

## Agriculture by Denise Henderson

### 'Reforms' ravage Soviet farm sector

*Experts survey the damage after two months of free market austerity policies.*

On May 24, the Agrarian Commission of the Soviet Communist Party held a meeting which included party officials from all levels, as well as agricultural experts. The topic was the devastating effect that "free market" economics is already having on the Soviet agricultural sector, after only two months. Prices were liberalized on April 1, forcing Soviet collectives and the new class of leaseholder farmers to purchase everything from equipment to seeds at prices 200-300% higher than before the price "reform."

The price increases couldn't have come at a worse time. Since March, the Soviet official press has been exhorting the collective farms to move quickly and efficiently in sowing spring crops, to head off a projected serious shortfall at harvest. But weather conditions (too much rain in European Russia, a dry spell in the southern agricultural regions) were creating a growing season which, *Izvestia* wrote May 31, "is reminiscent of similar seasons in the drought years of 1963, 1974, and 1981."

Such conditions, combined with the effects of the price reform, led the Agrarian Commission to complain that "the agro-industrial complex . . . has always been let down. But probably never before as blatantly as today. First they increased purchase prices. . . . Then they increased the cost of . . . raw materials and machinery several times over." For example: A tractor which used to cost 15-20,000 rubles, will now cost 70,000. "That's

parity for you," commented *Pravda*.

Due to the rise in prices, it is projected that "the economy of 60% of the farms" in Belorussia alone will be in jeopardy. "At best," warned the Commission, "many of the country's farms will end this year at what they call 'breakeven' point." In short, warned V. Chernoi vanov, U.S.S.R. Minister of Agriculture and Food, unless the situation is changed, this year the agro-industrial complex will sustain losses amounting to tens of billions of rubles—with no bumper crop to compensate for the price rises.

Under these conditions, the Soviets are banking on the new class of leaseholder farmers—farmers who have been permitted to lease land from collective and state farms—to make up the difference. The Soviet press has printed glowing reports of the successes of leaseholders who have combined forces and "made millions." Soviet President Mikhail Gorbachov, during a visit May 29-June 1 to the largely agricultural republic of Kazakhstan, began by meeting with several leaseholders. The Soviet President was shown on Moscow television asking about economic conditions:

"Gorbachov: What sort of income did you earn last year?"

"Farmer: Seventy-four thousand."

"Gorbachov: Seventy-four thousand? . . . Overall?"

"Farmer: Overall."

"Gorbachov: But what if everything is reckoned up, so much is paid to the state farm, so much for the fuel, what is left for the wages?"

"Farmer: We are left with 2,000 each."

"Gorbachov: And per month. How much do you reckon you get, taking into account the advance and the final sum?"

"Farmer: Two hundred plus, each."

"Gorbachov: . . . That's not much."

The TV announcer explained: "Prices for equipment, fuel, and building materials have jumped four to five times, but purchase prices for food have no more than doubled. So it turns out that no matter how hard you work, the expenditure on production is not covered."

That situation, according to the Agrarian Commission, is common in the agricultural districts. The price increases, it says, "are more like the axe, for the countryside. The path to ruin for *kolkhozes* and *sovkhoses*. As for private farming, it will simply be stifled at birth by such prices."

Such a dramatic warning did not prevent Gorbachov from holding up the industry of the Kazakhs as a model. In a speech in Alma-Ata in June, he praised the prevailing optimism among the leaseholders: "The leaseholders' team and his comrades, unambiguously advocating leasing, are starting to think about how to buy means of production in order to ensure that they become 'really ours,' 'mine,' the property of the entire collective. They are also thinking about . . . how to renew capital in order to achieve new results and acquire new technologies—that is, their thinking is of statewide importance."

If the U.S.S.R. decides fully to accept "free market" policies and International Monetary Fund conditionalities in exchange for an overall financial aid package, however, the Commission's warning that private initiatives will be stifled at birth will be fulfilled, and then some.