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SOVIET BUDGET FOR AGRICULTURE

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Department: USSR - cz)

In the critical area of capital inputs for agriculture -- designated by Khrushchev as a high priority sector -- the budget plan, as revealed to the USSR Supreme Soviet on 16 December, presented a partial, incomplete picture of the overall investment total. Inadequate capital inputs have long been a major impediment to increased agricultural production in the Soviet Union.

Allocations from the state budget for agriculture are designated at 5.4 billion rubles for 1964 and 6.1 billion rubles for 1965, as disclosed by both P. F. Lomako, Chairman of the USSR Gosplan, and V. F. Garbuzov, USSR Finance Minister, at the Supreme Soviet session. While no breakdown of these amounts was given, Garbozov did reveal that most of the funds would be used for water resources development, the construction of livestock buildings, and the acquisition of farm machinery. Investments for the publicized fertilizer expansion are included in the overall planned allocations of capital for industry.

Total investment in agriculture is a composite of Government and collective farm investment. The state farms get the major share of the State outlays. The collective farms' share of investment has been declining in recent years as a result of decreasing number and the steady drop in their income because of the stagnation in farm output since 1958. The kolkhozy have historically been forced to provide their own capital input through the required indivisible fund deduction of 20-25 percent of their gross income. The Supreme Soviet delegates were not informed what the kolkhoz investment were, but in 1961 they reached 2.7 billion rubles. At best kolkhoz investment for 1964, following the serious harvest reverse in 1963, could be about 2 billion rubles, so the total planned input into agriculture would reach 7.4 billion rubles. This would

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represent a 16 percent rise over 1963, a more accurate reflection than the 35 percent rise in the State's share as claimed by Garbuzov. By comparison in the early years of the Virgin Lands program the investment outlays rose by 45 percent in 1954 and 38 percent in 1955, but have not been equaled since.

A comparison of inventories of basic farm machinery in the United States and the Soviet Union illustrates the inadequacy of the power equipment available to Soviet agriculture and the degree of capital rationing carried out by the Kremlin.

POWER MACHINERY ON FARMS: U.S.A. AND U.S.S.R.

		(1962)	U.S.S.R.
	<u>U.S.A.</u>	<u>U.S.S.R.</u>	<u>Requirements</u>
Tractors	4,660,000	1,168,000	2,696,000
Grain Combines	1,025,000	503,000	845,000
Silage Harvesters	320,000	121,000	257,000
Trucks	2,875,000	790,000	1,650,000
Tractor Trailers	4,400,000	292,000	820,000
Tractor Plows	3,555,000	784,000	1,180,000

The comparison becomes more meaningful, the "machinery gap" more dramatic and the Soviet investment problem more formidable when seen in the light of the areal differences between the two agricultural economies: the Soviet Union with 216 million hectares of cropland and the United States with 118 million hectares of cropland. Indeed, the machinery investment requirements far exceed the investment requirements for fertilizer. At that, the budget calls for a 6.8 billion ruble turn-over in farm machinery for 1964, or a modest 12 percent boost over the previous year.

Despite the large increases in State investment announced for 1964 and planned for 1965, the uncertain nature of collective farm investment and Khrushchev's insistence that the chemical

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industry be given priority, suggests that total investment may not increase by as much as the Gosplan officials anticipate. Furthermore, in view of the record of capital investment in Soviet agriculture over the past decade, the increases announced at the Supreme Soviet session are not sufficient to bring the share of total investment allocated to agriculture up to the level it attained during the first post-Stalin years. Kes/1905.