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Prokhovorov Sees Land Reform as Economic Engine

By Anatoly Medetsky

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Prokhorov wants to eliminate zoning of farm and other land near cities. **Ilya Naymushin**

Billionaire turned political leader Mikhail Prokhorov has proposed to streamline the rules for land ownership, saying it could give momentum to the economy.

"Land needs to be introduced into economic life," he said, Interfax reported.

Prokhorov added that banks now generally do not accept land as collateral, even if the land parcels sit alongside the prestigious Rublyovskoye Shosse.

Cumbersome rules make it hard to register rights to land plots.

Chairman of the liberal Civic Platform party, Prokhorov made this and other land-related statements at a party meeting Friday.

In addition to easier rules, the party leader proposed to abolish the division of land

into various categories, such as land for industrial use or farmlands, if the plots lie within 100 kilometers of Moscow's and St. Petersburg's city limits.

The other cities that have more than 1 million residents, but are smaller than the two capitals, would have that distance set at 50 kilometers under the proposal.

The move would eliminate the hassle of converting land from the farming category to a category that allows construction of housing.

Touching on another sore point, Prokhorov said forests surrounding cities should be available for rent for building houses with permission to cut down 10 percent of trees.

The government should also hand over the land under buildings owned and managed by associations of private individuals to them free of charge, he said. Any subsequent deals should be on a commercial basis.

In another idea, he called for to the Constitution to maximize the rights of citizens whose land the government wants to seize.

Prokhorov said Russia has historically lagged behind other countries in terms of economic development because land reform was never finished.

The state is an ineffective owner, though it possesses 92 percent of the land, Prokhorov added.

More than half of state land is not even delineated among the levels of government, and much of it is not listed in the state land registry, he said.

Prokhorov proposed to set up a state agency that would deal with all land-related issues. The agency should operate a data bank of the country's land plots and be open to all Russians.

He expressed confidence that these measures would stem an outflow of capital from the country and lure back citizens who have left Russia. Also, the move would boost GDP growth by 2 percent and increase revenues to the budgets of all levels by a total of 80 billion rubles thanks to an expansion of taxable assets and commercial transactions involving land.

Prokhorov said he would send the proposals to the State Duma and the federal government for consideration, with an eye on hammering out joint decisions.

Sergei Popravka, chief of the legal department of real estate firm Penny Lane Realty, said he agreed with Prokhorov on the need to raise the amount of land-related deals in the economy, and that the state was not the most effective landlord. But he said he was puzzled by the statement that all Russia's economic weaknesses were a result of piecemeal land reforms.

Maria Litinetskaya, chief of the Metrium Group real estate company, said the government was already moving forward with a plan similar to Prokhorov's.

"Maybe, the pace is not as revolutionary as Prokhorov is proposing, but one can see the dynamics," she said, adding that most of the land in the Moscow region was in private hands.

Contact the author at medetsky@imedia.ru

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