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● USSR: Agriculture

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NO GAIN IN SOVIET FARM OUTPUT

Summary: Soviet agricultural output made no progress in 1971 toward the 20-22 per cent increase set for the 9th Plan. Failure to reach goals in all crops, cotton excepted, accounted for the slippage. Livestock showed some progress because of the record 1970 grain harvest. There were pronounced declines in the rate of growth of farm income, labor income, and labor productivity. Despite an increased flow of investment and industrial inputs into agriculture, there was no gain registered in farm output over the record reached in 1970.

Gross agricultural output in the Soviet Union failed to develop last year; it remained rather at the same level as in 1970, according to the annual economic report of the USSR Central Statistical Administration. (1) The failure to reach the indicated annual 4 per cent growth called for in the 9th Five-Year Plan adversely affected the growth of gross national income during 1971, when a 6 per cent rise was posted compared to an 8.5 per cent growth in 1970.

The stagnation in agricultural output was caused by a universal decline in crop production (-6%), cotton excepted, while livestock products, following the record grain and feed harvest in 1970, grew nearly three per cent during the first

year of the current plan. This performance enabled the gross value of total farm output last year to remain at the same level as that reached in the 1970 record harvest year. Seen in the perspective of the planned 4 per cent growth set for the current plan period (20-22 per cent increase for 1971-75), the first year of the new plan ended without gain in the farm sector.

Soviet agricultural output is unstable compared to industry. The CSA report cites 1971 growth as 0.0 per cent compared to a resounding 8.7 per cent upsurge achieved during the record harvest year of 1970. (2) The sharp slippage is wholly due to declines in the production of primary crops. It is these very crops that have benefited from the increased supply of fertilizer, machinery, and industrial inputs into agriculture under the B&K regime.

Crop Production

All crops, except cotton, suffered significant setbacks. The grain crop, however, was the second largest on record (181 million tons compared to 186.4 in 1970). There was no real change in its structure -- it is still predominantly cereal. The needs of the country, based on an improved diet and a rise in labor productivity, indicate that an upsurge in feed grains are imperative in order to assure the needed rise in the output of livestock products.

The 1971 important food and industrial crop -- sugar beets -- continued a steady decline. It is 20 per cent below the 1968 level and 11 per cent below the average for 1966-70. The sharp drop had repercussions in the world sugar markets, where prices reacted to the Cuban-Soviet failures with 10-15 per cent boosts. As the Soviet Union is now the leading sugar producer, and one of the main dealers in the commodity in the world, the steady decline in its own output has serious consequences. As there has been no cutback in the area sown in sugar beets, output has declined because of unfavorable weather, despite the added use of fertilizer and insecticides. In addition, the sugar content of the beets has been declining, it is reported.

Another valuable crop -- sunflower -- has declined steadily since 1964. This year only 5.7 million tons of the crop were harvested. It is hard to explain slippage in a crop so adapted to modern demand, particularly when official policy is set at promoting its expansion.

Vegetables are a diet staple among Russians. Their output declined, and the trend has been toward stagnancy in the past plan period. Apparently the suburban specialized vegetable farms have not been successful in supplying the upsurge in demand for beets, cabbage, tomatoes and cucumbers. The private sector is the main source of supply.

From the irrigated fields of central Asia an all-time record cotton crop was harvested -- over 7 million tons and a little above the previous record set in 1970. It demonstrates again the need for irrigation as a crop maximizer.

	<u>Crop Production</u>			
	million			
	(tons per year)			
	<u>Average</u>	<u>Output</u>		<u>9th Plan</u>
	<u>1966-70</u>	<u>1970</u>	<u>1971</u>	<u>(average)</u>
Grain	167.5	186.4	181.0	195.0
Cotton	6.1	6.9	7.0	7.0-7.2
Sugar beets	81.0	78.3	72.1	-
Sunflower	6.4	6.1	5.7	-
Potatoes	94.8	96.6	92.3	-
Vegetables	19.3	20.3	20.0	-

Livestock

The livestock industry, where the private sector plays a significant role, reacted to the good harvest of 1970 with almost a three per cent rise over 1970. Meat and eggs showed a 7% and 10% growth respectively. Milk and wool remained in equilibrium. The increase in livestock numbers was more modest this year: 3% for cattle (0.6% of which for cows), 6 per cent for pigs, compared to 4 and 20 per cent respectively for 1970. The gains came in the socialized sector. Among cows, the primary cattle indicator, the private sector accounted for 37% of the total, a slippage of one point over the previous year. Over 15 million cows are still owned by 14.5 million collective farm households and other workers. The pig population rose 6 per cent in the economy, but the private count showed a 5 per cent drop to 15.8 million head on 1 January 1972. This

would indicate heavier slaughtering in the private herds or a slackening of interest in pigs in the private sector. At least the B&K liberalized policy has shown no great impact in pig breeding as it has in vegetable and poultry output.

Other Indicators

Gross cash income of collective farms declined 1 per cent during 1971 compared to a 12 per cent increase the previous year. As a result of diminishing farm labor, the labor income of collective farmers rose 3 per cent compared to a 6.8 per cent rise in 1970. The 9th Plan envisaged a 20-22 per cent increase in farm output relying heavily on the increase in labor productivity to achieve the goal. Accordingly, the increase was set at 38 per cent by 1975, or an average of 6.7 per cent a year. Actually, during 1971 only a 2 per cent rise was achieved compared to an impressive 11 per cent last year. (Compare this to industry: 6.3% rise in labor productivity in 1971 and 7% in 1970.)

The reduced growth of kolkhoz income and of the members themselves is due to a decline in crop production and particularly to the intricate system of above-plan deliveries at premium prices. Apparently many farms failed to meet the above-plan delivery quotas.

There was a moderate increase in machinery delivered to the farms last year: 312,000 tractors compared to 308,000, and 143,000 trucks compared to 156,000 last year. This is no undue progress for an undermechanized agricultural system where new additions barely offset the depreciation losses. With fertilizers the supply was better: 50 million tons used compared to 46 million the year before.

Food

The sales of foodstuffs in state and cooperative shops showed moderate improvements, with meat leading by a 12 per cent increase, and fruits declining by 5 per cent. However, in its usual laconic approach to shortages, the CSA report reminds consumers that the "demand for a number of goods, particularly in fish, vegetables, and some items of woolen material, dresses and shoes, is not being fully met."

Balance Sheet

The 9th Five Year Plan sets for agriculture a goal of 20-22 per cent increase in output compared to a 42-46 per cent rise for industry. Industry recorded a 7.8 per cent increase toward that goal, while agriculture failed to respond. This performance is a distinct disappointment to the Kremlin, given the steady rise in investment allocations to agriculture, along with greater flow of fertilizer, machinery, and other industrial inputs. Clearly, agriculture is still a stepchild to industry in the allocation of resources other than labor, and still greater flows are necessary to right the imbalance.

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(1) Izvestia, 23 January 1972.

(2) If the CSA data cited is compared to Narkhoz figures for a gross value of farm products for 1970, then a 1.0 per cent increase was reached in 1971. But the current report lists 0.0%.