

Munich Oct. 13 (CAA) -- The following article by Keith Bush appeared in Radio Liberty's DAILY INFORMATION BULLETIN of Oct. 11, 1966

Despite some earlier pessimistic reports (1), it is now clear that Soviet grain production and state purchase totals for 1966 have reached all-time record high levels. The production total has been estimated at between 160 million and 165 million tons (2). No final state purchase figure is available yet, but it would appear that procurements and deliveries will total over 71 million tons. This may be deduced from the reports from the three major grain-growing republics: the RSFSR - 42.1 million tons, Kazakhstan - 16.6 million tons and the Ukraine - 10.2 million tons (3), to which late deliveries may be added, and from the reports that all other republics have fulfilled or overfulfilled their basic grain purchase targets, making an additional total of over 1.5 million tons (4).

Fluctuating Yields

When the provisional results for 1966 production and state purchases are juxtaposed with the official results for the previous four years, it can be seen that the yields and production totals have fluctuated appreciably in alternate years, although a definite upward trend is evidenced. By deducting the state purchase totals from the production totals, we arrive at the amount of grain left on the farms.

<u>Year</u>	<u>Yield</u> (cent/ha)	<u>Harvest</u> (m tons)	<u>State Purchases</u> (m tons)	<u>Hence, Left on Farms</u> (m tons)
1962	10.9	140	57	83
1963	8.3	107	45	62
1964	11.4	152	68	84
1965	9.4	121	c38	c83
1966	c13.3	c163	c71	c92

Sources: Narkhoz 1964, p. 250; SSSR v Tsifrakh v 1965 godu, p. 76; TASS, 6.10.66; Izvestia, 4.10.66; Pravda Ukrainy, 4.8.66; DIB, 3.8.66.

The amount of grain left on the farms for seed, feed and payments-in-kind to the farmers is highly significant in many respects. The new leadership has on several occasions roundly condemned the pressure exerted, during Khrushchev's administration, upon farms to meet excessive purchase targets with the result that, notably in 1962 and 1964, seed grain was delivered to the state granaries and had subsequently to be returned to the farms. It is also obvious that the amount of grain left for feed and for payments-in-kind vitally affects the economies of the farms and the well-being of the farmers. It is therefore noteworthy that,

as a result of the March 1965 plenum's resolutions, the amount of grain left on the farms after the poor harvest of 1965 was almost as high as after the bumper crop of 1964. Furthermore, the amounts left on the farms this year are appreciably higher than in any other year. This augurs well for livestock production over the next farm year, especially when one takes into account the new leadership's policy of supplying grain from state resources to private holders of livestock (5).

Of course, the official grain production figures are appreciably inflated by excessive moisture and dockage content plus purely statistical manipulation, and it is estimated that the totals should be deflated by some 15-20 per cent to obtain a dry grain equivalent. On the other hand, procurement agencies make the appropriate allowances (sometimes excessively so) for moisture and dockage and so purchase totals may be considered to be more accurate, which reduces the true amount left on farms by a fairly constant proportion. However, it may be of significance that this year in northern Kazakhstan, where the grain is normally excessively moist, the authorities have made a point of emphasizing the high quality and the low moisture content of the grain purchased (6).

Wheat

The staple bread grain is wheat, and it is wheat or wheat flour which had to be imported at great expense in precious foreign currency when the harvests failed in 1963 and 1965. Although the planned purchase total of wheat for this year was 37.6 million tons (7), over 53.7 million tons have already reportedly been purchased (the RSFSR - 30.6 million tons, Kazakhstan - 14.5 million tons and the Ukraine - 8.6 million tons (8)), which suggests that bread grain requirements for the next year at least will be adequately covered.

Conclusion

Unusually favorable weather, especially during the crucial harvesting period, together with the very real incentives offered by the increased basic procurement and delivery prices plus the 50 per cent bonus for above-plan purchases, has combined to produce a bumper grain crop in the first year of the Five-Year Plan. This may well have many far-reaching and diverse consequences.

Reserves. The state grain reserves have been at a perilously low level since 1963. This year's bumper crop will mean that at least ten million tons, and probably more, can be added to the reserves. With the reserves thus bolstered, the Soviet Union can face the prospect of an average crop in 1967 without having to import wheat from the West apart from the six million tons already contracted from Canada for 1967-68. By 1968, the massive inputs

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into the agricultural sector which were outlined at the March 1965 plenum and subsequently thereto, will begin to show meaningful returns; these include the vast program of irrigation and other land improvement specified at the May 1966 plenum, the increased application of fertilizers to grain, the higher yields obtaining from the extension of clean fallow in the marginal lands of Kazakhstan and Siberia and the radically improved incentives to kolkhozniks. All these will help to stabilize yields where the weather is unfavorable and significantly to increase the overall grain production totals; this in turn should ensure the maintenance of adequate grain reserves.

Imports. Apart from the current contracts with Canada and France, further major imports of wheat and wheat flour are unlikely, although small amounts may continue to be purchased for shipment to Cuba and to the Soviet Far East. The political and strategic significance of autarky in staple foodstuffs for the Soviet Union is self-evident.

Exports. Certain of the USSR's East European allies, and notably the Czechs, have been aggrieved when they were unable to purchase their full requirements of grain with their inconvertible rubles, and were compelled to shell out their precious hard currency instead. It is possible that Eksportkhleb will henceforth be a little more amenable to further requests of this nature. Looking further afield, there have been several occasions in the recent past when the Soviet leaders would have been delighted to step into the US's role as granary to the developing nations; a striking example of this occurred in May when, at the time of Kosygin's visit to the UAR, the Egyptians were forced to ask the US to supply 2 million tons out of their total requirements of 2.4 million tons of grain (9). In the future, visiting Soviet dignitaries may enjoy more flexibility in bestowing largesse.

Financial Boost for the Farms. When it is recalled that over 9 million tons of wheat sold to the state are likely to be of the tverdaya or silnaya variety, commanding a 40 per cent supplement (10), and that a purchase total of 71 million tons means that a 50 per cent bonus was paid for over 15 million tons of above-plan procurements and deliveries, then it is clear that the bumper grain harvest alone will bring in over two billion rubles of additional income to the farms, not to mention the subsequent profits from livestock raising. This will prove especially timely in underwriting the economies of the average and backward kolkhozes which were "advised" to go over to guaranteed payments for their members with effect from July 1 (11).

Livestock Production. Already this year the state purchases of meat and animal products are well ahead of the target schedules, and the increased grain supplies should help to maintain this improvement.

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The Plan for 1966. The annual plan for 1966 called for a 6.7 per cent increase in industrial production and an 8-10 per cent rise in the gross agricultural product (12). The industrial target is now certain to be met and, to judge from the favorable reports for livestock, grain and other crops, the ambitious agricultural target will also be overfulfilled.

The Five-Year Plan. The Five-Year Plan for the period 1966-70 is off to a good start in the agricultural sector. The overall target is a 25 per cent increase over the period 1961-65; in the light of the extensive program of inputs already outlined, we have consistently held this target to be feasible (13). The grain production goal is an annual average of 167 million tons (14); the results of the 1966 harvest provide an encouraging indication.

Immediate Consequences. Although the weather has played, as always, a major role in the shaping of the harvest, the success is undoubtedly also attributable to the positive provisions of the new agricultural program outlined at the March 1965 plenum. Brezhnev has been the principal champion of the reforms and his position will be correspondingly strengthened. It should, however, be stressed that the March plenum introduced many sweeping changes into the planning and management of Soviet agriculture without changing its basic structure. Paradoxically, then, the bumper harvest of 1966 is not a wholly welcome development in the long term for the agricultural sector and for the economy, for it will serve to confirm the authorities' conviction that the present socialist agricultural structure is the optimal one. The strengthening of the conservative faction in this respect may be evidenced by the limited concessions granted to the kolkhozniks at the forthcoming congress.

(1) For example, TASS, 7.9.66.

(2) TASS, 6.10.66.

(3) Pravda Ukrainy, 4.8.66 and Izvestia, 4.10.66.

(4) See Pravda, 27.3.65.

(5) See, for example, Ekonomicheskaya Gazeta, 9.12.64, p. 40.

(6) TASS from Alma-Ata, 30.9.66.

(7) Zakupki Selskokhozyaistvennykh Produktov, No. 7, 1966, p. 1.

(8) Pravda Ukrainy, 4.8.66 and TASS, 1.10.66.

(9) The Observer, 15.5.66.

(10) Zakupki Selskokhozyaistvennykh Produktov, op. cit.

(11) Pravda, 18.5.66.

(12) Ibid., 8.12.65.

(13) See "Agricultural Reforms since Khrushchev" in New Directions in the Soviet Economy, US GPO, 1966, Part II-B, p. 472.

(14) See "The New Five-Year Plan" in Problems of Communism, July-August 1966, p. 5.