

RADIO FREE EUROPE *Research*

COMMUNIST AREA

● USSR: Agriculture

30 October 1967

FARM SUBSIDIARY ENTERPRISES

B and K adopt a Khrushchev scheme (non-harebrained)

The right to develop subsidiary enterprises and trade and operate them at their discretion has been granted to collective and state farms in the Soviet Union.

A decree of the USSR Council of Ministers, published in Izvestia,¹ announced that, as a measure to provide full employment for farm workers in slack seasons, the collective farms could now set up small factories and workshops to produce non-agricultural goods as well as process farm products for direct distribution. The decree specified that the choice of what to produce was the prerogative of the farms and would not require approval from state authorities. The farms were authorized to negotiate with industrial enterprises, consumer cooperatives, and state retail shops for the sale of their products. The prices, it said, would be free as long as they did not exceed the state limits for similar goods, particularly for foodstuffs.

To assist the farms in the organization of factories and workshops, the state banking network is to provide the financial credits while other state enterprises were ordered to make available equipment and raw materials to build and equip the farm auxiliary enterprises. In addition to the assistance of state organs, the decree called on the governments of the union-republics to give the farms extensive assistance in materials and bank credits.

The Background: Social

Underemployment, or disguised unemployment, exists extensively in Communist agriculture, particularly in the Soviet Union. Long winters, the heavy reliance on cereal and starch foods rather than on the high-value livestock foods with the latters' requirement

1) September 26, 1967.

for much greater labor for conversion and the declining opportunities for work in the urban centers make for a heavy concentration of surplus labor, particularly among women, youths, and older men in the provinces. A recent report on rural employment indicated that the number of underemployed had risen to 10 1/2 million during the winter months compared to the number working in the summer peak and that the only solution would be to provide the able-bodied members of the kolkhoz households with work in rural industries.² The official organ of the Ministry of Agriculture has on occasion championed the expansion of subsidiary work on the farms as a measure to strengthen the rural economy.³

The Background: Political

The issue of creating subsidiary enterprises on the collective farms has been an acrimonious one of long standing between rival factions in the top Soviet leadership. Khrushchev propagated the policy of creating building material enterprises on the farms as part of his agrogorod scheme during the postwar period. At the 19th Party Congress (1952), the principal speaker, Malenkov, with Stalin's approval, condemned the agrogorod scheme along with the "practice of setting up auxiliary enterprises for making bricks, tile, and other manufactured goods... [as they] distract the collective and state farms from the problems of farm production and retard agricultural development." Instead, farms should wholly concentrate on the production of agricultural foods and fibre commodities and leave the manufacture of building materials to state enterprises who, he said, could supply the material at lower cost.⁴

The policy conflict was not resolved until the liquidation of the anti-Party group in 1957. Gradually proposals to introduce auxiliary enterprises appeared in the press and the Party program of development for the next twenty years, adopted in 1961, contained the projected plan for creating "agrarian-industrial associations, which will gradually emerge wherever expedient, in which ... agriculture will combine organically with the industrial processing of its produce."

Essentially, the issue of kolkhoz subsidiary enterprises was a Khrushchev idea and became an active proposal on his part. Unlike his successors, Khrushchev could not secure adoption of the idea. It remained for B and K to activate another casualty from the cult-of-personality ideological war.

2) Sovetskaya Rossiya, 29 January 1965.

3) Selskaya zhizn, 12 January 1966.

4) Pravda, 5 October 1952. Proceedings of the 19th Congress of the CPSU.

Balance Sheet

The creation of auxiliary enterprises to manufacture goods and process food on the farms is a positive venture in raising farm labor productivity and improving the income of the under-employed millions in Soviet agriculture. Essentially small-scale manufacturing operations will be involved, mostly food processing and the production of handicraft items. These enterprises will employ primarily the surplus women and the adolescent and unskilled male segments of the farm population. The work output will be limited to seasonal, part-time industry not of a skilled nature. However, in time, skills could be acquired and some industrial components could be turned out. But the problem of transportation of raw materials and the finished goods would limit such ventures to the rural areas near industrial centers.

There are clearly dangers inherent in the farm industry program. There will likely be sharp competition over available resources among the farms. The tolkach, the wheeler-dealer operator who connived and traded in supplies and materials for Soviet factories and shops in the long post-war period will again have a heyday. There will be the customary sharp methods of purchasing and merchandizing of commodities and products. The rule will permeate rural trade relationships and initiative will be at a premium. There is no indication that either the kolkhoz market or the private plot sector will be victimized; in fact, they may be strengthened by the creation of more effective demand for marketable farm products. On the whole, the bold B and K venture augurs well for the peasantry, particularly if the peasants' own elected kolkhoz officials allow an equitable sharing of the added income from the new enterprises.

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