

# RADIO FREE EUROPE *Research*

## COMMUNIST AREA

● USSR

19 May 1965

### NEW DEAL FOR KOLKHOZ MARKETS

A liberalization of the terms of private trade on the kolkhoz (free) markets in the Russian Federated Republic was announced in two Soviet papers.<sup>1</sup> Although the decree of the RSFSR Council of Ministers, which "recently" enacted the legislation, has not been published, the main features of the new rules were outlined by the deputy minister of trade, V. I. Feofanov. It is expected that the other union republics will follow the lead of the largest republic in the Soviet Union, accounting for over half the retail trade in the USSR.

The new market regulations lift all price ceilings in the sale of farm produce by collective farmers and other sellers. Since the 1958-59, and particularly following the harvest disaster of 1963, price ceilings had been enforced on the free markets more or less in line with those of the state shops and cooperative stores. The trade minister quoted point 9 of the new decree:

The sale of farm products by collective farmers and other citizens on the kolkhoz markets will proceed at prices determined directly at the markets.

The price policy based on the interaction of the free forces of supply and demand has characterized the free market trade during most of the Soviet period. Although the

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1) Izvestia, 14 May 1965: Sovetskaya Rossiya, 13 May 1965.

state exercised a degree of indirect control over its operations (availability, transportation, inspections), the kolkhoz market did reflect the currents of a modern market economy. Perhaps that is why the Soviets chose to call it "unorganized" in contrast to the state retail network, or "organized" markets, where goods are sold at set prices.

Other features of the decree designed to expand the supply of food on the open markets are: modernization and expansion of existing markets; construction of new markets in many cities and industrial centers in the republic. Facilities for storage and refrigeration are to be expanded, as well as sanitary equipment for selling. It is even planned to construct hotels, restaurants and numerous service establishments for the benefit of collective farmers who supply the markets. Aid in the transportation of sellers and their supplies to the markets also figures in the plans for the expansion of free trading. Another novel innovation will be advertising the markets' offerings through the press, radio and television by local market authorities.

Hunters and fishermen will now be permitted to sell their catches on the open market. In the past, such sportsmen - peddlers were classed as speculators, Feofanov declared.

Another picturesque ancient Russian institution will again be flourishing - the impromptu peasant markets at railway stations and river landings.

The decision to expand private trade follows the Kremlin's unprecedented move to abolish the "unwarranted" restrictions on private plots imposed during the later years of the Khrushchev regime.<sup>2</sup> Thus the two decisions complement one another and by all indications should have a positive impact on the improvement in the supply of quality foodstuffs for urban consumers.

Kolkhoz markets have specialized in perishable, quality foods, exactly the goods in short supply at the state retail

2) Pravda, "Brezhnev's Speeches", 7 November 1964, 27 March 1965.

network. While the volume of retail food sold jointly by each of the three main trade networks shows a 11.2 percent share for the kolkhoz markets in urban areas during the unfavorable year of 1963, its weight in the national diet is more impressive; total food sales have remained rather constant at 3.8 billion rubles<sup>3</sup>. If the share of the non-urban kolkhoz market (rural trading and sales) were included the figure would be higher. Moreover, the quality and kind of foods the open market specializes in are decisive: meat, eggs, fruits, vegetables and dairy products. Prices are generally 35-40 percent higher than the state shops, mainly because consumers are willing to pay for quality and scarce commodities.

In 1961, there were over 9000 kolkhoz markets throughout the country. Moscow has at least thirty and Leningrad twenty.<sup>4</sup> In some cities, like Odessa, a seaport, the free markets accounted for 42 percent of the food sales in 1956. On a national scale, the share of the kolkhoz market has declined, yet its importance is vital in the national food balance. The action to expand its role is a clear recognition by the Kremlin of the dynamic potential of the private market to respond effectively to consumer demand - a market reflex not so characteristic of the state sector. The decision is a progressive step toward improving the urban food supply and raising the living levels of collective farmers and other producers.

3) Narkhoz 1963, pages 529 & 525.

4) City trade authorities maintain the free markets in most towns. A small fee is charged for stalls, or the right to trade. The major share of the produce comes from the private plots, but collective farms themselves also sell surplus produce.