

Agrarian reform in Eastern Europe

by Rosa Tennenbaum

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The question of agriculture has internationally reached a point of decision. Where shall agriculture worldwide go from this point? Shall we in the developed Western countries allow a further decline in our capacity to feed ourselves, and hence leave it to the developing countries and the newly formed states in Central and Eastern Europe, to broadly take over responsibility for feeding the developed world? What should that mean for the developing nations and the Eastern European states?

How these questions are answered will be a question of decisive significance for the future of us all. The same is true for the reforms which are now being carried out in Eastern Europe. These innovations have a significance that goes far beyond Europe per se. The reforms in agriculture, and particularly the question of ownership, will be decisive. . . .

The structure of agriculture is characterized by three factors: the relations of ownership, the way in which the farm is run, and the relation of labor to the land, i.e., the form of payment made for labor provided. In all three of these domains, relations are fundamentally different, depending on whether agriculture is organized as market- or socialist-oriented.

In the Western industrial countries there exist very substantial farms derided by the communists as small businesses, largely privately owned, often enlarged by means of renting or leasing. The family farm, which 150 years ago was "buried" by Karl Marx, is nonetheless still alive.

The agricultural family business is clearly of such longevity and toughness, that it was declared by Lenin to be the chief enemy: "We have a most dangerous and secret enemy, which is by far more dangerous than the more open counter-revolutionaries; this enemy—the deadly enemy of the socialist republic of Soviet power—this enemy is the elementary force of the small property owner." This "enemy" will be eliminated and proletarianized, for "in order to do away with classes, one must abrogate the distinction between labor and farmers, one must make them all into laborers."

They were expropriated, most farms were amalgamated into large concerns, which were explicitly modeled on the

latifundia of Latin America. According to the theses of Marx, they should be worked like industrial concerns, with an army of wage-earners.

True economy of scale

Yet the law of economy of scale, that the cost per unit decreases with the increase of the size of the business, is strictly limited in agriculture, as opposed to industry. When you look at the agricultural reports of the European Community or the United States, you will see that it is rather the middle-sized farms that profit most from economy of scale. With large farms, prices again begin to increase, and the lowering of cost with size thus turns into its opposite, since the machines become too heavy and ponderous, the distance required for transportation too long, and the control and the administrative apparatus too cumbersome.

The battle for the "optimal farm size" is, since the opening of the Berlin Wall, going full tilt. The spokesmen for the old relations, for example those of the former G.D.R. [East Germany], assert that the unit of labor of two full-time workers, which one assumes is the case of the typical family concern, is not adequate to achieve optimal farm size. Professor Schmitt, whom we will hear from this afternoon, has pointed to the fact, that it is not a question of the number of people working, but rather much more importantly, of their productivity, which is decisive. . . .

A still more peculiar folly was the exaggerated specialization of agricultural production along the lines experienced by industry, which very quickly boomeranged. Uneconomically large concerns and exaggerated specialization required an administrative apparatus which further decreased the profitability of these concerns.

Free farmers vs. wage-laborers

Still, the greatest and most fundamental fault of Marxist agrarian theory was the socialization of property. Free farmers became dependent laborers; independent entrepreneurs were made into simple wage-earners. But wage labor is of a great disadvantage in agriculture, since the nature of the work makes practically impossible effective controls and reward according to productivity. Wage labor requires a large supervisory and administrative apparatus, which will be better paid than the laborer. While on the family farm, about 10 man-hours are needed for economical use of 1 hectare, with a system of wage-labor, you need 20 to 25 man-hours. With increasing size, the administrative expense is also multiplied. . . .

Overly ordered central planning bureaus, be they organized as private concerns or as cooperatives, could never make the required decisions with such precision and at the same time with such flexibility. This is no small cause for the chronic inefficiency of the state planning system. This is also the cause of the characteristic inferiority of the large agricultural enterprise as compared to the family farm. . . .