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NUMBER 124

AGRI-INDUSTRIAL COMPLEXES: RECENT STRUCTURAL
REFORM IN THE USSR RURAL ECONOMY

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Conference on

STUDIES ON THE SOVIET RURAL ECONOMY

Sponsored by

Kennan Institute for Advanced Russian Studies
The Wilson Center

April 13-14, 1981

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Agri-Industrial Complexes: Recent Structural Reform in the
USSR Rural Economy.

Since the communist revolution in October 1917 and the nationalization of land declared on the same day the Soviet rural economy underwent several structural reforms:

1927-1933 - collectivization of the Soviet agriculture. This reform resulted in the formation of kolkhozes (collective farms) and sovkhoses (state farms) - two main social types of agricultural enterprises in the USSR;

1965 - the amalgamation of kolkhozes. This reform resulted in the enlargement of kolkhozes and the transformation of many of them into sovkhoses;

1976 - marks the beginning of the third structural reform of the Soviet rural economy - interfarm cooperation and agri-industrial integration with far-going social changes in the Soviet rural society.

The preceding decade of 1966-1976 may be characterised as a period of the routinization of the Soviet economic life with no structural changes and with only incremental functional changes in the Soviet rural economy.

The turn of the Brezhnev leadership from the bureaucratic inertia to the reform was necessitated by serious economic and political pressures:

low productivity of the Soviet agriculture which consumes larger and larger investment with diminishing returns;

consequently low living standards of the Soviet population together with political implications which result from such situation;

the necessity to spend ever growing amounts of hard currency for the imports of food products from capitalist countries.

The reform was sanctioned by a special resolution of Politburo in May 1976¹. It was supplemented by a series of central directives to party and agricultural organs in 1976, 1977 and 1978².

The declared reform is called in the Politburo resolution "the second collectivization" to stress its historical importance³.

Structural Aspects Of the Reform.

The Politburo resolution of 1976 charged local party organs and agriculturists to reorganize kolkhozes and sovkhoses - to form interfarm enterprises, interfarm associations and agri-industrial complexes - socio-economic formations of the new type.

Interfarm enterprises ("mezkhkhoziasstvennoe predpriatie") are build up by kolkhozes and sovkhoses on a sharing basis.

Interfarm enterprises are considered the property of cooperating farms. They are managed by the general meeting of the representatives of shareholders ("sobranie upolnomochennykh").

1. O dalneishem razvitii spetsializatsii i kontsentratsii sel'skokhoziastvennogo proizvodstva na baze mezkhkhoziasstvennoi kooperatsii i agropromyshlennoi integratsii. Postanovlenie TsK KPSS (Moscow, 1976).

2. See, for example: Plenum Tsentralnogo Komiteta KPSS (October 25, 1976, Moscow); "Pravda" (June 2, 1976); "Ekonomicheskaja gazeta" N20 (Moscow, 1977); "Ekonomika sel'skogo khoziaistva", May 1978 (Moscow); See also: Materialy XXV s'ezda KPSS (Moscow, 1977).

3. O dalneishem razvitii spetsializatsii... p.7

Yet such management is purely nominal. In fact interfarm enterprises are managed by an elected chairman or an appointed director.

The degree of his managerial freedom depends on the agreement.

Profits of interfarm enterprises are shared by cooperating farms proportionally to their initial investment.

In 1977 the author visited "Timashevski" - an interfarm enterprise in the Krasnodar krai of the USSR.

"Timashevski" was constructed by nineteen kolkhozes which had allocated 6,500 acres of farm land and had invested 1.25 rubles of capital investment per each acre of their arable lands for its construction and equipment.

"Timashevski" specializes in cattle fattening. When it was put in operation, the cooperating farms stopped to fatten cattle. They send their fatteners to "Timashevski" and specialize in dairy farming and calf rearing.

An interfarm enterprise "Pamiat' Il'icha" in Moldavia was established by kolkhozes of several districts. In fact it is a huge orchard (12,500 acres) which has been planted anew instead of numerous small and unprofitable kolkhoz orchards.

"Pamiat' Il'icha" has a container-producing factory, several storages and a trucking service.

Interfarm associations ("mezhkhoziaistvennoe ob'edinenie") should be considered as the further step in the interfarm cooperation.

In interfarm associations kolkhozes and sovkhoses are amalgamated under the common administrative management. The association is managed by general director (appointed by the state). The board of association ("soviet ob'edinenia") including chairmen of kolkhozes and directors of sovkhoses is functioning as an advisory body.

Cooperating farms unite their funds and material resources, develop

common construction and repair services etc.

Interfarm associations are widespread in dairy, beef, hog and poultry farming, vegetable, fruit and grape growing.

In 1977-1978 the author visited interfarm associations in the Ukraine, Moldavia, Leningrad, Novosibirsk and Omsk regions. All of them were in the process of the structural and technological reconstruction according to the central directive.

The "Novyi Svet" interfarm association united six hog-producing sovkhozes of the Leningrad region. According to the program of the technological specialization the "Spirinski" and "Druzhba" farms were reconstructed to produce fatteners. "Vostochni", "Romanovka" and the rest specialize in hog fattening. The program provided for the specialization in feed production too but all sovkhozes continued to produce feedstuffs.

The "Leninskoe" interfarm association in the Novosibirsk region, Western Sibeira, united three sovkhozes. All of them keep dairy cows, produce milk and cultivate feeding crops. But after the reform feedlotting operation has been concentrated on one of the farms.

The third stage of the reform provides for the inclusion of canning and food processing plants into interfarm associations i.e. the transformation of interfarm associations into agri-industrial complexes ("agrarno-pronyshlennyi kompleks"⁴).

Agri-industrial complexes integrate under the common administrative management fruit and vegetable farming with canning, grape growing with sugar beet farming with wine-making, sugar industry, poultry farming with egg and broiler industry etc.

4. Soviet economists and agriculturists use different terms to define these vertically-integrated units: "agrarno-promyshlennoe ob'edinenie" (agri-industrial association), "agrarno-pronyshlennyi kombinat" (agri-industrial combine works) etc.

The author visited "Moldvinprom" and "Moldplodoovoshchprom" in Moldavia - the largest vertically-integrated formations in the country.

"Moldplodoovoshchprom" and "Moldvinprom" are republican agri-industrial associations which manage district agri-industrial complexes.

"Moldplodoovoshchprom" runs 32 agri-industrial complexes: "Tiraspolskoe", "Kagulskoe" and oth. Each agri-industrial complex integrates fruit and vegetable production with canning.

The association comprises 26 sovkhoses, 26 canning factories, storages, refrigerators, two package-container plants, procurement, marketing and transportation services, stores and vocational schools.

"Moldvinprom" runs 13 district agri-industrial complexes: "Ungienskoe", "Kotovskoe", "Strashenskoe", "Suvorovskoe" and oth.

This association integrates grape-growing and wine-making and consists of grape-growing sovkhoses, wine-making plants, storages, refrigerators, technical services, grape and wine stores.

"Moldvinprom" and "Moldplodoovoshchprom" are vertically-integrated systems of the so-called "complete" ("posledovatelnyi") type. It means that they integrate farming, processing and retailing of fresh and canned farm products.

"Konservplodoovoshch" in the Chechen-Ingush ASSR and "Donkonserv" in the Rostov region are other agri-industrial complexes of this type.

Most agri-industrial complexes, however, include farms and processing (canning) plants and do not include stores⁵.

Agri-industrial complexes, as interfarm associations, are managed by General Director with "soviet ob'edinenia" functioning as an advisory body.

5. A detailed classification of production types of vertically integrated formations in the Soviet rural economy was worked out by the author in 1975-1976. The results of his research are published in his book "Agrarnno-promyshlennye ob'edinenia" - chapters 4 and 5 (Moscow, 1976).

There is no special administrative personnel to run agri-industrial complexes. These formations are managed by the administration of the head enterprise ("golovnoe predpriatie"). Usually it is the leading industrial enterprise (integrator). Director of this enterprise is General Director of the agri-industrial complex.

In the central directive, sent out to republics and regions in 1976, the interfarm cooperation and agri-industrial integration were interpreted as consecutive stages of the transformation of the Soviet rural economy.

Interfarm cooperation was meant as the initial stage and a necessary pre-condition of agri-industrial integration.

In fact the picture is extremely diverse. Interfarm enterprises, interfarm associations and agri-industrial complexes are formed by local authorities following the party directive instead of consulting expedience.

In the Ukraine, Moldavia and Bylorussia canning and processing shops were erected directly on kolkhozes and sovkhoses.

Agri-industrial enterprises of this type were classified as "Kolkhoz-zavod" (collective farm - plant) or "sovkhos-zavod" (state farm - plant)

However, a single farm cannot provide enough raw-products to load a processing plant to capacity. "Kolkhoz-zavod" and "sovkhos-zavod" are presently found "unpromising" and are transformed into agri-industrial complexes.⁶

The Politburo resolution provided that kolkhozes and sovkhoses preserved their legal status of independent enterprises in agri-industrial complexes at the earlier stage. At the later stage of the reform they are to loose their legal independence and to become production units (divisions, branches) of the new socio-economic formations.

6. See: V. Litvin. Novyi formy organizatsii proizvodstva. Mezhdunarodnyi Selskokhoziaistvennyi Zhurnal, May, 1975, p. 13.

In Moscow, Leningrad, Odessa, Minsk and some other regions kolkhozes, sovkhoses and processing shops were deprived of economic and legal independence together with their amalgamation.

Many such agri-industrial complexes have proved unworkable, and kolkhozes and sovkhoses are disintegrated.⁷

Economic Aspects of the Reform

By the end of 1979 there were 9,000 interfarm associations and 800 agri-industrial complexes in the USSR.

The analysis of these new formations allows to evaluate basic economic issues of the reform.

First, interfarm cooperation and agri-industrial integration are considered effective instruments of farm specialization.

It has been traditionally assumed that Soviet "collective" agriculture is based on large-scale production units.

In 1979 kolkhozes averaged 16.7 thousand and sovkhoses - 44 thousand acres of farm land. An average number of cattle was 1818 on kolkhozes and 1911 on sovkhoses.

Large absolute dimensions of Soviet farms in fact do not signify the high level of the concentration of the agricultural production.

Most kolkhozes and sovkhoses have the so-called branch or division structure with relatively small dairy units, hog operations, vegetable and potato plantations in each of the production divisions. Average ^{number} (of live-stock per animal farm or average acreage per each crop is relatively small.

The system of obligatory state procurements blocked the natural process of farm specialization in the USSR. Since 1930's kolkhozes and sovkhoses

7. Op. cit., p. 13-14.

have been developing as unspecialized multi-product farms oriented towards self-sufficiency.

In 1979 more than 90 percent of Soviet farms had plan targets for beef and dairy cattle, 87 percent of them (many under unfavourable soil and climatic conditions) had to grow grain crops. Milk is produced on 90 percent of farms, potato - 80 percent, vegetables - on 60 percent of Soviet farms. In fact only 20 percent of the USSR kolkhozes and 30 percent of sovkhoses may be classified as specialized.

Interfarm cooperation and agri-industrial integration have to overcome conservatism of state procurement planning.

When kolkhozes and sovkhoses are united in an interfarm association or agri-industrial complex state procurement plans are sent out not to each kolkhoz or sovkhos as before but to interfarm associations or agri-industrial complexes.

These plans include targets for the output of industrial (final) products (together with the planned wagebill, gross income and gross capital investment) and for the output of farm products to be delivered to the state but without the turnover of intermediate products ("vnutrennii oborot")

The administration of the "ob'edinenie" is authorized to distribute plan quotas among member farms. It means that kolkhozes or sovkhoses may specialize while the total amount of the produce to be delivered to the state (obligatory state procurements) does not change.

Second, Soviet pricing system created another serious constraint on rational specialization of kolkhozes and sovkhoses.

8. Plan targets are not sent out to interfarm enterprises too. The output of an interfarm enterprise is counted as a part of the plan quota set for shareholding farms.

The widely divergent levels of profitability required that many products, some profitable and some not (as, for example, milk, beef and potato), were produced on all farms. Periodical adjustment of state procurement prices ("zakupochnaia tsena") do not help. The number of products in the mandatory state procurement plans does not fall.

Interfarm associations and agri-industrial complexes are authorized to set their own prices for intermediate products.

Intermediate prices ("raschetnaia tsena") level the profitability of cooperating farms and thus facilitate their specialization too.

The mechanism of intermediate prices is supplemented by the formation of the so-called centralized funds ("tsentralizovannye fondy") at least two of which - an investment and development fund ("fond razvitiia") and a material incentive (premium) fund ("fond materialnogo pooshchreniia") are also used to level the profitability and to create equal incentives for all farms.⁹

Third, mass allocation of resources in input industries and agricultural production resulted in the negligence of other important sectors of the Soviet food economy - processing, transportation, storage and marketing. As a result an annual waste of the produce in the Soviet agriculture averages 20-25 percent, proportionally increasing in good years.

Traditional forms of economic relationships based mainly on administrative agreements have proved inefficient.

Agri-industrial complexes are considered an effective form to optimize

9. See, for example: A. Esin. Printsipy postroeniia khozraschetnykh otnoshenii v agropromyshlennykh ob'edineniakh. Ekonomika Selskogo Khoziaistva (January 1, 1981), pp. 18-26. Moscow

interindustry relationships and to cut down losses in the intersectoral flow.¹⁰

Fourth, the development of specialized interfarm and agri-industrial formations leads to the transformation of the traditional system of management in the USSR agriculture.

Territorial agricultural organs - regional and district departments of agriculture loose a great dedgee of their former administrative power over specialized kolkhozes and sovkhoses, not to mention interfarm associations and agri-industrial complexes.

Interfarm associations and agri-industrial complexes are formed at the district, regional and republican levels as for example, "Moldvinprom", "Moldplodoovoshchprom", "Konservplodoovoshch" etc.

As a result of it, extensive sectors of agricultural production in agri-industrial complexes are run by specialized trusts which function in the same way as linear (vertical) industrial management systems. In fact we observe a gradual shift from the mainly territorial management to the mainly sectoral management of agriculture.¹¹

10. The idea of the systems approach or vertical integration becomes more and more popular in the Soviet leadership. This concept has been partially borrowed from U.S. practices (Delmarva Poultry Industries, Perdue&Son and other American integrated systems). The author carried out an extensive research on vertical integration in the USA for the Academy of Agricultural Sciences of the USSR since the mid'1960's. The results of these studies have been published in Moscow. See: V.Litvin. Strukturnye sdvigi i osnovnye napravlenia nauchno-tekhnicheskogo progressa v agropromyshlennom komplekse kapitalisticheskikh stran. (Moscow, 1978); V. Litvin. Sotsialno-ekonomicheskaja sushchnost' agrarno-promyshlennoi integratsii v kapitalisticheskikh stranakh. Trudy Akademii Selskokhoziaistvennykh Nauk (Moscow 1976) etc.

11. See: E. Gubin. Formy reshotraslevykh sviazei. Ekonomika Selskogo Khoziaistva (May, 1978), pp. 37-45. Moscow. See also: I. Shamiev and Feizullaev. Ob'edinenie "Azplodoovoshchprom". Ibid., pp. 45-50.

Social Aspects of the Reform

Interfarm cooperation and agri-industrial integration result in the significant social transformation of the Soviet rural economy.

First, since the 1930's there have been two social forms of agricultural enterprises admitted in the Soviet Union - kolkhozes and sovkhoses.

Sovkhoses are completely socialist enterprises. Kolkhos is considered an "artel" (commune).

In terms of practical differences between the two it means that kolkhozes have means of production and production resources (except land) in their collective ownership; they receive a comparatively limited number of plan targets from the state; their income, formally speaking, belongs to collective; kolkhozes have no set limits of labour and wagebill (wages are set by the kolkhoz management) etc.

Kolkhoz is run by a collective farmers' general meeting (elected chairman); sovkhos is run by director (appointed by the state).

Kolkhozes and sovkhoses have different relations with the state budget, State Insurance System ("Gosstrakh") and State Bank ("Gosbank").

Of course, many of the above-mentioned differences exist as purely nominal or formal. Nobody believes that kolkhozes work out their own plan targets or dispose of their income. A many-year economic evolution of kolkhozes and sovkhoses resulted in their partial rapprochement.

Yet the real social difference does exist. According to the Leninist philosophy socio-economic differences between kolkhozes and sovkhoses reflect the basic social difference between two forms of property which exist in the Soviet Union: cooperative-collective property and state property.

The inclusion of kolkhozes together with sovkhoses into interfarm associations and agri-industrial complexes may result in the complete socialization of the Soviet agrarian sector.

Presently this trend faces different approaches in Soviet national republics and regions.

In the Ukraine many kolkhozes retain their legal independence and cooperate with sovkhoses and processing enterprises within the framework of "dogovor" (agreement, contract);

In Moldavia the collective sector is not only preserved but gets administratively isolated.¹²

Yet even on a contractual basis kolkhozes undergo a radical transformation. As a result of the interfarm cooperation and agri-industrial integration kolkhozes as a specific social type of a production enterprise in the Soviet rural economy may disappear.

Second, as a result of the agri-industrial integration the status of kolkhoznik (collective farmer) and sovkhos worker (state farmer) - specific social types of the Soviet rural society - changes too.

In agri-industrial complexes kolkhozniks and sovkhos workers classified in russia as peasants ("krestianin") acquire some social characteristics typical for industrial workers ("rabochii").

In terms of practical applications it means that kolkhozniks and sovkhos workers who have come to work in the "ob'edinenie" have to be submitted to the same labour legislature as industrial workers.

Kolkhozniks and sovkhos workers should have a 41-hour work week, with two holidays, annual paid vacation, the same system and level of wages, the same system of old-age and disability pensions etc.

The process of the rapprochement of the social status of kolkhozniks,

12. Moldavia is the only Soviet republic where the Council of Collective Farms ("Soviet Kolkhozov") does not serve as an advisory body but has the administrative power to plan, finance and control the republic's kolkhoz sector.

sovkhoz workers and industrial workers goes especially rapidly in agri-industrial complexes which practise the "labour exchange" ("trudoobmen").

The administration of the agri-industrial complex sends workers of processing plants to help farmers during the harvesting peaks while farmers who have accomplished their seasonal operations in the field, are transferred to processing plants to moderate processing peaks.

As a result of the polytechnization of labour workers and farmers master "adjoining" professions and acquire an intermediate "agri-industrial" social status.

Yet farmers working at a processing enterprise, risk to loose benefits which are due to farm labour.

Workers, who are sent to farms, partially loose their income because workers' wages are significantly higher, than farmers'.

This necessitates the unification of different social systems.

In agri-industrial complexes, which do not practise "trudoobmen", the problem is much the same. Different levels of payment do not create equal incentives for those, who produce intermediate (farm) products, and those, who produce final (food) products.

It negatively affects the economic outcome of "ob'edinenie" and also speeds up social reforms.

The rapprochement of the social status of farmers and workers in the process of the agri-industrial integration has to lead too to the unification of their living conditions. It necessitates the development of the network of roads, construction of schools, stores, medical services etc.¹³

13. The author reported these trends to the national conference of the Institute of Economics, Acad.Sc., USSR. See: V.M. Litvin and N.A. Khiluk. Nekotoryi sotsialno-ekonomicheskie problemy truda v usloviakh agrarno-promyshlennoi integratsii. Institut Ekonomiki. Akademia Nauk SSSR. (Moscow 1975), pp. 211-215.

Impediments to the reform

There are serious impediments to the progress of the reform:

First, interfarm associations and agri-industrial complexes suffer from the shortage of capital investment for the reconstruction of farms. In fact the government shifted the problem on to local party and agricultural authorities who are called to rely upon "local resources".

Second, interfarm associations and agri-industrial complexes are usually formed within existing administrative boundaries of regions and districts. It results in technological disproportions.

Fattening farms with large feedlots need more fatteners than can be produced by reproduction farms.

Canning factories need more vegetative raw material than can be supplied by kolkhozes and sovkhoses.

The agri-industrial complex "Vinnitskoe" in the Ukraine includes 12 canning factories and only three sovkhoses.

The agri-industrial complex "Kubanvino" in the Krasnodar krai has 22 sovkhoses which supply half of the raw material for the "Kubanvino" processing capacities.

The same situation was observed by the author in Moscow and Leningrad regions, in the Altai Krai and Western Siberia.

Third, specialization of farm units in interfarm associations and agri-industrial complexes usually touches one or two leading branches - cattle or hog farming, horticulture, vegetable or potato growing etc.

Specialization is especially encouraged in cattle raising to separate dairy farming from beef production which until recently have been developing in Russia as dual-purpose branch.

But what to do with "auxiliary" branches which are of vital importance for the self-sufficiency of districts and the nutrition of the local population?

For instance, "Kotovskoe", which has been formed as a specialized grape-growing and wine-making agri-industrial complex, continues to keep 2,000 dairy cows and 12,000 hogs and to cultivate vegetables and potato.

"Kagulskow", which has been formed as a specialized fruit- and vegetable-canning agri-industrial complex, continues to keep hogs, sheep and poultry.

Territorial planning organs constantly increase plan targets of kolkhozes and sovkhoses for "auxiliary" products. It means that interfarm associations and agri-industrial complexes are developing as unspecialized, multi-product production units.

Fourth, an evident contradiction between intermediate prices - "raschetnaia tsena" and state procurement prices - "zakupochnaia tsena" affects the economic mechanism of interfarm associations and agri-industrial complexes. When "zakupochnaia tsena" is lower than "raschetnaia tsena" (the usual phenomenon) the "ob'edinenie" cannot function as a profitable enterprise.

In the Altai krai, for example, one third of feedlots in interfarm associations manage to survive only due to regular state subsidies.

According to the recent government directive, "raschetnaia tsena", set by interfarm associations or agri-industrial complexes, should be "approved" by government.¹⁴

It means that government imposes its administrative control over the most sensitive element of the economic mechanism of interfarm associations and agri-industrial complexes.

Fifth, the departmental structure of the USSR economy turns an insurmountable barrier to the progress of the reform.

Soviet kolkhozes and sovkhoses belong to the USSR Ministry of Agriculture, food processing plants - to the Ministry of Food Industry, meat packing

¹⁴. See, for example: Ekonomika i organizatsia selskokhoziastvennogo proizvodstva (Moscow, 1979), p. 156.

plants - to the Ministry of Meat and Dairy Industry.

Besides, there are separate and different systems of planning, financing and material supply for industries and agriculture.

The formation of agri-industrial complexes necessitates the amalgamation of several ministries and the radical reorganization of many other, not to mention State Planning Committee ("Gosplan"), State Committee of the Material and Technical Supply ("Gossnab") and other upper bodies.

In fact, the interfarm cooperation and agri-industrial integration, initiated as a radical structural reform of the Soviet rural economy, demonstrate the same tendency to routinization which has been typical for the Brezhnev leadership during the last decade.

Economic and political pressures speeded up the reform. Yet the Soviet administration is reluctant to transform the existing conservative systems of planning, or pricing. It tries to solve the problem of the increase of the productivity of the Soviet food economy by the partial reorganization of the "production link" ("proizvodstvennoe zveno") while the whole bureaucratic economic superstructure is left intact.¹⁵

Sixth, the impediments to the social transformation of the Soviet rural society turns to be even more serious than those which bar the structural and economic reorganization of the Soviet agrarian sector.

The unification of the social status of kolkhozniks, sovkhos workers and industrial workers with regard to their wages, regular paid vacations, welfare benefits etc may require 7-8 bill rubles of additional spending from the state budget annually. But this is not the basic point.

15. The author suggested the partial reorganization of the Soviet economy to adjust it to the needs of the agri-industrial integration in the draft Legal Status of Agri-Industrial Complexes in 1979. Yet the Council of Ministers of the USSR refrained from approving it.

Before to unify the social status of kolkhozniks and sovkhov workers it is necessary to level up kolkhozes and sovkhoves economically.

Sovkhoves are better mechanized, have more tractor drivers and machine operators. The labour productivity on sovkhoves is 22-26 percent higher than on kolkhozes.

The levelling up of the economic conditions of kolkhozes and sovkhoves may require 35-40 bill rubles of additional state investment. Such investment amounts to one fourth of all capital investment planned in the Soviet rural economy for 1980-1985.

The levelling up of the living conditions of the population in villages and in urban settlements ("overcoming the distinction between the town and the country" according to Soviet official terminology) is a task which seems as grandiose as unfeasible. The implementation of this program up to 1990 will require 85-90 bill rubles which almost four times more than the annual gross income of all country's kolkhozes.

If any part of the above-mentioned investments is to be allocated for the social transformation of the Soviet rural society, funds will be inevitably diverted from the program of the economic development of interfarm associations and agri-industrial complexes.

Prospects of the Reform for 1981-1985

What are real prospects of the implementation of this unprecedented reform in 1981-1985 ?

The analysis of "Basic Guidelines for the Economic and Social Development of the USSR in 1981-1985 and in the Period Up to 1990", which have been recently published in the USSR, testifies that the Reform is underway and is assumed to continue during the next five-year plan period.

The "Guidelines" call "To constantly develop the specialization and con-

centration of agricultural production on the basis of interfarm cooperation and agri-industrial integration".

They call "to improve the administration of agriculture", i.e. to develop interfarm associations and agri-industrial complexes.¹⁶

The Soviet rural economy is interpreted in "Guidelines" as a specific economic area within a larger sector of the USSR economy - agri-industrial complex. The latter is meant as the unified planning, proportional and balanced development of the related branches of the Soviet food economy and the organization of efficient cooperation among them.¹⁷

In fact this program signifies a shift of Soviets from the agricultural policy to the food policy. This shift is assumed to be achieved on the paths of the agri-industrial integration.

"Guidelines" call for the further social development of the Soviet rural society within the framework of the declared reform.

The document provides for a closer approximation between the level of collective farmers' pay and the pay level of personnel working at "state agricultural enterprises", i.e. on sovkhozes.

It calls to establish minimum annual paid vacation time for collective farmers at the level of the minimum vacation time established for workers and office employees.

"Guidelines" call to improve the system of social security for collective farmers, namely, to raise their minimum old-age and disability pensions. This measure is considered in the document as a part of the program "to continue the process of making the conditions under which collective farmers

16. Proekt osnovnykh napravlenii ekonomicheskogo i sotsialnogo razvitiia SSSR v 1981-1985 godakh i na period do 1990 goda". Pravda (December 2, 1980), pp. 1-2.

17. Ibidem, p. 2.

receive social security "more nearly equal" to those for the personnel of state enterprises.¹⁸

"Guidelines" provide for the improvement of the housing and living conditions of the rural population, and higher standards of all kinds of services.¹⁹

Yet there is an incontrovertible evidence that the impediments, which we have described above, cannot be overcome.

The key problem of the reform - investment and development funds - is not discussed.

"Guidelines" do not suggest any figures for 1981-1985, saying that appropriate capital investments to agriculture as a percentage of total investment in the development of the national economy "should be no lower than the level already achieved".²⁰ If so, where to get those billion rubles of additional investments which are necessary to implement the reform ?

The inconsistency between objectives and resources is but too evident. "Guidelines" call "to expand opportunities for construction using the incentive funds of interfarm associations and agri-industrial complexes, to popularize the "do-it-yourself" method of carrying out construction and installation work etc."²¹

The recent session of the Supreme Soviet of the USSR (October, 1980) where deputies are invited to discuss practical problems of the USSR republics and territories more freely than at the Party plenum, reveals the complete failure of the reform along many basic lines.

There are serious shortcomings and deficiencies in the designing and

18. Ibidem, p.3.

19. Ibidem, p.3.

20. Ibidem, p.2.

21. Ibidem, pp.2-3.

buildup of planned objects; road construction and the provision of public services are lagging in the countryside; the quality of construction is very poor.

Many of the farms are forced to resort to the do-it-yourself method of construction. They are poorly supplied with materials and equipment and a large part of the work force is taken off agricultural jobs.²²

A convincing proof that the reform is not expected to be effective is the nation-wide campaign for the expansion of the private sector in the Soviet rural economy.

The economic importance of private farming ("personal auxiliary farming", according to the latest official Soviet terminology) in the USSR is well-known.

Farmers' private plots account only for 4 percent of public lands but supply 28 percent of the total gross output of agriculture.

The share of income obtained from private plots averages 5 percent of the median aggregate income of the Soviet industrial workers and employees, it is one fifth for sovkhoz workers and above one third for kolkhozniks.

Kolkhozniks get 95 percent of the potatoes they need, 75 percent of the vegetables, 79 percent of the meat, 82 percent of the milk and 97 percent of the eggs from "personal auxiliary farming".²³

The contraction of private plots in interfarm associations and agri-industrial complexes (an inevitable issue of the socialization of the Soviet rural society) threatens the well-being of the Soviet rural population.²⁴

22. Sessia Verkhovnogo Soveta SSSR. "Pravda" (October 22, 1980), p.3-5; "Izvestia", (October 24, 25 and 26, 1980). Especially see co-reports on North Kazakhstan, Bryansk and Tambov regions.

23. G. Diachkov i A. Sorokin. Rol' lichnogo podsobnogo khoziaistva. Ekonomika selskogo khoziaistva (January, 1981), pp. 62-29.

24. We should stress an important fact: kolkhozniks and sovkhoz workers are not paid premiums for above-the-plan produce in interfarm associations and agri-industrial complexes. According to the author's calculations, only grape-growers of sovkhozes of Moldavia loose about 1 mill rubles of additional income. See: V.N. Litvin and N.A. Khiluk. Nekotorye sotsialno-ekonomicheskie problemy truda v usloviakh agrarno-promyshlennoi integratsii. Institut Ekonomiki Akademii Nauk SSSR, (Moscow, 1975), p. 214.

Soviet leadership does not risk to rely upon the reform. They not only prove that private plots are indispensable now but predict that they will continue to be important for the "foreseeable future".²⁵

"Basic Guidelines for the Economic and Social Development of the USSR in 1981-1985 And In the Period Up to 1990" call to develop the network of private markets in the USSR and to provide assistance to the population in the delivery and sale of products from private plots.²⁶

We know many examples when economic and social reforms declared in the USSR as "historical" have faded away.

Such was the case with the agrarian reform declared by the CPSU plenum in March, 1965.

Such is the case with the program of the development of agriculture in the non-chernozem zone of the RSFSR declared by Politburo in March 1974.

Will the latest and the most far-going economic and social reform of the Soviet rural society have the same destiny or not ?

The 26-th CPSU congress which is to be held in February, 1981 in Moscow may answer this question.

25. Ibidem, pp. 68-69. See also: "Pravda" (February 4, 1981), p.7.

See also:

26. (Voprosy Ekonomiki (June, 1980), pp.118-124; Sovetskaia Kultura (October 21, 1980), p.6.