

Crisis in Soviet Agriculture



Stefan Hedlund

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For my parents

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time, goes my warmly felt gratitude. Maybe it will not be necessary to indicate responsibility for any remaining errors and omissions?

GLOSSARY

In a study of this nature, the use of a number of Russian terms and expressions is unavoidable, simply because translations would either lose the exact denotation of the original, or be contrary to standard practice of reference. Such words have, when first encountered, been explained either in the text or in a footnote. On some occasions explanations have been repeated in later chapters. To assist the reader further, this glossary provides explanations of the most important terms used in the present study.

Agitprop: Acronym for agitation and propaganda. Separate department in the party organisation.

Apparatchik: A full-time employee of the party *apparat*, or bureaucracy. Sometimes also used with reference to people in the state hierarchy.

Artel: A producer's collective. Normally used with reference to the form of agricultural co-operation that later developed into the *kolkhoz*, but originally also covering artisans' co-operatives.

Barschina: The most common form of serfdom in pre-1861 Russia. Roughly equivalent to day labour.

Bezдорozhe: Literally 'roadlessness'. Depicts the time of year when the bulk of the road network is turned into impassable mud.

Beznaryadnoe zveno: The 'unassigned link'. A small group of peasants that work together under self-determination, and who are remunerated according to the results of their efforts.

Buro trgovlya: State organisations that exist in some of the permanent urban markets, and which accept produce from the peasants for sale on commission basis.

Chernozem: Black earth. By far the best soils in the Soviet Union.

Dogovor: Contract or agreement.

Edinolichnik: Private peasant in the true sense of the word, i.e. one who does not belong to a state or collective farm. Very few of these remain.

Edinonachalie: One-man management. Highly important principle in Soviet administrative theory. Denotes the very personal nature of responsibility of the Soviet official or manager.

Gosbank: Acronym for *Gosudarstvennyi bank*, the state bank.

Glossary

Gosplan: Acronym for *Gosudarstvennaya planovaya komissiya*, the state plan commission.

Kadastr: Land survey.

Khozaschet: Acronym for *khozyaistvennyi raschet*, economic calculation. Aimed at a higher reliance on the use of 'profits' as plan indicators.

Kolkhoz: Acronym for *kollektivnoe khozyaistvo*, collective farm.

Kolkhoznik: A male member of the kolkhoz.

Kolkhoznitsa: A female member of the kolkhoz.

Kolkhozsentr: The central body of the kolkhoz organisation.

Kombed: Acronym for *komitet bednota*, a committee of poor peasants.

Kommuna: Commune. One of the first forms of Soviet agricultural co-operation, and also that which was most 'communitistic'.

Kompleksnost: Indicates the (lack of) co-ordination in production, which is necessary in order to provide, for example, integrated systems of machinery.

Komsomol: Acronym for *kommunisticheskii soyuz molodezhi*, the Communist youth organisation.

Kontraktatsiya: A system of contracted deliveries to the state of agricultural produce at previously fixed prices.

Kraikom: Acronym for *krainyi komitet*, party committee at the *krai* (regional) level. The *krai* is a very large administrative unit that only exists in some republics.

Kulak: Fist. Used with reference to better-off peasants who in various ways exploited their neighbours.

Lichnoe podsobnoe khozyaistvo: private subsidiary farming. Refers to the private plots in collective and state farms. The Soviets deny that they are private, and prefer the expression 'personal'.

Minselkhoz mashin: Acronym for *Ministerstvo selskokhozyaistvennykh mashin*, the Ministry for Agricultural Machinery.

Narkomzem: Acronym for *Narodnyi komissariat zemli*, People's Commissariat of Agriculture, during Stalin.

Nedelimyi fond: Indivisible fund. Used for investment purposes.

Nomenklatura: Appointment list containing those positions that cannot be filled without party approval.

Obkom: Acronym for *Oblastnoi komitet*, party committee at *oblast* level.

Oblast: Administrative unit above the *raion*.

Obrok: Form of serfdom that was based on quit-rents instead of labour services.

Orgotdel: Acronym for *organisatsionnyi otdel*, department in charge

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of matters regarding the party organisation.

Otdel: Department.

Ostoyaschii: Backward. Used with reference to financially weak kolkhozy.

Politotdel: Acronym for *politicheskii otdel*, political department. Introduced by Stalin with the Machine Tractor Stations in 1933, in order to strengthen party control over agriculture.

Pravo kontrolya: Right of control.

Pribil: Profit.

Prodalog: Acronym for *prodovolstvennyi nalog*, tax-in-kind. Introduced by Lenin in 1921 as the starting signal of the New Economic Policy (NEP).

Prodravverstka: Policy introduced during War Communism, the basic principle of which was forceful extraction of produce from the peasantry.

Raiispolkom: Acronym for *raionnyi ispolnitelnyi komitet*, executive committee of the local soviet.

Raikom: Acronym for *raionnyi komitet*, district party committee.

Raion: Administrative unit at district level.

Razkulachivanie: Dekulakisation. Official term for the process whereby the top layer of the Soviet peasantry was deported during the collectivisation campaign.

Rentabelnost: Profitability.

Samizdat: Illegal network for the publication of pamphlets and books in uncensored form, normally typewritten and mimeographed.

Sebestoimost: Non-labour cost.

Selkhozkhimiya: State organisation with responsibility for the supply of agricultural chemicals.

Selkhoztekhnika: State organisation with responsibility for the supply of agricultural machinery.

Sovkhoz: Acronym for *sovetskoe khozyaistvo*, state farm.

Starosta: Village elder.

Tekuschestvo: Turnover of Soviet officials.

Toz: Acronym for *tovarichestvo po obschestvennoi obrabotki zemli*, association for the common cultivation of land.

Travopole: Crop rotation pattern that includes grasses.

Troika: Committee of three, originally with reference to a team of three horses.

Tsentrosoyuz: Central body of the consumer co-operative organisation.

Upolnomochennyi: Plenipotentiary. Person with complete authority vested in him to carry out specific tasks.

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Zagotovki: Requisitions of agricultural produce.

Zakupki: Procurements of agricultural produce.

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1 INTRODUCTION

This is a book about Soviet agriculture. It is not, however, a book about agricultural production as such. It is a book about the institutions and decision-making processes that determine this production. Consequently, we shall not be concerned with agronomic detail, but rather with the institutional framework of the agricultural sector. Furthermore, as the title implies, the purpose of our study will be to deal with the present crisis in Soviet agriculture, and this may need some elucidation.

A major problem facing Soviet agriculture is that of low productivity, which is due partly to adverse natural conditions and partly to a low level of mechanisation and an underdeveloped infrastructure. There is nothing new about these problems, however, and they hardly merit the term 'crisis'. Consequently we shall not be concerned with international comparisons of agricultural output, nor with long-run measures aimed at improving the overall framework. Our understanding of 'crisis' is rather to be found in a growing gap between demand and supply of agricultural produce in the Soviet Union, and in the consequent pressures on the government to 'do something' in order to alleviate the food shortages.

On the demand side, it is important to state at the outset that there is no crisis in food supply in terms of impending starvation. The problem lies in the population's *expectations* of continued improvements in living standards. The importance in eastern bloc countries of secure food supplies at low prices takes on an importance that for a Westerner might be hard to comprehend. By providing food and other basic necessities at low prices, the state to some extent compensates its population for the loss of a broad range of political rights. In the Soviet case the government is coming under increasing pressure by demands not so much for *more food* as for an *improved diet*, above all in terms of an increased meat consumption. This, then, is one side of the crisis – the future ability of the Soviet regime to buy legitimacy by fulfilling popular expectations for improvements in food supply.

The main focus of our presentation will thus be on the supply side, and on the possibility of achieving major increases in agricultural output in the *short run*. In pursuing this ambition, we shall make extensive use of historical experience. It will be an underlying assumption of the study that many of the problems that face modern Soviet agriculture

follow directly from past agricultural policy. We shall thus start with an investigation of how the present institutional framework emerged, and what attempts have been made to change it.

The present situation will then be analysed in terms of a game between the different actors involved, viewed against the background of historical experience. Finally, in the context of a discussion of possible changes, it will be argued that the only viable solution to the crisis is one that attempts to alter the institutional framework and the decision-making processes, i.e. it will have political implications.

The 'Crisis in Soviet Agriculture', as we see it, is thus a combination of two factors. On the one hand, the population's expectations for improvements in food supply exceed the present capacity of production and ability to import, and on the other, the only way to achieve major additions in output in the short run is by making political concessions in terms of reform. The reason that the situation is becoming critical at this point is, first, that the gap between demand and supply is taking on unprecedented proportions; and, secondly, while in the past there were possibilities of short-term additions to output by means of sheer expansion, this road is now closed, and a solution must be found in improved yields.

To describe the present situation we are going to use the metaphor of comparing Soviet agriculture to a chain that is composed of many different links, some weaker and some stronger. As the chain is exposed to an ever increasing strain, some of the weaker links will eventually have to yield, and it will be our endeavour to find out where the break might occur. Let us start by setting out the background to the crisis.

A Crisis Develops

During the latter half of the 1970s, the Soviet Union witnessed mounting problems in its agricultural sector. Farms failed to meet plans, and meat production especially performed inadequately. To cope with the situation, imports, mainly of grains, were allowed to rise substantially.¹ The US, which was the main supplier, found that increasingly vociferous domestic opinion demanded the use of the 'food weapon' in order to exert pressure on the Soviets. Finally the Carter administration resorted to grain embargoes to demonstrate its displeasure at Soviet intervention in Afghanistan.² Although the effectiveness of these embargoes is debatable, especially since other nations — notably Argentina — stepped in to cover deficits, the situation is

obviously disturbing to the Soviet leadership and the US stance has repeatedly been denounced as 'highly uncommercial'. Against the background of the threat of more concerted action at a future critical point, there are indications that there is a strong desire to reduce the dependence on food imports not only for hard currency reasons.

One element of the crisis is thus external, but the most important one is domestic, and at the beginning of the 1980s the situation has deteriorated even further. Four consecutive harvests have been clear failures, particularly in 1981 and 1982 when statistics on the grain harvest were actually withheld.³ Food is becoming increasingly difficult to obtain, and meat has been rationed for some years.⁴ Against this background, it is obvious that something must be done, and in May 1982 a special Central Committee plenum was held to discuss a new 'Food Programme' for the 1980s.⁵ Brezhnev's speech at that plenum gives valuable information both on the Soviet view of the present problems and on the future course of policy. Let us use this speech to set the stage for our analysis.⁶

A New Agricultural Programme

The starting point for Brezhnev's account of Soviet agricultural performance is the May 1965 plenum of the Central Committee. A new agricultural strategy was outlined that was to come to grips with the problems that had mounted during the last years of Khrushchev's rule. According to Brezhnev this strategy has performed well.

Since 1965 the areas under irrigation and drainage have both increased by 1.7 times. Available draught power has increased threefold, which also applies to the supply of mineral fertiliser. As a result, labour productivity has trebled and gross output in value terms has increased by 50 per cent, from 83 billion roubles in 1961-5 (annual average) to 124 billion in 1976-80. Comparable figures for the US and the Common Market countries are given as 29 and 31 per cent respectively.

In spite of a population increase of 35 million during the period, *per capita* output has increased by 28 per cent. *Per capita* consumption of meat has increased by 41 per cent to reach 58 kg, that of vegetables by 35 per cent to 97 kg, etc. Data on increases in the production of various agricultural products are given in Table 1.1, and in this light it would not appear that there is a mounting crisis. Where then does the problem lie? From the sheer volume of recent writings in the Soviet Press, and from the mere fact that a separate plenum was held on the issue, we can infer that the Soviets are worried, and these worries focus on three points. First, largely due to rapid increases in wages with no corresponding

increases in prices, demand expands at a faster pace than supply; secondly, rapid urbanisation has left fewer people as actual producers on the land, which has greatly increased the strain on the transport and distribution system; and thirdly, increases in agricultural *productivity* have not been satisfactory. (The latter point is an obvious indication that the Soviets are finding themselves in a position where a shift has to be made from a policy of expansion to one of improved yields.) Apart from the points above, it is also mentioned *en passant* that there are problems in the fields of procurement, storage, transport, processing and trading in agricultural produce, which obviously largely stem from the infrastructural problem.

Table 1.1: Agricultural Production (million tons; eggs: million pieces, annual averages)

	1961-5	1976-80
Grain	130.3	205.0
Vegetables	16.9	26.3
Meat	9.3	14.8
Milk	64.7	92.7
Eggs	28.7	63.1

Source: *Pravda*, 25 May 1982.

To combat the problems, the Food Programme suggests measures much along the same lines as those applied during the past 17 years – only more. The share of the nation's resources that goes into agriculture is to increase substantially. State procurement prices for most agricultural products are to go up, at an estimated annual cost of 16 billion roubles. State contributions to rural development, such as housing, schools, cultural activities, etc. are to increase at a further cost of 3.3 billion, and debt amounting to 9.7 billion is to be written off.

As a result of these increases in inputs, available draught power is to increase by 1.6 times, the supply of mineral fertiliser by 1.7 times, and the areas under irrigation and drainage are each to be expanded by 23.5 million hectares. The plan targets for output during the 12th plan (1986-90) are set at 250.5 million tons of grain, 20-20.5 million tons of meat and 37.9 million tons of vegetables.

A Credible Cure?

Given the performance during 1976-80 (see Table 1.1) these targets are ambitious indeed, and the question arises whether they are realistic. Will

the Food Programme be capable of alleviating the present difficulties? Brezhnev presents a fairly bright picture of past performance, but unfortunately reality is considerably more sombre. The growing gap between demand and production is serious. Over the period indicated, wages have doubled, while most consumer prices have remained unchanged. The resultant increase in demand has been further aggravated by the shift towards more meat consumption. Since conversion ratios from feed to grain are very unfavourable, and since grains constitute the bulk of the feed balance, this has greatly increased the strain on grain production.

To close the gap between demand and supply would mean either curbing the former, via price increases, or boosting the latter, via increased imports or increased production. Price increases are neither mentioned in the Food Programme, nor likely to occur, given the importance of low food prices. Increased imports, on the other hand, are unlikely, partly because of statements in the Food Programme, and partly because of sheer logistics. Ports, storage and transport facilities are already overstrained. The problem must thus be solved via increases in production, and this is yet again where the main problem lies.

Agricultural investment has been increasing continuously throughout the Brezhnev era, and further increases from the present record level can hardly be possible for much longer.⁷ The opportunity costs in industry will simply be too high. Furthermore, the rate of return to investment has been falling throughout the 1970s,⁸ largely due to factors that lie outside agriculture proper. Deficient quality, faulty specifications, lack of spare parts, etc. are some of the most frequent complaints in the Soviet press, and we will return to these problems at length in Chapter 6. The important point for our purpose is that merely increasing investment will not help. A tell-tale sign that the Soviet leaders are also aware of the fact that the solution does not lie in more inputs is the repeated emphasis that is placed on the importance of a better utilisation of existing resources.

Another aspect of our problem is the relation between production and use. The countries of the Common Market have together almost the same population as the Soviet Union. They have also approximately the same volume of disposable grain (production plus net imports).⁹ Yet there is a substantial difference in living standards. The difference between production and use must consequently be much larger in the Soviet Union than in the Common Market countries. The first part of this difference lies in reported yields. In the West it is common practice to report *barn yields*, i.e. production that has actually been