

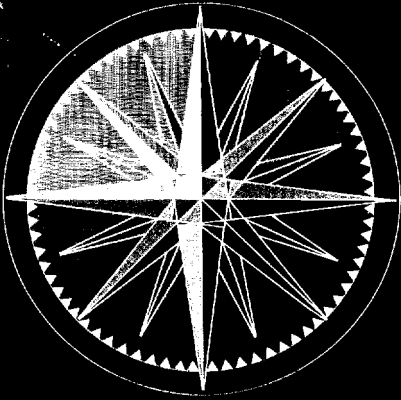
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SPECIAL REPORT

OFFICE OF RESEARCH AND REPORTS

KHRUSHCHEV ADVOCATES MAJOR FERTILIZER PROGRAM

CENTRAL INTELLIGENCE AGENCY

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KHRUSHCHEV ADVOCATES MAJOR FERTILIZER PROGRAM

Khrushchev appears to be advocating a program which, if implemented, could profoundly alter Soviet economic priorities. In sum, he would sharply increase investment in the chemical industry, particularly for chemical fertilizers, in the hope this would solve his agricultural problem. Since the costs of such a program could probably not be fully met by altering priorities within heavy industry or cutting consumer-oriented programs, the government might resort to significant constraints on military spending. The potential results for agriculture--limited by institutional restraints as well as climatic conditions and the type of soil involved--would be far less than Khrushchev seems to expect and too small to justify a program of the scope he apparently plans.

The Soviet Fertilizer Program

Soviet leaders have often discussed the possibility of increasing crops by using more fertilizer. In the past they have tended to pass on to quicker or more glamorous nostrums such as the New Lands, or to the cheaper methods of exhortation and reorganization. However, with net agricultural production almost unchanged since 1958, there have recently been enough bold statements and enough positive action to suggest a serious intent to produce substantially more fertilizer in the next few years.

Some steps have already been taken in the past year or two. Some investment funds have been shifted to agriculture, and a higher priority has been given to production of fertilizers and equipment. Planning guidelines issued by the government on 3 June give top priority in the 1964-65 plan to develop-

ment of the chemical industry and call for a thorough overhaul of the construction program--presumably in part to facilitate the new priority.

However, Soviet statements leave considerable doubt as to the scope of the program. The original Seven-Year-Plan goal of 35 million tons by 1965 was confirmed by Khrushchev at the central committee plenum in March 1962. At the same meeting, the head of the chemical industry cited a goal of 45 million tons by 1966. In the fall, when the central committee met again, Khrushchev stressed the need to promote agriculture through chemicals and referred to an earlier decree--apparently as still applicable--which had established a goal of 41 million tons by 1966.

Recent statements are no clearer. On 26 June--after the new planning guidelines had been announced--the Ministry of

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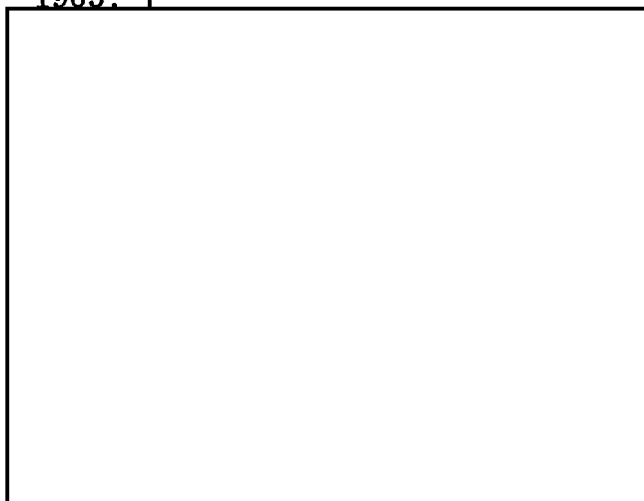
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Agriculture announced that Soviet farming would have 47 million tons of fertilizer by 1965.

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Current foreign trade activities also point to an increasing priority for fertilizers. During a visit in April 1963 to a urea plant being built in Tula Oblast by a Dutch firm, Khrushchev stated that construction of urea plants must be accelerated and would be given the highest priority. He reportedly ordered that four more complete plants be purchased from the Dutch. The USSR is currently trying to buy 36 potash mining combines and related equipment in the US. If intensively utilized this equipment could produce enough raw material (potash) to double Soviet production of potassium fertilizer.

Whatever the actual figure, it seems certain that Khrushchev is now talking about spending far more than the 10 billion rubles

allocated to the chemical industry as a whole under the Seven-Year Plan. In July, [redacted]

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[redacted] he linked plans for rapidly expanding fertilizer output to what he claimed was a growing ability to spend more on the civilian economy, since the "peak" of Soviet military expenditures had been passed and the Soviets were better off from the point of view of such expenditures than they had been two or three years ago.

By contrast, the head of the chemical industry reportedly said privately last May that Khrushchev had allocated too much money for agricultural chemicals in 1963 and that all the money could not be spent in one year.

All of these developments appear to indicate a serious intention to allocate sufficient resources to achieve a substantial increase in the production of fertilizer, but not enough concrete economic actions have as yet been taken to make clear just how extensive a program Khrushchev is seriously considering.

The Agricultural Significance of More Fertilizer

To produce, distribute, and utilize large additional amounts of fertilizer would entail an extremely costly investment program and substantial production

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and distribution costs. Beyond this it is unlikely that large additional amounts of fertilizer can be used efficiently by the Soviets in the near future.

The Soviet Union has no large areas climatically analogous to the southeastern United States or the Corn Belt, with their abundant moisture and soils which are highly responsive to fertilization. A much larger part of the Soviet Union's cropland is in sub-humid areas like the American Great Plains, where crop yield potentials from fertilization are less than in more humid areas.

Wastage of fertilizer has been heavy at railroad sidings and inadequate storage has caused huge losses of nutrients. The Soviets have admitted that about one fourth of the fertilizer is lost before reaching the fields. Furthermore, organizational, ideological, and agronomic factors have kept Soviet agriculture from achieving high levels of productivity. The efficient use of fertilizer requires a high level of technical and managerial skill, and inefficient use may actually reduce crop yield. Consideration must be given to the chemical and physical characteristics of the soil, the moisture supply, variety of plants, spacing of plants, state of development of the plants, analysis of the fertilizer, type of equipment, depth and spacing of application, and the amount

of fertilizer used. A recent article on ways of improving use of mineral fertilizer claimed that one third of the mineral fertilizer applied in the country as a whole did not significantly benefit the crops. Other surveys have confirmed great inefficiency in the use of fertilizer.

Adaptation to local conditions, like most agricultural operations, can be handled most effectively under a decentralized system of management. The recent reorganization of Soviet agriculture has not been in the direction of increasing either the freedom of farm managers or the influence of technical agricultural specialists.

Despite the inefficiencies cited above, the Soviets do need more fertilizer even to maintain present levels of crop yields. There seems to be some downward trend in grain yields in the New Lands, which was to be expected after the depletion of initial soil fertility and moisture reserves from the virgin soils. Khrushchev's current favorite program (initiated last year), the plowing-up of sown grasses and the reduction of fallow, will inevitably deplete soil fertility unless more fertilizer is used.

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