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Seductions of an Underdevelopment Trap: Systemic Impediments to Agricultural Reform in Russia

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Abstract

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Despite ambitious agricultural reforms initiated by the federal government, inefficient and unprofitable producers predominate in post-Soviet Russia. However, in some regions, a more robust restructuring has taken place. Observing two Russian regions—one with substantially restructured agricultural production and one in which Soviet-style coordination predominates—we develop a model of the interactions between political and economic incentives that lead to these divergent outcomes. The model identifies region- and sector-specific characteristics that, while encouraging some regional governments to maintain Soviet-style redistribution structures and make producers forsake more efficient outcomes as more costly, push other regions to pursue reform.

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