated with capitalist modes of production. A sign of this atmosphere was evident in a speech by one successful and reform-minded enterprise director who said “excuse me” every time he introduced market terminology, as in “. . . excuse me, profits.”<sup>55</sup> Regional state officials translated the ambiguity of statements emanating from Kiev into contradictory demands seemingly intended to satisfy both the center and their regional constituencies.

### IMPLEMENTATION

The decree was an unfunded mandate. Regional state officials were to be held accountable for carrying out the decree, but resources for its implementation were scant.<sup>56</sup> For some state employees, regional provisions for implementation and oversight of the decree required weekly examination of the progress of reform.<sup>57</sup> This meant extensive travel: collective agricultural enterprises in the region lie anywhere from ten to two hundred kilometers from the city of Kharkiv. Although regional state administrators regularly received orders to visit outlying districts, there were often no funds allocated for transportation.<sup>58</sup> Enterprises had to provide their own resources to pay for surveying and cadastral services. In most cases, these costs were simply passed on to shareholders: those who wished to exit paid the collective for cost of the services required to allot their land share. These expenses were disincentives to proper implementation of the decree, which required partition of land shares as a logical precondition for individual disposition of shares. Here, poor funding—not weak institutional capacity as such—did play a role in hindering meaningful reform. Strong demands without adequate support, as well as the quick pace required by the decree, helped encourage formal change that gave the appearance of compliance.

<sup>54</sup>This reassurance may have been little else than good local politics, as agricultural elites held little real power over local state officials.

<sup>55</sup>Oral testimony, L'vivs'kyi district administration, January 13, 2000.

<sup>56</sup>Resources were so scarce that by April, at least seven collectives in the region had not reorganized because they could not pay for preparation of the necessary documents; Yu. Kryklyvyi, “Kolhosniv uzhe nema, ale iikhni problemy zalyshylysia,” *Slobids'kyi krai*, April 4, 2000.

<sup>57</sup>“Na zdiisnennia ahrarynoii reformy,” *Slobids'kyi krai*, January 5, 2000, 1.

<sup>58</sup>Oral testimony, Kharkiv regional division of private farms, January 21, 2000.



Poor material support alone does not explain the explicit statements of state officials in favor of maintaining the status quo. Implementation of the decree in Kharkiv was characterized by active efforts to preserve the collectives.<sup>59</sup> Some state officials helped maintain predecree production relations by reversing the order of operations for implementation:<sup>60</sup> enterprises reregistered in a new form based on private ownership of land and assets, signed leasing contracts with shareholders, and then, once it was too late for those who wished to exit, turned their attention to the partition of land plots.<sup>61</sup> An instance of this practice illustrates both the implications of this reversal and tension between district and regional state bureaucracies.

The Kharkiv regional state administration had given enterprises until March 1, 2000, to identify the physical location of individual plots, but some district state administrations required establishment of leasing relations much earlier.<sup>62</sup> During the first week of January, the head of one district administration gave directors of collectives a deadline: "By January 14, decide on the form of organization. . . . By the fifteenth [of January] take away all the certificates and shares."<sup>63</sup> Once certificates had been collected and leasing agreements with the collective signed, shareholders lost control over the disposition of their shares and could no longer request partition of their land. On January 16—one day after members of collectives were to have lost the ability to use their land shares outside the collective—the district state administration ordered directors of enterprises to have maps of land shares drawn up.<sup>64</sup>

In this particular district, the head of state administration advised directors of collectives to sign ten-year leasing contracts. Once holders of land shares had relinquished their certificates under such an arrange-

<sup>59</sup>Collectives were to be maintained by establishing leasing arrangements to take the place of membership relations. One head of district administration put it this way: "The process of reforming includes the cessation of membership relations. It assumes transfer to leasing [relationships]. To ensure the preservation of the land mass it is necessary to conclude [leasing] contracts." Oral testimony, Lviv's'kyi district administration, January 8, 2000.

<sup>60</sup>"Visti iz Zachepylivshchyny. Zemliu—selianam," *Slobids'kyi krai*, January 29, 2000, 1.

<sup>61</sup>M. Mel'nyk, "Shans dlia fermera," *Slobids'kyi krai*, December 21, 1999, 1; the article mentions the existence of this phenomenon at the regional level, and Perstneva (fn. 32) mentions it at the national level. In Blyzniukiv's'kiy district, the deputy head of agricultural management put it this way: "The tendency is at first to do the reforming, and then allot the land shares." Oral testimony, Blyzniukiv's'kiy district administration, March 30, 2000.

<sup>62</sup>"Na zdiisnennia ahrarnoi reformy" *Slobids'kyi krai*, January 5, 2000, 1. A similar logic was applied to the sequence of reform in some districts of Russia. See, for example, V. Pleshkov, ". . . Pokoi nam tol'ko snitsia," *Liskinskie izvestiia*, February 13, 1992, 6.

<sup>63</sup>Oral testimony, district administration, Lviv's'kyi district, January 8, 2000. Other districts set deadlines for the middle of February. See "Visti iz Zachepylivshchyny. Zemliu—selianam," *Slobids'kyi krai*, January 29, 2000, 1.

<sup>64</sup>Oral testimony, dispatcher's office, division of planned economy, Lviv's'kyi district, January 16, 2000.

ment, they would lose disposition of their land for a ten-year period. Many leasing contracts were renewed automatically: shareholders who signed away their land during the first weeks of the decree's implementation lost control over the use of their land for an indeterminate period. Furthermore, rents on land were not adjusted for inflation, so rents for long-term leases were likely to lose value each year.

The reversal of the prescribed process for allocating land shares and contracting for land leasing eliminated many of the possible benefits of reform for ordinary villagers.<sup>65</sup> The decree made land-share certificates legal documents for establishing leasing relationships, but without identifying the location of concrete land shares it was impossible to lease land to any entity but the original collective. Legally, shareholders could lease their land to private farmers using only certificates, but knowledge of the location of the land was necessary for the transaction to be meaningful and for private farmers to be willing to enter into such agreements.<sup>66</sup>

The outcomes of decree implementation illustrate the extent of the problem. Prior to the decree, 721 land-share leasing contracts had been concluded in Kharkiv region; by January 11, long before most enterprises had identified concrete land shares, 21,709 such contracts had been signed.<sup>67</sup> It is worth noting the time of year during which this vast increase in leasing contracts occurred: ordinarily, little formal business gets done between late December and mid-January. The preparation for and celebration of a multitude of holidays—the New Year, Orthodox Christmas, the New Year by the Julian calendar, and the celebration of Christ's christening—stretches across those weeks, consuming time and resources, closing state offices, and making serious attempts to complete paperwork impossible. That such an increase in leasing arrangements occurred at that time suggests the impetus for making the agreements and conducting the time-consuming business of ob-

<sup>65</sup> It should be noted that one of the catalysts for this reversal of the order of operations was the cost of land surveying. It simply was impractical, illogical, and unaffordable for the vast majority of collective enterprises to conduct extensive surveying, only to lose that land. That the central state provided inadequate support for this process may also be understood as a sign of ambivalence.

<sup>66</sup> A private farmer who later took over an entire collective remarked, "It's the certificates that are partitioned, not the land"; oral testimony, Kharkiv regional farmers' association conference, December 14, 1999. More than four months later, a regional state official working in the division of private farms remarked of a farmer who had attempted to lease land shares in a neighboring collective: "He doesn't know where his land is. It's like that for the majority [of private farmers leasing land]." Oral testimony, Kharkiv regional division of private farms, April 4, 2000.

<sup>67</sup> M. Khablak, "Zatsikavlenist' u reformuvanni velychezna," *Slobids'kyi krai*, January 11, 2000, 1. Figures from the Ministry of Agriculture show that nationwide, nearly one thousand enterprises had concluded leasing contracts between the end of December and the end of February, before there likely had been time to allot land shares in kind.

taining the necessary signatures, notarizing, and delivering the necessary documentation most likely originated with those who had an interest in prompt creation of leasing contracts: local and regional state officials and directors of collectives, not individual shareholders.

By late March 2000, only 224,000—or about 3 percent—of over six million land shares nationwide were actually allotted in the field.<sup>68</sup> The dissolution of collective shared ownership and establishment of leasing relationships, rather than presenting an opportunity for the free exercise of individual ownership rights, were deployed as tools for maintaining the collectives. In late December the regional deputy head of state administration had suggested such an agenda, saying, “The decree doesn’t provide for the destruction of the collective agricultural enterprise at all, it’s even the opposite.”<sup>69</sup>

Some state officials’ preference for maintaining the status quo in production relations was manifest in the concrete recommendations they made to their subordinates and to directors of collectives. Whatever the reason for that preference, the conflicting demands embedded in the reform process meant that implementation of the decree at the local level became a source of social conflict, as shareholders, directors, and private farmers vied to influence its outcome. In their ambivalent positioning with respect to reform legislation, and in their covert resistance to the large-scale social change that official discourse suggested, state actors were neither rent seeking nor helpless. Rather, they protected their communities’ interests as they understood them; those interests included maintaining the organization of commercial agriculture as it was before the decree.

### EXPLAINING STATE RESISTANCE

Why did state actors in Ukraine adopt a Janus-faced strategy of resistance? Local state officials did not often openly articulate the reasons for their actions. In the absence of direct statements regarding the logic of resistance, the most compelling evidence for understanding resistance to reform as supporting the perceived public interest comes from the ideas and incentives that drove the behavior of state actors.<sup>70</sup>

<sup>68</sup>Perstneva (fn. 32). This article also noted that the procedure was being carried out “backward.”

<sup>69</sup>Yu. Kryklyvyi, “Zemel’na reforma ne lishe dlia sela, a i dlia vs’oho naroda,” *Slobids’kyi kraï*, December 21, 1999, 2.

<sup>70</sup>It should be noted that in linking incentives to behavior, this argument does not depart from the conventional wisdom circulating among elites in the region at that time. While conducting research in state offices, my queries regarding officials’ disapproval of land partition and distribution were most often met with incredulity. The question, for many officials, was not why they privately would oppose dissolution of collectives but why they should support it.

Political ideology as such did not play a central role: resistance stretched across ideological lines, including supporters of Kuchma and officials who identified themselves as communist or apolitical. State actors deployed a mix of Soviet normative traditions and market-based logic in the causal stories they told about their decisions. Some local discourse about reform emphasized Soviet ideas of collectivism and social responsibility.<sup>71</sup> A headline in the Kharkiv regional newspaper at the time of the decree illustrates this point: “‘Production is for people, and not the reverse,’ believes the head of the Kharkiv district state administration.”<sup>72</sup> Rural people regarded agriculture not as a profit-generating mechanism but as a means of feeding the population.<sup>73</sup> Provincial officials either shared this approach or, as the aforementioned headline may suggest, believed that they needed to be seen as sharing it.

However, state elites did not frame their choices exclusively in terms of Soviet social traditions; ideological conservatism does not fully explain their resistance. Some used the idiom of the market to explain their actions. For example, when the head of a district administration spoke at a closed meeting to discuss implementation of the presidential decree, he defended his decision to protect collectives from dissolution and their leadership from change using the language of long-term economic viability: “How will Western investors see this? The Western investor will see that it’s possible to work with a single person for ten years.”<sup>74</sup>

This set of apparently conflicting narratives may suggest that ideas served mainly as rhetorical justification for actions driven mainly by practical concerns. It is worth noting, however, that one set of ideas consistent with local economic incentives structures and common to both Soviet agricultural practices and contemporary agribusiness may have motivated state officials to resist the partition of land. That is, the opposition of regional state actors to reform may have been rooted not

<sup>71</sup> References to these ideas with respect to agriculture are far too numerous to discuss here; evidence of the belief that land should not be commodified may be found in the Verkhovna Rada’s more than decade-long debate about legalizing the purchase and sale of agricultural land.

<sup>72</sup> M. Mel’nyk, “‘Vyrobnnytstvo—dlia liudei, a ne navpaky’: interv’iu z holovoiu derzhadministratsii Kharkivs’koho raionu V. I. Pugachovym,” *Slobids’kyi kraï*, May 13, 1999, 2. This sentiment is echoed in hundreds if not thousands of press materials from the late Soviet period and post-Soviet decade in the region. For evidence of normative claims regarding agricultural production in post-Soviet space, see Allina-Pisano (fn. 23).

<sup>73</sup> For this and other reasons, commodification of land was not supported by much of the rural population. A random sample survey (n=925) conducted in 1998 by the national land committee in Kharkiv and Volyn regions found that only 12.5 percent of those surveyed reported a positive attitude toward the purchase and sale of land held by agricultural enterprises; 27.1 percent agreed that “the purchase and sale of land must be regulated by the state”; and 57 percent said they were against the commodification of agricultural land. State Land Committee of Ukraine, “Informatsiinyi biuletten’ shchodo reformuvannia zemel’nykh vidnosyn v Ukraini” (Kiev: Derzhkomzem, 1998).

<sup>74</sup> Oral testimony, L’vivs’kyi district, January 8, 2000.

in objection to private property as such but to proposed radical shifts in the scale of production.

Observers of post-Soviet land reform frequently impute obstruction of reform to Soviet-era ideological commitments. Such an assessment captures only part of the story at best: elites did maintain an allegiance to ideas developed under Soviet rule, but observers may have wrongly identified *which* Soviet-era beliefs drove elite behavior. For many regional and local elites, a commitment to modernization—industrialized, large-scale agricultural production—was likely a more important ideational component of their resistance to reform than belief in collective ownership as such. In Kharkiv, as in much of the rest of Ukraine, one reason for resisting partition was painfully obvious to anyone who passed through fields of former collectives in early spring: without access to appropriate technology for small-scale production, dissolution of large-scale enterprises meant that men driving massive machinery literally were replaced by men pulling wooden plows.<sup>75</sup> Local state officials as well as people who worked the land frequently bemoaned such a “return to the nineteenth century.”

Added to whatever commitments to modernity state elites in Kharkiv might reasonably have held, local state officials had access to information about agricultural practices abroad. Their awareness that changes in agriculture in the United States had in recent decades resulted in the consolidation of large holdings and the gradual disappearance of family-run farms made them doubly suspicious of the notion that efficiency would be best achieved through the partition of collectives. Regional and sub-regional state officials correctly perceived reorganization of agricultural collectives as a policy effort that emanated from international pressures, not local desires. For example, when I asked two regional officials in Kharkiv why the decree was being implemented in springtime, when delays in agricultural work caused by land partition would be most disruptive, they replied: “Why don’t you ask your friends in New York [at the International Monetary Fund] when you go back there?”<sup>76</sup>

If the ideas that state officials articulated regarding land use formed a motley and sometimes contradictory collection of convictions, the economic and professional incentives that drove their behavior were

<sup>75</sup> Because of the cost of feeding draft animals, in the words of one local cliché, “even a horse is a luxury.”

<sup>76</sup> I have no connection to the IMF. That my interlocutors, whom I had known for several months and with whom I was on good terms, would assume that I did is further suggestive of their suspicions and concerns about foreign involvement in domestic policy. Their suspicions did not emerge in a vacuum: the foreign scholars whom they had previously encountered had in fact been collecting data for international lending and development institutions.

more obvious and, I suggest, conclusive. Common incentives-based arguments for state actors' behavior—pressure from societal interest groups—do not work well here: the hypothesis that regional political elites resisted reform solely to satisfy powerful local economic actors does not provide an adequate explanation. Business interests and state mesoelites did cultivate close professional relationships; in relationships between political and agricultural elites, however, the primary economic levers lay in the hands of state personnel. Throughout the 1990s Ukrainian regional and district-level officials regulated crop rotation, allocated commodity and other credits, provided information about markets, exacted contributions to regional grain funds, and exercised a variety of other controls over agricultural production. The compliance of agricultural elites with these controls was linked to the benefits—subsidies, lower-priced fuel, bank loans—that a positive relationship with state officials could provide.<sup>77</sup> Close informal ties between state officials and agricultural business elites thus may have provided state actors some incentive to maintain the collectives, but those relationships alone could not have compelled state actors to behave as they did.

Rather, in adopting ambivalent postures with respect to reform—fulfilling the letter of the law but resisting substantive distribution—regional and local elites made a calculated decision about what they thought would be best for the regional economy. Their apparent belief that preservation of collectives would prevent further crisis was based not only on an understanding of the broader international mechanisms driving reform but also on three central features of rural life in the post-Soviet period: a conceptualization of agricultural collectives not only as production units but also as social institutions; a symbiotic relationship between collective and household production; and the poor performance of many private farmers during the 1990s. These features of rural economy were well known. Together with rural resistance to changing norms regarding the purpose of land use (that is, as an instrument of profit generation rather than of food security), they constituted a powerful set of political and economic incentives that shaped elite behavior.

Agricultural collectives were not only the main producers of food in the region. They also provided a set of social goods and services—such as health care and education—to rural populations and thereby helped

<sup>77</sup> Agricultural elites did sometimes provide goods in return. One important means of reciprocity was electoral, in which directors of collective farms could exercise their authority at the local level to deliver votes for the incumbent in presidential elections. However, this still does not suggest a quid pro quo. In this instance, presidential elections had taken place a few months prior to the issuing of the decree. Local officials therefore had no political incentive in spring 2000 to prevent dissolution of collectives.

maintain social order and stability. Further, the rural population expected the provision of such entitlements to continue after the dissolution of collectives: leasing contracts implied not only the exchange of land rights for goods but also the establishment of an ongoing patronage relationship. Membership in an agricultural enterprise, in other words, was understood to confer a set of social entitlements. From the perspective of local state elites, the dissolution of collectives would result in more than a change in the organization of agricultural production. It would also profoundly alter the social landscape of the countryside they were charged with governing. Agricultural collectives functioned as social institutions that would require replacement where they broke down or were dismantled.<sup>78</sup> The logistical and material costs of managing such a shift provided local state elites with a strong incentive for seeking to maintain collectives in their current form.

An additional danger of dissolving collectives in Ukraine lay in the symbiosis of collective and household production. This relationship meant that dissolution of collectives had the potential to disrupt the regional food supply: at the time of the decree, rural people and a substantial proportion of urban residents relied on private household production for food.<sup>79</sup> As in other post-Soviet states, the importance of this sector in Ukraine had increased dramatically during the 1990s.<sup>80</sup> Without resources provided by collectives, household production would not have been sustainable, as rural families depended on collectives to provide agricultural inputs—seed, animal feed, and services such as plowing.<sup>81</sup> If all or most collectives were to cease providing inputs, household production would sharply decline. If those collectives were to be entirely disbanded, household production could be in danger of temporary collapse. The existence and dynamics of this economy were widely known even in urban areas; regional state officials would have been aware of the implications of breaking apart agricultural collectives, and most district-level state officials would have had relatives and friends directly embedded in this economy.

<sup>78</sup> Myriam Hivon provides a convincing case study of this problem in Russia; Hivon, "The Bullied Farmer: Social Pressure as a Survival Strategy?" in Sue Bridger and Frances Pine, eds., *Surviving Post-Socialism: Local Strategies and Regional Responses in Eastern Europe and the Former Soviet Union* (London: Routledge, 1998).

<sup>79</sup> In Ukraine low wages in the industrial sector helped maintain urban-rural ties. Urban workers typically assisted rural relatives in household cultivation and received food in return.

<sup>80</sup> See, for example, *Statystychnyi zbirnyk. Sil's'ke hospodarstvo Ukrainy 2000 rik* (Kiev: Derzhkomstat, 2001).

<sup>81</sup> Members of collectives received goods two ways: in lieu of cash wages and as an entitlement. This symbiosis as it functioned in the Russian Federation is documented in Gavin Kitching, "The Revenge of the Peasant? The Collapse of Large-Scale Russian Agriculture and the Role of the Peasant 'Private Plot' in That Collapse, 1991–97," *Journal of Peasant Studies* 26, no. 1 (1998).

The structure of agricultural production in the late 1990s was therefore such that dissolving collective enterprises could be disastrous for both rural and urban populations already living on the edge of poverty. Price scissors, the unavailability of credit on reasonable terms, the lack of appropriate machinery for small plots, and a host of other obstacles made members of collectives unlikely to want to create their own farms using their land shares.<sup>82</sup> The economic disincentives for private farming were well known, and land cultivated by private farmers constituted a tiny proportion of the total land cultivated in Ukraine. Most members of collectives could not be persuaded to exit their home enterprise; indeed, under the conditions prevailing at the time, it would have been irrational for them to do so.<sup>83</sup>

With the exception of those elite private farmers who were able to reproduce a scale of production typical of collectives,<sup>84</sup> private farms did not meet the expectations of reformers.<sup>85</sup> The performance of the private farming sector in post-Soviet states during the 1990s made it obvious that private farming would not be a profitable or—relative to agricultural collectives—significant contributor to regional economies. Economic conditions undermined agricultural production of any scale; private farmers were particularly vulnerable to such impediments to successful business operation. Thus, in the process of carrying out their professional responsibilities, local officials consistently encountered evidence that suggested that the breaking apart of agricultural collectives could result in further economic decline and even, in some cases, food insecurity and widespread malnutrition.

Regional and local state officials in Ukraine thus had reason to care that dissolution of agricultural collectives could prompt a food crisis,

<sup>82</sup>For a description of a number of these problems, see Louise Perrotta, "Coping with the Market in Rural Ukraine," in Ruth Mandel and Caroline Humphrey, eds., *Markets and Moralities: Ethnographies of Post-Socialism* (Oxford: Berg, 2002).

<sup>83</sup>Work in other Central and East European settings has shown similar patterns of incentives and rural people's behavior. See Mieke Meurs, *The Evolution of Agrarian Institutions: A Comparative Study of Post-Socialist Hungary and Bulgaria* (Ann Arbor: University of Michigan Press, 2001); Carol Scott Leonard, "Rational Resistance to Land Privatization: The Response of Rural Producers to Agrarian Reforms in Pre- and Post-Soviet Russia," *Post-Soviet Geography and Economics* 41, no. 8 (2000); and Maria Amelina, "Why Russian Peasants Remain in Collective Farms: A Household Perspective on Agricultural Restructuring," *Post-Soviet Geography and Economics* 41, no. 7 (2000).

<sup>84</sup>See Jessica Allina-Pisano, "Land Reform and the Social Origins of Private Farmers in Russia and Ukraine," *Journal of Peasant Studies* 32, no. 4 (2004); and Sergei Nikolsky, "The Treadmill of Socialist Reforms and the Failures of Post-Communist 'Revolutions' in Russian Agriculture: Is There an Alternative?" in Ivan Szelenyi, ed., *Privatizing the Land: Rural Political Economy in Post-Communist Societies* (London: Routledge, 1998).

<sup>85</sup>This was true not only for total production but also for expected yields. Official statistics showed that private farms operated less efficiently than collectives. For example, in Ukraine in 1999 grain yields for private farms were 16.9 centners per hectare while average grain yields for all types of agricultural enterprises were 19.7 centners per hectare. *Ukraina u tsyfrakh 2002: Korotkiy statystychniy dovidnyk* (Ukraine in figures 2002: A short statistical reference) (Kiev: Konsul'tant, 2003), 109, 120.



but that reason did not emanate directly from the threat of public outcry and electoral action if they failed to represent local interests. Because officials in Ukraine's state administration are appointed rather than elected, they are formally insulated from popular pressure. Ultimately, however, they must live in the localities where they govern, and their social status as professionals depends on the condition of local economies. The embeddedness of local economies in social relations and the continuing active participation in agricultural decisions by district state officials made preserving collectives a matter of compelling professional interest for those state actors implementing reform at the local level. The competing demands of an executive who demanded compliance with reform policy and the obvious short- and medium-term drawbacks of carrying out that policy locally combined to generate sub rosa resistance on the part of regional and district state elites.

### CONCLUSION

The experience of reform in Kharkiv should prompt a reexamination of the assumptions underlying exclusively societal explanations for reform failures. In the reorganization process, state actors moved to satisfy the center with a façade of compliance as they resisted tectonic shifts in the rural landscape—shifts they believed would manifest as society-rending earthquakes, not positive change.<sup>86</sup> The officials in this story are far from selfless martyrs to the causes of their communities, but neither are they the grasping villains who populate the literature on industrial privatization.

This case demonstrates that obstacles to reform do not always stem from rent-seeking behavior on the part of elites, societal resistance, or weak state capacity. Resistance to land reform in Kharkiv was not characterized by rent seeking; nor was there explicit capture of the process by corporatist structures. And as this instance shows, the inference that weak institutions are responsible for shortcomings in reform is not always correct. Rather, state actors may resist reform due to legitimate concerns about the appropriateness of reform policy. Where state actors exercise relative autonomy locally even as the center expects their loyalty, resistance may manifest itself as a mere show of reform: fulfillment of the formal requirements of institutional change but obstruction of substantive transformation.

<sup>86</sup>The subjective nature of local understandings of economic conditions is elaborated at length in Yoshiko Herrera, *Imagined Economies: The Sources of Russian Regionalism* (Cambridge: Cambridge University Press, 2004), chap. 5.

The environment shaping state officials' behavior in Kharkiv is not exceptional among postcommunist cases. Four features of this case suggest conditions under which we should expect to find a deliberate performance of reform rather than a genuine effort at implementation. First, where state elites' preferences with respect to reform cannot be known due to administrative pressure "from above," we should look for ambivalence in reform implementation. Under such conditions, state actors may produce a "respectable performance" while undermining some of the aims of reform. In Ukraine, regional state officials were threatened with the loss of their jobs if they did not comply with the presidential decree. Officials who objected to the policy had no opportunity to express their displeasure and so they met the formal demands of the center. Close examination, however, showed that their apparent compliance was superficial and that they had sought to subvert the process. Instances in which state officials are unable or unwilling to oppose policy openly are likely to arise where bureaucracies are tightly controlled, where local officials are appointed rather than elected (and thus subject to central rather than local accountability structures), or where democratic institutions are not consolidated. Regime type and constitutional design thus will help determine the probability that reform will be a Janus-faced performance of compliance.

A second, parallel variable operates at the level of international politics. Ukraine's relatively weak international position led national elites to believe they had to exhibit compliance with the demands of the IMF, which required land reform as a condition of credit (thus the ambivalent language of the decree itself). The relative lack of leverage recipient states have with respect to international lending institutions should lead us to examine more closely the politics of compliance. Just as local state officials may accede to the formal demands of reform but actively seek to preserve the status quo, so too may national officials in client states express acceptance of the policies demanded by their more powerful international partners without instituting meaningful change. Because of the differences in geopolitical power and because of the substantial financial incentives attached to implementation of economic reforms, we cannot assume that a statement of compliance at the level of national politics necessarily reflects a genuine preference for—or intent to implement—such reforms. Nor can we assume that incomplete compliance with reform policy reflects weakness in state institutions.

Vertical pressure on bureaucracies helps explain why officials inclined to oppose reform will do so in an oblique fashion, creating only the appearance of institutional change. But why would officials object to lib-

eralizing reform at all? A third condition for resistance-as-performance is rooted in the social costs of reform. In some postcommunist cases the explanation for resistance may be found in partisan politics. However, as already noted, Ukrainian officials who objected to the terms of the land decree were of various political persuasions, so that political ideology as such did not appear to play a decisive role. Instead, the social character of agricultural production led officials to fear the dissolution of agricultural collectives. The cost of dissolving collective enterprises was expected to be high, and the short-term consequences of implementing the decree appeared to some state officials to contradict local interests. The lesson here is that the privatization of institutions that have an important social as well as economic function is likely to meet with resistance from local state actors.

However, the social costs of reform are not the sole determinants of bureaucratic resistance. The costs of industrial privatization in the postcommunist world have been high, but state officials did not exhibit widespread resistance to that process. Instead, many undermined reform through rent seeking. A fourth condition, the availability of rents, will shape state actors' behavior. Officials in Kharkiv were offered no positive incentives for implementing a decree that defied local understandings of rational resource use. Furthermore, land zoned for agricultural use is not an attractive commodity unless it can be cultivated, profitably leased, used as collateral, or sold. As none of these options was widely available to state officials in Ukraine, local actors had little personal stake in pushing through reform. Thus, in situations where the economic incentives provided by reform policy are not sufficient to generate change in ideas about appropriate use of resources, we may expect resistance on the part of those carrying out reforms.

Privatization of common pool resources, where norms governing resource use may militate against substantive redistribution, is one context in which we might expect to find *sub rosa* resistance. However, this hypothesis could be tested through close process tracing in multiple policy areas. Recent work on social policy retrenchment in the United States, for example, suggests the presence of similar informal mechanisms at work in the privatization of risk.<sup>87</sup> This article has identified causal links between specific aspects of Ukrainian politics and bureaucratic resistance; more definitive specification of boundary conditions for this and other informal institutions will require process tracing in as well as comparative analysis of additional cases.

<sup>87</sup> Jacob S. Hacker, "Privatizing Risk without Privatizing the Welfare State: The Hidden Politics of Social Policy Retrenchment in the United States," *American Political Science Review* 98 (May 2004).

The pressures of intra- and interstate hierarchy—key determinants of sub rosa resistance in the Ukrainian case—are particularly likely to be present in postcommunist settings, but this article suggests that such conditions may apply to any state that is relatively weak on the international stage and that wields significant levers over its bureaucracy. Sub rosa resistance is widespread enough to have entered at least one colonial vernacular: late-nineteenth-century Portuguese state functionaries, responding to English critics of Portugal's seeming inability to stamp out remnants of the slave trade in its colonial territories, were said to carry out policy “só para o ingles vêr”—“just for the English to see.” The use of the phrase persists today in Lusophone Africa. Jean Marie Penvenne writes, “Today, the World Bank, the IMF, and the United States have displaced the English, but the idea is the same—what does one have to say and how does one have to say it to get the money or to get these people off our backs.”<sup>88</sup>

Up to this point, much of the literature on reform in postcommunist states and the developing world has not treated bureaucrats as such as potentially autonomous actors. When state officials do not comply fully with the demands of economic liberalization, observers sometimes impute their choices to ideological resistance, “backwardness,” or an inability to comprehend the demands of modern capitalism. Reform failures then enter the empirical record as a consequence either of rent seeking or of bureaucrats' inability to implement policy. One resulting conclusion is the inference of institutional weakness. The pattern of sub rosa resistance in Ukraine's experience of land redistribution demands that we take seriously the ways in which state actors may carve out space for autonomous choices. It suggests that deliberate subversion, informed by local knowledge of the likely social costs of reform, may explain some policy failures. As has been shown in numerous individual case studies, neoliberal economic reforms frequently are received as being ill matched to the interests or contexts of the countries in which they are implemented.<sup>89</sup> In such contexts, where open resistance is not possible, state actors may produce an impression of radically depressed institutional capacity in order to protect the interests of the populations they serve.

<sup>88</sup> Penvenne, in a review of Margaret Hall and Tom Young, *Confronting Leviathan: Mozambique since Independence* (Athens: Ohio University Press, 1997), in *International Journal of African Historical Studies* 33, no. 1 (2000). The author thanks Eric Allina-Pisano for this point.

<sup>89</sup> Two well-documented examples of this large genre include Marc Edelman, *Peasants against Globalization: Rural Social Movements in Costa Rica* (Stanford, Calif.: Stanford University Press, 1999); and Peter Reddaway and Dmitri Glinski, *The Tragedy of Russia's Reforms: Market Bolshevism against Democracy* (Washington, D.C.: United States Institute of Peace Press, 2001).