



Land Reforms in Central Asia: The Transition from Production Cooperatives to Services Cooperatives

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ARTICLE DETAILS	ABSTRACT
<p>History Revised format: February 2019 Available Online: March 2019</p> <hr/> <p>Keywords Land tenure arrangements, Collective farming, Private ownership, Production cooperatives, Services Cooperatives</p> <hr/> <p>JEL Classification: D24, Q12, Q15, L84</p>	<p>At the eve of Independence, the political leadership of Central Asian Republics was committed towards privatization. Different liberalization strategies were announced that would follow effective state legislation. It was intended that the privatization program would be extended towards agriculture sector and land reforms would be introduced. But the literature reveals that relatively very little development has been made in this domain and no detailed plan for agriculture reforms or efficient legislation on privatization of agriculture land has been adopted. This study analyzes the Imperial and post-Imperial era land tenure arrangements in the Central Asian Republics that includes an analysis of the land tenure legislations made so far in the republics during Soviet and post-Soviet era. An analysis of the legislations yields the dramatic presence of imperial legacy in the land tenure system and conspiracy of silence on the land reforms in Central Asian Republics.</p>
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1. Introduction

The semi-arid Central Asian Republics (CAR's) had a total of 274.4 million hectare arable land at the time of independence from Soviet Union (IMF, 1992). See the table below for individual republic's data. Land tenure becomes vital in such scenarios.

Table 1: Arable Land and Sewn Area in Central Asian Republics in 1990 (million hectare)

State	Territory	Arable Land	Sewn Area
Kazakhstan	271.7	197.6	35.2
Kyrgyzstan	19.8	10.1	1.2
Tajikistan	14.3	4.3	.8
Turkmenistan	48.8	35.8	1.2
Uzbekistan	44.8	26.6	4.1

Land tenure relates individuals with land as human beings have feet and no roots (Grievies, 2008). The association of human with land is ensured somehow or another through land tenure arrangements. Land Reforms are basically the process of changing these arrangements.

The outspread classification of land tenure arrangements can be delineated by three distinct characteristics based on the rights over the land. The first one is the sole ownership which establishes the sole rights of earnings, inheritance, alienation and *Abusus*. The other form is the Usufructuary ownership which establishes limited rights over the holding. The rights are limited to *Usus* and *Fructus* only. The owner is not entitled to the right of alienation and *Abusus*. The third kind is Collective ownership vested in a firm or organization. The individual as a shareholder possess corporate rights.

Land reforms can be termed as an attempt to transition from one kind of land tenure arrangements to another (De Janvry, 1981). State being the driving force in land reforms assign and reassign the ownership rights. The legislation made so far in CAR's in wake of land reforms initiatives did not satisfy the true essence of land reforms. The whole legislation made so far in the context of land reforms, since the collapse of the Soviet Union in 1991, is mere regulatory arrangements for the state owned collective farms.

The Republics follow the former Soviet style collective model (kolkhoz); where the state confiscates the private ownership rights of individuals. The state collective model of land reforms was introduced in mid 1920's in the former Soviet Union to boost production (Gleason, 1993). The Soviet Imperialist's collective model (kolkhoz) replaced the former Russian Imperialist individual farming model i.e., Khutors. Khutor was introduced in Imperial Russia through Stolypin agrarian reforms in 1906-1914 that revolutionize the traditional commune (Obshchina) form of agriculture (Lieven, 2006).

The CAR's inherited the imperial legacy and continued with the Soviet Model even after independence in 1991. Although the Soviet style production cooperatives have been transformed and modified into services cooperatives through timely legislations and individuals are entitled to paper shares yet the sole-ownership of land vests in state.

Cooperatives are associations, of individuals or legal entities, striving towards a collective goal (services or production). The individuals or other legal entities forming such associations become its members. The members are provided with shares in the property of association in return for their investment in the collective capital of the association in the form of cash deposits or other valuable assets. The profits earned by the cooperatives are distributed among its members in proportion to their shares. A member can leave a cooperative anytime without the approval or consent of other members. A member can only be removed from membership on violation of the constitution of the cooperative. The expulsion must be backed by a unanimous vote of the general assembly. On expulsion, the member is entitled to his share in the form of cash or any other kind as prescribed by the charter of the cooperative. The transfer of shares by a member can be made only on the consent and approval of other members of the cooperative. The shares are not freely marketable (Csáki & Lerman, 2000).

Cooperatives are analogous to the business corporations; the only point of difference is that the former aims to maximize the benefits for its members and the later to maximize the profits respectively (Bhuyan *et al*, 1998). The International Cooperatives Alliance (ICA) describes production and services cooperatives as follows:

- Production cooperatives are those cooperatives in which the members are collectively involved in the process of production. The production might be of manufacturing, agriculture commodities, or services of any kind. Production cooperatives include Agriculture Production Cooperatives where the members are jointly involved in cultivation of collective resources of cooperative (farms and machinery) thereby producing various farm products. The Soviet era collective farms are example of agriculture production cooperatives.
- The other kind of cooperatives is the Services Cooperatives in which the members are provided with services for their independent production of the cooperatively held land.

The CAR's and all other Commonwealth Independent States (CIS) continued the Soviet established land pools (collective farms) and provide marketing services to the joint production instead of providing it to individual members. However the CIS production cooperatives also provide certain services to the members like providing household plots and other externalities of the collective production, thereby developing a unique kind of cooperative—a mixture of production and services cooperative.

The sway of legislation regarding land in CAR's from Soviet-Era productive cooperatives to higgledy-piggledy services cooperatives in the wake of land reforms develop the conspiracy of silence on private ownership of land by the state actors.

The figure below illustrates the right to private ownership of land in CAR. The state authorities are completely silent on private ownership and have delivered only a few rights. The individuals are provided with paper shares and not concrete plots of the land in almost all the CAR.

Table 2

State	Private Ownership	Privatization Strategy	Allocation Strategy	Transferability
Kazakhstan	Household plot	None	Shares	Buy and Sell of private plots dubious
Uzbekistan	None	None	Intra-farm leasehold	Use rights non transferable
Turkmenistan	All Land	None	Intra-farm leasehold	Use right non transferable
Tajikistan	None	None	Shares	Use rights transferable
Kyrgyzstan	None	None	Shares	Use rights transferable

The transitional economies of CAR's have made very little progress in land reforms. The state authorities have not taken any solid steps in this regard. The mere regulatory legislation and transition from production cooperatives to chaotic services cooperatives does not satisfy the need for land reforms in true essence. CAR's are hesitating from taking concert steps to ensure complete privatization of land. The supportive arguments established against the privatization are the traditional inconsistency of CAR's with private ownership and the odds of disruption of already installed network of farms; though both arguments are subject to debate. The CAR's remained under Soviet Communist-Imperialism and is reluctant to privatization programs. Although the case of arable land should be an exception to both systems of communism and capitalism as private ownership of land (house-hold land) neither satisfies the primary characteristic of capitalism i.e. production for profit; as agriculture land can be used for household food production unlike commercial lands which are exclusively used for profits; nor it can be owned collectively or by state as it would affect the individual's basic right and would strengthen the impression of monarchy respectively. It should be dealt as natural right of an individual like the right to life and liberty. The right to have private property is the inherent right of every individual and should be respected accordingly in every system and society. However, there should be a definite system for division and distribution of arable land. Distinction should be made between family farms and farms used exclusively for commercial purposes. Certain limitation should be imposed on private ownership.

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