

RESTRUCTURING OF AGRICULTURAL SECTOR UNDER GORBACHEV

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D E C L A R A T I O N

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submitted for any other degree in this University and
is his own work.

We recommend that this dissertation be placed
before the examiners for evaluation.


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C O N T E N T S

	<u>Pages</u>
PREFACE	i to iv
CHAPTER I	
SOVIET AGRICULTURE : FROM STALIN TO GORBACHEV	1 to 42
CHAPTER II	
INTEGRATED MANAGEMENT OF AGRARIAN SECTOR	43 to 63
CHAPTER III	
FURTHER NOVELTIES IN RESTRUCTURING OF AGRARIAN SECTOR	64 to 92
CONCLUSION	93 to 96
SELECT BIBLIOGRAPHY	97 to 106

PRE FACE

PREFACE

Gorbachev's grave concern for the agrarian sector is justified because Soviet Union belongs to those countries which have ample or atleast sufficient land reserves. But the resources of fertile land have not been able to meet the increasing demand of the food and food products. Despite a certain improvement of agricultural production in recent years, the performance of the agricultural sector remains one of the biggest problems of the Soviet economy. The restructuring of the food producing sector is to be carried out, in the conditions when the choice of resources is severely limited. It has therefore been considered necessary to take seriously the priorities and apply the restructuring mechanism in a way so as to boost the agricultural productivity immediately.

The radical restructuring of agrarian sector in the recent years has been the most important event on the national scene in Soviet Union. The normalization of the condition of agriculture will affect the future course of national economic scene. Incidentally this area has assumed greater significance in Gorbachev's economic policy.

An attempt has been made in this dissertation to examine the condition of Soviet agriculture with a historical perspective in mind. This provides a useful background, as well as help to a great extent in understanding the problem. In the case of Soviet agriculture the historical background is indeed revealing :

for all the issues which are surfacing the agriculture now-a-days, were present in some form or the other in the twenties, thirties and later on also.

I have made an attempt to show that the roots of the present greivous state of agriculture lay much deeper, well into the pursuance of agricultural policies by Gorbachev's predecessors, who in their obsession with the 'State' always seemed to forget the interest of the peasant - the real owner of the land. The agricultural crisis though manifest in its various forms, did not occur openly due to the 'iron-curtain' prevalent in Soviet Union in pre-Gorbachev years.

The present dissertation consists of three chapters. In the first chapter, a historical background of the problem has been traced. The policies followed by Stalin, Khrushchev and Brezhnev are discussed at length and their after-effects made clear.

Chapter II provides the information about the changes attempted by Gorbachev, first, when he was in charge of agricultural affairs under Brezhnev; and second, when he became General Secretary of the Communist Party of the Soviet Union. This chapter also discusses the changes in agricultural administration attempted by Gorbachev in order to dismantle the highly bureaucratized agricultural sector, as well as steps like 'co-operatives' and 'brigades' - which all lead to decentralization of economic activity in the agrarian sector.

This is followed by the third chapter which includes the further novelties ushered in by Gorbachev in order to streamline the agricultural system. The third chapter deals primarily with the new forms of socialist property, now widely in practice in Soviet Union, namely the land-lease system. Changes to be introduced in the price-policy of the agricultural produce are also discussed in this chapter, so is discussed the credit and financial system as a way to improve the financial status of the agricultural sector.

The concept of economic accountability and financial accountability is also discussed in this chapter. Finally are discussed those 'minor' aspects of agricultural system - processing and storage of farm products, providing of better facilities to the people living in the countryside, which due to previous neglects has affected the agriculture in the most adverse manner.

The dissertation concludes with a gist of my inferences from my study of the subject.

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CHAPTER I

SOVIET AGRICULTURE : FROM STALIN TO GORBACHEV

CHAPTER I

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Soviet agricultural development forms a very important part of the overall picture of the Soviet economic development. After the agrarian revolution of 1917, the Soviet economy was dominated for about a decade by two different administrative regimes - War Communism (1918-1921) and the New Economic Policy (NEP) (1921-1928) which proved essential for the formulation of comprehensive central planning (1928) also called as Command economy; and the collectivization of agriculture (1929). Prior to embarking upon the decision to collectivize, the years from 1924 to 1928 witnessed an extraordinary debate on how to initiate economic development in Soviet Union.

The Great Debate :

The great debate was ignited because of the multifarious nature of the problems facing Soviet economy, viz. the strategy of economic growth in industrialization, the accumulation of capital, the role of peasantry in the context of development etc. As this debate was to focus on the developmental strategy of Soviet economy for 1920s & 30s, and with the land settlement of 1917-18, in hindsight, it was seen though the agricultural production increased rapidly, yet there was a persistent shortage in marketed produce and the feeding of the towns was

only possible by a drastic reduction of exports of grain. But, for urbanization there was to be a substantial increase in off-farm consumption of food and also for a large export surplus to pay for essential import of capital goods. To get this 'surplus' all incentives were to be given to the peasantry, but Lenin thought that this would mean a market oriented private peasantry that would generate capitalism. So the only way to obtain the required surplus and to develop the Soviet economy left was to channelise the agrarian sector. It was agriculture which was to show the way to Soviet industrialization. Precisely, how to get maximum out of the agriculture was the centre-point of the great debate. The main contributors to this debate were Lev Shanin and N.I. Bukharin representing different views within the right wing of the Bolshevik party, and E.A. Preobrazhensky, the economic spokesman of the left wing of the party. Besides, there were other significant contributors such as Bazarov, Groman, Rykov and Sokolnikov.¹

Bukharin, the moderate leader was the one who argued that it was only from middle and better-off peasants that the farm surpluses would come, so in no condition they be antagonised.

1 For details of Soviet Industrialization Debate see Paul R. Gregory & Robert C. Stuart, Soviet Economic Structure And Performance (Cambridge, 1986), pp. 76-96 and Alec Nove, An Economic History of The USSR (Middlesex, 1972), pp. 119-135.

Infact, he argued that they be encouraged, reminding of a possible peasant rebellion in wake of forceful confiscation. He further forwarded a contention that these peasants, in due course of time could be persuaded to accept the building of socialism. Those not in favour of Bukharin's view stated if the middle and better-off peasants were encouraged there was the danger of their conversion into 'kulaks'. As the Soviet power in the villages was weak, the course of action suggested by Bukharin would be of "riding into socialism on a peasant nag"² and there were apprehensions about the peasant nag going in the right direction.

The validity of Bukharin's policies were challenged and the most strong analysis was provided by Preobrazhensky. He argued that in order to get the necessary socialist accumulation for financing the industries and expansion of socialist sector, the private sector (which was of course peasants) was to be exploited. Preobrazhensky thought that the party's industrialization programme was too modest so he emphasized that resources for the 'necessary capital' would have to be obtained by taxation (exploitation, yes) of the private sector at the earliest.

The outcome of this debate was that the policies and programmes formulated were having a close resemblance to

2 Cited in Nove, Ibid., p.124.

Preobrazhensky's idea. So from 1928-1940, the economic growth of Soviet Union saw the industry in general and heavy industry in particular; grow at an annual rate of 11 percent, whereas the agricultural production grew at an annual rate of 1 (one) percent between 1928 and 1937.³ Similarly, the agricultural labour force declined and the non-agricultural labour force grew by almost 9 percent.

In sum, the pro-industry programme was implemented at the cost of agriculture.

Decision to Collectivize :

The decision to rapidly industrialize the Soviet economy after the great debate called upon the Soviet agriculture to bear the brunt of the whole process. In keeping with this decision the agriculture was treated in a way so as to give necessary impetus to the industrialization process. Collectivization ensued.⁴ This process from 1929-1934 makes an important

3 Gregory & Stuart, n.1, p.93.

4 For details of Collectivization Process see A.Nove, "The Decision to collectivize", in W.A.D.Jackson, ed., Agrarian Policies and Problems in Communist and Non-Communist Countries (Seattle, 1971), pp.69-97; J.F.Karcz, "From Stalin to Brezhnev : Soviet Agricultural Policy in Historical Perspective," in J.R.Millar, ed., The Soviet Rural Community (Urbana, 1971), pp.36-70; A.Vyas, "Primary Accumulation in the USSR Revisited", Cambridge Journal of Economics, vol.3 (1979), 119-130; R.F.Miller, "Soviet Agricultural Policy in the Twenties : The Failure of Cooperation", Soviet Studies, vol.27, no.2 (April 1975), 220-244.

event in the Soviet economic history. The decision was to introduce some sort of command element into the Soviet countryside.

It was at the fifteenth Party Congress in December 1927 that the decision to collectivize the farms as the basis of agrarian policy was taken. Before we proceed, it would be appropriate to know the nature of the collective farms as perceived by the Soviet leadership of that time. "Collectives are those agricultural units which work on a co-operative basis, and are composed of a number of individual holdings which have either partially or totally renounced their independence."⁵ This definition of the collectives by Dobbert is self-explanatory and gives a view of what collective farms were. These collectives were divided into three types. The simplest type was that in which there was a communal ownership of the land. In this, the ploughing, sowing and harvesting were carried out on a co-operative basis and so was thrashing and the harvest was divided among the various members. The second type was the 'artel' in which the land and cattle were held in common. The third and the highest form was the agricultural commune in which all the work was done collectively and a communal mode of living was introduced in line with Bolshevik ideas.

5 Gerhard Dobbert, ed., Soviet Economics (London, 1933) trans., p.128.

After the decision to collectivize the farms and make them the basis of agrarian policy was agreed upon in principle at the fifteenth Party Congress, the details of the ensuing First Five Year Plan (FYP) revealed that by the end of the plan period, 15 percent of the peasant farm would be collectivized; and that the State would assist the 'voluntary joining' of the peasants to the collective farms.

It was, however, not so because the better-off peasants who were labelled as kulaks resisted this move. This was primarily because of the reason that the qualities that made the better-off peasant a so called kulak, were the ones of superior intelligence and extremely energetic work. Another reason of people not joining the collective farms 'voluntarily', and thus rendering the plan short of its target, was that the collective farms already in existence had not shown any marked advance over individual farming and the standards of living in the collective farms was no better than that of the average independent farmer.⁶

Another important reason for the non-achievement of the targets of the ambitious FYPs was that upto 1928 the government had produced its grain requirements by buying whatever the peasants could be induced to sell, but later on the peasants

6 Leonard E. Hubbard, The Economics of Soviet Agriculture (London, 1939), p.103.

were compelled to sell, and they resisted this. Peasants were compelled because they had to pay taxes to the government and were really forced to sell their produce to the government at its own prices because transport facilities were refused for private consignments. It had another implication also: that the peasants living near the towns were able to sell their produce (mainly grain or flour) on the town markets, whereas those far from the towns could not. Also the consumers' co-operative associations sold cheap bread made from government grain stocks, as a result there was not much demand by the non-agricultural population for supplies of grain or flour from other sources. Seeing these bottlenecks in the plan-fulfilment, the government started thinking of more effective means of procuring sufficient grain to satisfy the increasing demand of the urban industrial population.

The Mass Collectivization :

As no other remedy was available to the leadership at that time for rapid industrialization and satisfaction of the growing urban industrial population's demand, the leaders forged ahead with mass-collectivization, headstrong. As Lewin says "While the discussion of collectivization and Stalin's arguments on its behalf were well under way in 1928, it was not until mid-1929 that central control over existing co-operatives was substantially strengthened and the system of grain procurement changed, in short, the beginning of the process of

mass collectivization."⁷ By the latter part of 1929, there was an all out drive for collectivization by the Communist Party which was severe on kulaks and middle peasants. It was at this time only, before the November Party plenum precisely, that Stalin spoke for the first time of eliminating the kulak. So the process of collectivization went ahead full-steam but still a fiction was maintained that collectivization was a spontaneous movement on part of the peasantry, only resisted by kulaks. But contrary to this official claim, there was widespread resistance to collectivization and so the peasants were persuaded, cajoled, taxed, ordered and forced to join collective farms. Those who did not comply were arrested and deported using a 'sound' alibi of branding them as kulaks. This 'dekulakization' drive resulted in the flight, execution, deportation and resettlement of millions of peasants and provided the initial manpower for a vast army of penal labour.⁸

As the leadership went all-out for collectivization an important decision was taken to establish (special) agencies which were to rent power driven machines such as tractors and other agricultural equipments to the collective farms, and were made a kind of compulsory service agency. At the same time

7 M.Lewin, Russian Peasants and Soviet Power (London, 1968), p.409.

8 Gregory & Stuart, n.1, p.111.

their role as supervisors was also stressed. These were the Machine Tractor Stations MTS . They were originally started in the Odessa province in 1927 and were officially organised after a decree of 5th June 1929.

Initially the MTS had 100 tractors or more, together with all the necessary accessories, as well as thrashing machines, repair shops and technical persons. These stations undertook agreements with nearby village communities or collectives, on the basis of a share in the harvest in exchange for the technical assistance. Infact, the MTS developed into a unique combination of providing both tractor-power and political economic guidance.⁹ With the help of MTS, the party exercised informal control over the country side. The political departments (Politotdely) of the MTS were there to strengthen the role of Communist Party. The head of these departments were charged with vast powers over production plans and procurement activities. Armed with enormous powers as they were, and following Stalin's line of clearing the kolkhozes of the 'state's enemies' - who were disguised as storemen, book-keepers, agronomists etc., the political departments dismissed 34.4 percent of storemen and 25 percent of book-keepers in 1933. Infact, with MTS more and more pressure was exerted on the peasants and collectivization process consolidated.

9 Nove, n.1, p.182.

Impact of Collectivization :

Agricultural output declined as an immediate impact of collectivization. As collectivization was not favoured by the peasantry, they resisted it with all their might-burning grain, destroying livestock and other such measures. The index of gross agricultural production (1928=100) declined from a pre-collectivization high in 1928 to an immediate post-collectivization of low of 76 in 1932.¹⁰ A severe decline in meat, dairy and egg production was there exceeding that of the cultivated crops. There was a tremendous loss of lives due to collectivization and the famine thereafter. The problem was further accentuated by a sharp decline in agricultural capital stock caused by the mass destruction of animal herds by slaughtering, instead of bringing them into the collective farms. Agriculture was in a real bad condition, and as Jasny points out that "other forms of capital stock -- notably building & machinery simply disappeared during the turmoil of collectivization".¹¹

After a relatively better harvest of 1933 the acute crisis of agriculture reached in 1932-33 was recovered, albeit very slowly. Collectivization was almost completed in 1937 when 99 percent of all the cultivated land was collectivized. After the excesses of collectivization, the private operations of the

10 Cited in Gregory & Stuart, n.1, p.112.

11 N. Jasny, The Socialised Agriculture of the USSR (California, 1949), p.323.

collective farms were increased, especially in livestock, though ofcourse they were subject to a maximum. Even after a record harvest in 1937, the grain output rose exceedingly slowly. From 1929-34 about 17.2 million horses were lost and as a result was lost tremendous haulage power. Subsequently the amount of tractor horse power increased by three million only and in that also there were break-downs because of poor maintenance and lack of skilled labour and of spares. However, by 1937 the number of horses as well as tractors increased and the situation improved a bit.

In 1935, the kolkhoz was declared to be a voluntary co-operative whose members had pooled their means of production in order to produce in common.¹² The members of the kolkhoz elected their own chairman and a management committee but, infact, the kolkhozes were instructed from local state and party organs on matters of agricultural production and procurement. The members received their payments in proportion to the trudodni (workday units) and the skilled workers got more trudodni than the unskilled ones. The amount paid to a peasant in cash or in kind depended upon the number of trudodni he earned and the worth of each trudoden.

A 'model statute' adopted in 1935, gave a formal recognition of the right of the kolkhoz to a private plot of land of about an acre or less. Livestock possession was limited to one cow and

12 Nove, n.1, p.240.

calves, one sow and piglets, four sheep and any number of rabbits and poultry.¹³

As a result of this statute, the residual left at the end of the year was so small that the system, far from operating as a profit sharing scheme, functioned simply to push down peasant incomes from the collective sector to a minimum; and forced the peasantry to bear the burden of bad harvests and other natural calamities. So the average kolkhoznik worked as much as possible on his own little plot, and did as little as he could get away with on kolkhoz. This led to the introduction of a legislation in 1939, that the kolkhoznik were to work for a certain minimum number of days per year on the collective farm.

To add to the misery of the peasantry, the size of the private plots was reduced in 1939, after a central committee plenum that year. The same year the kolkhozes were directed to greatly increase their live stock holdings. Because of the shortage of fodder the productivity of the collective livestock further fell. As a result of this, the fodder for private livestock further reduced and there was a fall in their numbers.

Infact, during the Stalinist period, every measure was used to increase the delivery quotas, leaving the peasant to innumerable sufferings and grievances : less bread, fewer private animals, too little cash and the like.

13 Ibid., p.241.

War Period and Afterwards :

Agricultural output fell considerably during the war, in 1942 and 1943 it was below 38 percent of the level of 1940.¹⁴ Supplies for the agricultural raw material fell, so did the output for food industry. Meat and dairy produce, sugar, textile production all steeply went down. The grain harvests were severely affected due to shortage of fertilizers and fuels; shortage of every kind of labour; of haulage power of both the horses and the tractors. Livestock numbers also fell.

Infact, the losses of the war in agriculture were immense. After the war, the Soviet government estimated the losses which came out to be in astonishing amounts. Seventy thousand villages were totally or partially destroyed. Ninety-eight thousand kolkhozy, 1,876 sovkhozy, and 2,890 MTS lost their machinery and equipment (137,000 tractors, 49,000 combine harvesters, 46,000 sowing machines, etc.). About 7 million horses, 17 million cattle, 20 million pigs, 27 million sheep and goats, and 110 million chickens and other poultry were lost.¹⁵

After the war, in 1946, the agriculture in USSR faced still tougher times. To add to the various shortages in the

14 Ibid., p.275.

15 Zhores A.Medvedev, Soviet Agriculture (New York,1987), p.129.

system, there was a severe drought in many areas which considerably reduced the grain harvest. Because the Party and government officials were preoccupied with war, some autonomy was granted to the kolkhozes during the war, yet the procurement was the prerogative of the Party and governmental agencies. As it were to be, there was more strain on the peasantry because of this procurement policy which added to the destruction brought in by war. To reconstruct the agricultural sector after the war, various measures were taken. An important decision was taken in this regard after the 1947 plenum of the central committee to increase the agricultural output by virtue of carefully regulated plans. The sowing plans for category of crops, the kind of crops to be sown etc. were furnished to the kolkhozes and the procurement targets further strengthened. The supervisory role of the MTS was also strengthened by the appointment of a deputy director 'political' to each MTS.¹⁶ In fact, in March 1946, a new Five Year Plan for "Post War Reconstruction and the Development of Industry and Agriculture" was approved by the Supreme Soviet. According to this plan by 1950 total agricultural production was to be 27 percent higher than in 1940. Grain production was to reach 127 million metric tons in 1950 and similar increases were planned for other crops and livestock products.¹⁷

16 Nove, n.1, p.297.

17 Medvedev, n.15, p.131.

This was done with the honest aim of improving the state of health of the Soviet agri-sector, but it proved to be unrealistic and unattainable. The country was having neither the manpower nor the resources to fulfill the plan. Despite this, the kolkhozy and sovkhozy were asked to increase the acreage of sowing extensively. But due to lack of manpower, horses, equipment, level of mechanization necessary to undertake any meaningful increase in the area of cultivated land, the programme proved to be a farce.¹⁸

Infact, after the war every possible effort was made to increase the agricultural production and it resulted in misery for the poor peasantry. It seemed that Stalin was determined to make the poor peasantry pay for the post war re-construction.

Agriculture in the Postwar Era :

After the tiring and tumultuous years of war there was a rapid recovery for the depressed village and agriculture. This period saw the emergence of Khrushchev. He came out, for the first time, with frank statements regarding the mismanagement of the collectivization era. He showed that the productivity per hectare, per peasant was very low, so was the livestock numbers and that all this, under Stalin was hidden by statistical distortions. As a result of the intense collectivization process, the peasant incomes fell rapidly and investment

18 Ibid.

in the farms was sufficiently inadequate. To cite some figures available of that time now, the total investment devoted to agriculture declined steadily from 15.5 percent during the first Five Year Plan (FYP) (1928-1932) to 9.3 percent during the war years. The share of agricultural capital stock declined from roughly 31 percent in 1929 to 16 percent of the total in 1941 and remained at 14 percent throughout the 1950s.¹⁹ Taxes on the private plots discouraged production and harmed the peasant interests a lot. Defective and bureaucratic planning was prevalent in the agriculture harming it the most.

Khrushchev realised the importance of a proper organization of the agrarian sector and started in all his earnest to set the things 'right'. Under his guidance, in the winter of 1953-54, final touches were put to a 'grand design for change' in the agriculture. This included the famous new lands programme or the 'Virgin Lands Campaign'. The main goal of this campaign was initially to reclaim about 13 million hectares of land by 1955 in Siberia and Kazakhstan, using state farms as the mode of organization to increase the grain supply rapidly. This was a grandiose task in face of a hostile natural climate, yet the

19 R.Moorsteen & R.P.Powell, The Soviet Capital Stock, 1928-1962 (Illinois,1966), p.615.

programme moved on, cushioned considerably by the rather surprising bequest left by Stalin. The existence of the grain reserves of about 32 to 35 million tons gave the new leaders a sense of security and strengthened their propensity to engage in risky ventures.²⁰ Although these new lands received substantial capital investment, yet the yield were modestly declining. However, the programme did contribute roughly 25 million tons of grain annually between 1958 and 1963, though performance in the early years of the programme was generally better than in the later years.²¹

Major Khrushchevian Reforms :

Khrushchev identified the major problem areas of agriculture and immediately started the reforms. Here an yearwise analysis of the agrarian reforms is made, as they proceeded under Khrushchev.

In 1953, first of all price-area was identified and the farm prices were reduced, first for the grain and later for other farm products as well. Then direct taxation burden on the agricultural population was lessened by 1954, but its basis

20 J.F.Karcz, "Khrushchev's Agricultural Policies" in M.Bornstein & D.R.Fusfeld, ed., The Soviet Economy (Illinois, 1970), 3rd ed., p.224.

21 For details see Martin McCauley, Khrushchev And The Development of Soviet Agriculture (London, 1976), pp.88-89.

was changed. Taxation, no longer was on the basis of sowing of a particular crop or the possession of an animal, but was levied on the area of plot, differentiated by region.²² This was done with a clear aim of increasing the agricultural as well as livestock production. Coupled with this was the encouragement given to the peasants to increase their livestock numbers and those families who were without livestock, were freed from compulsory delivery of meat. Infact, compulsory deliveries from households were reduced in 1953; four year later they were eliminated altogether.²³

After 1953 the agricultural administration was in a condition of disorder as the functions were ill-distributed and ill-defined. To streamline the system, as Khrushchev thought, there was a need to reorganise the Ministry of Agriculture. As a result, it lost its planning authority in 1955, and agricultural scientists were put in charge of the Ministry. On the whole, the more traditional central agricultural bodies lost power to lower level administrators in republics, oblasti (provincial) and raiony (district).²⁴

To ameliorate the bad situation which arose from the inadequate performance of agricultural planning and the lack

22 Cited in Gregory and Stuart, n.1, p.131.

23 Bornstein & Fushfeld, ed., n.20, p.225.

24 McCauley, n.21, p.109.

of properly trained personnel on the kolkhoz, the kolkhoz management was to be made strong. The kolkhozes were to receive their annual plans from the raion Soviet executive committee, and then elaborate and execute the plan alongwith the Machine Tractor Station, MTS . So the role of MTS was also made more important, as they were asked to maximise the kolkhoz production alongwith the judicious use of the available machine power.

A sort of management from below was started in the way that the USSR State Planning Commission (Gosplan) and Ministry of Agriculture were to receive information from the Council of Ministers of various republics, who in turn were to receive information from the local Soviets. In this way the USSR Gosplan had the responsibility of perspective planning and co-ordination of agriculture with other branches of economy.

Another bottleneck which held the Soviet agriculture back, and hence a lack of stimulus on part of the kolkhoznik to work for social labour than on the private plot, was the uncertainty of remuneration on kolkhoz. After a decree of March 1956 monthly advances were instituted for the kolkhoznik. These advances were to be based on the number of labour days worked and were not to be less than 25 percent of money income received for agricultural production by the kolkhoz and 50 percent of the money income received in advance on contracts and compulsory deliveries and state purchases.²⁵

25 Ibid., p.111.

Apart from these organisational changes, Khrushchev also stressed upon the management of farm personnel. Encouragement was given to quality of farm produce, enhancement of decision making power within the farm, and usage of new tools. Agricultural specialists were also introduced directly on the farms. Independence was given to local farm managers in land use, sowing, harvesting and the like. Infact, a sort of decentralization process was favoured by Khrushchev. Khrushchev had that obsession for the 'bigger' enterprises. He ordered the amalgamation of a number of collective farms as also the conversion of many collective farms into state farms. As far as the conversion of collective farms to state farms was concerned, it mainly depended upon the conditions in which those farms were existing. At some places the economically depressed kolkhozes were converted whereas at some other places, they were converted because of the need of creating vegetable and dairy state farms around big cities. But the basic aim underlying these amalgamations was the increasing of the agricultural produce as fast as possible.

Establishment of Sovnarkhozy (Regional Economic Council) :

A plenum of Central Committee in December 1956 indicated that there were defects in the sixth FYP. Its main drawback was that there was a lack of investments for the agri-sector, and whatever investments were available, the various ministries competed for them. Infact, there was a lack of co-ordinating

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powers. To make the going smooth for the plan, it was proposed that Grosekonomko should become a kind of super ministry with powers to issue orders to all the ministries, so that all the ministries should pull together. This step was taken by Khrushchev as towards curtailing his powers in economic affairs, so he hit back by political manoeuvring and prevented this proposal from materialising. Instead, he put up different proposal for discussion and after several amendments these proposals were accepted by Supreme Soviet in May 1957. It was done to cope with the problem of ministerial empire building and insufficient coordination by the drastic expedient of abolishing the industrial ministries altogether, and substituting a regional structure co-ordinated by Gosplan (State Planning Committee).²⁶ So were born the sovnarkhozy, which were the regional economic councils, governing the civilian industrial and building enterprise that were not of local significance. Each sovnarkhoz was in general command of its enterprises. The sovnarkhozy were appointed by republican Council of Ministers and were responsible to them, and the republican Gosplan acted as co-ordinator in the multi-sovnarkhoz republics. The all-Union Gosplan was to be responsible for general planning, the co-ordination of plans, the allocation between republics of key commodities.²⁷

26 Nove, n.1, p.343.

27 Ibid., p.344.

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Another important decision by Khrushchev was the abolition of MTS in 1958. As the MTS, for a long time, enjoyed the position of a hiring agency, as well as a means of party-state control, there were frictions between the kolkhoz and the MTS. The kolkhozes always wanted that there should be a good harvest and at the same time lesser payments be made in kind to the MTS, where as, the MTS wanted that the operation of the machinery should be more and more ^{and} payments in kind should be accruing to MTS in larger units.

As a result of the abolition of MTS, the machinery was handed over to the collective farms and they had to pay for the equipment transfer, spare parts, fuels; as also the payment to the employees of MTS. What came out of this was clearly a much more burden on kolkhozes. A major drawback of this programme (most authors prefer to name Khrushchev's initiatives as programmes) was that only rich kolkhozes (very few) were able to raise finance for the machinery obtained from MTS. But the poor kolkhozes were saddled with debts for years to come. Another adverse effect was that many kolkhozes got obsolete and useless machines, which further added to the problems of kolkhozes.

Khrushchevian Period Further - 1958-1964 :

As noted earlier, that the Ministry of Agriculture was gradually sidelined by the agricultural policies prevalent at that time. It lost its major planning responsibilities in

1955, its MTS in 1958, its supply responsibilities in 1960 and in 1961 was transformed into purely a research and extension concern.²⁸ Khrushchev was of the view that the Ministry of agriculture has to be restricted in its operational role and the supervision of farms handed over more and more to the party. After the Ministry of Agriculture was shorn of its executive functions in the field of supply and finance other reforms hastily followed. Some of them were :

1. Gosplan took over the planning and direction of state farms.
2. Procurement was handed over to State Committee for Agricultural Procurements, which did it via contracts from state and collective farms.
3. The system of farm prices and farm terms of trade were revamped in 1958. Sales in the form of compulsory deliveries were replaced by a system in which the quotas were to be fixed separately for each farm. Now the farms were not allowed to substitute one type of product for another in fulfilment of state purchase quotas.
4. A single price system was also introduced, endowed with the provision of flexible prices for grains, sun flower potato and sugarbeet.²⁹

28 McCauley, n.21, p.109.

29 Bornstein & Fusfeld, ed., n.20, p.230.

5. Following the above mentioned ones, another reform was introduced by Khrushchev in 1962 (March). This was the setting up of Territorial Production Administration (TPAs) which had representatives from kolkhozes and sovkhozes, and had several raion of their areas. The TPAs which were supervised by party dominated network of agricultural committees, were to supervise production and procurement and improve the technical level of agriculture. For production and procurement of agro-products at the oblast level, TPAs at oblast level were set up, and similar organizations at the republican level were also introduced.

Infact the establishment of TPA was aimed at reverting the trend of decentralization pursued by Khrushchev earlier. This was because the raion party and soviet apparatus had failed in their allotted tasks; and responsibility had to revert once again to higher bodies. By dividing up the various faces of agricultural management among several centralised agencies, Khrushchev was attempting to cut down on fraud and collusion.³⁰

6. In September 1962 Khrushchev proposed to divide the party into - (a) one dealing with agriculture; (b) the other with non-agricultural branches. This was done to give necessary

30 McCauley, n.21, pp.114-115.

impetus to the agricultural production, and intensification of agricultural management for improving the efficiency of those officials who had the responsibility for agricultural sector.

Evaluation of Khrushchevian Reforms :

It is clear from the various initiatives of Khrushchev that he was interested in agriculture in a way that Stalin never was.

Khrushchev's agricultural policies showed an immediate success. But his policies had two distinct phases. In the first phase, that is from the mid through the late 1950s, Khrushchev could ride a crest of generally expanding performance. However, in the second phase, that is the late 1950s and early 1960s this trend was generally reversed.³¹ In order to analyse the trend of reversal of Khrushchevian policies it is necessary to study certain specific factors :

One of the major programmes by Khrushchev was the virgin lands programme, which was successful in early 1950s but flopped in the 60s. As noted earlier the main goal of this scheme was, to primarily, increase the output of wheat and that too as fast as possible. To meet this end there was a continuous cultivation

31 Gregory & Stuart, n.1., p.135.

of the sown area which resulted in a severe soil erosion in 1950s leading to a sharp decline in the harvest levels.³²

The party became too strong and interfered with agricultural affairs rather too much, with total disregard for the local conditions. Maize was sown in the areas which climatically did not support it, where necessary labour and machines were lacking and the result was that the harvests were very poor. Crop rotation was disrupted. Cattle were slaughtered to achieve spectacular results in meat production. Stalins favourite travopolye (grass-rotation) system was almost abolished to reduce the area under grasses which led to declining soil fertility. Requests for reduction in the sowings to preserve soil from erosion and weed infestation was refused.

Production targets were arbitrarily and unrealistically fixed; and on the basis of these targets, procurement quotas were fixed. The result was that the local party officials acted as they had in Stalin's time to take whatever they could, and the kolkhoz and the peasantry suffered.³³ Khrushchev and all those around him insisted upon an immediate return (higher procurement and output) from the greater allocation of machinery and government investments. Long gestation period was viewed with disfavour; and Khrushchev made it clear that any other

32 McCauley, n.21, p.147.

33 Nove, n.1, p.364.

alternative required too much time and too many resources. It would be desirable here to reproduce what Gerhard Dobbert had said way back in 1932 regarding Soviet agricultural policies:

"Many factors seem to make a large scale mechanisation desirable in Russia; but the development in this direction would have to be in line with the conditions of organic growth, and it would be wrong to suppose that the tempo should be dictated from above regardless as to whether certain factors of decisive influence will develop at the same rate. The Soviet policy of socialization pays no regard to these assumptions and is therefore a policy fraught with danger. Its worst blunder is that it loses sight of human nature in its blind adoration of the machine. The Soviets are all too ready to believe absolutely in their power to imbue the Russian people with the spirit of collectivism". 34

Abolition of MTS was another 'reform' by Khrushchev which was considered uncalled for. Infact, the largest Soviet academic institute of agricultural economics was opposed to the MTS reform in the form which it eventually assumed.³⁵ The abolition of MTS imposed excessive burden on the kolkhozes which did not possess either the workshops or the skilled manpower to maintain or repair it properly.³⁶ Moreover, the MTS were an important source of produce for the state. Its abolition permitted a radical change in payment for produce procured by the state from the kolkhoz. Infact, by giving the

34 Dobbert, n.5, p.125.

35 Bornstein & Fوسفeld, ed., n.20, p.235.

36 Nove, n.1, p.363.

kolkhozes the 'benefit of doubt' by abolishing the MTS, Khrushchev overburdened the already stressed and strained kolkhozes.

With the MTS gone, an important controller of agricultural affairs had gone. So Khrushchev thought of streamlining the system by establishing selkhoztekhnika and TPAs. Both primarily aimed at controlling kolkhozes and state farms within their areas. But as conspicuous of the system prevalent then, the powers of the TPAs in relation to the farm management, procurement and other administrative organs were far from clear and so confusion ensued.³⁷

Another reform which put the agriculture in the reverse gear was the vigorous campaign against the private sector of the agriculture. Private livestock, in particular was discouraged most, by virtue of limited pasture rights; imposition of taxes where the number of livestock exceeded limits; priority of fodder to the collective and state animals and other things of the like. Net result of this was the drop in the number of private livestock, especially the cows, while the collective and state herds grew rapidly, when the state and collective herds increased rapidly, they were fed by grain fodder from the state reserves. As a result, the grain reserves depleted sharply, and after a bad grain harvest of 1963, there was a

37 Ibid., p.365.

need to import large amounts of wheat from capitalist countries.³⁸

Thus ended the most publicised era of agrarian reforms by Khrushchev. From the above description it's clear that the reforms initiated by Khrushchev, no matter how well intentioned they were, failed to solve any of the long term problems of the Soviet agriculture. As far as some short term problems were concerned, he did succeed. After all production did increase in the period 1953-58; but crisis emerged one after the other to render Khrushchev's efforts inactive. Though enough politically motivated, Khrushchev did put his earnest efforts to revive the Soviet agriculture from the state of its ill-health. It would be appropriate to sum up his policies (and failures) by virtue of a most cogent analysis put forward by David Dyker - "It would be totally unfair to say that Khrushchev ignored the need for long term solutions. Improvement in agricultural prices, and as a corollary, increase in peasant incomes and investment flows in agriculture, would obviously form the corner-stone of any long term strategy, and these very policies were, of course, pioneered by Khrushchev. The point is that the First Secretary's over-riding concern with short term results led him to seek panaceas which, even if perfectly reasonable in principle, tended to be implemented in such a way as to create rather than solve the problems in the long run".³⁹

38 Ibid., p.366.

39 David A. Dyker, The Soviet Economy (London, 1976), p.135.

Agriculture After Khrushchev :

Khrushchev was dismissed in 1964 and succeeded by Brezhnev. His approach to agriculture was more consistent than his predecessor's. In March 1965, at a Party Plenum, guidelines for agriculture for the decade were set forth. They were : announcement of relaxation on restrictions on the private ownership of livestock as well on the size of the agricultural plot,⁴⁰ higher agricultural prices (particularly for livestock products), better and guaranteed pay for the peasants, lower prices for agricultural machinery and other inputs. The state purchase prices for meat, milk and grains were increased, but the state farms received higher increases than the collective farms. Bonuses for the above-plan delivery of the grains were to be paid. "Additional breed grains delivered to the government in excess of the procurement quota were to receive a premium of 50 percent"⁴¹. Changes were introduced in the procurement planning also. After Stalin, Khrushchev had initially introduced decentralization into the procurement system, but he reversed his policy in 1958. Brezhnev reissued the earlier decree which left the details of the procurement plan to local administrators,

40 For details see J.F.Karcz, "The new Soviet agricultural programme", Soviet Studies, vol.XVII, no.2, October 1965, pp.129-161; and R.A.Clarke, "Soviet agricultural reforms since Khrushchev", Soviet Studies, vol.XX, no.2, pp.159-178.

41 J.F.Karcz, "The New Soviet Agricultural Programme", in Wright, ed., Economics of Communist Agriculture, (Bloomington, Ind., 1979), p.199.

and added that in case of conflict, the farm could over-ride the state authorities.⁴² Procurement goals for grain and livestock was made less restrictive, and targets for different geographic areas were adjusted downwards (lessened) for the 1965-70 plan. The goals for 1970 grain output were set 27.7 percent lower than the goals announced in the plan of 1961;⁴³ investment in agriculture was to be rapidly increased but profitability was to be the criterion for the managing of state farms. Rates for agricultural machinery, spare parts, and electricity were reduced; Brezhnev had a firm conviction that the bigger farms were quite unmanageable, so he introduced a system of management of farms on the basis of profit and loss according, khozreschet. This implied that the state farms became dependent on profit for bonuses and other funds relied less on state subsidies. Financial assistance from the state mainly restricted to the building of infrastructure;⁴⁴ in reforming the agricultural administration, the Ministry of Agriculture was restored to its former powers. The need for farm autonomy was reasserted. The TPAs were converted into ordinary raion agricultural organs, the party district committees (raikomy) was reconstituted. The sovnarkhoz (regional) system of planning was ended in September 1965, the ministerial

42 Ibid., pp.205-206.

43 Brigitta Young, Prospects For Soviet Grain Production, (Boulder, Colorado, 1983), p.99.

44 Ibid., p.100.

system put back in its place, VSNKH was abolished, Gosplan resumed the sole authority for planning.⁴⁵

One of the most interesting and important reform by Brezhnev was the renewed interest shown in the 'link' (Zveno) system. A 'link' is a small subunit having about 5 to 10 persons performing specific agricultural task. An important aspect of the link system was that in line with the policy of 'non-interference', the authorities declared that the kolkhoz and sovkhoz management may go ahead with the experiments along the 'link' lines if and when they wish.⁴⁶

The reform which forms the hallmark of Brezhnev's tenure was the establishment of the "Agro-Industrial Complexes" for the integration of agriculture into a modern national economy. As it became more and more evident to the Soviet leadership that the modern science, technology and organisational structure have a very significant influence over agricultural performance(s), they tried to integrate the agriculture and industry to increase the agricultural productivity. Indeed, the big and complex tasks in the field of agriculture necessitated some organizational changes to make it possible to raise the well being of the people on the whole in general, and in the agricultural sector in particular. Agriculture was considered

45 Nove, n.1, p.369.

46 Dyker, n.39, p.138.

as a part of the more complex agro-industrial cycle. The arrangements to portray the agro-industrial complex as a distinct branch of national economy were made at the July Central Committee plenum in 1978. Under this programme the agricultural cycle was sought to be made simple, independent and productive.

To simplify the agricultural cycle, the production and distribution side of the agro-industrial complexes were earmarked. Manufacture of agricultural machinery; fertilizers and other chemicals; fodder and feed; creation of better transport facilities; network of educational and scientific establishments necessary for the satisfactory completion of the agricultural cycles were, on the production side of the agro-industrial complexes. The distribution side was entrusted with the responsibility of storage facilities, food processing plants, procurement and purchase agencies and a system for distributing the food products to the population. All these production and distribution works were under the agricultural sector of the government which had the enlarged Ministry of Agriculture, the Ministry of Tractor and Agricultural Machine Building, some departments of the Ministry of Chemical Industry, the Ministry of Procurements and the Ministry of Food Industry. The All-Union network of the selkhoztekhnika was included in the government via the State Committee for Material and Technical servicing of the Agriculture.⁴⁷

47 Medvedev, n.15, p.325.

All these six branches responsible for agriculture, were facilitated by independent budget and suitable networks of industrial or service facilities. Now all the agricultural tasks of the kolkhozes and sovkhozes were to be performed via these ministries, and the system was called as the 'Agro-Industrial Complex'. These complexes operated at district, regional, republican and All Union levels. At the district level the representatives of the different ministries and network are united into a district agro-industrial unit called as RAPO or raionnoye agro-promyshlennoye obedineniye. Similarly at the higher levels, the regional or the republic APOs were formed. At the highest level a Commission of the Council of Ministers on matters of the agro-industrial complex (Commission of Agroprom) was established. It united all the ministries and the state committees which had anything to do with the agriculture.⁴⁸

The main task of the RAPOs was to co-ordinate work on increasing agricultural production, improving the soil, rational usage of the funds and improving the mechanization and technical services. RAPOs also helped in giving the necessary economic and technical support to individual plots, as well as supervising the transformation of some farms into specialised farms. The tasks of the regional APOs were similar

48 Ibid., p.329.

to that of RAPOs, but they could decide on prices and salary scales. They also included some units which did not exist at lower level eg, large meat processing, milk processing and food processing plants which absorb product from a number of districts.⁴⁹

The RAPO-APO system was introduced to improve co-ordination and to bring the kolkhozy and sovkhozy in the decision making process, so as to increase the quality and productivity of the agricultural sector. So, ^pspecialization and concentration of agricultural production on the basis of interfarm co-operation and agro-industrial integration became the operative phrase of the Soviet agriculture in the 1970s and in the 80s.

Food Programme of 1982 :

A comprehensive programme was launched by Brezhnev in 1982 covering the whole of agriculture and food complex, which came out of his assessment that there was indeed a food problem in the Soviet Union.

The food programme was initiated to bring about a proportional and balanced development of agro-industrial complexes. Strengthening of economic incentives in every sector of agriculture, and gearing of production to a higher

49 Ibid., 329-330.

level of final output through improved management and planning was sought to be ensured by the food programme. Further ensured was comprehensive improvement of the use of productive and technical potential of the agro-industrial complexes through a substantial increase in the return of capital investments and the material inputs made thereof. Economy and thirftiness was to be facilitated, losses were to be cut down and improvement in the quality of agricultural produce was to be done by the implementation of this programme.

To change the management of the agro-industrial complexes through a target oriented complex approach and planning system, the food programme was to operate. As such, the raion agro-industrial associations were established and upon them was created a complete organizational hierarchy. At the raion level, the agro-industrial associations incorporated kolkhozy, sovkhozy, state enterprises and other state organizations. At the oblast level, and in the other similar regional units, a similar structure was created plus an administrative council which had members from the councils of constituent associations and agricultural officials from the oblast level.⁵⁰

To ensure a high rate of agricultural output through continuous improvement in the efficiency of the private sector, more attention was paid to it. There was a relaxation of rules

50 Gregory & Stuart, n.1, pp.274-275.

pertaining ^{to} the holding of the livestock. Auxiliary farming by individuals based on contractual relations with, and support of the state and collective farms, was encouraged. Bank credits were also to be provided to meet this end.

To ensure the profitability of agricultural enterprises, cost-accounting system was to be strengthened on one hand, where as on the other, increased flexibility of decision making at the farm level was stressed. More rewards related to the performance eg., bonus arrangements were also provided for under this programme. Infact, the food programme envisaged a radical turn in the development of agriculture and solving the food supply problem through improvement in planning, organization and incentives.

Assessment of Brezhnev's Policies :

The Brezhnev era spanned a period of eighteen years, during which the general secretary was the dominant figure on the Soviet scene. When Brezhnev became general secretary, the agriculture was in a critical condition and needed cure for its ailments. Throughout his period of general secretaryship, Brezhnev introduced some measures or the others for the redressal of the agrarian sector. The most important factor, however, was the infusion of huge capitals in the agriculture to increase the productivity of the sector. This made the Russian agriculture a high cost activity. To put it in the words of Robert Campbell, "During Brezhnev's tenure, the

regime succeeded in expanding agricultural output at a rate of about two (2) percent every year. However, it attained this result at a very high investmental cost, reflected in the high share of agriculture in all investment, in very high costs of animal products output, in a huge subsidy bill, and in the need to import large quantities of animal feed from hard currency areas. Agriculture proper takes 20 percent of all Soviet investment. Much of this investment goes into equipment, land improvements and facilities for animal husbandry."⁵¹

Another reason for making agriculture a high cost activity was that of the subsidies used to cover the losses of kolkhozes and sovkhozes, which in 1982 amounted to 27 to 28 billion roubles and were the largest agricultural subsidy in human history.⁵²

Another reason why the agricultural reforms under Brezhnev did not yield the desired results was the pursuance of a price policy which did not suit the agricultural sector. As the incomes (of the public) rose, their demand for better and more food also grew which resulted in more food shortages.

51 Robert C. Campbell, "The Economy", in R.F. Byrnes, ed., After Brezhnev: Sources of Soviet Conduct in the 1980s (London, 1983) p.96.

52 Alec Nove, "Agriculture" in The Soviet Union After Brezhnev, ed., Martin McCauley (New York 1983) p.82.

On the other hand, the prices which were fixed as early as twenty years back made the agriculture suffer more on account of their inability to remunerate the cost of production of the agro-products. Moreover, the usage of the cheap bread to feed the cattle and pigs caused a shortage even of the bread, and further aggravated the problem.

What Brezhnev followed was a system of command and administer which led the peasants to move, rather shy away from their responsibilities. A direct consequence of this was the declining labour productivity. Also the conditions of living in the countryside were far from being satisfactory. This factor also made the peasants less interested in the farming and rush more towards the urban centres for paying avenues.

Science and technology were not integrated to the agrarian sector in a proper fashion. The equipments and machines were also of substandards and their repair and maintenance was appolling due to lack of qualified people and spare parts.⁵³

In short, during the Brezhnev years few changes were, of course, attempted to change the situation of the agrarian sector for the better, but fundamental reforms needed to remove the stfuctural shortcomings were not attempted. Worsening food

53 Ibid., p.87.

situation led to massive food grain imports and put a stress on the economy. Stagnation prevailed in the agriculture due to less power and influence given to local farmers and agronomists and more to Moscow bureaucrats, Planning, analysis of performance in different sectors of agriculture, the dynamics of procurement, market and retail prices, co-relation between productivity and the organisation of agricultural work, infact the whole gamut of factors comprising the agricultural economy were overlooked in the obsession with increasing productivity targets.

Gorbachev's Heritage :

Gorbachev inherited a system in which agriculture was a problem area and the outputs were on a dive both qualitatively and quantitatively. Food supplies grew more slowly than the growth of the urban population. Soviet agricultural development lagged behind the agricultural development in the rest of the world. There were rampant food shortages, but no shortage of plans and programmes - none of them fulfilled and none of their targets met. Every leader made his own pronouncements to improve the agricultural situation but their stepping into the agricultural affairs proved to be their political graveyards. Such was the state of affairs. Gorbachev inherited an agriculture in which,

1. though huge amounts of capitals were infused - as much as 18-19 percent of the total economic investment, a

factor which impinged upon other branches of economy, yet the results were dismal;⁵⁴

2. the financial situation of the basic units of agriculture i.e., the kolkhozes and sovkhoses was disappointing due to their decreasing profits despite higher sales of grain and other food products to the state;
3. the inflation hidden behind the state-fixed prices of the food, resulted from the consumers' propensity to spend more on food—especially on fruits, fine vegetables and animal products, aggravated the already short-supply situation of the food in the market;⁵⁵
4. the 'food situation' exacerbated by the lack of consumer goods led the people to spend more on food and created a further shortage;⁵⁶
5. the agricultural administration by virtue of its structure led not only to a duplication of efforts but also to a waste of human and material resources. The task of co-ordinating and supervising the work of similar departments in 14 republics and the agricultural departments at obkom (regional party committee) and

54 K.E.Wadekin, "Reforming Soviet Agriculture", Economic and Political Weekly, (Bombay), vol.XXIV, no.42, October 21, 1989, p.2389.

55 Ibid.

56 Ibid.

kraikom (the Party's chief organization, in a krai) level was, indeed, onerous;

6. agricultural management, when Gorbachev came in charge of the affairs, had 13 ministries and State Committees which rendered agricultural management extremely complicated;
7. huge amounts of imports further aggravated the situation, food imports from both socialist and non-socialist countries roughly doubled in volume between 1971-1975 and 1976-1980;⁵⁷
8. there were (and still are) great pre-harvest and post-harvest losses and also the losses of animal products due to inadequate transport, storage, processing facilities; amounting to about 30 percent of the total food produce;
9. lest but not the least, the weather also played havoc with the Soviet agricultural produces.

Thus, Gorbachev got an agricultural sector which had very poor output growth performance inspite of the various means and measures taken by his predecessors to revive the ailing agricultural sector of the Soviet Union.

57 U.N.Doc., Economic Survey of Europe in 1987-88 (New York, 1988), p.225.

CHAPTER II

INTEGRATED MANAGEMENT OF AGRARIAN SECTOR

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It is clear from the preceding chapter that the agricultural system as inherited by Gorbachev was not in best of its health. The programmes and policies followed by Gorbachev's predecessors, though all had their gains, proved to be short sighted and largely unproductive. So much so that the reforms that preceded Gorbachev were not comprehensive. They involved only the uppermost layers of the management structure and were confined to replacing some indices with other and to some reshuffle in the central administrative bodies. The reforms failed to reach deeply and change cardinally the status of the agriculture.

Back in 1980, writing about the Soviet agriculture, The Statesman reported :

"the most vulnerable area is agriculture, anxiety over it is so acute that the Soviet President has given food production priority over even subjects like fuel, energy, transport and metal." 1

Again, The Statesman, in 1988, reported :

"Mr.Gorbachev is, of course fully aware that one reason why the Soviet economy is finding it difficult to take off inspite of his reforms is because its feet are enclosed in the leaden shoes of an inefficient agricultural sector". 2

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- 1 Editorial, "Bleak Outlook In Russia", The Statesman (N.Delhi), October 31, 1980.
 - 2 Editorial, "Return Of The Kulak", The Statesman (N.Delhi), December 9, 1988.

In 1980 Brezhnev was in command and in 1988 Gorbachev was in command, and he still is. No matter whatever the leadership, the agricultural crisis is permanent. It would be appropriate here to reproduce what President Gorbachev very recently remarked about his legacy of economy in general, and agriculture in particular;

"The year 1953 came and there was a sigh of relief. People got to 1958 and everything died away. And then people got to 1964 and 1965, the March plenum and the eighth Five Year Plan (FYP). Everything was put in motion. The peasantry immediately began to think differently and to live differently. That was all. But in 1968 and 1969 the prices of combined fodder rose by 1.8 times, of diesel fuel by 1.9, of building material by 1.7 times. Everything had been given by the decision of the March plenum and just as it was the beginning to get underway. And that was at that time the profitability of the state farms was 22 percent. And how the countryside revived at that time. How well people felt. Everything, absolutely everything, was immediately taken away. I must say that to some extent, the May- the July (plenum) gave very little at all and the May 1982 plenum also to some extent. It was also being extinguished so to say. We are now on the brink of beginning a stage which, speaking in overall terms, would change the system." 3

Thus the deterioration of the agricultural sector is a direct result of the agricultural policies followed in the Soviet Union. There have not only been great instabilities and heavy year to year fluctuations, but also serious structural

3 Gorbachev's speech to agrarians on May 22, 1990, Summary of World Broadcasts-USSR, May 25, 1990, p.C2/2.

imbalances in the agricultural sector. The system, at present has not only been hit by the centralized planning and management system, but also by excessive bureaucratization of the agricultural sector. To put precisely these things in order, Gorbachev has called for a radical restructuring of the Soviet agricultural administration. It would be fair to recall, in short, what Gorbachev has already done to reform the agriculture back in his career. To increase the efficiency of agricultural production and achieve the path of intensive growth, improvements and readjustments of the organisational structure and planning methods were envisaged by Gorbachev. He created a 'super-ministry' for agriculture with full executive powers, and it was called as the USSR State Agro-Industrial Committee - Gosagroprom. The agroprom took over the competences of the Ministry for Agriculture, the Ministry for Fruit and Vegetable production, the Ministry for Meat and Dairy Industry, the Ministry for the Food Industry, the Ministry for Rural Construction, and Selkhoztekhnika (industrial supplies to agriculture organizations). The Gosagropromy were also created at republican and provincial level, forming a hierarchical system which dovetailed in with the existing system of RAPO at district level.⁴

4 David A. Dyker "Agriculture : The Permanent Crisis", in David A. Dyker, ed., The Soviet Union Under Gorbachev : Prospects for Reforms, (London, 1987), p.106.

The main objectives behind the creation of Gosagroprom were to rationalise the agricultural administration, quality control of the farm products, infact, of the entire agro-industrial complex, responsibility of the material supply to agriculture, improvement in the agricultural research and financial system of the agriculture, and maintenance of unconditional fulfilment of orders from the state agricultural output as the main instrument of agricultural planning.⁵ Infact, the creation of these state agro-industrial committees was an effort to harness together all the self-willed 'horses' helping to pull the heavy load of agricultural production. But years passed and nothing much transpired.

The Gosagroprom in due course of time became a monopoly organization which was over-bureaucratized and ineffective. It worked as a brake on the development of peasant sector and its productivity. Its administrative methods of management and yoke of bureaucratic edicts was so much that productivity was cast-off the Soviet agriculture. It preserved the old undemocratic structure of management and held back the agriculture and even nullified the effectiveness of the economic mechanism being introduced in the agriculture. The morass of bureaucratic paperwork bogged down all plans and projections at improving the agricultural productivity. An apt statement by academician Veadimir Tikhonov would say all about the agricultural crisis

5 Ibid., p.105.

in Soviet Union. He maintains that the present situation is because of an utterly senseless agrarian policy. "It has made peasant the obedient exutant of orders and instructions that taught them to pursue the erroneous and immoral goal of fulfilling the plan at any price! any kind, any quality!"⁶

The functions of Gosagroprom sometimes even went to absurd lengths, for eg., it fixed the time-table for cultivation of every hectare of land and issued day to day directives to make the things topsy-turvy. It simply evolved new measures to further control the state and collective farms.

Gorbachev, while becoming fully aware of the functions and malfunctions of Gosagroprom responded to the problems created by it and abolished the institution replacing it by a "USSR Council of Ministers State Commission For Food & Purchases". It was reported, "Gorbachev had created Gosagroprom in 1985 to reform the cumbersome state bureaucracy. But it has become just another level of bureaucracy. It would be replaced by a special commission attached to the Council of Ministers."⁷ The

6 V.Tikhonov in an interview, "Crisis Brought About By Utterly Senseless Agrarian Policy", Summary of World Broadcasts, Weekly Economic Report-USSR, March 17, 1989, p.EA/6.

7 "USSR Sets Sweeping Agricultural Reforms", Facts On File (New York), vol.49, no.2521, March 17, 1989, p.185.

dissolution of Gosagroprom is followed by a system to manage the agricultural affairs at the district levels. Under this, elective bodies in almost two thousand districts have been democratically ^{formed} in place of the district agro-industrial associations' administrative apparatus.⁸

This approach by Gorbachev primarily aims at decentralization by democratization of management. Also to stop interference in the day-to-day activities of collective and state farms and give complete independence to the producers.

The restructuring of the agricultural administration follows the directives of the State Enterprise Law passed in July 1987 and effective from January 1988. According to this law the management of various economic enterprises would be based on self-management principle. The self-management principle endorses the restructuring of agrarian management on following two counts mainly :

- (a) the management of the economic mechanism of the agro-industrial complex;
- (b) the overall management structure of the agricultural sector.⁹

8 "Current CPSU Agrarian Policy", Daily Review (Moscow), vol.XXXV, no.5, March 16,1989, p.33.

9 T.Zaslavskaja & others, "Restructuring the Management of Soviet Society's Agrarian Sector", Problems of Economics (N.York), vol.XXXI, no.9, January 1989, pp.42-43.

An analysis of the management of the agro-industrial complexes shows that the current management is such that there is no responsibility on part of the agricultural organisations for the products they produce, leading to the abolition of economic levers of management. Result is that there is an absence of cost-accounting measures as well as the commodity-money relationship in the agro-products.

Moreover, the command and administer approach used in the management of agro-industrial complexes leads to the killing of initiative among the workers and makes them complete only production quotas, irrespective of the quality. It rejects all innovations.

The overall management of the agrarian sector is so that the managers are entirely dependent on their higher officials as their appointment, promotion etc. is in their hands. The result is that their activities (of course managerial) are oriented more towards pleasing their higher officers than towards the collective or state farms or towards their subordinates.¹⁰ Moreover, in the present system there is an unclear division of functions between the party, soviets, and economic management of the agrarian sector. Also the lack of co-ordination of rights, obligation and responsibilities of managers is a hall-mark of the present agrarian management system.¹¹ This all results in extreme degree of bureaucratization.

10 Ibid., p.45.

11 Ibid.

The proposed reforms by Gorbachev try to put to an end the inefficiencies of management in the agro-industrial complexes as well as in the agrarian sector on the whole. Some major steps in this area are :

- (a) reduction of numerous small formations that duplicate each other and have no influence on the effectiveness of production, and granting of the broader rights to the primary party;
- (b) mass nomination of competent managers filled with the spirit of innovation who are capable of heading up restructuring in the agrarian sector;
- (c) selection of cadres of the collectives by elections rather than by favourable appointments;
- (d) a system of 'normative planning' in which the delivery obligations of farms are on an objective basis of soil, climate, available labour, capital assets etc., and not on the orders of a fiat of superordinated administrators. This is done to improve the relationship between the farms and the local administrators as well as between the lower and higher administrative levels;¹²

12 K.E.Wadekin, "Attempts and Problems of Reforming a Socialised Agriculture : Case of USSR", Economic and Political Weekly (Bombay), vol.XXIV, no.42, October 21, 1989, p.2392.

- (e) for the purpose of procurements, the quotas for the fulfilment of important products as grain, meat, sugar, cotton etc. shall be binding on union republics for fulfilment of all union requirements. For the rest of the products as fruits and vegetables etc. the all-union republics are entitled to plan and procure according to their needs. A similar procedure shall prevail between all union republics and provinces for the procurement obligations.¹³

Infact, since January 1987 Plenum of the Central Committee of CPSU, considerable importance has been attached to the wide usage of the principle of self-management in the country's agrarian sector. What is now foreseeable in this system is the broader participation of the masses in the management in state centralized management of the state and collective farms. It aims at an unconditional priority of the interests of the farm workers, not through subordination of individual interests to centralized directives, but by a mechanism that uses personal and collective interests. A participation in this manner facilitates the members to express their opinion on the projected decisions, criticize the unproductive decisions and displaying initiative in the improvement of the organization of production. This is of

13 Ibid.

cardinal importance for the direct contact and feedback between the management apparatus and the immediate producers. The deeper the democratization of the management, the deeper and more complete is its influence on the production and distribution of products. It not only mobilizes the labour, intellectual and moral potential of the farm worker, it also leads to the redistribution of the responsibility which culminates in the quantitative as well as qualitative fulfilment of the production plans. The development of self-management in all its myriad manifestations and its practical application to the agrarian sector is a cornerstone of the restructuring of the sector.

Co-operatives & Their Functioning :

To remove the evils of a too great centralization that went hand in hand with large and unwieldy size of farm enterprises, a socialist co-operative system has been planned for the economy. Its forms are manifest in the Law On Co-operatives which came into effect on 1 July 1988. However, the procedures for insuring collective farms' property and determining prices for the output of collective farms and other agricultural co-operatives and rental payments for the co-operatives' use of national resources provided for in the law will come into force from January 1991.¹⁴

14 M.Lindsay, International Business In Gorbachev's Soviet Union (London, 1989), p.119.

The need for the co-operatives was so acutely felt that it was reported in various news-papers about its various advantages in agricultural sector. On one such occasion, A.Yemelyanov, Full Member, USSR Academy Of Agricultural Sciences, said, "It is essential to reorganise the system of management of the agri-industrial sector on a cooperative basis and bring it in line with the nature of socialism. Under the current system the farmer is actually employed by management bodies higher up the administrative ladder. They decide how many workers a farm should have and what their pay should be like, they also assess the work of everyone below them. As a rule, management bodies of higher echelon enjoy broad powers but have no obligations with regard to those lower down the line and bear no responsibility for the consequences of decisions imposed on the latter. Negative results of their decisions as usually ^{are} blamed on the lower echelons. The pyramid has been turned upside down. The restructuring of the system of management on a cooperative principle will make it possible to place that pyramid on its base."¹⁵

Co-operatives is definitely a step towards the development of private economic activity. But then co-operatives have been existing in their various forms in the Soviet economy since

15 A.Yemelyanov, "The Problem of Food Shortages : Its Origins and Ways For Resolving It", Daily Review, vol.XXXV,no.27, February 8,1989, p.

past two decades. Numerous unregistered group of migrant workers (shabashniki) have performed various functions as production and construction, individuals have provided a variety of services and peasants have raised significant quantities of meat and meat produce on their private plots.¹⁶

An important feature of the cooperatives is that the farm workers who enter into cooperatives are to finance their own wages through higher productivity, and local farm workers, not the state are expected to bear the losses. The main features of these agricultural co-operatives are :

- a) The collective farm cooperative can go into the processing of agricultural raw materials, production of food, consumer goods and other goods, trade, repair and construction work, and the provision of services to enterprises, organization and the population.¹⁷
- b) The collective farm can grant the right to independent sale of the output and the use of the revenue to the financially autonomous collectives on a contractual basis.¹⁸

16 Anthony Jones & William Moskoff, "New Co-operatives in the USSR", Problems of Communism, (Washington D.C.), vol.XXXVIII, Nov.-Dec.1989., p.27.

17 Lindsay,n.14, p.130.

18 Ibid., p.131.

- c) Creation of cooperatives in rural locations which can engage in partnerships for the production and processing of agricultural output, agricultural industrial cooperatives, collective fish farms, construction co-operatives for the construction of houses, farm roads etc., supply and sales co-operatives, credit co-operatives, forestry co-operatives. Citizens who are not the members of the collective or state farms, as well as the farmers and workers in other agricultural enterprises can take part in the organization and activities of co-operatives.¹⁹
- d) For the fulfilment of the state orders these agricultural cooperatives receive the payments at centrally set prices, whereas the prices for residual output are autonomous.²⁰
- e) The state is to give all sorts of help to the encouragement and development to these co-operatives, and there would be no state and administrative interference in their affairs.

The essence of Law On Co-operatives is that they are allowed everything that is not banned to State run enterprises.

19 Ibid.

20 Ibid.

By virtue of cooperatives there are now two (2) established forms of the ownership of the means of production in USSR - State & public (cooperatives). The cooperatives came out of the fact that the collective farms that have never possessed the full right to own the land and implements and could only dispose off their products on a limited scale. Cooperatives may hire people who are not cooperative members to work under agreements or work contracts. Shareholders must contribute personally to the activity of the enterprise. Profits are shared out not only according to the number of shares but also according to work contributions.

Co-operative methods have been deployed to establish small facilities to process farm produce and deliver it to consumers. Cooperatives make it possible to employ all sections of the population, including in small towns, settlements and villages. It can be accommodated to a wide range of skills. It can enable pensioners, disabled people, housewives and students to earn not possible otherwise. The co-operative system ensures an end to inadequate food supplies, emergence of a new rural economic system indicating the shift of power toward local authorities, communities, grassroot organizations and family of producers. On a co-operative basis, an individual is allowed, say for example , to keep on a plot of land numbers of animals which exceed the otherwise fixed legal upper limits and can rear and fatten those animals for milk and/or meat produce. The social infrastructure especially in the rural areas is

also sought to be widened using the co-operative system. At the same time, with the rise of the co-operative movement, countryside personal holdings do not lose their importance, but get more economic freedom and entrepreneurial manoeuvres for producing more.

The reorganised structure of the agro-industrial complex has been conceived as a single multitier cooperative starting with the family and proceeding up in the following order : Small group, group, team, lease and contract services, a collective or state farm as a co-operative of primary collectives, a district amalgamation, an agro-business firm and so on. The widescale co-operative activity is supposed to substantially improve the efficiency and productivity in the other branches of agro-industrial complexes. What, infact, is aimed at, is the full exploitation of the enormous potential of the collective and state farms through their internal restructuring on the basis of a co-operative system.

Collective Brigade System :

To give genuine and not ostentatious independence to the agricultural sector and preference to an intensive type of economic growth that would increase the agricultural output as well as economise resources, a collective brigade system is to be followed.

This organization had existed previously also, before World War-II, as the normless link system. At that time a team

of farm workers performed the works done by today's brigades, but their number was less. There were about ten people, usually family or friends who used to lease a plot of land, seeds and other equipment and were paid according to the final result of their produce. Like this the farm workers or the team members equally divided amongst themselves the advance payments and harvest bonuses. Any member of the team may be expelled for not living up to the standards set by the team. In short, this 'link' system relied heavily upon team solidarity as well as discipline. The contract brigade is a modification of 'link', but differs from it in having fifteen to thirty members.

This system has found favour with Gorbachev when he was first secretary in Stavropol province from 1971 to 1978. His tenure as first secretary was marked by organisational innovations and quantitative success which resulted in good harvests in 1977 and 1978. That time Gorbachev had advocated and developed the link system which permitted the shabashniki (lump-workers) who migrated from Central Asia, to lease land from collective and state farms for garden operations on a private basis.²¹ Infact at that time only Gorbachev recognised the negative consequences of the 'petty-tutelage' of farms. He never shyed from putting into practice forms of labour organization which were more realistically sensitive to the needs and

21 Dyker, n.4, p.96.

conditions of the farm and farm workers. As a result the brigade system became increasingly popular with the kolkhozes as well as sovkhoses. In the year 1982 the Brezhnevian Food Programme also endorsed the use of contract brigades on a scale as wide as possible. Brigades of various sizes (size depending on the task, size of field etc.) or smaller brigades were given responsibility for full one year of an agricultural cycle. The members of the brigade could not be transferred by the kolkhoz management to other work. In addition to brigades for full agricultural cycle, arrangements for using brigades in cultivating potatoes producing fodder, taking care of the animals etc. were also made.²²

Brigades were given the right to decide about the quality of all specialized work (use of fertilizers, repairs etc.) and to reject any work if the standard did not conform to the original contract. In March 1983 the system was approved by the Politburo.²³ In 1986, the Central Committee and Council of Ministers of the USSR passed a comprehensive decree, "On the further improvement of economic mechanisms in the agro-industrial complex of the USSR" which legalised the collective contract system, albeit adding to it the clause of family and individual contracts which emphasised more on the family and individual aspects of contracts.

22 Z.A. Medvedev, Soviet Agriculture, (New York, 1987), pp. 353-354.

23 Ibid.

In the system which is known by various names - normless link (zveno) collective contract, contract brigade or teams the experience of work of the collective contract brigades is to be disseminated so as to ensure a close relationship between the earning of the personnel and the final results of the agricultural production. In this system of work a collective of peasants, after getting a piece of land on lease undertakes the cultivation of grain or vegetables or raise poultry or breed sheep on a contractual basis. At present around 30 percent of the total agricultural produce is by collective brigades.²⁴

This is a sort of labour organization in which the workers are paid according to cost of production and final output of their work. This system is a radical departure from the traditional method of labour organization in which the payment is done according to specific tasks performed based on the working norms. This system of brigades has an advantage that it induces material incentives to take an interest in the final output. In this form of organization a team of workers gets together and is lent a plot of land, tools, seeds etc. from the sovkhoz or the kolkhoz. This team cultivates the land independently, making its own decisions, paying all its costs according to the principle of khozreschet or economic accountability, and is paid only according to final output. The farm

24 P.L.Dash, "Perestroika And Soviet Agriculture", Economic Affairs, (Calcutta), vol.33, Qr.3, September 1988, p.198.

management does not dictate details to the team, which decides who will do what and evaluates the value of each members' labour. The brigade, like the link, operates under contract to the farm and takes responsibility for the entire crop cycle on its land. The distribution of earnings is done according to the work input and specific contributions of each member as determined by the team. The team checks the quality of work carried out by those who work the land and is responsible for paying them.

The collective contract brigade is supposed to remove two structural imbalances obvious in the agricultural sector:

- (a) lack of motivation on part of the workers;
- (b) interference from above in the details of agricultural production.

It was for the removal of these two imbalances that Karen Brooks has written, "The premise of the collective contract was that workers who depended upon each other for a portion of their earnings would keep each other in line and encourage each other to be more productive."²⁵

Contract brigade system is thus pushed by Gorbachev for reorganising the farm affairs. The primary aim of this sort of reorganization is not to increase incomes but to

25 Karen Brooks, "Gorbachev tries the family farm", Bulletin of the Atomic Scientists, vol.44, no.10, December 1988, p.28.

stimulate more intensive and careful work. It instills into the workers of a brigade a sense of individual care, initiative and more effort to produce more and more. So far this form of organization has proved to be fairly effective and has resulted in increased labour productivity, decreased costs and increased agricultural outputs.

"No mistake is more serious for a poor country than one committed in respect of agriculture".²⁶

This stands true for Soviet agriculture. Mistakes have been committed and corrected. Calculations have gone awry and rectified. But agriculture has stagnated over the years in Soviet Union. In this chapter an analysis had been made of the various administrative reforms initiated by Gorbachev, under the new economic mechanism to achieve serious success in the agro-industrial production. The main goals of such reforms, called as the integrated restructuring of the system of management of the agrarian sector, are :

- a) Free manifestation and realization of the interest of all population groups, and the free use of labour and creative potential of workers in the agrarian sector.
- b) The consistent orientation of personal, group and collective interests of workers towards increasing the

26 Peter Nolan, The Political Economy of Collective Farms (Cambridge 1988), p.4.

effectiveness of activity, improving product quality and reducing its enterprise cost of production.

- c) Dramatic reduction, simplification and debureaucratization of the management apparatus at all levels, including various agricultural enterprises and organizations.
- d) Watching closely all negative processes - mismanagement, miscalculations and other shortcomings and keeping them under constant fire and criticism.
- e) Economising the use of resources and creation of priorities in the decisive areas of agriculture.

Efforts are underway, by virtue of such reforms, to create a structure of management that will be able to operate efficiently, develop production quickly and successfully, and solve the various problems facing the agriculture.

CHAPTER III

FURTHER NOVELTIES IN RESTRUCTURING OF AGRARIAN SECTOR

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The overall findings of the previous chapters suggest that agricultural production performance and productivity levels in the Soviet Union are on the decline. To reorganise and revitalise the traditionally 'food-short' economy, Gorbachev has shaped his agrarian policy to resolve the crippling food problem and secure radical changes in the development of the agricultural sector. Keeping in mind the constant food shortages, and the rising Soviet population, there is an immediate need to solve the near crisis situation of Soviet agriculture. Perestroika has succeeded in identifying the major causes for the weakness of Soviet agriculture and to overcome these weaknesses rapid and radical changes in agriculture are ensuing, thanks to the new agrarian policy. While analysing these changes (reforms) in the agrarian sector, the main thrust in this chapter would be on :

- 1) The top priority being given to the solution of the food-problem by Gorbachev's new agrarian policy.
- 2) The ideas, aims, ways and means perceived for shaping and regulating the relations between the countryside and urban areas, and in the countryside once again under the auspices of the new agrarian policy.

It is now almost clear, that the food supply situation in Russia has always been in need of a long-term and scientificall

substantiated agrarian policy to meet society's growing requirements, but unfortunately, it never happened. As analysed in previous chapters, the emphasis was put on short-term benefits which resulted in a disaster for the Russian agriculture. It was published in a United Nation's report,

"While Soviet agricultural performance has improved in certain respects since the early 1970s, real overall progress has been very limited. Grain and other crop yield increases-notwithstanding large increases in current inputs and capital resources since the mid-1960s-have, with only a few exceptions, been minimal. The productivity of livestock has increased only slowly, while the net agricultural trade position has deteriorated enormously since the late 1960s and early 1970s."¹

To blunt the sharp edge of the food problem, sweeping reforms are underway in the Soviet agrarian sector for growing enough farm produce and stabilize the food supplies. This is definitely a case of tightrope walking because the reforms are to be so that they are in perfect co-ordination with the social and economic changes in the countryside, which is, essential for the harmonious development of the entire economy. It is primarily because of this reason, cushioned by the experiences from the past, that Gorbachev is very cautious in his approach. Upon solving this fundamental of fundamental

¹ U.N.Doc., Economic Survey of Europe In 1987-88, (New York, 1988), p.222.

problems of Soviet society, Gorbachev observed :

"The village does need much and we must give it much. It is hard to challenge this. Nevertheless, analysis of history and the experience of the past few years of perestroika offer convincing evidence that if we opt for this as the mainstay of agrarian policy, we shall make a serious mistake." 2

The agonies experienced on the tortuous road to agricultural modernization in Soviet Union were so that the reorganization of the Soviet agricultural sector is now being done in a spirit of cautious integrity and sustained criticisms. Many novel approaches are introduced to outpace the lagging agricultural production. The swift changes in agriculture are visible through the extensive use of diverse forms of economic management applied to the agricultural sector. The equality of the various forms of socialist ownership of the means of production and the economic management based on them is now being more realistically assessed. The immense intrinsic potential in collective and state farms is to be judiciously used by virtue of new mechanisms of economic management, cooperation and leasing. This new mechanism (wedded as it is to decentralization, efficient marketing, and pricing flexibility) blazes new vistas for individual responsibility and collective efficiency.

2 M.S.Gorbachev, "Current CPSU Agrarian Policy", Daily Review, (Moscow), vol.XXXV, no.5, March 16, 1989, p.19.

Farming by Lease Holdings :

To restructure socialist ownership relations one of a very important policy formulation is the promotion of lease based relations. Further, out of the need to improve the condition of the agricultural sector of economy, the fundamental changes in system of management are to be accompanied by unconventional forms of management so as to fundamentally restructure the basic relations, especially the relations of socialist property. Such restructuring essentially means returning the working people to their status as real co-owners of the means of production and other economic activity. The formation of the system of leasing relations is one such direction of restructuring the economic relations.³ In connection with lease system, Dr. Nikolai Kopach, section head in the prestigious Moscow based Institute of Economics noted, "lease system had been expected to help end the peasant's alienation from land which took shape as a result, first, of forced collectivization in the Thirties and later, an over-emphasis on state farms with a view to converting peasantry into wage earning workers."⁴ The basic aim behind this system at collective and state farms and other agro-industrial enterprises and their use by their structures and individuals is to

3 L.Nikiforov & V.Rutgaizer, "Leasing Relations in the Economic System of Socialism", Problems of Economics (New York), vol.32, no.7, Nov.1989, p.49.

4 Rajiv Shah, "Problems of Perestroika in farming", Indian Express (New Delhi), March 14, 1989.

ensure a sharp rise in labour productivity and quality of farm produce. Under this system, "the lease may be granted to collective and state farms and other state run, cooperative and other citizens' enterprises (organizations) including lessees' organizations, the workforce of their divisions, and also a citizen or a group of citizens."⁵

An important aspect of lease-holding system which deserves special mention is that the persons self-employed in agriculture (family-farms) may be allowed to take a lease of land plots and establish co-operation with collective and state farms and other state owned cooperatives and other citizens' organizations to set up marketing, procurement, processing, repair, building and other cooperatives.⁶ These persons working on family farms will also be given social insurance and social security on at par with factory and office workers.

Under the lease programme, large collective and state farms turn over land to families and other small groups on long term lease, on condition that producers will pay regularly their fixed lease dues and income tax. Lease holders can do

5 "The Decree By The Presidium Of The USSR Supreme Soviet Of Lease And Leasehold Arrangement In The USSR", Daily Review, vol.XXXV, no.70, April 12,1989, p.2.

6 Ibid., p.3.

whatever they want on the leased land and appropriate net income after the tax deductions. The lease-holders will themselves decide what to produce and what not to. In words of Nikolai Kopach,

"The lease arrangements are expected to remove one of the most annoying blocks to agricultural development in the Soviet Union - the fact that producers do not own land and implements and do not manage their households and sell their produce."⁷

At present lease contract system is viewed as the most effective way of solving the food problem. This system operates in a simple but systematic way. The means of production, i.e., the farm land, draught and productive livestock, machinery, building, equipment etc. are leased on a long term basis (five to fifty years or more), and are used by the lessee as he sees them fit. A bilateral contract between the lessee and the agricultural enterprise stipulates the types and quality of products to be produced, and other such requisites. Non-intervention in the activity of the leasing collective is an indispensable condition to its operations.

By virtue of lease relations a rationalization of the socialist property relations is aimed making it possible to

7 N.Kopach "Soviet Farm Reform Under Perestroika", Soviet Features (New Delhi), vol.XXVIII, no.38, March 14, 1989, p.2.

secure the unity of real participation in these relations of all their subjects, including the state, every person, collectives of people and society as a whole. Infact, lease is essentially a type of relation that is to express the measures and contractual form of combination of the interests of individual people, collectives, economic units and state in a unified system of property relations.⁸ Not only the determination and strengthening of the economic functions of the various farms (collective and state), co-operatives, individual and family organizations is ensured through the leasing system, but also guaranteed is their economic freedom, collateral economic subordination and interconnectedness. Through this system the lessees participate in the resolution of production problems at higher levels of management.

The monopolistic domination of the state property within the framework of public property, as also of the share of total output in agricultural produce, has resulted in the appropriation of means and the results of labour by the state. This has led to the deformation of socialist property as a result of mounting contradictions between the worker as the master of the means of production and the product, and his economic status as the direct producer who has infact

8 Nikiforov & Rutgaizer, n.3, p.52.

become a hired worker.⁹ This has taken the farmer away from the land and affected the agricultural production in an adverse manner. By the lease system, it is hoped, economic and legal conditions would be created that reinforce the right of the collective and each worker to be a master of the property and also of the recognition of the equal right of the many forms of socialist property that exist.¹⁰

It is important at this stage to clear a doubt that might inadvertantly creep in about the lease-holding system as a step towards privatization of the economy. No. As F.F. Clairmonte suggests :

"The alleged virtues of a model that posits a 'successful' privatization to a 'failed' collectivism is a bogus antithesis if only because lease holding, the cornerstone of the agricultural restructuring arch, while using genuine market instruments, is in no way synonymous with the obliteration of socialist institutions in the countryside."¹¹

In reality, the granting of lease-holding is not an establishment of landlord/tenant relationship embodied in the private property, as land will only be leased to those who will work it individually and co-operatively. Infact lease-holding is coupled with individual efforts, motivation, rational marketing and feeling of economic independence.

9 V.Novikov, "Leasing as the Development of Relations of Socialist Property", Problems of Economics, vol.32,no.7, November 1989, pp.63-64.

10 Ibid.

11 F.F.Clairmonte, "Rise and Fall of Soviet Agriculture", Economic And Political Weekly, (Bombay), vol.XXIX,no.11, March 18, 1989, p.559.

A 'Law on Leasing' which was passed on Dember 23,1988, strengthened the existing provisions of leasing by permitting leasehold arrangements in all branches of economy and depriving the government agencies of right to veto the transfer of state owned property to leaseholders. It, for the first time, also established that all output produced by a leasehold enterprise was the property of its workers. To promote leaseholding in agriculture, the USSR council of Ministers decided in mid-December to write off debts incurred by farms and other agro-industrial enterprises which totalled to about 73,500 million Roubles (approx. US \$ 124,600 million).¹²

The lease hold methods are forging ahead. It was reported by Soviet press that the "Regional Party Committee and economic bodies of Orel Region, using lease and contract farming as powerful levers have succeeded in reviving many unprofitable farms. The non-black soil zone of Russian Federation is regaining strength, becoming an even more important grain, meat and milk supplier."¹³ Other lease-success stories are now common in Soviet Union.

12 Kessings Record of World Events (Essex), vol.35, no.6, June 1989, p.37127.

13 "The New Agrarian Policy : Making Farmers Masters Of The Land", Daily Review (Moscow), vol.XXXV, no.54, March 21, 1989, p.

Democratization of Production-Relations : Usage of Self-Financing (Cost-Accounting) Principle :

A key aspect of government's programme to deepen the economic reforms and deal with the crisis in agrarian sector is the introduction of self-financing (cost-accounting) schemes at all levels—from the republics and regions to individual enterprises and farms. This is sought to be necessary, because, only the pursuance of economic methods of agricultural-sector management will lead to raised efficiency of all-sectors of the agro-industrial complex. Gorbachev, while stressing the need for such measures himself observed :

"Role of cost-accounting will be increased. Genuine cost-accounting, with the incomes of enterprise depending upon the end results, should become the rule for all links of the agro-industrial complex, and, first and foremost, the collective farms and the state farms.¹⁴

In fact, the Twenty-seventh CPSU Congress concerning means of improving the economic mechanism enriched the ideas on the essence of full cost-accounting and facilitated the identification of the avenues and forms in which it was manifested. Agriculture was one of them.

14 M.S. Gorbachev, "Report to the 27th Congress of the Communist Party of Soviet Union on February 25th, 1986", Speeches and Writings (Oxford 1986), vol. I, p. 34.

The self-financing system is to facilitate the collective and state farms and other agrarian enterprises to determine the structure of production, the volume of produce and to dispose at their own wish the produce and capital obtained. It aims at further (more) decentralization of the agrarian sector of the Soviet economy.¹⁵ It further aims at motivating the various agricultural production units to produce more, cheaper, better, faster; at carrying out the contractual obligations without fail and accelerating the scientific-technological progress. The self-financing system stems from another very important fact : that the financial system of the agricultural sector is most unproductive. The expenditures on raw materials, supplies, components, fuel, energy, water etc. are financed by the state. So instead of earning their own working capital, the agricultural enterprises rely on getting it from 'above'. Moreover, the credits to these enterprises are absolutely non-returnable. This leads to irrational management and formation of surplus inventories. But now, according to self-financing mechanism, the agro-enterprises will themselves have to calculate and formulate the norms which are to govern their working capital.¹⁶

15 "On the Communist Party's New Agricultural Policy", Daily Review, vol.XXXV, no.63, April 3, 1989, p.4.

16 P.Bunich, "The Mechanism of Self-Financing", Problems of Economics, vol.XXX, no.11, March 1988, p.63.

A special part of the self financing system is related to the profits. It includes payment to the state and the net profit that is left to the enterprises. Under the conditions of self-financing, payments from the enterprises to the state are made not from the net product but specifically from the profits.¹⁷ The various incentive funds are allocated to the enterprises on the basis of self-financing. The profit or the loss are added to or subtracted from the base fund. The funds are then summed up for five years, co-related in percent with total calculated profit for the same years and are introduced as uniform annual incentive funds. These then are allotted to the self-financing as well as non-self-financing collectives.¹⁸ Now the usage of the natural resources is also to be based on the self-financing mechanism, where the payment for their usage is to be made. This is done to ensure a judicious use of the otherwise wasted natural resources, for example water, and to produce positive results from their usage.¹⁹

Now self-financing is sought to be a condition necessary for increasing the role of economic methods in the management of the agrarian sector. By virtue of such measures the state and the collective farms as also other agricultural enterprises are made to operate in a way so as to compensate expenditures

17 Ibid., p.65.

18 Ibid., p.66.

19 Ibid., pp.74-75.

from their own earnings. They are absolutely responsible to seeing that they do not make losses. The management of the farms is so that the factors of production-fixed and working capital, labour and natural resources are used on a cost-accounting basis. Now, under the self-financing (cost-accounting) system, even the use of land is to be made by paying its due rent to the state. As observed by a Western analyst of Soviet affair, "perhaps the most radical idea in the latest round of reforms is the explicit requirement for rental payment of land. The absence of land rent has ranked with promise of stable food prices as one of the seemingly untouchable rules of Soviet agriculture. Soviet state and collective farms pay no rent on the land assigned to them. The new cooperative law will require collective farms to pay rent, and to collect rent from those whom they contract."²⁰ As a result of the rent payment for the usage of land, the prices of the finished agricultural products would be so that they will reflect the improvement in the conditions necessary for the working of the collective and state farms. As the agricultural enterprises will have to pay the rent on their own, they will naturally work harder to improve the quality as well as the quantity of the produce.

20 Karen Brooks, "Gorbachev tries the family farm", Bulletin of the Atomic Scientists (Chicago), vol.44, no.10, December 1988, p.27.

The self-financing principle presupposes the increasing of autonomy and economic responsibility of the agricultural production units to attain a high level of performance. By changing the inter-relations between production units and higher management and planning bodies, and giving the enterprises the opportunity and right to choose methods to carry out plan targets, greater autonomy is ensured. It is well known that the absence of autonomy and 'command style' farming has done the greatest harm to the Soviet agriculture. As Roy D. Laird puts it, "If farm operations are to be efficient and productive they cannot be controlled or managed by outside district party and state bureaucrats, which remains the case today."²¹ The self-financing methods, it is hoped, will end the administrative-command methods which have for long suppressed the peasant's initiative and drive by unjustified expropriation of his cash incomes. This will also mean improving the organizational structure of production of agrarian sector, as also an improvement of its internal organizations.

Changes in Price Policy :

Prices are a central issue in the transition to economic independence and self-financing relations. As the existing system of prices was not suiting objective economic conditions any longer, the need for making the price-reforms arose.

21 Roy D. Laird, "Perestroyka and Soviet Agriculture", Problems of Communism (Washington D.C.), vol. XXXVI, Nov.-Dec. 1987, p.85.

Gorbachev, while formulating his new agrarian policy stressed, "the new pricing mechanism should become an effective instrument of shaping progressive proportions and structural changes of production and consumption and of improving end results. This is our principled policy."²²

The enterprise cost of agricultural production was growing over the years and it still is. The increase in the cost of production was due to the increase in prices of the industrial products given to the agriculture, plus the higher cost of wages; seed etc. and the slackening growth of yield and productivity. This increase in the cost of agricultural produce, while the wholesale and retail prices remained unchanged, has resulted in a crisis situation for the Soviet agriculture. To remove this imbalance, a policy of increasing the purchase prices of the farm-produce is followed. As aptly observed by a Soviet economist, "in order to create working conditions for agricultural enterprises on the basis of self-financing, it is necessary to raise purchase prices substantially, if the existing trend towards the rising enterprise cost of production continues."²³

22 Gorbachev, n.2, p.27.

23 A.Zel'dner, "Price Relations and Exchange Between Agriculture and Industry", Problems of Economics, vol.XXX,no.9, January 1988, p.96.

The existing price structure had another serious drawback. Even after getting a substantial amount of independence, many farms preferred not to fulfill the state orders. It was so because with the existing prices it was more profitable to use grain for maintaining and expanding their own stock-raising. Moreover, due to a number of other reasons—for example, lack of modern equipment of feed production units — there was no significant increase in the sales of meat and milk. These factors, coming out of a defective price policy, further aggravated the problem of food-shortages. So it was thought to increase the purchase prices of the farm produce, to let more 'things' come into the market through state and collective farms. This tactical intention on government's part will naturally be advantageous to the collective and state farms, as well as to the peasant farms and leaseholders not involved in the state commitments.²⁴

The new purchase prices of farm produce, promulgated from January 1, 1990, are formed after thorough economic analysis and appropriate deliberations. A great degree of flexibility in prices has been envisaged, they are now not the prerogative of the central agencies. Contractual prices, particularly of early-ripening seasonal and perishable

24 I. Abakumov, Summary of World Broadcasts - Weekly Economic Report : USSR, May 9, 1990, p.A/4,

products - potatoes, vegetables and fruits have been adopted. Following this pattern, it is estimated, that production would be stimulated and quality improved. As to retail prices of staple food as bread, flour, cereals, meat, fish, egg, milk, sugar, butter, vegetable oil and baby foods; their state retail prices will remain the same.²⁵ But, of late, Gorbachev has advocated the increase in prices of bread. The reason assigned for this, is that because of cheapness of bread, it has no relation to the sweat and labour involved in its production. "People see how children play football at school with breadrolls instead of balls ... People buy bread and use it to feed their animals".²⁶

"Centralized pricing practice will block the implementation of the economic reforms"²⁷, observed some economists. Keeping in view this factor, a flexible but centralized principle in price formation is ensured, with the expansion of the rights of local bodies and enterprises to establish prices by contracts, as well as independently. Pursuing new policy of pricing, parity between the prices of industrial products and agricultural produce is ensured.

25 Gorbachev, n.2, p.28.

26 M.Gorbachev, television address telecast on May 27, 1990, Summary of World Broadcasts-USSR, Daily Report, May 29, 1990, p.C1/5.

27 B.S.Pinsker & L.I.Pjiasheva, "Prices and Cost Accounting", Problems of Economics, vol.XXX, no.11, March 1988, p.36.

To reform the price structure, another major step is the abolition of subsidies, and the cost-rising thereof, of the food produce would be compensated by increase in pays and pensions. Infact, the price reforms, implicit in the commitment to a market based economy, entail the abolition of heavy state subsidies for completely free market prices of agricultural produce. So the price reforms are to reflect :

- (a) Expenses for the manufacture and marketing of the products, as well as quality and demand, and take into account costs for raw materials and energy.
- (b) The use of prices for stimulating scientific and technological progress.
- (c) Creating conditions for real profit and loss accounting and self-financing.
- (d) Raise the role of consumers in the determination of prices.²⁸

By following the new price policy, a coherent system of the prices of the agro-industrial complex is to be established to get high final results and creation of conditions for the activities of farming and processing enterprises on the principles of cost-accounting/self-financing.

28 M.Lindsay, International Business in Gorbachev's Soviet Union (London, 1989), pp.107-108.

Restructuring the Wage System :

Connected with the problem of pricing are those of wages. After all, prices are based on the labour costs that are evaluated through the monetary remuneration of labour. Clearly, the growth of wages directly influences the growth of costs and prices if it exceeds the growth of labour productivity. The Soviet economy has gone berserk because of the pursuance of a blatantly vague wage policy. The workers on Soviet farms are paid on a daily performance norm—milking a certain number of cows, or ploughing a specified number of hectares, for instance. If a worker completes the day's assignment he or she gets paid. But the wage is same no matter how much milk the cow gives or how many bushels of grain are harvested. With wage rates set administratively, earnings and productivity are unrelated. If a farm does not generate enough earnings to pay workers' wages, the state provides grants or loans to cover the payroll.²⁹ This results in a casual attitude of the worker towards the farm and productivity suffers.

Now, according to the new wage system the workers will be paid according to the amount and quality of work done and to end results. The production will be increased by lowering the workforce. This aims at inducing the farms to earn money

29 Karen Brooks, n.20, p.27.

to pay for increased wages. It is like killing two birds with a stone. First, it will increase the production of the agricultural sector, and second, it will lead to a betterment of living conditions of the workers on account of increased wages.

Overhaul ing the Financial System of Agriculture :

The financial system of the enterprises and organizations of the agro-industrial complexes has been so that it has led to a continuous wastage of the funds invested therein. There are low-profit making as well as unprofitable collective and state farms, processing and other enterprises, More so, every year there is a 10-12 billion roubles increase in the unpaid credit to the state and cooperative farms with the total credit having reached 230 billion roubles in 1988. Apart from this, often about 150-250 percent of the buying price of the produce is given as compensation against extra-expenditure during and after harvesting.³⁰ This leads to the rise of cost of production of the agro-products, and make the collective and state farms unviable.

To remove these imbalances, the crediting system of the agrarian sector is to be restructured. At present the system is overly regulated and does not promote calculated risks by the enterprises. For this purpose the Soviet banking system

30 Rajiv Shah, n.4.

began a reform from January 1, 1988, aiming at decentralising some control. Under the reform, that state bank (Gosbank) remains the central bank, but one new bank, dealing mainly with agriculture was created. It was Agroprombank or the Agro-Industrial Bank.³¹ This bank extends credits for capital investments and acts as a banker for the organizations of the agro-industrial sector. It serves agro-industrial complexes, agro-industrial co-operatives and food processing and related industries.³² To further streamline the credit system, the banks in 1988 reduced the number of documents to be submitted by the enterprises to obtain a loan for capital investment from sixteen (16) to four (4). The number of categories of projects to be financed by credit for industries operating under self-financing has been reduced from fifteen (15) to six (6) in the agriculture.³³ Besides, a number of cooperative banks and joint stock societies have been created to improve the economic activity of the agricultural enterprises.

Relations between budget and processing enterprises are also being reviewed to ensure a smooth operating mechanism of financial relations between enterprises and the state budget. Budget allocations, determined in the conditions of self-financing would be for maintaining financial stability of the producer, in helping them acquire new equipment and develop new technologies.³⁴ Similarly, loan facilities would be given

31 M.Lindsay, n.28, p.92.

32 Ibid., p.94.

33 Ibid., p.98.

34 Gorbachev, n.2, p.30.

to kolkhoz members for rural housing, for livestock breeding and poultry raising which would amount upto 4000 roubles with repayment facility over a period of 10 years. In both the cases the repayment would be done in the third year, after granting the credit. Credit facilities again have been granted for cow and calf-breeding.³⁵

Besides the mismanagement and improper organization of the financial system of agriculture there is yet another factor which puts a considerable amount of pressure on the Soviet economy. This is food and grain imports. According to a report, in 1988 the Soviet Union had imported 35,000,000 tonnes of grain, 4,100,000 tonnes of sugar, 700,000 tonnes of meat, 400,000 tonnes of butter, 200,000 tonnes of fresh vegetables, 200,000,000 eggs and 800,000 tonnes of potatoes at a total cost of 10,300 million roubles.³⁶ These imports claim a lion's share of the hard currency resources, so it has been reiterated on several occasions to reduce and cut down the imports. This is only possible when collective and state farms and other agricultural enterprises are able to produce more quality products. To meet this end purely on financial grounds, sufficient material and financial resources are allocated to

35 P.L.Dash, "Perestroika and Soviet Agriculture", Economic Affairs (Calcutta), vol.33, Qr.3, September 1988, p.202.

36 Kessings, n.12, p.36768.

collective and state farms and other agricultural organizations in the sphere ^{of} processing for ensuring the planned growth rate in the output of agricultural and food produce.³⁷

Improvements in Processing & Storing Systems of the Farm Products:

It was published in a United Nations report in 1986 that the "overall agricultural output in the Soviet Union is still hampered by shortcomings in the agricultural infrastructure. Bottlenecks in transport, refrigeration plants, drying, facilities, storage capacities and the like."³⁸ In yet another UN report about the livestock sector of agriculture it was stated, "Chronic shortages of all types of animal feed have been a major constraint on livestock sector development. Very high post production losses of meat and meat products aggravate the supply demand imbalance on consumer market. Tapping the one million tons of meat products which are annually wasted in Soviet Union due to inadequate transportation and processing would mean a 3.5 kg. increase of per capita meat consumption".³⁹

The above two reports are indicative of the current agricultural wastages rampant in Soviet Union. A country in which there is a chronic problem of agriculture because of it being the weakest link in the economy, the wastages tantamount to a disaster of all plans and projections. In 1981, Jonathan Steele remarked, "inefficiency at every stage of process, from

37 n.15, p.6.

38 U.N.Doc., Economic Survey of Europe In 1985-86 (New York 1986), p.141.

39 U.N.Doc., Economic Survey of Europe In 1988-89 (New York 1989), p.131.

production to distribution, causes haphazard supplies which have even necessitated rationing in some cities of Central Russia, like Kazan and Kyubishev."⁴⁰ These wastages, infact, have been building over past so many years and have now assumed menacing proportions. Gorbachev admitted the loss of agricultural produce is high reaching nearly 20 percent of the whole. "We have reached a line, beyond which such mismanagement is not only intolerable but simply cannot be afforded."⁴¹ But now the revised estimates have put the losses to 30 percent of the total agricultural produce. Infact the situation, as it stands today is, "the agricultural growth rates are diving, while the poor performance of transportation processing and storage services have brought the losses, to an inadmissible level; almost one quarter of the state and collective farms' produce does not reach the consumers. The agricultural problem has assumed a national scope."⁴²

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- 40 Jonathan Steele, "Problems in agriculture and a labour shortage haunt the Kremlin as the economy runs out of steam. A moving force strain the Soviet drive", The Guardian (London), March 10, 1981.
- 41 M.S.Gorbachev, "On the Five Year Plan for the Socio-economic Development of the USSR, 1986-90, and the Tasks of the Party Organizations to Carry it Through, June 17 1986, Speeches and Writings, vol.2, 1987.
- 42 N.Ryzkov, "On the Programme for the Forth-coming Activity of the USSR Government", Daily Review vol.XXXV, no.108, p.20.

One of the primary reasons for these evils is the inability of the processing enterprises to cope with the present level of agricultural production. The processing enterprises have low technical standards and there is a shortage of up-to-date technological equipment for thoroughly processing, parcelling and packing of the farm products. Now in order to modernize the processing industry, a total amount of 77 billion roubles has been fixed which will also consolidate the material and technical base of the processing sector.⁴³ To deal with the most obvious bottlenecks of the food sector, the production of considerable amount of equipment for transportation, processing and storage of agricultural output has recently been entrusted to the defence sectors of farming.⁴⁴ This all is in addition to the civilian machine building industry. Another system worked out to erase the inefficiencies, and to improve on the whole, the qualitative agricultural output, is the usage of latest achievements in science and technology along with the new methods of economic management and work incentives. Research and development systems, companies and complexes to ensure a smooth food and raw material supply and improvement of entire research framework for agriculture and related industries is to be taken immediately. Latest achievements in science and technology are to be devoted to advanced farming so as to ensure high soil fertility

43 Ibid.

44 n.39, p.135.

and thus high outputs. Animal husbandry is to be treated by intensive methods of production by fostering fodder supplies and selection and breeding of the stock in a scientific way.⁴⁵ Along with modernization, the usage of mineral fertilizers is also being greatly increased for better yields and agricultural productivity increases.

If the resources that go to the food and grain imports can be channelled properly and used to plug the wastages, the Soviet agriculture would be in a much better position than it is now. So, besides stimulating the grain production in every possible way and purchase of it in necessary quantities to support the processing industry, the Soviet government is trying its best to put an end to the wastages forever.

Improvement in the Countryside Conditions :

An important factor which has had its own contribution to the dive of the total agricultural produce, is the migration of the peasantry from the countryside to the urban areas in search of paying avenues. This has upset not only the urban settings but has also aggravated the food problem as now there are more takers than producers of the food. The primary reason behind this phenomenon, are the conditions existing in the countryside which are inconducive to the agricultural practices and habits. This, coupled with the declining labour

45 n.15, p.8.

productivity of the Soviet farm labour, has a telling effect on the agricultural sector. Another reason for the alienation of farm workers is the development of industrial (especially agro-industrial) facilities in the big cities. These industrial centres began to process the farm produce-which is directly linked with its raw material base, and accentuated the disparaged conditions of the village people. On the other hand facilities like bakeries, small dairy factories, primary schools, medical institutions and shops also disappeared from the villages. Indeed these vices of the policies followed towards the countryside made Gorbachev remark,

"I must admit that the resources spent for this purpose (reform of countryside) have not made it possible to overcome the countryside's considerable chronic lagging behind the town. Rural areas are in a much worse position as regards medical, trade, cultural and communal services."⁴⁶

As a result of the reforms outlined for the countryside, a harmonization of relations between the towns and countryside is being established. It is implicit in the strengthening of alliance between the working class and the peasants. The evening up of working and living conditions, social maintenance, medical care, trade and cultural services etc. will definitely go a long way in boosting the agrarian sector. Also the assistance to agricultural workers by supplying them with

46 Gorbachev, n.2, p.44.

machinery equipment and spares, uninterrupted supply of fuels are some other ways which have been ensured under the reforms for the betterment of the living conditions for the rural sector and the people.

Equally important is the reform to provide more and better housing facilities to the people living in the countryside. Up-to-date facilities for rural houses is also ensured. Construction of roads is also given a priority. All the measures to improve upon the rural conditions are mentioned in the new agrarian policy, designed and announced in 1989, which says, the draft development plan for 1991-95 set the task of building 2,26,000 kilometers of hard surface roads at farms alone, and also connecting all central farmsteads of collective and state farms of district centres by convenient roads, and establishing regular transport communications."⁴⁷

So it can safely be concluded that Gorbachev, in order to radically change the situation for better in agriculture, has embarked upon intensive work technologies. He has full realization that the road to higher productivity of fields and livestock farming is through widescale utilization of intensive technologies. He has formulated policies which are

47 Ibid., p.46.

aiming towards accelerated development of agrarian sector through progressive ways and means and advanced methods of management. His policies guarantee high end results through rational usage of economic potentials; but how much, only time will tell.

CONCLUSION

CONCLUSION

Agriculture remains the Achilles' heel of the Soviet economy. Its crisis is the atonement for five and a half decades of violence against common sense, against everything that encourages a person to perform normal conscientious work. The basic reason for agriculture's present grievous state, for its torpidity, is the unlimited power that the administrative stratum acquired over everything by which the countryside lives. But the dire straits of Soviet agriculture are not the product of any single factor. They are brought about by a complexity of factors which are so deep-rooted in Soviet agricultural system, that even all the positive and pragmatic reforms have missed the targets and have been repulsed.

In the very beginning the Stalinist developmental strategy, for rapid growth and development of the country, embarked on a course which gave highest priority to heavy-industry and of relative neglect of the consumer-goods industry and the material and socio-cultural infrastructure. More than neglect was the attempt to generate capital by squeezing agriculture. The failure to actually generate much capital in this way was a counter-productive effect of over-squeezing which was enhanced by the destruction of much of agricultures' productive potential in the course of concomitant collectivization which was, of course, coercive. Infact, it was agriculture as a producing branch which bore the brunt of Stalinist

development policy, and led to the deplorable state of rural infra-structure. Then the second World War through its human losses and material devastations gave the Soviet economy in general and agriculture in particular, a horrible break.

After Stalin's death, when Khrushchev came to power, a few important changes were enacted to improve the state-of-health of the agriculture. Efforts were made to raise agricultural output and productivity but the interests of the peasants, under Khrushchev were not given their due. Very little efforts were made to break the shackles of the peasants that impeded his progress. As Khrushchev relied more on short-term gains rather than on the strategic long-term plans, his programmes showed some success in the beginning, but later on they started missing the targets. Infacts during Khrushchev's times a policy of 'immediate returns' was followed which led to serious imbalances in the agrarian sector. Various well intentioned programmed could not do the desirable because of their ill timing and short gestation periods. Things were all done in a great haste and the initiatives did not live upto the expectations.

During Brezhnev's period, i.e. from 1965 to 1982, a series of measures for redressing agriculture were taken. However, most important was the fact that the leadership, under Brezhnev, saw the main remedy in the infusion of more capital inputs into agriculture and thereby substituting

capital for labour. An attempt at technical organisational innovation was inaugurated by 1970 under the 'agro-industrial integration'. But due to lack of incentives to farmers to privately market their produce and a highly developed economic infrastructure; instead of production increase, it brought high investment costs.

So the Brezhnev years were the ones of slowing and finally stagnating output growth and increasing capital costs combined with only decreasing labour inputs. Finally it can be stated that towards the end of Brezhnev period, stagnation prevailed inspite of increased investments.

So now, under Gorbachev more incisive measures are taken, to improve the condition of agricultural sector. Gorbachev is criticising the present state of administration (rather than the management) of the centrally planned economy of the USSR, but he is not putting any doubts about the basic ideals of socialism and more specifically, Leninism. He is therefore calling for the incorporation of certain demands of the market economy systems, but always with due attention to account of the specific conditions and requirements of the socialist system in USSR. He has also made it clear that the society must remain the owner of the natural resources and of the basic means of production such as the agricultural land. It is also claimed repeatedly that the market cannot be the only and the exclusive force to regulate production and consumption. What is needed

above all is to introduce market criteria into planned management.

There is a clear hint that one major policy direction in the next few years will be to make people, notably but not only, the members of collective farms, directly responsible and interested in the economic success or failure of their work.

To summarise the main results expected from these changes by Gorbachev and his team : a more cost-efficient allocation of resources leading to higher productivity in the economy, combined with reduced wastage and losses. This would ultimately lead to a wider choice of food products to the consumer, to reduce bureaucracy and to a higher share of incomes based on productive work.

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