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COMMUNIST AREA

● USSR: Agriculture

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SOVIET GRAIN HARVEST

A record grain crop has been harvested in the Soviet Union this year, definitely larger than the previous record set in 1964 when 152 million tons were officially recorded. Izvestia hails the harvests as the largest in the history of the Russian Federation and Kazakhstan.¹ On 6 October, Tass quoted the USSR Ministry of Agriculture as saying that the harvest of all grains this year would be about 160-165 million tons.

Moreover, the all-time record for the volume of state purchases of grain has definitely been surpassed this year. The previous record for procurements was set in 1964 when 68.3 million tons of grain were purchased by the state. To date, 68.9 million tons have been delivered by the three principal grain producing republics that account for over 95 percent of all grain procurements.² Of this amount 53.5 million tons are wheat which sets another record. When the deliveries of the minor grain republics are considered, and allowing for late deliveries, it is rather certain that the final purchases will exceed 70 million tons, perhaps reach 72 million tons with about 55 million tons of wheat as the primary grain target. The previous record deliveries for wheat was reached in 1958 when 41.9 million tons were sold, so the indicated 1966 sales are 31 percent higher than before.

1) 4 October 1966.

2) The total grain deliveries to date by the three principal grain republics (in millions of tons):

RSFSR	42.1	of which, wheat	30.6
Kazakhstan	16.6		14.4
Ukraine	10.2		8.5
	<u>68.9</u>		<u>53.5</u>

Pravda, 20 October 1966

Tass, 4 August 1966.

The current Five Year Plan cut back and stabilized³ the procurement for grain at 55.7 million tons annually. So the indicated current grain sales represent a 28 percent increase over the planned goal, a distinct achievement. Procurements, however, are the function of two developments: the size of the harvest and the central decision to set the general level of procurements. A bumper harvest there was but without Kremlin persuasion to raise purchases by 16 million tons above the stabilized planned level it seems unlikely that the collective and state farms would have sold such a huge tonnage to the government, particularly at a time when the farms are short of grain for their own live-stock needs.

It is clear that the high level of deliveries was accentuated by the Kremlin's need to build up their tight grain reserves.

As above-plan sales of bread grains are paid a 50 percent premium under the Kremlin's new grain policy, the cost of the 16 million additional tons will approximate 1,600 million rubles. This is about double what grain is selling for on the world markets and illustrates the high production costs in Soviet grain farming. Since the sum involved is an internal redistribution of income the economy as a whole will not suffer to the degree if the purchases had to be made with hard currencies on the world market. The record sales will add considerably to the incomes of state and collective farms (the private sector does not trade in grains) and will be reflected in higher earnings of the collective farmers. The demand for consumer goods in the countryside, accordingly, will be on the rise this winter.

Both Pravda and Izvestia acclaim the bumper harvest not as a gift from the bounteousness of nature, but rather as a result of the economic measures worked out at the March (1965) Plenum of the Central Committee! Few of the millions of farm workers are likely to follow that crooked furrow. In fact, seldom have the weather conditions been so optimally advantageous in all the farming areas in the Soviet Union. There was no winter-killing of fall sown grains; the winter was mild and moisture reserves adequate; all through the growing season rainfall was frequent and abundant, in fact, in many areas, somewhat excessive. The 1966 grain harvest is distinctive in that all major grain regions produced excellent harvests.⁴ In the past, one or two of the three

3) Brezhnev at Plenum. Pravda, 27 March 1965.

4) The three granaries are: the Ukraine, southeastern European Russia and the Virgin Lands beyond the Urals.

major granaries had good yields while the others had a poor harvest. In the 1963 debacle, all three areas had poor to disastrous yields.

In last year's poor harvest, the eastern lands failed while the Ukraine was rich with wheat. All through Russian history the pattern of bumper harvests occurs only when all the major grain regions field a good harvest but when one or more fall behind the grain problem plagues the land and haunts the Kremlin.

As the objective of the March 1965 Plenum was to adopt measures to assure stable and high yields of crops, it is in order to examine the performance of the grain sector over the past decade to determine the dynamics of grain developments.

A Decade of USSR Grain Dynamics:
Area, Production, Deliveries

	1957	58	59	60	61	62	63	64	65	66
Sown area (mil hec)	125	121	120	116	122	129	130	133	128	125*
Output (mil ton)	103	135	119	125	131	140	107	152	120	160*
Deliver- ies (mil ton)	35	57	47	47	52	56	45	68	37*	72*

Narkhoz 1964, pp. 272, 299, 325;

* = estimate

Narkhoz 1962, p. 247

1965 Handbook, p. 73.

At first sight, a cycle of sharp variations in yields and procurements is readily apparent. There have never been two successive good harvests during the period of Soviet power; there have, however, been two successive poor

to average harvests during the period. It shows an inherent instability of agricultural production as the primary cause for diminishing Soviet grain stocks. That is why the new Kremlin leadership considered stability as well as high yields a twin objective in their new farm plan.

What do the results of the decade show? That the pendulum of grain growing swings from a poor harvest one year to a good harvest the following year. This development has become a regular cycle. In the ten years under review, there were four bumper harvests, one average, and five poor yields. The good harvests, in every instance, were characterized by optimal weather conditions in at least two of the primary grain regions while the poor harvests coincided with drought conditions in at least two of the main granaries. When all three areas come through with an excellent yield a bumper harvest results; this occurred twice during the decade. When the three fail a crisis ensues. The record for procurements shows a similar four out of ten years abundance (with 55 million tons considered the bench mark of abundance). However, in recent years, the basic needs of the economy are near 70 million tons of grain delivered to the state. Another disturbing phenomenon has been the violent fluctuation in output since 1963, during a period when Soviet agriculture had been serviced with more off-farm inputs and investments than heretofore. Given the built-in difficulties of a socialized system of agriculture, the vicissitudes of the weather compound the struggle for stable and high yields. The lesson seems clear: after 37 years of collectivization the Soviet organization is still mercilessly bound to the vagaries of the weather and the harvest pattern swings from one extreme to the other: one season a good yield, the next year a poor yield.

The grain output data under review are those officially released by the Soviets. Yields are expressed in terms of accounted weights in the fields at time of harvest. They represent from 15 to 24 percent ballast because of excess moisture and foreign matter. In terms of actual, dry grain the U.S. Department of Agriculture discounts the figures based on the individual year's weather conditions. Thus, the estimated 1966 grain crop of 160 million tons would be on the order of 125 million tons dry grain because of the excessive rainfall which added more than the usual dockage of moisture and weeds to this year's harvest.

An actual output of 125 million tons, although a solid performance for Russian agriculture, is no sure

foundation for supplying the rising demand of 235 million people, 250 million head of livestock, and the cereal needs of the Communist neighbor states. This fact was recognized by the Kremlin leaders last June. They must have anticipated a good harvest by then; nonetheless to protect themselves, but thereby admitting to the instability of their agricultural plant, they contracted for the import (for about \$800 million in cash) of 9.1 million tons of wheat and flour from Canada for delivery during the period 1966-68.

The exceptionally favorable weather conditions in all the principal granaries of the USSR produced the multiplier effect for this year's record harvest. Important contributory factors were the increased application of chemical fertilizers, which is particularly effective under favorable weather conditions, and the improved labor incentives sparked by the guaranteed wage schedule for collective farmers and substantial bonus payments for sovkhos mechanizers during the harvest.

So the first year of the Brezhnev-Kosygin Five Year Plan starts out auspiciously in the critical agricultural sector. The plan envisages an average output of 167 million tons of grain annually for 1966-1970. The fulfillment of the plan will be no light task. If the 1966 performance of 160 to 165 million tons of grain constitutes an all-time record in Russian agriculture, then the task of reaching an average yield for the next four years exceeding this historical record compound an already difficult task. The record of the past decade, as shown in the above table, with its persistent cycle of instability of yields, clearly supports the anticipation of major difficulties in solving the grain problem. In the last analysis, the possibility that the USSR may be compelled to make further grain imports cannot be excluded during the course of the current Five Year Plan.

Meanwhile, consumers should soon be gratified. Housewives should now be able to buy flour for home baking. Since the harvest disaster of 1963 the sale of flour from state shops was discontinued except just before major holidays.

How the Kremlin will allocate this year's grain stocks is still uncertain. What amount for export, feed and reserves is an internal decision made by procedures not publicized. The greater part of the surplus deliveries over internal needs (15 to 20 million tons) will likely go into the reserves.