

## Problems of agrarian sector development in the region

*The article contains the analysis of the modern state of agriculture in the Vologda region. The factors influencing over its development and increase in efficiency are considered.*

*The Vologda region, agriculture, development factors.*



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The crisis shocks involved Russia after the decade of positive development outline in relief the reasons and factors of instable condition of the national economy. Among them the most important part belongs to a low level of using our domestic agriculture reserves and possibilities. Such level has an influence not only on making food security but also on ensuring the efficiency of the whole country's production.

According to the last report by the International Bank of world development, the indicator of agriculture productivity measured with surplus value per a worker was \$ 2,037 on the average for the period of 2003 – 2005 in Russia, at the same time in the USA – \$ 23,000, in Canada – \$ 20,000, in Germany – \$ 14,000. It is already 7 – 10-fold difference, whereas by the end of 1980-s the given ratio was 1:4.

In 2008 the results were the best of the last ten years, and the volume of agricultural produce in Russia by comparable evaluation was 20% as less as that in 1990. If in 1990 the specific weight of agriculture in the gross national product was 16%, in 2007 – 2008 it was in the range of 4%.

The developed countries keep up a very high standard of self-supply: in the USA and France – more than 100%, in Germany – 93%. However in our country such indicator is going down. If in 2000 the import of agricultural

produce and foodstuffs to Russia accounted for \$ 7.4 milliard, in 2005 – \$ 17.4 milliard, in 2007 – \$ 27.8 milliard, and in 2008 it increased to \$ 36.5 milliard. In some experts' opinion, in our country the level of food dependence approached 50% instead of 20%, the latter is considered to be the threshold value for the national security. Nowadays in Russia the consumption of meat and meat products per capita is by one third as little as the recommended rational rates even taking into account the import. The calorific value of food allowance of Russian accounts for 2,900 kcal per a day, while in the developed countries it reaches 3,400 – 3,500 kcal.

As it was found by our scientists and confirmed by practice, the principal causes which are obstacles to the agriculture development in Russia are the following:

- ill-considered agricultural policy when going over to the market relations, so it led to a sharp reduction of all major components of production potential in the agricultural and industrial complex: lands in use, technical resources and manpower;
- regulating of the agricultural and industrial complex;
- lack of proper understanding the fact that agriculture belongs to the branches which need in raising the available technology of production with modern machinery and appliances;

- unequivalent relations in products-exchange between agriculture and industry are intensified: our farming producers buy machinery, fuel and lubricant, mineral fertilizers and electric power at high price; we observe a large-scale redistribution of surplus value (made in agriculture) into the mediatory structures, the monopolization connected with giving some transaction services is extended;

- very slow increase in rural families' profitability: at present the wages is the lowest one in the sphere of agriculture, the average pension is by 20% as little as the urban one;

- rising disarrangement of the social sphere in rural areas. Schools and first-aid stations are closed down on a mass scale; the volumes of road and house building, engineering improvement of the rural places are cut down. As a result, demography situation is getting tenser in the rural areas where a third of population of Russia lives (death-rate is 3 – 4 times as much as birth-rate); the young leave here, quality and quantity of working reserves are getting weaker.

Of course, the influences of these negative factors are different in the economic districts over the areas of subjects in the Russian Federation and also in the municipalities.

It's difficult to keep farm in the North-West federal district because of natural and climatic conditions on the one hand and historically established social and economic conditions

on the other hand. The North-West federal district yields to the other federal districts of Russia in the rates of agricultural production. The data presented in *table 1* say that in the NWFD regions the dynamics of agricultural production hasn't obtained the stability (as it was demanded) in 2001 – 2008.

The considerable positive trends relating to the volumes of agricultural products took place only in the Leningrad region. In three (the Kaliningrad, Novgorod and Murmansk regions) regions they were very poor and in the rest of the regions of the District the drop in production was still going on. In the Arkhangelsk and Pskov regions in 2008 (compared with the year of 2000) the production of the agricultural products was reduced by a third. In the Vologda region for the same period of time the gross production of the agricultural products was reduced by 13%.

We go into the details about the factors that influenced on agriculture functioning in the Vologda region in a negative way. The grounds for such choice were the fact that the Vologda region was the second in the North-West federal district (after the Leningrad region) in the volume of agricultural products. In 2008 the region produced 17.7% of the total volume of agricultural products of the District including 16.8% of meat and poultry (live weight) and 26.5% of milk. Meanwhile the Vologda region reflects

Table 1. The volumes of agricultural production in the regions of the North-West federal district in 2001 – 2008

Region	In % to the previous year								2008 to 2000, %
	2001	2002	2003	2004	2005	2006	2007	2008	
Leningrad region	106.0	109.1	92.0	98.3	108.2	99.5	104.2	109.0	120.8
Vologda region	104.0	96.6	97.7	91.5	104.0	95.3	98.2	99.5	87.0
Kaliningrad region	93	101.7	103.0	102.9	100.3	101.9	92.6	115.6	109.6
Pskov region	100.8	95.0	85.8	109.0	86.0	94.9	95.8	99.3	69.5
Novgorod region	108.0	99.6	92.0	104.9	103.8	92.7	102.8	106.9	110.0
Arkhangelsk region	96.0	96.5	87.9	96.8	95.2	97.3	85.6	98.8	62.4
Komi Autonomy	103.0	90.4	96.8	101.5	99.5	103.6	92.3	105.1	91.4
Karelia Autonomy	113.0	95.7	98.4	86.0	98.8	101.1	95.3	108.2	92.0
Murmansk region	96.0	95.2	92.0	98.3	108.2	109.6	105.8	105.5	108.9
In sum over the district	103.0	100.7	93.3	99.6	101.2	98.1	98.5	103.8	98.2

Source: Regions of the North-West federal district. Social and economic indicators / Vologdastat. – Vologda, 2006. – P. 97; Social and economic condition of the Russian Federation subjects within the North-West federal district / Vologdastat. – Vologda, 2009. – P. 13.

Table 2. The most important indicators of agriculture functioning in the Vologda region  
(in all categories of farms)

Indicators	2000	2001	2002	2003	2004	2005	2006	2007	2008	2008 to 2000, %
Sown area, thousand ha	702	686	663	629	601	570	520	504	494	70
Productivity of land, metric center per a hectare of an area harvested:										
- grain-crops	13.6	16.7	15.7	16.2	15.9	16.4	18.8	18.6	19,0	140
- potato	162	164	147	133	94	116	120	112	128	79
- vegetables (open ground)	234	233	235	241	226	246	244	240	257	110
- fibrous flax	4,7	4,4	4,6	4,9	4,4	5,1	4,5	3,6	3,2	68
Total head of neat cattle, thousand heads	317	304	288	258	238	233	230	226	215	68
Including cows	150	144	134	121	113	109	105	104	99,3	66
Pigs	188	183	181	174	146	150	135	141	135,3	72
Sheep and goats	61,4	55,8	47,6	40,6	36,1	31,7	30,0	26,5	24,2	39
Poultry	4,410	3,787	4,114	4,622	4,320	4,567	4,593	4,040	No fresh information	92*
Productivity of livestock in the farming organizations:										
- milk yield per a cow, kg	2,975	3,470	3,875	4,118	4,177	4,219	4,474	4,693	4,795	161
- average daily additional weight of neat cattle per a head, gr	394	452	464	475	498	507	529	523	519	132
- average annual egg-laying qualities of one laying hen, number of eggs	298	290	301	306	294	310	303	284	276	93
Production, thousand tons:										
- of grain	222	277	210	206	182	195	193	225	242	109
- of potato	574	555	487	430	286	366	368	334	257	45
- of vegetables	194	203	204	213	201	218	207	201	No fresh information	104*
- of fibrous flax	3,9	3,4	1,1	2,6	2,8	4,5	0,8	1,9	1,7	41
- of milk	494,9	534,9	550,9	538,2	496,8	470,1	479,0	483,8	481,5	97
- of meat (dead weight)	51,6	55,3	56,9	58,3	56,8	50,7	51,4	50,2	51,4	99,6
- eggs, million eggs	538,3	513,9	545,2	562,8	579,9	620,4	626,0	558,4	510,6	95

\* By 2007.  
Source: Statistics year-book of the Vologda region. 2007 / Vologdastat, 2008. – P. 215-219; Agriculture in the Vologda region: Collection of statistics / Vologdastat. – P. 37, 38, 43, 53, 54, 55, 59.

the most typical features of the regional social and economic systems of the European North.

In *table 2* you can see the most important indicators relating to agriculture functioning in the Vologda region in 2000 – 2008.

As the data indicate, in 2000 – 2008 the effectiveness of agricultural production in the region kept on becoming worse in respect of quite a number of indicators. In 2008 the sown area was reduced by 200 thousand ha or by

30% against the year of 2000. The total head of neat cattle was cut down by 32%; moreover the number of cows was reduced by 51 thousand heads or by 34%. The total head of pigs – by 28%, the total head of sheep and goats was reduced two times and more. Although we managed to raise the productivity of milch herd and additional weight per one head of neat cattle, the volumes of meat and milk production had a tendency to reduction in the region.

In the analytical materials and researches conducted in recent years we pointed at some distinctions in the opportunities of keeping the production and its effectiveness which were caused by the established economic structures. We underlined the increase in the importance of the factors leading to the reducing of production in the private (individual) farms of rural population. In recent years the practice confirms these conclusions.

Judging from the presented data (*tabl. 3*), the farmers increase the volumes of produce relatively fast, but the specific weight of these farms is only 2.5% of the total volume of agricultural products. Individual (private) farms reduce their production because of an extending influence of negative demographic and social factors: in 2001 – 2008 it was reduced by 20%. The specific weight of individual farms was 24.5% of the total production volume in 2008 as against 48.2% in 2001.

Meanwhile in farming organizations the production volumes are growing on in spite of all difficulties of adapting to market management. In the region the farming organizations became dominating structures again. Their specific weight in production of the agricultural products in the region was 73% in 2008. The

production volume in farming organizations was higher by 15% in comparison with the year of 2000. But the average annual rate of increase in production was only 1.9% for the period under review, i.e. it hadn't high growth. At the same time the presented data allow us to state another thing: the using of the reserves for production growth of products in the farming organizations is very important for increasing the rates of agrarian economy development in the region.

But the using of these reserves in the farming organizations is restrained by both internal and external factors. Monitoring polls for the heads of farming organizations of the region fix almost a constant principal set of factors restraining the development (*tabl. 4*).

The most important issue is concerned with high prices of industrial products used in agriculture. The prices of power machines and machinery (required to work in the fields and farms) increased many times. It led to the fact that in the farming organizations of the region the fleet of tractors, combines and other machines is reduced every year (*tabl. 5*).

Because of full wear of tractors 8% of their number (at the beginning of the year) were written off and only 4% were bought in 2005 –

Table 3. The dynamics of agricultural production and the changes of its structure in all categories of farms in the Vologda region

Categories of farms	Index of the volume of products, % to 2000			Production pattern, % to total sum		
	2001	2005	2008	2001	2005	2008
All categories	104	83.9	87	100	100	100
Including:						
- farming organizations	109.2	109	115	51.1	55	73
- farmers' (peasants') farms	111.7	198	336	0.7	1.2	2.5
- private (individual) farms of population	99.1	89	80	48.2	43.8	24.5

Source: Statistics year-book of the Vologda region. 2007 / Vologdastat, 2007. – P. 207, 208; Agriculture in the Vologda region in 2008: Collection of statistics / Vologdastat, 2009. – P. 13, 14.

Table 4. Principal factors restraining the agriculture development in the Vologda region (as a result of questionnaires conducted by the ISETD RAS; % of the number of heads who answered)

Factors	Years under review								
	2000	2001	2002	2003	2004	2005	2006	2007	
High prices of fuel, power, raw materials, machinery, services	97	89	86	87	96	100	93	80	
Wear of production basic stock	86	89	64	74	70	77	61	59	
Poor mechanism of grants, subsidies and budget supporting	62	72	57	70	67	72	79	70	

Table 5. Fleet of major kinds of machinery in the farming organizations of the Vologda region (at the end of the year; the number of units)

Kind of machinery	2000	2005	2008	2008 to 2000, %
Tractors	10,417	7,473	5,711	55
Ploughs	2,449	1,653	1,216	52
Cultivators	1,419	1,015	865	60
Combine grain harvesters	1,458	937	698	48
Combine forage harvesters	886	729	599	68

Source: Agriculture in the Vologda region: A Statistical digest / Vologdastat. – Vologda, 2007. – P. 27; Agriculture in the Vologda region: Collection of statistics / Vologdastat. – Vologda, 2009. – P. 30.

Table 6. Investment volumes and dynamics into the fixed capital of the farming organizations in the Vologda region

Indicators	2001	2002	2003	2004	2005	2006	2007	2008
Total investment volume into the fixed capital of the farming organizations by current prices, million rubles	593	790	794	855	1,091	1,895	2,521	2,343
Investments to the level of 2000 by comparable estimation, %	101	101	101	106	116	171	195	190

Table 7. Profitability (unprofitability\*) of sold livestock products in the farming organizations of the Vologda region (without subsidies)

Item of products	2005	2006	2007	2008
Milk	20.6	18.6	27	28.3
Veal and beef (live weight)	-23.9	-20.0	-18.2	-29.9
Pork (live weight)	15.7	12.2	-8.3	1.0
Poultry (live weight)	16.7	16.9	20.0	6.4
Egg (for 1 000 eggs)	26.7	23.6	16.9	9.6

\*With minus «-».

Source: Agriculture in the Vologda region: Collection of statistics / Vologdastat. – Vologda, 2009. – P. 117.

2007 on the average. The indicators of combine grain harvesters were 12% and 6% accordingly. In the farming organizations of the region the wear of basic stock was 40% at the end of 2008. It's one of the highest indicators compared with the wear of stock in the enterprises of other economic activities.

Although in recent years the investment volumes into the fixed capital of the farming organizations have grown in the region essentially (*tabl. 6*), they are still not enough to make compensation for the drop-out basic stock.

By our reckoning, in 2008 the volume of investments into the agricultural and industrial complex of the region was by comparable estimation only 29% of the level of 1990. Moreover

the participation of the budgetary means in the investment process went down sharply. The farming organizations' investment sources of themselves were reduced as well.

Nowadays some possibilities to increase the investments depend on the farming organizations' income first of all. Meanwhile it is very far from the wanted level. In *table 7* we present the data of the last years concerning the profitability of sold livestock products, that forms the basis of marketable value of agriculture in the region.

Only the receipts from milk exceed the expenses much (without subsidies). The annual receipts from veal and beef are a quarter as little as the expenses for growing and fattening up.

The sale of poultry and eggs is profitable, but they are produced on the industrial base, and the lack of their profitability is 9%. Moreover it's almost 2 times as low as the optimum level and doesn't exceed even the inflation losses.

On a whole in the region the results of farming organizations' financing activity are very far from those that are required to organize an extended reproduction at the expenses of their own means. In many farms there is a lack of sources even for an ordinary reproduction, and the data from *table 8* speak of it with conviction.

One of the principal reasons of the difficult financial condition of the farming organizations is an increase in their expenses for industrial materials and services in consequence of rapid increase in their cost. So for the period of 2001 – 2007 the expenses for purchasing some oil products went up from 245 million rubles to 513 million rubles, or more than two times, for purchasing electric power – from 101 million rubles to 426 million rubles, or more than 4 times. The sum total of farming organizations' working expenses increased from 3.8 billion rubles in 2000 to 10 billion rubles in 2007.

In *table 7* the profitability is shown as ratio of the profit sum to the expense sum. If one

brings into correlation the profit made in 2008 to the cost of basic and circulating funds of the farming organizations, the profitability will be only 3%. But it's necessary to keep in mind that at present time the profitability rate by itself misrepresents the true condition of management efficiency. First of all it is connected with the fact that in rural areas the wages are underestimated compared with other branches (*tabl. 9*).

As the data of *table 9* indicate, even in 2007 – 2008 when in agriculture the increase of wages was the most considerable one, the wages were by a third as little as the average wages in the region economy and almost two times as low as the wages in industries. As the results of spot investigations show, a fifth part of the farming organizations' workers has the wages less than living wage. Two thirds of the workers receive the wages lower than the average ones in agriculture.

If the wages in the farming organizations were 90% of the average wages in the region's economy (as it were before reforming), their working expenses would grow to such volumes as the overwhelming majority of the farming organizations would be unprofitable.

Table 8. Results of farming organizations' financing activity in the Vologda region

2000	2001	2003	2005	2006	2007	2008
Number of farming organizations at the close of the year, units						
401	412	351	321	317	291	257
Number of profitable farming organizations, units						
240	239	190	221	187	215	202
their pre-tax profit, million rubles						
617.7	728.2	354.7	801.1	635.9	1059.2	1240.6
Number of unprofitable farming organizations, units						
161	173	161	100	130	76	55
their loss before tax, million rubles						
120.4	122.3	180.8	126.9	407.5	163.7	173.9
Balance sheet profit on the whole activity, million rubles						
497.2	606.6	173.9	674.2	228.4	895.5	1066.7
Profitability of the whole activity, without subsidies accounting, %						
15.9	15.8	3.3	11.0	3.0	10.1	9.5
Profitability of sold products including compensations and subsidies from the budget, %						
20.4	20.9	7.2	16.2	16.6	19.6	18.1
Source: Agriculture in the Vologda region: Collection of statistics / Vologdastat. – Vologda, 2008. – P. 87; Agriculture in the Vologda region: Collection of statistics / Vologdastat. – Vologda, 2009. – P. 87.						

Table 9. Average monthly nominal wages of the workers in the Vologda region, rubles

Indicator	2000	2001	2002	2003	2004	2005	2006	2007	2008
On the average in all kinds of economic activity	2,562	3,511	4,497	5,498	6,971	8,828	10,667	12,914	16,115
Industries	3,420	4,636	5,942	7,237	8,953	11,420	13,505	16,451	20,063
Agriculture	1,595	2,334	2,948	3,593	4,488	5,599	6,919	8,726	11,036
Wages in agriculture, %:									
– to average wages over the region	62	66	66	65	64	63	57	68	68,5
– to wages in industry	47	50	50	50	50	49	45	53	55

Source: Agriculture in the Vologda region: Collection of statistics / Vologdastat. – Vologda, 2008. – P. 11; Agriculture in the Vologda region: Collection of statistics / Vologdastat. – Vologda, 2009. – P. 11, 91.

Table 10. Budgetary financing of agriculture in the Vologda region

Indicators	2001	2002	2003	2004	2005	2006	2007
Federal budget means and consolidated region budget means, million rubles	610.7	625	843	970.4	1,256	1,135	1,422
% to gross regional product made in the agriculture of the region	10.2	9.7	7.4	7.8	8.8	8.2	8.9

Source: A year-book of the Vologda region: Collection of statistics. / Vologdastat. – Vologda, 2008. – P. 148, 149, 311, 312.

Besides it the farming organizations have to spend the growing part of their profits on paying off their promissory notes and credit debts. In 2008 inspite of the indebtedness restructuring the sum of their debts reached 9 billion rubles – 70% of their annual gain.

Under existing conditions an issue on budgetary support to the agriculture is the most important one. In recent years the budgetary support has been increased a little, but it couldn't improve the financial condition of the most farms completely. The data of *table 10* serve as a confirmation.

But the budgetary investments are not the only possibility for speeding up the agricultural production development. The most important component of its investment sources is bank credits. In 2006 – 2007 a positive part in it was played by priority national project “Development of agroindustrial complex”, and in 2008 – by fulfillment of government program on agriculture development. For three years the farming organizations of the region have drawn 8.9 milliard rubles to modernize cattle-breeding complexes and to buy machinery and pedigree cattle. The subjects of small entrepreneurship concluded the credit agreements to the sum of 598 million rubles.

But the terms of crediting were very strict compared with the terms existing in other states. The problem hadn't been solved even by means of subsidizing at the rate of two thirds of the Central Bank refinancing interest rates on commercial banks' credits for construction and modernization of cattle-breeding complexes (farms). First, because using it one cannot form an effective operation program to make the agro-industrial complex go out of the decline. Second, because in Russia the rates on credit payments are very high. The foreign farmers selling their products to Russia use some credit resources by value of 3 – 5% a year, it's 3 – 4 times as low as in our country. As a rule, they buy expensive machinery by leasing credit. Moreover during the first year of machinery exploitation the foreign farmers are released from credit payment, and in the case of buying new up-to-date machinery they get also subsidies. But the principal problem is that three fourths of the farming organizations in the region can't take long-term bank credits because of current unsatisfactory financial condition.

One of the main issues in the system of agrarian relations which are connected by the market mechanism is a land issue. The reforms in this sphere are carried out without

theoretic ground and well-thought program since the beginning of 1990s. It led to a great deal of unsettled problems. Redistribution of land collectivized in Soviet time between the former collective (kolkhoz) and state (sovkhoz) workers resulted in relative allotments. It still hasn't been fixed in the documents in a proper way. The increase in number of land objects, especially with passing the Federal law "On turnover of agricultural lands", that allowed to make the bargains for these lands is conducive to the drop of the land tenure drive and to the expansion of "shadow" land relations. The land issues are run by the officials from the organization of the land use.

The data by All-Russian agricultural census of 2006 indicate that the level of practical cultivation of the agricultural lands is very low in the nowadays company of land users (*tabl. 11*).

Two thirds of the agricultural lands are almost not used in small farms.

For the years of reforming the applying of mineral and organic fertilizers had been reduced sharply. It has a negative influence on the effectiveness of farming as well. In 2008 in the farming organizations of the region there were 37 kg of mineral fertilizers per a hectare of sown area (calculating on 100% of nutrients), and it's almost 4 times as little as in the year of 1990. The volume of applying organic fertilizers was 1 million ton in 2008, and it's 8 times as little as in the year of 1990. The volumes of liming of sour soils and drainage works were reduced many times.

The agricultural production is getting more and more dependent on the rent terms connected with the farm location and the degree of economic and social development of the areas.

According to the researches by the North-Western Institute of agricultural production economy and organization of the Russian Academy of agricultural sciences, compared with the outlying rural areas the suburban areas of the region (calculating on 100 hectares of agricultural lands) are provided with stocks 4 times as large, with manpower 2.5 times as large. As a result, in the suburban areas the productivity of capital is 2.5 times as large, the productivity of labour – 3.8 times and the productivity of land – 10 times. At the present time having 35% of agricultural lands the farms of the suburban areas (the Vologda, Cherepovets, Gryazovets, Sheksna and Sokol municipal districts) produce 75% of the region volume of produce. The farms of other 21 municipal districts produce only 25% of products having two thirds of agricultural lands. Hence an effect of "reverse wave" arises: The farms having low provision with stocks and manpower become little-inviting for the investments, they bring down the total efficiency of the agrarian sector of the region economy.

Therefore the most important task is to raise the level of agricultural development in the special aspect. Moreover the question is not only a production base, but also a rapid development of social infrastructure in the countryside.

Table 11. Structure of the agricultural lands and the level of their use by categories of farms in the Vologda region (after the results of All-Russian agricultural census of 2006)

Categories of farms	Specific weight of the agricultural lands in the indicated category of farms by area, % to the total	Specific weight of the area under use, % of the total area of the agricultural lands in the indicated category
Large and middle organizations	58.4	78.6
Small enterprises	31.1	36.5
Peasant (farmers') farms	3.4	53.8
Individual entrepreneurs	0.5	64.9
Private farms of population	7.0	64.5
Subsidiary farms attached to non-agricultural organizations	0.6	45.9

Source: Statistics year-book of the Vologda region. 2007: A statistical digest / Vologdastat, 2008. – P. 225.

Living conditions of rural population are still unattractive. The housing resources improvement is much behind the urban one. There are no marked changes in this direction in recent years.

To solve the most serious rural problems both the production and social problems it's necessary to work out, pass and put into practice the long-term national strategy of agro-industrial complex development.

A great step in this way was passing of the Federal Law "On agricultural development" at the end of 2006. According to the Law, in 2007, July, 14 Government of the RF approved the government program on agriculture development and running the markets of agricultural products, raw materials and foodstuffs for 2008 – 2012. For five years three major purposes were set by the Program:

*first* – stable development of the rural areas, growth of employment and living standard of the rural population;

*second* – increasing the competitiveness of domestic agricultural products on the basis of financial stability and agricultural modernization, rapid development of priority segments of agriculture for the purpose to replace the import;

*third* – keeping and reproduction of land and other resources, used in the agricultural production.

The volume of annual support for agriculture from the federal budget was supposed to be increased two times for 5 years. Besides it was expected that on the part of the budgets of the RF subjects co-financing of the government program would have the same volumes. On the whole, the volume of consolidated (federal and regional) support for agriculture was planned to mount to 1 billion 150 milliard rubles for 5 years. Such volumes seem to be essential. But it's necessary to take into account that this sum is still incommensurable with those volumes of support which is lent to agriculture in the developed countries.

Unfortunately, many preliminary outlines are to be corrected and postponed because of financial crisis. But one cannot retreat far: without massed government support it's practically impossible to create a competitive agro-industrial production in our country.

At the present time the target programs for the period till 2012 have been worked out in the Vologda region. They are aimed at speeding-up the development of the most important agricultural branches – flax growing, dairy farming, and also at supporting for farmers and individual farming entrepreneurs.

But in our opinion the limits outlined in these documents won't ensure a quick achievement of even the pre-reform 1990s indicators. There is an indulgence towards the set aims in the adopted programs. So, only 75 dairy farms (it's only a third of agricultural organizations occupied with dairy farming) are involved by the measures in accordance with the target program "Dairy farming development for 2009 – 2012" which was approved by the Government decree of the region. For 5 years it is aimed to increase milk production by 57.4 thousand tons and to raise the total number of cows by 7.4 thousand heads. It is essential in the given group. But such an increase will make only 6.7% to the present total number of the milk herd. Without increase in matrix it's impossible to get an essential rise of beef production.

In this connection the government program on agriculture development for 2008 – 2012 and its regional working outs should be considered only as a step to creating the document according to which the agro-industrial complex development would represent a clear planned strategy of long-term development, but not a code of measures that have only the anti-recessionary character in common. It is also necessary because agriculture is the sector that is notable for the diverse functions including solving the problem of reproduction of physically and culturally healthy generations of people able to provide Russia and its regions with the innovative economy development.

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