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USSR: Agriculture

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BREZHNEV THE AGRARIAN

Agricultural Development for the 1971-1975 Plan

(Please see end for Summary)

The two-day plenary session of the CPSU Central Committee, 2-3 July, was officially devoted to "the immediate tasks of the Party in the field of agriculture." The keynote speech was delivered by CC General Secretary Leonid I. Brezhnev, who set down guidelines for the development of agriculture during the forthcoming Five-Year Plan (1971-1975). (1) About 20 Party and state officials also participated in the discussion; a final resolution unanimously approving Brezhnev's policy was passed by the delegates toward the end of the second day. (2) It was reported that Brezhnev made a concluding speech, but no details were released.

Before presenting the Politburo's specific proposals on how "to solve the very big and complex tasks in the field of agriculture during the new Five-Year Plan," Brezhnev listed the achievements and shortcomings during the current agricultural plan. He admitted that neither the 1966-1970 plan for capital investment in agriculture was achieved, nor was the quota of farm machinery reached; the building of fertilizer plants as well as the output and supply of chemical fertilizers all fell below the planned

(1) Pravda, 3 July 1970.

(2) Ibid., 4 July 1970.

targets. He maintained there remained no other way to improve agriculture than through intensified production. He added that there were no longer any land reserves and that the per capita availability of farm land was actually declining. The strengthening of the material-technical base of the farms is "one of our most important tasks" and its development "literally depends on all of us," he keynoted.

Output and Purchases of Farm Products

"The key problem in the development of our agriculture, as we have so often stated, was and remains an increase in grain production." The 9th FYP's goal is set at "about an average of 195 million tons grain annually" with a high of 205-210 million tons a year toward the end of the Plan period. By comparison the average for 1966-1969 was 162 million tons annually, so the new final target is 45-50 million tons higher. Brezhnev made a revealing admission on the need for more grain when he claimed "these figures express only our minimal requirements."

The grain target, while representing a 20 percent increase over the current Plan, will be hard to reach as the base five-year period has enjoyed three excellent harvests and improvements on these outputs are hard to come by. The average yields in the USSR are comparatively low: during 1966-1969 the average was 13.2 quintals per hectare while the new plan sets an average rise in the yields of 4 quintals or 17.2 quintals per hectare for an indicated 121 million hectares of all grains. The multiplier effect of so large an area can work either way: an increase in yields would boost gross output while a drop could have a serious adverse effect.

A fixed and unchangeable plan for the procurement of grain is set at 60 million tons a year for the 1971-75 Plan, or about 4 million tons more than the current period. However, every grain farm is to arrange its output so that a minimum of 35 percent of the grain in excess of the Plan is to be sold at a premium price. All told the state intends to buy at regular and premium prices from 80 to 85 million tons a year. The premium price for above-plan deliveries will be set at 50 percent higher than the regular price. This subsidy price will cost well over one billion rubles a year. Brezhnev issued a warning: "Nobody has the right to change the plan [of deliveries] nor does anyone have the right not to fulfill it."

The corn area is to be expanded so that in a short time 20 million tons will be harvested as compared to 12 million tons last year. This indicates emphasis on providing feed for the livestock sector.

Dissatisfaction with the stagnation in cotton output was indicated and the new target for deliveries was set at 6.8 million tons. The irrigatable area is to be enlarged and a better crop rotational system installed.

In the livestock sector, where shortages of meat have plagued consumers and planners alike in recent years, greater incentives are being offered. It is planned to raise meat output to 15.6 million tons in 1975, milk to 98 million tons, and eggs to 51 billion. The Plenum decree approved the March decision (only now acknowledged) to raise incentives to produce livestock products: delivery prices for milk and cream raised by 20 percent; some base price rises for meat in some oblasts; a 35-50 percent premium price for well-conditioned beef cattle; and a 50 percent premium price paid for deliveries of all slaughter animals above the annual target; The same prices are to apply to state and collective farms as well as to the private sector.

The new price schedule will not be reflected in higher retail prices. The state will continue subsidizing the price boost as it has been doing since the 1965 livestock price revision. That subsidy has cost about 6 billion rubles a year; the present increase may add 2-3 billion rubles more.

Brezhnev had some warm words on the private sector which supplies 40 percent of the meat products: "we must look at this realistically." Peasants and workers are to be assisted in acquiring young stock and feedstuffs from the public sector to encourage an expansion of output. Farms should guarantee a set amount of feed to members as part of their guaranteed wages. Farm officials who hindered private plot development were warned to cease their obstructionism and cooperate.

The major task is to expand feed production of all sorts and utilize feed rationally. Out of the 80 million tons of grain fed to livestock last year only one-fourth was fed in a nutritionally balanced manner, which made for great losses to the economy.

Balanced feeds with protein supplements are to be provided centrally and mixed directly on the farms, a new procedure in this area. Large commercial livestock operations as a supply for meat and dairy products are to be developed around new industrial centers.

Strengthening the Material-Technical Base

Investments:

The most decisive issue in the new plan is the level of capital investment to agriculture. State capital investment, for all purposes productive and non-productive investment, is set at 77.6 billion rubles (of which 45.9 billion is for construction and equipment). This represents a 70 percent increase over the current Plan, Brezhnev declared. In addition, the collective farms will allocate 43 billion rubles of their own funds for capital outlays, a 50 percent increase. While these "are immense sums," as the speaker observed, nonetheless the rate of increase in investments had declined. In the current Plan state capital investments for production purposes were scheduled to double and total state outlays by 90 percent.

A comparative schedule between the two Brezhnev and Kosygin investment plans shapes up as follows:

	Total Inv.	of wh Prod. Inv.	<u>State</u> Inv. Total	<u>Inv.</u> Prod.	Kolkhoz Inv.
(Inv.= Investment; in billions of rubles) (comparable prices)					
1971-75 Plan	120.6	--	77.6	--	43.
1966-70 Plan(3)	---	71.	---	41.	30.

It is significant that the rise in kolkhoz investments is of a more modest nature; clearly the main burden falls on the state

(3) "Directives of the 23rd Party Congress for the FYP, 1966-70," Selskaya Zhizn, 10 April 1966.

treasury. It seems apparent that the Brezhnev-Polyansky-Voronov troika has carried the day in the extended debates over resource allocation within the Politburo and state planning apparatus. It must be seen in perspective; the rate of increase has declined and, considering the diminishing returns to investment in agriculture, the allocations are modest.(4)

Chemicalization:

The largest rate of growth is anticipated in this sector. Fertilizer output is to reach 90 million tons by 1975, double the present output. Of this amount 75 million tons are to be supplied to Soviet agriculture. By 1980 the long-term plan calls for an astronomic sum of 150 million tons. The quality and packing of the fertilizers are to be improved as well.

Land Amelioration:

Over 3 million hectares of arid land are to be prepared for irrigation, 5 million hectares are to be drained of surplus water, and 8 million hectares of meadowland are to be improved. The land program was not a success in the current Plan so greater attention and more modest goals are the thrust of the new policy.

Mechanization:

The current plan for mechanization was only two-thirds fulfilled so the 1975 plan is perhaps more realistic. It calls for 1.7 million tractors (705 row-crop), 1.1 million trucks and 541,000 grain combines. In 1965 Brezhnev called for 1.79 million tractors, the same number of trucks, and 550,000 grain combines. Therefore, in these main categories, the plan for the seventies is actually slightly less than the 1965 figures. It is fair to raise the point, however, that although no such plans were revealed, the quantity of horsepower in the new tractors may be larger than those in the current plan. Basically, however, the new plan will be a rerun of the previous plan. This trend penalizes an already under-mechanized agriculture since much of the Soviet machinery is outdated, obsolescent and worn out. The direction today is toward large power, multiple operation, integrated machinery utilization. The low labor productivity in Soviet agriculture is attributed to an excess labor pool, under-mechanization, and the "huge defects" in machine design.

- (4) Returns on investment in agriculture have been diminishing gradually. One Soviet economist claims a 66 percent drop in returns for the 1966-1968 period as compared to the 1956-1960 period. Voprosy ekonomiki, 3, 1970, p. 117.

A new feature in the mechanization program will be the assistance of some branches of heavy industry and defense enterprises in the production of specific types of machines and spares. Brezhnev claimed such production of farm machinery would not interfere with the basic production of the cooperating industries but rather would complement this regular output and make more efficient use of their labor.

The problem of training and maintaining a permanent cadre of mechanizers is still an unsolved issue, Brezhnev maintained. He mentioned all the familiar measures usually emphasized to solve the problem: improvement of rural living conditions, premium pay, more recognition by Party and state officials, etc.

Party Direction in Agriculture

This is a regular feature in a policy speech by the General Secretary which is designed to mobilize all Party resources toward the fulfillment of a plan or a policy. Brezhnev made the customary hortatory appeal to rural party organs to concentrate on all aspects of the Plan for its fulfillment. There still are farm managers who tolerate inefficiency, wastefulness, who manifest parochialism and the tendency to depend on the state. The local state inspectorates for the procurement of farm products are to play a more active role in "raising the discipline and responsibility for meeting the delivery plans" to the state; also the responsibilities of the district executive committees are to be increased in the management of agriculture.

Balance Sheet

Projected plans for new five-year plans have an initial luster in their scope and promise to achieve greater abundance in the weakest sector of the Soviet economy -- agriculture. Whereas Khrushchev often had dreams of fantasy over the promised output of food, the B & K leadership has taken a more realistic view by placing greater inputs into the farm sector in exchange for a modest but realizable rise in output. Brezhnev himself admitted that many of the current Plan's targets were not realized "for a number of reasons." For an increasingly technological society operating in an atmosphere of unstable international relations, five-year projections for growth, in a sector still influenced by weather and biological factors, are becoming increasingly more hazardous. There is no guarantee that the goals for the food

commodities most in demand -- livestock products, fruits, vegetables -- will be met; neither can the grain objective be considered within reach. Considering the rise in disposable personal income and the anticipated population growth in the seventies, the overall outlook for the Soviet consumer for better and more foodstuffs is of a modest dimension. Given the shifting temper of the times, the figures for the new Plan may still be changed as the current Plan demonstrates.

Summary: Brezhnev's proposals to "meet the big and complex problems in agriculture" in the next FYP were adopted at a plenary session of the Central Committee. Among the principal measures outlined were a planned 70 percent increase in capital investment, a doubling of the fertilizer output, about the same volume of farm machinery, more land amelioration, along with the customary exhortations to tighten discipline. Among the product goals it is unlikely that either livestock outputs or the indicated 20 percent increase in grain will be reached. Cash subsidies are as organic a part of the farm program as in the West. Given less pressure from the military sector, the Soviet consumer should enjoy a modest improvement in the food supply during the mid-seventies.

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