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KHRUSHCHEV AND THE AGRICULTURAL COMMUNE (XVI)

Prices and Pay at the Plenum

A year after the most successful grain harvest in Soviet history had provided the background at the December 1958 plenum for optimistic forecasts of the future of Khrushchev's agricultural plans, the disappointing performance in 1959, an estimated 15-20% below the total output of the previous year's record, clearly cast its shadow over a similar 5-day meeting (December 22-26) in Moscow this year. In place of the almost uninterrupted procession of proud reporters, boasting of unparalleled achievements a year ago, the Plenum heard a mixture of carefully phrased explanations of difficulties overcome (drought) and a repetition of promises for the future. Apparently uninhibited by the statistical setback suffered in the first 12 months of the Seven-Year Plan, speaker after speaker pledged the Party organizations to fulfill the 1965 obligations in 1963 or 1964. As was the case in 1958, First secretary N. S. Khrushchev dispensed praise and blame among his subordinates, all of whom were conscious of the fact that some of the republic secretaries whom Khrushchev had subjected to cross-examination from the presidium platform were no longer in office (Mustafayev, Azerbaidzhan; Kalnbernsin, Latvia). Lavished with adulation, similar to the sycophantic outpourings of the December 1958 plenum and the XXI Party Congress, the person and policies of Khrushchev, even in the absence of the details of his as yet unpublished speech, clearly dominated the entire proceedings. Not a single word of criticism was recorded against any of the innovations associated with his name, from the amalgamation to the sale of the MTS property to the kolkhozy, from the virgin soil project to the tremendous extension of corn acreage. Missing completely -- for the first time -- were only the customary deprecatory references to the "anti-Party group" and their opposition to Khrushchev's policies; new also, was Pravda's listing of all Republic Party leaders in the manner hitherto reserved exclusively for Khrushchev since May 1955 -- Pervy sekretar (First secretary, with the initial letter only capitalized; until this plenum all top republic secretaries were always referred to in reports as first secretaries).

Neither the possible implication that Khrushchev has relaxed the pressure on his defeated opponents, nor the

semantic suggestion of "levelling" in the uppermost reaches of the Party hierarchy, was accompanied by a comparable optical illusion of a softening attitude towards the masses of Soviet peasants. On the contrary, the two most significant policy decisions proposed at the plenum -- and incorporated into the resolution -- provide a necessary corrective to the still widely held, but grossly distorted, image of N. S. Khrushchev as a patron of the peasantry. The first proposal, introduced by the opening speaker, D. Polyansky (RSFSR) and subsequently supported with undiminished enthusiasm and unchanged argumentation by N. Podgorny (Ukraine), N. Belyaev (Kazakhstan), S. Rashidov (Uzbekistan), T. Uldzhabayev (Tadzhikistan), V. Mzhavanadze (Georgia) and V. Akhundov (Azerbaijan), will result in a general reduction in the uniformly favorable purchase prices established only last year for kolkhozy in order to bring these shortlived preferential prices into line with the considerably lower delivery prices paid to the state farms for the same products. This socialist realist offer to decrease voluntarily the gross income of the kolkhozy as a whole finds its natural complement in the effort to impose a maximum limit to individual monthly earnings in the more successful collective farms. In the words of the communique, "payment for work of collective farmers must not go beyond the level of the wages of workers of a given rayon or oblast."

Only in the case of Kazakhstan were specific data furnished which clearly reveal the potential monetary impact of Khrushchev's second agricultural price reform in two years. According to N. Belyaev, the following schedules were in force in 1958 for kolkhozy and state farms in the republic:

<u>Product</u>	<u>1958 Average Kolkhoz Price (Decree of 1 July)</u>	<u>Actual Kolkhoz Price (zakupochnaya tsenm)</u>	<u>State Farm (sdachotnaya tsena)</u>
Wool	4,100 R/tsent.	4,213 R/tsent.	1,821
Mutton	536	578.92	320.92
Beef	619	773.50	416.71
Sunflower seed	172	138.72	60.30

To "rectify this injustice in the interests of the people", as demanded by CC, CPSU Presidium member and First secretary of the Kazakh CC, will thus involve price slashes of the order of magnitude of 40-60%, cancelling in part the increases granted as "material incentives" in the year of the implementation of Khrushchev's sweeping agricultural reforms. In one republic, at least, the proposed price cuts are already a reality and the total loss of income to the kolkhozy, i.e. gain by the State, from cuts in purchasing prices for grapes, fruits, vegetables, citrus fruits, etc., in Georgia this year amounted to 200 million rubles.

For the immediate future the Georgian Party leadership, on behalf of the silent peasantry, "considers it necessary to work out now proposals for lowering the purchase prices for tea, citrus fruits, bay leaves and other technical crops and to implement (these proposals) in 1960." From the cotton republics in Central Asia this self-sacrificing incision of kolkhoz income was repeated, in the name of the fraternal friendship of the peoples of the Soviet fatherland. The Tadzhik First secretary, T. Uldzhabayev, stated that the question of reduction of cotton purchase prices

"had been discussed at a meeting of secretaries of Party committees, chairmen of the executive committees of the Soviets, leaders of collective and State farms and at the December CC Plenum of the Tadzhik Communist Party. Both at the meeting and at the Plenum of the CC a unanimous opinion concerning the necessity to lower prices for cotton, fruit, and other products was expressed (applause). Our proposals on this question have been set down in a memorandum sent to the Central Committee of the CPSU."

Notably absent from the list of participants in this memorable meeting were those whose labors will be most directly affected by the decisions of their leaders -- the kolkhozniki. Even more directly S. Rashidov, to whom credit for this year's record cotton harvest in Uzbekistan has fallen, acknowledged the monetary advantages which had long accrued to cotton growers because the "purchase prices for raw cotton, sold to the State by the kolkhozy, are significantly higher than for raw cotton sold by the sovkhozy." Proceeding through slightly different channels to reach the same top policy making body, Rashidov called on the competent ministerial organizations -- Gosplan USSR, USSR Ministry of Agriculture, and the USSR Ministry of Finance -- to review jointly with the cotton growing republics the question of lowering the purchase prices of cotton and other products and to present the necessary proposals to the CC, CPSU and the USSR Council of Ministers.

It would be premature, however, to assume that the contemplated revision of price schedules, based on anticipated reduction in costs of production resulting from a planned increasing mechanization, are to be directed towards the kolkhozy only. From the following statement by N. Podgorny, it is apparent that the state farms will serve, once again, as "leaders":

"The creation of uniform state purchase prices, undoubtedly played a great role in strengthening the economy of the kolkhozy. Nevertheless a comparison of kolkhoz purchase prices (zakupochnykh tsen) and sovkhoz contractual prices (sdatochnykh tsen) with

actual costs of production shows that it is necessary to conduct work for bringing closer together the costs of kolkhoz and sovkhoz production. For some products -- tobacco, grapes, fruits and vegetables -- in the Ukraine it is already possible to move now towards a significant bringing together of purchase prices set for the kolkhozy and the contractual prices of the sovkhozy."

No less definite in his forecast of this general downward trend was D. Polyansky:

"To date there also exists a disparity between prices for the output of kolkhoz and sovkhoz production; the sovkhozy receive for some products less money than the kolkhozy. It is true that the productivity of labor is higher in sovkhozy, but this cannot serve as a basis for the gap in prices. The raising of productivity of the labor of the kolkhozniki permits the establishment of prices for kolkhoz products, which conform to the level of sovkhoz production. In the future also these uniform prices ought to be lowered."

Despite the assurances that due consideration will continue to be given to prices as an "important stimulus for the material interests of the kolkhozniki," Podgorny's extension of this principle to the need for a downward revision of all agricultural prices, including livestock, is based on the premise that "these measures should in no case hurt the interests of the state and the consumer." To reconcile the contradictory interests, in economic terms, of the producer's desire for high prices and the consumer's dream of cheaper products is certainly not a short range, nor peculiarly Soviet, problem.

After more than five years of monetary concessions to the peasantry, more exactly a partial, but meaningful redressing of the confiscatory purchasing policies of the Stalin era, Khrushchev now faces the unsolved issues created by the consequences of his institutional changes (i.e. abolition of the MTS and transfer of the machinery to the kolkhozy). No one not privy to the inner councils of the Kremlin can state with certainty whether the forthcoming shift reflects a reaction to unanticipated results of the course followed since September, 1953 or whether the new line is another carefully planned step in Khrushchev's long range plan to transform Soviet agriculture -- "to eliminate the differences between city and country."

Since the announcement of the sale of machinery to the kolkhozy, the key to an understanding of Khrushchev's objectives and methods has been the ideological and practical manipulation of the indivisible fund.. Defined from the outset of the propaganda campaign connected with that basic policy decision as "all national property," the indivisible funds, as a whole and their rate of growth in

particular, must, of course, be directly affected by any decrease in gross collective farm income. To forestall any decline in absolute quantities, the proponents of the new price policy invariably stressed that the percentage of deductions of total income for transfer to this investment fund must be increased. It is hardly a coincidence that already in 1958 24% of collective farm income in the Ukraine and 24.7% in Kazakastan found its way into the State bank accounts of the collective farms as indivisible funds. Not to be outdone, in this respect any more than in the matter of prices, the Uzbek spokesman, Rashidov, pledged that in the seven-year plan period the cotton growing collectives would accelerate the coming together of kolkhoz-cooperative and all-national property by withholding 30% of gross income for the indivisible fund.

Neither these figures nor the professed aims nor utilization of these means come as a surprise development and the Plenum has merely afforded another forum for the propagation of ideas which have preciously been discussed in the press. The same may be said of the closely related problem of distribution of income as payment for the individual peasants. Moreover from Polyansky on the opening day to D. Karayev (Turkmen) at the concluding session, the unequal rewards for basically similar labor provoked essentially uniform proposals to the wage corollary of the future price policy. Thus, the chairman of the RSFSR Council of Ministers expressed his indignation at such excesses as the payment of 25-30 R per labor day "in some cases" and his amazement that "certain kolkhozniki for routine work receive more than 1,500 R/month besides having, as a rule, their own private plots." Although the only leading personality at the Plenum to treat the private plots at any length, Polyansky left untouched the thorny issue grasped by subsequent speakers: the fixing of minimum and maximum wages for the kolkhozniki. First referred to in a general way by Podgorny, who suggested as an innovation the establishment of interkolkhoz monetary funds, the question of maximum wages for kolkhoz workers was introduced into the discussion in a specific manner by N. Belyaev. Criticizing the fact that more than 25% of the collective farms had allocated more than 40% of distributable income as payment for labor days, a production troubled functionary complained that "in many of the republic kolkhozy the average monetary earnings of the kolkhozniki already exceed the average earnings of a sovkhov worker." Since the average payment of a labor day in Kazakhstan -- in money and in kind -- for 1958 was 10.61 R, the average monthly earnings per Kazakh kolkhoz workers -- in money and kind from the socialist sector -- would still be only slightly over 300 R/month, and therefore still below even the monetary minimum wages of sovkhov laborers, not to mention skilled workers. On

these grounds it would appear that there would be far more justification for concern with reaching the state farm minimum for the majority of kolkhozniki rather than anxiety that a minority of collectives can reward their members with remuneration which compares favorably with the state farms. Still the limitation of wage expenditures in the kolkhozy are, as Belyaev points out only a means to the primary Soviet end of increased investments from funds provided by the peasant population:

"For the purposes of regulation of the utilization of kolkhoz income, maximum investment of means for the expansion of production, the building of roads, the creation of interkolkhoz construction and other organizations, as well as for the purpose of establishing stable payment of labor during the years of a bad harvest, it would be expedient to establish minimum and maximum wages per labor day, to create in every kolkhoz a reserve monetary fund and to increase the deduction of funds for social and cultural measures."

It is, of course, necessary to note that a much larger part of these "forced investments" will remain in the countryside than previously; and this is, indeed, a decisive change from the ruthless exploitation of the past. Nevertheless the stereotypes, in which the dual proposals for reduction of purchase prices and the imposition of ceilings on wages are presented, are strong reminders that the basic decisions on agricultural policies are still being adopted, on the whole, with no more genuine participation and consent of the peasantry than in the past. The clearest exposition of the relationship between the two deflationary measures was made at the Plenum by V. Mzhavanadze in explaining the income and wage differences between kolkhozy in various regions of Georgia:

"With an average labor day payment of 13.60 R in the republic 233 kolkhozy (out of 2,253) last year distributed for labor days between 15-20 R (including payments in kind) and 61 kolkhozy -- more than 30 R. Such high labor day payments are not only the result of a high level of cultivation and organization of production. They are also the result of the fact that the government buys the production of our kolkhozy at a higher price -- this is for cotton, tobacco, tea, citrus fruits and other technical culture. It appears that it is necessary that the kolkhozy establish a definite maximum labor day payment, not exceeding the wages of a highly qualified worker. The same would apply with respect to the salaries of the leading workers of the kolkhozy -- chairmen, bookkeepers, and others. In the reports and speeches at the Plenum the question concerning the necessity for a revision of the delivery prices (zagotovitelnykh tsen) of agricultural

products of the kolkhozy has been raised with full justification. These prices significantly differ from the prices for agricultural products delivered by the state farms."

Despite these official statements there will obviously be an interval between the final formulation of these proposals and their implementation. One should note, moreover, that after years of propaganda only a relatively small number of kolkhozy have thus far changed from the traditional labor day system to purely monetary wage payments. Only Podgorny and Belyaev cited figures which indicate how slowly this "new progressive form" is being introduced; in the Ukraine "more than 1,000" or about 10% of the collective farms have been deemed sufficiently sound financially to assume such a risk; in Kazakhstan a mere 100 of the 1,425 kolkhozy have been permitted to face the risks of meeting this kind of "factory type" financial obligations. Under the tightened control of the State Bank -- the Agricultural Bank was dissolved in September 1959 -- the accumulated funds of the 55,000 amalgamated kolkhozy -- already all national property by definition -- are to grow indefinitely, despite a future drop in gross income, by virtue of raising the mandatory percentage deductions for indivisible funds to 25-30%; the "co-operative property", on the other hand, the wage funds remaining as disposable income after all other obligations of the kolkhozy have been met, will be subjected to the limitations of the future legal maximum wages. How far this future stage is removed from the reality of the present may be deduced even from incomplete Soviet data; how much ground has already been covered since the death of Stalin is obvious from such revelations, hardly isolated examples, that in Tadzhikistan where the average monetary value of the labor day had reached 12 R in 1956, 13% of the kolkhozy had, according to Uldzhabayev, been unable to pay any cash for labor days in 1953, and 28% of the farms only 1 R.

For the next phase in Soviet agriculture one of Khrushchev's favorite projects has been greatly accelerated this year -- the amalgamation of the collective farms. Surprisingly, however, the Soviet press has only indirectly revealed the rate of consolidation and even the figures attributed to V. Matskevich in a Radio Moscow broadcast (25 December 1959) did not appear in the Pravda version of his speech on the next day. Why the reduction in the number of kolkhozy from 61,000 to 55,000 in a year should be a matter for "censorship" is not easily explicable, but it is nonetheless also a fact that only the following data on amalgamation could be gleaned from the published reports of the Plenum:

	<u>1959</u>	<u>1958</u>
USSR	55,000	68,000
RSFSR	30,000	37,100
Ukraine	20% of kolkhozy amalgamated in 1959 10,600 (calculated)	13,300
BeloRussia	3,270 (calculated) 1,090 = 1/3 of kolkhozy.	3,828
Azerbaidzhan	1,344 to be reduced to 800-900	1,411
Georgia	2,253	2,253
Uzbekistan	427 amalgamated in 3 years	
Tadzhikistan	443 amalgamated in 6 years	

Since the amalgamated kolkhozy, equipped with their own machinery, have now assumed the proportions and some of the external features of state farms, it is more than ever necessary to recognize the decisive nature of the remaining differences between the two institutional forms in the Soviet countryside. At the plenum, only Minister of Agriculture, V. Matskevich touched upon this subject from the structural aspect. Speaking as a defender of the sovkhos system, a subject hardly touched by most of the speakers except for the price problem referred to above, the minister gave the following clear delineation of kolkhoz-sovkhos similarities and differences:

"The Party's historic decisions regarding the MTS's and the consolidation of the collective farm system have brought the collective farm and the state farm forms of agricultural production closer to each other. In the future, both forms -- the collective farm and the state farm -- must develop. Therefore, it is necessary to strengthen both forms. At present, the collective farms have practically taken as a basis for their organization of production the form which has proved itself in the state farms. Specialization of production is developing, both in the state farms and the collective farms. Between the collective and state farms there are still differences in the forms of management, in the system of remuneration of labor and in the sources of financing of capital investments. Each one has positive sides.

"Let us take the remuneration of labor. In the state farms, the workers have guaranteed wages. The remuneration depends very little on the total production of the farm. In the system of remuneration of labor in the collective farms, the element of guarantee is on the contrary insufficient -- but on the other side

there is full dependence of the remuneration of labor on the farms production. Life is bringing forward the need to work out a new system of remuneration of labor, which would be more or less identical for the collective and the state farms.

"A second example. In the sovkhosy a sufficiently precise administration of production has been established. The degree of dependence of the leadership on the collective, however, is inadequate. . . In the kolkhoz the form of administration is more democratic. Consequently, the working out of a new form of management of agricultural production, combining the clear cut character (chetkost) of the administrative efficiency which exists in the state farms with the democratic principles of administration operating on the collectives, is an important task of the sovkhosy and the kolkhozy. Now it is necessary in practice to perfect, and having perfected, to bring together these two forms -- kolkhoz and sovkhos, using all the best from the one or the other form."

To have the best of all possible worlds is never simple and to select -- for the future communist form of property -- the most democratic and efficient features of two institutions, neither of which has in fact ever been distinguished by either of these attributes, will not be an easy matter. In the continuing process of change in the Soviet countryside, as directed by Khrushchev, today the outlines of the future organizational structure of the emergent single institutional form can only be traced. The plans, drawn by Stalin and implemented by Khrushchev as the driving force behind the abortive agrogorod campaign of 1950/51, have never been discarded. With adaptations, to which the former might have objected, but at a speed which would only have aroused admiration, the latter has now finished laying the foundations for the classical "agricultural commune".

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All quotations and data from Pravda reports of speeches at December plenum, except first section of Matskevich speech (Radio Moscow, 25 December 1959)