

27981

Nº

94

## CURRENT PROBLEMS OF SOVIET AGRICULTURE



July 1961

NOT TO BE REPRODUCED IN WHOLE OR  
IN PART WITHOUT THE PERMISSION OF  
THE CENTRAL INTELLIGENCE AGENCY

CENTRAL INTELLIGENCE AGENCY

**NOTICE**

This report has been loaned to the recipient by the Central Intelligence Agency. When it has served its purpose it should be destroyed or returned to the:

CIA Librarian  
Central Intelligence Agency  
Washington 25, D. C.

## CURRENT PROBLEMS OF SOVIET AGRICULTURE

CIA/RR ER 61-34

CENTRAL INTELLIGENCE AGENCY  
Office of Research and Reports

FOREWORD

Agriculture continues to be one of the major domestic problems facing Soviet leaders. In no other principal sector of the economy have production plans been so consistently underfulfilled. In January 1961 a Communist Party Plenum was held to discuss agricultural shortcomings. This report discusses the Plenum and subsequent developments and their probable impact on agricultural production.

Long-run goals for the economy are to be published in the USSR on 30 July 1961 for internal discussion prior to the Party congress which is to be held in October 1961. The material in this report should be useful as background for the evaluation of such agricultural goals as may be published.

CONTENTS

	<u>Page</u>
Summary . . . . .	1
I. Agricultural Situation in 1960 and Prospects Through 1965 . . . . .	3
A. 1954-58 Period . . . . .	3
B. Lack of Progress Since 1958 . . . . .	3
C. January 1961 Party Plenum . . . . .	5
D. Outlook for Crops and Livestock in 1961 . . . . .	6
E. Prospects Through 1965 . . . . .	7
II. Priority Position of Soviet Agriculture . . . . .	9
III. 1961 Reorganization of Agricultural Administration . .	17
IV. An Examination of the Validity of Soviet Agricultural Statistics . . . . .	23
A. Agricultural Statistics and Statistical Procedures . . . . .	23
B. Reliability of Statistics on Agricultural Production . . . . .	24
1. Statistical Manipulation and Falsification . .	25
a. Dissolution of the Machine Tractor Stations (MTS's) . . . . .	26
b. Pressure on Officials and Farm Managers to Maximize Production . . . . .	26
2. Nature of Statistical Falsification . . . . .	28
3. Extent of Statistical Manipulation and Falsification . . . . .	30
4. Quantification of Statistical Falsification . .	32

Tables

1. Capital Investment in Soviet Agriculture, 1953-65 . . .	10
2. Estimated Kolkhoz Capital Investment in 1959 . . . . .	12

## CURRENT PROBLEMS OF SOVIET AGRICULTURE

### Summary

In 1960, agricultural production in the USSR for the second consecutive year remained at about the level of 1958, the base year of the Seven Year Plan (1959-65). This performance is in sharp contrast to gross industrial production, which increased by 22 percent in the 2-year period 1959-60.

The lack of progress in agriculture in the past 2 years, in part, can be attributed to the weather. Production in 1958 benefited from unusually good weather, whereas drought affected a number of major agricultural areas in 1959. In 1960 a number of weather factors -- excessive winterkill, dust storms, and excessive rainfall during harvest in some areas and drought in others -- combined to affect adversely production of crops. Output of livestock products in 1960 decreased in comparison with 1959 as a result of a late spring and reduced feed supplies from the 1959 harvest. In part, the lack of progress has been caused by the usual shortcomings of the agricultural sector -- inadequate investment, as reflected in a shortage of critical machinery, spare parts, and mineral fertilizers; overcentralized direction; and inadequate material incentives to the farmers.

Estimates of the present status and future prospects of Soviet agriculture are made more complicated by the apparent widespread falsification of agricultural statistics at several administrative levels. Many Soviet officials have recently been accused of manipulation of statistics on agricultural production and procurement. For some commodities the difference between reported and actual production appears to have been very large.

The goal of the Seven Year Plan of a 70-percent increase in gross agricultural output is unrealistic, and there is little likelihood of the achievement of more than one-third of the planned increase. Agriculture will probably continue to act as a brake on the growth rate of the Soviet economy as a whole.

At the Party Plenum in January 1961, several courses of action were proposed to improve the agricultural situation. Highlighting these courses of action were an extensive reorganization of agricultural administration and an apparent upgrading of the priorities given to agriculture in the allocation of resources.

During the remaining years of the Seven Year Plan period the amount of capital that the state will invest in agriculture is to be increased above that called for in the original plan directives, and emphasis is to be placed on production of machinery and fertilizers, expansion of irrigation, and rural electrification. At present, it is not clear whether or not the total amount of capital already invested and currently planned to be invested in agriculture by both the state sector and kolkhozes during the remainder of the Seven Year Plan is larger than originally planned.

Some reductions have been made in the prices of machinery, fuel, and spare parts purchased by kolkhozes; tax concessions have been made on income received from production of livestock; and loan periods for machinery purchased from the machine tractor stations (MTS's) have been extended. The effect of all these measures should result in a savings of about 1 billion rubles, which is to be used to increase wages as well as investments.

The Ministry of Agriculture, which is now headed by M.A. Ol'shanskiy, a scientist who replaced V.V. Matskevich, has been reorganized and largely reduced to a research and extension service charged with the direction of agricultural research institutes and the publication of technical journals. Planning had been transferred earlier to Gosplan, USSR, and the important functions of procurement, repair, and supply now repose in newly created organizations. A preliminary appraisal of the reorganization suggests that it will probably have little effect in stimulating agricultural output.

---

## I. Agricultural Situation in 1960 and Prospects Through 1965

### A. 1954-58 Period

Inheriting an agricultural economy which had become stagnant and unable to provide the growing needs of a nation rapidly becoming industrialized, Soviet leaders reacted vigorously to revitalize this important sector of the economy after the death of Stalin in 1953. Under the aegis of Khrushchev, who has continued to maintain a keen, personal interest in agriculture, a number of measures, culminating with the dissolution of the MTS's and the revision of the procurement system in 1958, were implemented, thus giving a temporary "new look" to Soviet agriculture. State investments were increased substantially, especially for expanding the sown area, as epitomized by the new lands program whereby about 35 million hectares\* were added to the sown area.

The over-all effect of these measures brought about a dramatic increase in agricultural production. In the 5-year period 1954-58, gross agricultural output increased by 35 percent in comparison with the previous 5-year period, and in 1958, a record crop year in the USSR, agricultural output was about 50 percent greater than in 1953.

### B. Lack of Progress Since 1958

The amazing progress achieved by Soviet agriculture in the 1954-58 period can be explained partly by the fact that with relatively small investments production responses were exaggerated because of the extremely low level of output prevailing in 1953. However, after 2 years of the Seven Year Plan, agricultural production in the USSR remains at about the level of 1958, the base year of the plan period. Khrushchev at the January 1961 Party Plenum on Agriculture stated that industrial production (that is, gross industrial production) during the first 2 years of the Seven Year Plan had increased by 22.1 percent, considerably higher than the planned 17-percent increase. Although Khrushchev can point with considerable pride to official data on industrial production, the relatively poor performance in Soviet agriculture has had the effect of reducing the growth rate achieved by the economy as a whole during the 2-year period.

In attempting to explain agriculture's lag behind the growing demands of the population and its being out of step with industrial growth, Khrushchev stated that "it should also be noted that the first 2 years of the Seven Year Plan were unfavorable for agriculture because of the rather difficult climatic conditions." Khrushchev can rightly

---

\* One hectare equals 2.471 acres.



tag weather as a major factor inhibiting the growth of agricultural output during the 3-year period 1958-60. Weather in 1958 was unusually favorable, and bumper harvests of most crops were gathered. The USSR has referred to 1958 as the year of highest yields.

Weather during 1959 and 1960 was relatively unfavorable for agricultural production and in sharp contrast to that in 1958. Spring arrived early in 1959, but limited precipitation soon resulted in a shortage of soil moisture in a number of areas. This shortage of moisture had an adverse effect on production of crops and growth of pasture. Soviet spokesmen describe 1959 as a year in which drought prevailed over a number of the major agricultural areas of the USSR.

Unlike 1959 a shortage of moisture was not the primary weather factor restricting agricultural production in 1960. Winterkill during the winter of 1959/60 and severe dust storms in southern European areas of the USSR in March and April 1960 caused sufficient damage to necessitate the reseedling of more than 8 million hectares of fall-sown grains to spring crops, and undoubtedly the remaining acreage of fall-sown grains was also damaged. Spring arrived late in 1960, thus prolonging the period during which livestock had to be fed without pasture and causing difficulties because of the limited supplies of feed from the dry 1959 crop season. The late spring delayed planting, but precipitation associated with this weather augmented the supply of moisture in certain regions. In 1960 the area adversely affected by dry weather was confined to parts of the Ukraine and the central region of the RSFSR. Cool, rainy weather tended to delay further the development of the late-planted spring wheat throughout much of the new lands area. Moreover, this weather resulted in heavy weed infestation in the new lands area, and extensive lodging of the spring wheat occurred.

Harvesting difficulties in 1960 were encountered in both the new lands area and in the European part of the USSR. Beginning with an unusual cold spell during the latter half of August, cool, rainy weather with occasional snow flurries was characteristic of the fall season in the new lands area. This weather further complicated the harvesting of the weed-infested, lodged grain. Moreover, some of the wheat in the new lands did not ripen until September, and ripening was uneven. In the European part of the USSR the harvesting of late crops was made difficult by abnormally heavy rainfall. In October, rainfall in the Ukraine, the central black soil area of the RSFSR, and along the Volga was about double the normal amount.

### C. January 1961 Party Plenum

As revealed at the January 1961 Party Plenum in the USSR and in the months following, a factor which should be taken into account in evaluating official data on agricultural output in recent years is statistical malpractice by officials at practically all administrative levels. "Ochkovtiratel'stvo" (eyewash) in the compilation of agricultural statistics has apparently become almost standard procedure in the USSR. Statistical falsification has probably increased in recent years and has perhaps caused some difficulties in the operation of the economy, particularly in the light and food industry sectors. Unusual distortions in agricultural data seem to have begun in 1958 and to have become greatly accentuated in 1959 and 1960. The extent of statistical falsification in Soviet agricultural data cannot be quantified with confidence on the basis of available information. However, the distortion in data on Soviet production of grain in the past 2 years may have been about 25 percent. A more detailed discussion of the problem of falsification in Soviet agricultural data is contained in Section IV.\*

In addition to initiating a widespread discussion of statistical malpractices, the January 1961 Party Plenum on Agriculture proposed an extensive reorganization of agricultural administration. This proposed reorganization, which was enacted into law by Party and governmental decrees in February 1961, was a reaction to the unsatisfactory agricultural situation. Events in the months immediately preceding the Plenum suggest that the organizational changes adopted were decided on at a rather late date without thorough preparation. Unlike the December 1959 Plenum, which was announced in June 1959, the announcement of the 1960 agricultural Plenum was not made until a month and a half before the scheduled date of 13 December. A prolonged Communist ideological conference and Khrushchev's case of influenza reportedly were the causes of a postponement of the Plenum until 10 January 1961. In the interim, however, V.V. Matskevich, Minister of Agriculture, USSR, was replaced by M.A. Ol'shanskiy. The Plenum was highly critical of the agricultural situation and proposed far-reaching changes in agricultural administration. The reorganization initiated at the Plenum is very extensive and is another of the series of attempts on the part of the Soviet leadership to find a solution to their agricultural problem through organizational change. This reorganization of the administration of Soviet agriculture is being implemented at present. A preliminary appraisal, based on published information on the roles and functions of the various components associated with agricultural administration, strongly suggests that the reorganization will have little effect in stimulating a renewed increase in agricultural output.

---

\* P. 23, below.

A more detailed discussion of the reorganization of agricultural administration is presented in Section III.\*

The proceedings at the January 1961 Plenum also revealed that the priority to be given to Soviet agriculture in the allocation of resources has probably been raised somewhat. The amount of capital that the state will invest in agriculture during the remainder of the Seven Year Plan period is to be increased above that called for in the original plan directives. Khrushchev stated in his speech at the Plenum that "we are now in a position to increase appreciably the capital investments envisaged by the Seven Year Plan for expanding agriculture as well as those industries supplying agriculture." Mention is made of additional capital investment being needed to build more plants manufacturing chemical fertilizers and agricultural machines and of the increased emphasis to be given to the expansion of irrigation facilities and rural electrification. All of these are activities into which state capital investments would be channeled.

The question as to whether or not the total amount of capital already invested and currently planned to be invested in agriculture by both sovkhoses and kolkhozes during the remainder of the plan period is larger than that envisaged by the original directives of the Seven Year Plan (1959-65) is still not clear. Some increase in state capital investment above that originally planned is necessary, for, in the past year or so, the pace of conversion of kolkhozes into sovkhoses has been accelerated, apparently to a higher rate than planned. Planned kolkhoz investment must be contingent on planned kolkhoz income. The measures adopted by the Plenum to give assistance to the kolkhozes are an indication of the financial plight of the kolkhozes. This assistance can also be taken as an indication that the kolkhozes have probably fallen far short of their capital investment plans. Thus the state could increase its share of capital investment substantially to offset the shortfall in collective farm investment before the total amount of investment in agriculture would exceed that originally planned. A more detailed discussion of capital investment in Soviet agriculture is contained in Section II.\*\*

#### D. Outlook for Crops and Livestock in 1961

Following 2 mediocre crop years, prospects for the output of crops and livestock in the USSR in 1961 appear better than average at present. An unusually mild winter and a favorable spring should assure a good winter grain crop in European USSR. Prospects for spring grains,

\* P. 17, below.

\*\* P. 9, below.

however, are still uncertain, particularly in the new lands area, where soil moisture reserves are low and the critical summer months are still to be weathered. Also, harvesting is a perennial problem in the new lands because of the short time available and the generally poor weather conditions under which the crops must be harvested.

Larger herds and better feed supplies from the 1960 harvest point to a somewhat better year for the Soviet livestock industry than in 1960. Although production of meat at state slaughterhouses during the first quarter of 1961 was below that of the same period in 1960, better feed supplies probably indicate greater herd buildups. In 1960, distress slaughtering of livestock, which was brought on by feed shortages during the first quarter, abnormally increased production of meat.

#### E. Prospects Through 1965

Net agricultural production by 1965 in the USSR under normal weather conditions, according to current analysis, will probably increase by 20 to 25 percent in comparison with the 1958 level of output. This increase is roughly one-third of the increase of 55 to 60 percent implied in the Seven Year Plan\* and implies for the 7-year period an annual rate of growth of about 2.5 to 3 percent in terms of the 1958 base. Because of the lack of progress in the first 2 years, the projected increase in agricultural output must take place in the remaining 5 years. Thus, in relation to 1960, the net agricultural production will have to increase by about one-fourth, or at an annual rate of almost 5 percent. Even so, this rate is somewhat less than the planned rate of increase in industrial production, and as a result the dampening effect of agriculture on the growth rate of the Soviet economy as a whole will continue throughout the plan period.

The effects of much of the increased state capital investment are not expected to yield results in the form of increases in agricultural production for several years, or almost until the end of the plan period. Increasing manufacturing capacity for agricultural machinery and agricultural chemicals, as well as the expansion of irrigation networks and construction of facilities for rural electrification, are all time-consuming undertakings. Thus, annual rates of increase in agricultural production are expected to increase as the plan period progresses. Moreover, a continuation of a rather high priority is expected to result in a relatively rapid rate of increase in agricultural production being maintained through 1966.

---

\* The goal for the Seven Year Plan calls for an increase of 70 percent in gross agricultural output, which is equivalent to an increase of 55 to 60 percent in net agricultural output.

## II. Priority Position of Soviet Agriculture

At the January 1961 Central Committee Plenum in the USSR, Khrushchev advocated raising the economic status of the Soviet consumer to correct the growing imbalance between producer and consumer goods and to contain suppressed inflation. Implying that the productivity of capital inputs in heavy industry was exceeding initial expectations, he stated, "We are now in a position to increase seriously capital for expanding agriculture and those industries which supply agriculture." The plenum resolution stated that this increased capital would be in addition to that originally planned for the Seven Year Plan period but did not quote any figures -- the central committee and council of ministers were instructed to work this out. According to a TASS home service broadcast on 21 February 1961, additional financial resources amounting to 15 billion to 20 billion rubles\* will become available during the Seven Year Plan period, a large share of which will be invested in agriculture.

These vague statements hardly provide a basis for a meaningful analysis of agricultural investment. Furthermore, the above remarks apparently pertain only to state investment. Because of the recent trend toward building up the state agricultural sector at the expense of the kolkhoz sector, the available data reflect the effect of recent institutional changes, as well as possible actual changes in amounts of investment. This trend in the expansion of the state sector, which was not provided for in the original directives of the Seven Year Plan, has generated a need for additional state investment in agriculture. In 1960, for example, the sown area in the state sector increased by 25 percent, primarily as a result of the conversion of kolkhozes into sovkhozes. To match this transition, state investment in agriculture in 1960 increased by 20 percent to 2.4 billion rubles, a figure well above the annual average of 2.1 billion rubles planned in the original directives of the Seven Year Plan, as shown in Table 1.\*\* The 1961 plan for state investment was revised upward to 2.7 billion rubles in December 1960, but, in view of the rapid pace of conversion in the first few months of 1961, this amount probably will not be sufficient to cover the needs of the expanding sovkhoz system. If the state sector in agriculture continues to expand its sown acreage through 1965

---

\* Ruble values throughout this report are given in prices of 1 July 1955 adjusted to the new 1961 rate of exchange. This rate of exchange may be converted to US dollars at a rate of 0.90 rubles to US \$1.

\*\* Table 1 follows on p. 10.

Table 1

Capital Investment in Soviet Agriculture a/  
1953-65Billion Rubles b/

<u>Year</u>	<u>State</u>	<u>Kolkhoz c/</u>	<u>Total d/</u>
1953	0.9	1.2	2.1
1954	1.5	1.4	2.9
1955	2.0	2.1	4.1
1956	2.1	2.2	4.3
1957	2.4	2.2	4.6
1958	2.3	2.8	5.1
1959	2.0	3.5	5.5
1960	2.4	3.2	5.6
Revised 1961 Plan	2.7 <u>e/</u>		
Original 1959-65 Plan (total)	15.0	34.5	49.5
Original 1959-65 Plan (annual average)	2.1	4.9	7.0

a. The figures exclude outlays for "establishment of herds." The kolkhoz investment figures exclude outlays for capital repairs, and it is believed that the state investment figures also exclude such outlays.

b. In prices of 1 July 1955 adjusted to the new 1961 rate of exchange. This rate of exchange may be converted to US dollars at a rate of 0.90 rubles to US \$1.

c. The figures exclude outlays for tractors and agricultural machinery which formerly belonged to the MTS system. It is believed that the figures also exclude purchases of livestock.

d. Although the USSR adds the state and kolkhoz series to arrive at total agricultural investment, the two series are not compatible. State investment figures exclude outlays for housing and cultural construction, but kolkhoz investment figures include such outlays. Furthermore, it is believed that state investment excludes outlays for forest planting but that kolkhoz investment includes such outlays.

e. An increase of 12.8 percent in comparison with 1960.

at the same rate as in 1960\* and if state investment per hectare is merely held at the 1959 level, state investment in agriculture will reach 22.4 billion rubles during the Seven Year Plan period, or 7.4 billion rubles more than planned in the original directives of the Seven Year Plan (see Table 1\*\*).

The analysis of kolkhoz investment is complicated by the fact that, unlike state investment, it cannot be realistically planned. Kolkhoz investment is financed largely from kolkhoz income, as shown in Table 2.\*\*\* Kolkhoz income, in turn, is highly dependent on the weather, price levels, and other factors. In 1958, for example, the collective farms set aside more than 3 billion rubles in capital (to the indivisible fund) in contrast to a "plan" of 2.5 billion rubles. A combination of factors produced this sizable discrepancy. As a result of excellent weather conditions during the growing season and an increase in the level of procurement prices, kolkhoz income rose sharply in 1958. Moreover, the percentage of kolkhoz income set aside for the indivisible fund was increased in 1958. Long-term state credits are available to the kolkhozes but, because the loans must be repaid, investments from these credits, at least in the long run, are also functionally dependent on savings from income. The "flexible" procurement price system, effective 1 January 1958, was advertised as a means of eliminating year-to-year fluctuations in kolkhoz income. An examination of the Soviet procurement price index for the years 1958 (a bumper crop year) and 1959 (a mediocre crop year), however, reveals little if any flexibility, indicating that the burden of risk has not been shifted from the kolkhoz to the state.

This burden was especially heavy in the mediocre crop years of 1959 and 1960, leaving many kolkhozes in poor financial condition. A large investment load had been shifted from the state sector to the kolkhozes because of the 1958 MTS reform. In March 1958, Khrushchev -- with his usual cavalier approach to economic calculations -- stated that the leading collectives would be able to pay for MTS equipment and facilities in 1 or 2 years, average collectives in 2 or 3 years, and poor collectives in 5 years. Now, 3 years later, the state has found it necessary to extend these payments for an additional 5 to 10 years.

---

\* This increase could be accomplished without expanding total sown acreage beyond the 1959 level and without reducing private sown acreage. Thus, by 1965, sown acreage in the state sector would equal the 1959 sown acreage in the kolkhoz sector. Conversely, by 1965, sown acreage in the kolkhoz sector would equal the 1959 sown acreage in the state sector.

\*\* P. 10, above.

\*\*\* Table 2 follows on p. 12.

Table 2

## Estimated Kolkhoz Capital Investment in 1959

	Million Rubles <sup>a/</sup>
Investment account in Gosbank, 1 January 1959	466
Deducted from income for the indivisible fund	3,325
"Other kolkhoz means" <sup>b/</sup>	600
Long-term state credits	531
Available for investment	4,922
Investment account in Gosbank, 31 December 1959	-325
Invested in 1959	4,597
Invested in 1959, excluding outlays for livestock and MTS tractors and agricultural machinery <sup>c/</sup>	-3,527
Outlays for livestock and MTS tractors and agricultural machinery	1,070

a. In prices of 1 July 1955 adjusted to the new 1961 rate of exchange. This rate of exchange may be converted to US dollars at a rate of 0.90 rubles to US \$1.

b. Probably the Social-Cultural Fund.

c. See footnote c, Table 1, p. 10, above.

The share of kolkhoz income set aside for the indivisible fund, which had been ranging from 16 to 18 percent since 1950, was jumped to 23 percent in 1958 and to 24 percent in 1959 and 1960. In spite of these increases in the rate of current capital accumulation, kolkhoz investment outlays (including outlays for livestock and MTS tractors and agricultural machinery) were so heavy that, by the end of 1959, the kolkhoz investment reserves (per unit of sown area) had fallen to 50 percent of the 1956-57 level. Although investment reserve figures for the end of 1960 are not available, investments per hectare remained heavy in 1960, and qualitative information suggests that the financial condition of the kolkhozes did not improve.

Since the beginning of 1961 the regime has introduced a series of measures designed to alleviate the poor financial condition of the kolkhozes. Effective 1 February, the price of gasoline and spare parts sold to collective farms was reduced 40 percent, that of trucks an



average of 17 percent, and that of tractors 9 percent. In addition to these price reductions, there is to be an 80-percent reduction in the tax on incomes derived from animal husbandry during 1961-65. Also, interest on long-term state credits is to be lowered. It is estimated that these measures will add about 1 billion rubles annually to kolkhoz income. Theoretically, 24 percent of this income, or a quarter of a billion rubles, will be set aside annually for investment purposes, an insignificant addition to the total sum normally available for kolkhoz investment (see Table 2\*).

In March 1960 the plan for production of agricultural machinery (including combines but excluding tractors) in 1960 was raised by about 20 percent. In May 1960 the goals for the delivery of tractors and grain combines to agriculture during the period 1959-65 were raised by 30 percent and 35 percent, respectively. In December 1960 the plan for the delivery of tractors during 1959-65 was raised another 12 percent, and the plan for the delivery of grain combines was raised another 13 percent.\*\* The latest plan for production of agricultural machinery in 1961 calls for a 24-percent increase in comparison with the 1960 level.

These recently revised plans for the production and delivery of tractors and other machinery to agriculture reflect an increase in the priority of agriculture. This increase, however, is apparently from a modest base. The original goal of the Seven Year Plan for the production of agricultural machinery in 1960 was well below the 1956 level. Even the new 1961 plan for agricultural machinery is below the peak 1957 level of output. The original goals of the Seven Year Plan for the delivery of tractors also appear to have been unambitious in relation to the deliveries made during 1954-58.

Plans for rural electrification for 1959-65 have been raised a substantial 30 percent above the original goals of the Seven Year Plan.

In summary, Khrushchev's thesis on the Seven Year Plan was delivered while the USSR was riding the crest of the 1958 bumper harvest, and, like Malenkov before him, he evidently believed that the Soviet grain problem was solved. The luxury of regional specialization was to be indulged in -- many republics were to be relieved of the obligation to deliver grain to the state in order to permit them to concentrate on the

\* P. 12, above.

\*\* In September 1960 the name of the large, unfinished Pavlodar Combine Plant was changed to the Pavlodar Refrigerator and Compressor Plant. At the January 1961 Plenum, Kazakh Party First Secretary Kunayev indicated that Khrushchev had advised him to change the name of the plant back to the original name and to plan to produce combines.

production of such commodities as meat, milk, fruit, and cotton. In contrast to both the past 7-year record and the abandoned Sixth Five Year Plan (1956-60), the Seven Year Plan was to concentrate investment in labor-saving equipment rather than in machinery for the production of grain. The major share of investment during this period was to originate from collective farm funds, and intercollective enterprises were to handle the bulk of the kolkhoz construction work, including rural electrification and irrigation networks which previously had been built with state resources.

Grain growing and harvesting conditions in 1959 and 1960 were much less favorable than in 1958, however, and the planning climate has changed accordingly. Every republic, whether it can grow grain profitably or not, must now deliver grain to the state, and thus the program for regional specialization, although not abandoned, may be delayed. In the next few years, 8 million additional hectares of new land are to be brought under the plow. Machinery for the production of grain again is to receive priority.

The direct approach to the problem of underdeveloped kolkhozes is being applied -- after 2 years of relative inactivity (1958 and 1959), poor kolkhozes are again being converted into sovkhoses. This recent unplanned growth of the sovkhos system has, in itself, dictated heavier expenditures of state capital. Furthermore, because kolkhoz income (per household) and, consequently, intercollective funds have failed to grow, the state must increase its investment in rural electrification and irrigation. Therefore, on the basis of the meager financial investment information available, it is not possible to determine whether the priority of all socialized agriculture or merely the priority of state agriculture has been raised.

Revised plans for allocation of equipment and rural electrification, on the other hand, reflect an increase in the priority of all socialized agriculture. In regard to allocation of equipment, however, the original goals of the Seven Year Plan were modest in relation to the allocations made during 1954-58, and thus the revision represents a reassessment of the inputs required by agriculture to overcome the lack of progress thus far in the Seven Year Plan. Khrushchev has characterized his revised program as "compensation for lost opportunities."

Khrushchev's remarks at the January 1961 Plenum imply that much of the additional investment earmarked for agriculture will be long range

in nature (irrigation, electrification, and chemical facilities) but that in the short run the regime will continue to place primary reliance on organization and leadership. After discussing investment plans, Khrushchev added, "I have been speaking of long-range questions. Now to the next 2 to 3 years ..." Then he launched into a description of his proposed reorganization of agriculture.

### III. 1961 Reorganization of Agricultural Administration

Following the lines of Khrushchev's proposal, the Communist Party and the Soviet government issued a series of resolutions in the first quarter of 1961 which radically changed the administration of Soviet agriculture. The Ministry of Agriculture, USSR -- already weakened by the loss of its planning responsibilities in 1955, the abolition of its MTS system in 1958, and the loss of its supply function in 1960 -- was divested of administration of state and collective farms and forestry and control over state purchases of agricultural products and repair of agricultural machinery. These functions have been scattered among several government organizations (Gosplan, USSR, the republic Councils of Ministers, a new Soviet Agricultural Machinery and Supply Association, and a new Soviet State Committee for Agricultural Procurement) leaving no clear delineation of primary administrative responsibility. As a confused agricultural inspector from Stalingrad Oblast asked recently, "Just who will direct agriculture?"

The materials dealing with the reorganization do not provide an obvious answer to this question, and the answer will probably not become apparent until the readjustment has been completed.\* Furthermore, there is evidence of resistance and apathy toward the reorganization at both the republic and local levels, a condition which should prolong the confusion.

Resistance to the reorganization apparently also existed at the center. In a Pravda article, dated 11 December 1960, Belorussian Party First Secretary Mazurov asked that the Ministry of Agriculture, USSR, be strengthened by reinstating its lost responsibilities for planning and supply, thus taking a position directly opposite to that stated publicly by Khrushchev a month later. Because Mazurov is a candidate member of the ruling Party presidium, it does not seem likely that his statement stemmed from ignorance. The postponement of the Plenum from mid-December to mid-January may have been motivated by the need to bring such resistance into line and to prevent a repetition of the December 1959 Plenum, which ended its consideration of new organizational forms in a deadlock. This analysis is strengthened by the fact that Matskevich, who rocked the boat of monolithic unity at the December 1959 Plenum, was conveniently placed out of the way between mid-December and mid-January by being relieved of his duties as Minister of Agriculture.

\* As an initial estimate, it appears that the new procurement committee will be the most influential and responsible of the several government agricultural organizations. The relative strength of these organizations is discussed below.

The fragmentation of government administration resulting from the reorganization will apparently weaken the position of the governmental managerial class and enhance the position of the Party in agricultural administration. Party administration may compromise agricultural progress, for the main characteristics of the Seven Year Plan for agriculture -- regional crop specialization, intensification, and increased labor productivity -- appear to call for greater dependence on deliberate managerial decisions and the recommendations of specialists, in contrast to the new lands and corn programs, which relied to a large extent on the agitatorial talents provided by a strong Party organization. Although in recent months the Party has embraced the cause of the agricultural specialist, apparently this move has been twisted around to the point where Party leaders will be among the "specialists." All Party workers, at least in the Ukraine, down to the rayon level must now attend seminars for specialists. And, of course, Khrushchev fancies himself to be the top specialist on Soviet agriculture.

The Party will apparently administer agriculture primarily through the new State Committee for Agricultural Procurement of the USSR, whose local inspectorates are to be staffed by "politically mature" and experienced people. Although other organizations have been vested with certain administrative responsibilities, this committee, headed by Nikolay Ignatov, appears to be the most influential and responsible fragment of the divided government administration. Ignatov, a full member of the ruling Party presidium, has handled the Party's day-to-day responsibilities in agriculture almost continuously since 1957.\*

The charter of the committee for procurement gives it wide powers beyond the mere control over procurements. Procurement inspectors (each assigned to a group of from three to seven kolkhozes and sovkhozes) are empowered to participate in the planning of farm production, to check on the implementation of such plans, and to report instances of noncompliance through the procurement and local Party and government channels. These inspectors also have the power to limit or stop loans and cash advances to farms which do not live up to their obligations. Permanent advisory councils of farm managers will be attached to the local inspectorates, presumably to enhance the democratic facade of the new arrangement.

To balance these powers, a heavy load of responsibility has been allotted to the committee for procurement. Procurement goals for the

---

\* Following the lead of the Soviet committee for procurement, responsible Party chiefs have been placed at the head of several republic procurement ministries.

next few years have been increased steeply, and because the wages of the procurement inspectors are tied to the level of procurements, procurement workers will be under extreme pressure to meet these goals. At the same time, these inspectors have been enjoined not to hurt the farm economy by procuring too much. Such incompatible conditions place the committee for procurement in an ideal scapegoat position and may force procurement workers to again resort to the falsification of accounts, in spite of the recent laws establishing severe penalties for those caught engaging in this historical procedure.

The new Soviet Agricultural Machinery and Supply Association will provide the collective and state farms with machinery, spare parts, fertilizer, and other needs and will be responsible for the repair and testing of agricultural machinery. Thus the association will handle some of the functions of the former MTS system, and, appropriately, the former MTS chief, Pavel Kuchumov, has been appointed chairman of the association. Although the charter of this organization does not specify any wide administrative powers, the supply association -- acting as a middleman between industry and the farms -- could develop considerable influence over the direction of agriculture through regulation of a priority system of supply and repair. Like the committee for procurement, the association will also have an advisory council of farm managers to give it a semblance of democratic leadership. In addition, the republic supply associations will have jurisdiction over kolkhoz and sovkhoz construction and electrification work and thus will probably supervise the intercollective farm construction enterprises, which hitherto had not been tied into the government administrative bureaucracy.

Gosplan, USSR (as a staff of the Council of Ministers, USSR), having been commissioned to "handle problems of state farm production," apparently will direct the administration of the sovkhozes through the republic Councils of Ministers. At the republic level, there are Chief Directorates of State Farms attached to most of the republic Councils of Ministers.\* Gosplan, USSR, has also been vested with some responsibilities for forestry, land use, irrigation projects, and the "analysis of implementation of current agricultural production plans and of the financial affairs of state and collective farms and the preparation of recommendations concerning these subjects." Inasmuch as both Gosplan, USSR, and the State Committee for Agricultural Procurement of the

---

\* There are exceptions. The RSFSR has a Ministry of State Farms attached to the Council of Ministers, RSFSR. Tselina Kray in northern Kazakhstan has a Chief Directorate of State Farms attached to the Kray Executive Committee. The remainder of Kazakhstan has a Chief Directorate of State Farms attached to the Kazakh Council of Ministers.

USSR will be involved in farm planning and administration, it is likely that there will be jurisdictional conflicts.

The Ministry of Agriculture, USSR -- stripped of its responsibilities for planning, procurement, supply, and repair -- retains no economic levers with which it can effectively exercise administrative control over Soviet agriculture. Aside from its jurisdiction over intermediate and higher agricultural education establishments, the ministry has been reduced to a research and extension service charged with the direction of agricultural research institutes and the publication of technical journals.

M.A. Ol'shanskiy, a protege of T.D. Lysenko, has succeeded Matskevich as Minister of Agriculture, USSR, and almost all the republic Ministers of Agriculture have been replaced by members of the Lenin Academy of Agricultural Science and its affiliates. Matskevich -- chosen as the most recent scapegoat for the poor performance of Soviet agriculture in recent years, particularly in the new lands -- is now, ironically, Chairman of the Tselina Kray Executive Committee, located in the new lands area.

At the local level the Ministry of Agriculture is to establish model farms in almost every rayon to demonstrate good farming practices. The Rayon Agricultural Inspectorates, formerly the basic administrative unit in the ministry, are being abolished, and the specialists formerly employed by the inspectorates are being sent to rayon model farms and to local procurement agencies. Sovkhozes and kolkhozes, according to Khrushchev, will pay for the consultant services of these specialists. Like both the committee for procurement and the supply association, the model farms will also have an advisory council of farm managers and leading farm workers. Apparently, farm management personnel will devote a great deal of their time to attending meetings.

Although the press during the last 2 years has carried much comment on needed changes in the organization of agriculture, the January reorganization did not resolve the major institutional issue involved and thus appears to be the arbitrary result of a last-minute compromise. The major institutional issue, debated at the December 1959 Plenum and kept alive at the June 1960 all-union conference of agricultural specialists, was whether to establish kolkhoz unions to replace the Ministry of Agriculture in the administration of collective farms or whether to strengthen the authority of the Ministry of Agriculture. Sidestepping the issue, the reorganization weakened the authority of the ministry but did not establish kolkhoz unions. Last-minute resistance to the reorganization at both the center and local levels, a condition discussed earlier in this section, also reflects the arbitrary nature of

the move. In addition, the transfer of material and technical supply functions from the ministry to Gosplan and then to the new Agricultural Machinery and Supply Association, all in the short span of 10 months, suggests vacillation and snap judgment rather than an orderly, evolutionary process.

In summary, the reorganization appears to have been hastily conceived and may merely add to the long list of unsolved problems which plague Soviet agriculture. Although it may be argued that in some respects the present organization is an improvement in comparison with the 1960 organization,\* other alternatives might have proved more effective. For example, an organizational form which placed greater reliance on the decision of managers and specialists, although imperfect under the present set of crude incentives for local decision making, would be better than the current emphasis on the leadership of Party officials. The majority of the Party officials, up to and including Khrushchev, know little of what can be accomplished on the farm. Furthermore, Khrushchev has placed both Party and procurement officials in an intolerable position by insisting that they adopt unrealistic pledges and then making it clear that their careers depend on meeting these pledges. Thus many local officials will again be tempted to speculate with the farm resources at their disposal and/or to condone the falsification of records, in spite of the additional hazards recently attached to such procedures.

---

\* Soviet planners, for example, argue that procurement and supply have now been centralized, thus avoiding duplication and confusion. In answer to this argument, it is evident that the present administration of agriculture invites jurisdictional conflict and confusion. In the Turkmen Republic, there are seven separate government organizations currently involved in agricultural administration, including no fewer than three organizations (the Ministry of Water Economy, the Chief Directorate for Land Reclamation and Construction of Virgin Land State Farms, and the Chief Directorate for State Farms) directly engaged in irrigation work on state farms.



#### IV. An Examination of the Validity of Soviet Agricultural Statistics

##### A. Agricultural Statistics and Statistical Procedures

Agricultural statistics in the USSR are used to exercise control over the production of basic products in the quantities which are needed for supplying cities and industrial centers, for foreign trade, and for the creation of state reserves.

The Central Statistical Directorate (CSD) is responsible for the collection of agricultural statistics. This work is carried out through the agricultural departments in the respective republic and oblast or kray statistical directorates. In the rayons the rayon inspectors of statistics collect agricultural statistics. Kolkhozes, sovkhozes, and all other agricultural enterprises submit their reports to the rayon inspectorates of the CSD according to the system and time schedule established by the CSD. State statistical organs are supposed to check systematically on the status of the reports in agricultural enterprises.

During the growing and harvest seasons in the USSR, reports are submitted on a regular basis in an attempt to estimate the size of the harvest. For this purpose the crops are divided into two categories, and the USSR is divided into three zones. Two estimates of crop prospects are submitted between 15 June and 31 August, the time of submittal depending on the crop and the zone within which it is grown. For instance, in Zone I, which would include the more southerly regions of the USSR, the first estimate of the winter wheat crop is submitted by 15 June and the second estimate by 15 July. The estimate of harvest prospects for winter crops refers to the area which survived the winter and for spring crops to the area sown in the spring, without taking stock of losses during the summer.

The factual harvest (fakticheskiy sbor) is based on the data on the gathering of the harvest (sbor urozhaya) contained in the reports submitted by kolkhozes and sovkhozes as well as other materials. These reports, which include a wide range of crops, are submitted on two different accounting dates. The first report, which includes an accounting of the harvest of small grains, must be submitted by 1 September or 10 September, depending on the region. The second report must be submitted by 10 November for all regions and includes all grains; potatoes; and the principal technical, fodder, and vegetable crops.

## B. Reliability of Statistics on Agricultural Production

Before the publication of the statistical handbook Narodnoye Khozyaystvo SSSR v 1958 Godu in 1959,\* the availability of statistics on agricultural production in the USSR since the early 1930's was severely limited. Data on agricultural production, as well as statistics on other sectors of the economy, were treated as state secrets, and their publication was either suppressed or concealed. Often, data were presented only as percentage increases over a previous year for which firm data generally had not been published.

The few published statistics on production, especially for grain, during this time -- 1933 to 1958 -- were unreliable. In 1933 the USSR began reporting the official yield figures for grain in terms of the standing or biological crop forecast before the harvest. That is, harvest losses would not be deducted from the biological yield in order to determine the actual barn harvest. A correction factor up to 10 percent for "technically unavoidable" losses apparently was made for a short time after the new system went into effect, but in the late 1930's this practice was stopped. In 1939 this method of reporting production was extended to include other important crops -- cotton, flax fiber and seed, hemp fiber and seed, sunflowers, castor beans, sugar beets, and potatoes.

Thus, from 1933 to at least 1953, the USSR officially perpetrated the overestimation of production of agricultural crops by not deducting harvest losses from their statistics on production. However, following Stalin's death in 1953, the new Soviet leadership indicated its awareness that the misleading nature of Soviet statistics on agricultural production was masking the critical situation in the agricultural economy. In August 1953, Malenkov, the Soviet premier at the time, stated that "it is necessary to put an end to the incorrect practice whereby the results of the collective farm's work in production of grain and other crops were assessed not by the actual harvest but by the apparent harvest yield . . . . Our collectives can be rich only in crops actually stored in the barn, not in crops still out in the fields."

Although publication of statistics on agricultural production improved somewhat after Malenkov's denunciation, data continued to be mainly of a fragmentary nature. The 1956 statistical handbook Narodnoye Khozyaystvo SSSR v 1956 Godu contained only percentage increases in comparison with 1950 in gross production and yields per

\* Some of the data contained in this statistical yearbook were released earlier by Khrushchev at the December 1958 Party Plenum.

hectare for the most important crops, but the 1950 base figures were not published. Production statistics for grain, in particular, continued to be guarded as a state secret until Khrushchev's revelation in December 1958.

# 1. Statistical Manipulation and Falsification

As pointed out above, falsification of statistics on agricultural production was the official Soviet policy from 1933 to at least 1953. Following World War II, there was actually a prohibition on the gathering of data on the threshing of crops in the kol-khozes while the process of estimating yields was being carried out, for -- as the head of the Soviet crop estimating organization indicated -- such information "distorts the actual situation with respect to yields and makes it possible to underestimate the actual size of the crop."

Because the payments to the MTS's, which were servicing such needs of the collective farms as plowing, sowing, and harvesting, were based on the yields received, overestimation of the official crop yields was an additional means for the state to acquire a larger share of agricultural production.

Falsification of statistics on production during this period, however, was not confined solely to the state. Although the rigid controls imposed by Stalin undoubtedly made statistical falsification at lower levels more difficult, farm administrators and local Party and government executives, faced with impossible tasks levied from above, had to resort to various machinations. For example, in cotton growing, procurement prices were such that substantial bonuses were paid for above-plan deliveries to the state. It was common practice in the cotton growing areas to sow more than the planned acreage, although only the planned area was reported, so that above-plan yields could be achieved, thus making the producer eligible for bonus payments.

Whereas the official policy of overestimating agricultural production was apparently discontinued after 1953, the publicity devoted to the falsification of statistics on agricultural production, especially after 1958, indicates quite clearly that malpractices at the lower levels increased. Several circumstances were apparently related to the increase in statistical falsification after 1958.

a. Dissolution of the Machine Tractor Stations (MTS's)

It is possible that the dissolution of the MTS's at the beginning of 1958 had an important bearing on increased cheating at the lower levels. With the dissolution of the MTS's, the state and Party lost a control mechanism which was directly involved in agricultural production. Control over statistics on agricultural production then was the responsibility of the state statistical organs and to a much lesser degree the responsibility of primary Party organizations on kolkhozes and sovkhozes. Although legally empowered with control functions, the CSD probably could not exercise the same control as the MTS's, which were directly involved in production. Likewise the primary Party organizations on the kolkhozes, without the same degree of motivation as the MTS's, could not be expected to exercise rigid control, for they are generally composed of the most influential elements on the kolkhozes, especially the managerial cadres whose personal interests and fortunes are closely associated with the kolkhoz.

b. Pressure on Officials and Farm Managers to Maximize Production

The pressure to which local Party and government officials and kolkhoz managers in the USSR have been subjected to maximize agricultural production has been partly responsible for some of the statistical falsification in recent years. Although these officials have always been subjected to pressure, since 1957 Soviet administrators and kolkhoz managers have been confronted with seemingly impossible tasks of achieving the necessary production to catch up with the US in the per capita production of meat and milk and to fulfill the overly ambitious goals of the Seven Year Plan. These pressures have been further compounded by Khrushchev's great personal interest in agricultural progress and his insistence that pledges be undertaken by the producing elements in order to insure fulfillment or exceeding of the assigned tasks. Often these pledges have not reflected the real possibilities for increasing farm production but have been fabricated by oblast or rayon officials and passed on to the kolkhozes.

It is evident that these pressures have not been alleviated. In fact, Khrushchev at the January Plenum literally dictated the pledges which individual regions should undertake. Admonishing the Party First Secretary of Krasnodar Kray, G.I. Vorobyev, for his statement that his region "within the next few years ... would sell the state more than 100 million poods of grain annually," Khrushchev stated:

Comrades, I am speaking seriously. When I come to the Kuban [Krasnodar Kray] for a conference, I'll talk with the Cossacks and ask them what "more than 100 million" means. If you hold to the figures you have mentioned, you'll be falling down on the job. Do you know how much grain the Kuban should provide? A minimum of 150 million poods. Maybe more. I'll sit down with you and not just talk it over. But, with pencil in hand, we'll think it over together and we'll see how many hectares of suitable land there are and what the crop structure is. We'll figure out which crops to leave, which to discard, and what to replace the lower yielding crops with. If you sell less than 150 million poods of grain, there will be no point in my coming to see you.

The next day, Krasnodar Kray pledged to sell 150 million poods of grain to the state in 1961.

Glory seekers and "careerists" have also contributed significantly to the recent wave of statistical falsification. In a bid to gain nationwide prominence as outstanding leaders and workers whose methodologies for success will be broadly publicized for "socialist emulation," unscrupulous individuals, in hopes of rapid promotion in the Party or government apparatus, have undertaken ridiculously high pledges, which were subsequently "fulfilled" by all sorts of machinations and fraudulent practices.

The extremes to which some of these "careerists" will go is exemplified by the case of A.N. Larionov, former Party First Secretary in Ryazan' Oblast. At the beginning of 1959, Larionov pledged that the kolkhozes and sovkhozes in his oblast would produce 280 percent more meat in 1959 than was produced in 1958. He further pledged to sell 150,000 tons\* of meat to the state, or 200 percent more than in the preceding year. Fulfillment of these pledges was reported prior to the convening of the December 1959 Party Plenum, and Larionov was privileged to speak before it. At the Plenum, Khrushchev congratulated Larionov on his successes, generously praising his exploits as an example of exceptional organizational ability.

---

\* Tonnages are given in metric tons throughout this report.

During 1960, however, it was revealed that illegal practices and fraud were instrumental in the fulfillment of the 1959 pledges. At the January 1961 Plenum, Khrushchev stated that "some farms [in Ryazan' Oblast], in an attempt to fulfill the plan at any cost, reduced the number of cattle and thus undermined their opportunities for the coming year. There were cases of doctoring the records and cases of outside purchases of cattle and inclusion of these animals in kolkhoz and sovkhoz production." Larionov's death amidst the accompanying circumstances of fraud and deception have given rise to speculation that he may have committed suicide rather than face the shame and disgrace which he had brought on himself.

## 2. Nature of Statistical Falsification

Statistical falsification and manipulation in the USSR have developed along several lines. Certainly the nature of agricultural production and the end uses of agricultural products have provided convenient entries for deception and double-dealing. Although the government has fairly firm statistical control over that part of agricultural production which is procured, farm managers are left with considerable latitude to manipulate the statistics relative to the share of farm production which remains on the farm. On those farms which lack the necessary weighing scales, Soviet farm managers can conveniently overestimate the share of production which remains on the farm.

Animal husbandry, in particular, lends itself to statistical fabrications. For instance, the fact that milk fed by hand to animals (not suckled) is included in Soviet production of milk is a useful means of increasing production of milk and one which can be utilized for padding accounts with relatively complete freedom of detection if not greatly abused. However, some overzealous farm managers have created absurd situations for themselves. For instance, on the Lenin Bayrogi kolkhoz in Surkhan Darya Oblast in Uzbekistan, in the first quarter of 1961, there were no young pigs on the farm. However, 7 tons of milk was registered as "drunk" by them -- as much as was needed to fulfill the plan for production of milk. Because most feedstuffs remain on the farm, it is relatively easy to increase production of feedstuffs by padding the accounts. Shortcomings can be disguised by writing off livestock which presumably perish from disease, weather, and predatory animals.

Fraudulent practices have been especially common in the fulfillment of plans for producing and procuring livestock products.

In order to fulfill procurement plans ahead of the scheduled time or simply to fulfill them, many sovkhos and kolkhos managers purchase products such as meat, milk, or eggs on the kolkhos market or from the populace and credit them to the production and procurement plans of the kolkhos. Some kolkhos managers even permit and encourage an excessively expanded private sector on the kolkhos, the production of which can be utilized as a "reserve" for fulfilling a plan or a pledge. More enterprising kolkhos managers send agents into other provinces and districts to purchase livestock from the populace. Easily one of the most widespread illegal practices is that of purchasing butter in state stores for delivery to the state to be credited to the procurement plan of the kolkhos or sovkhos.

Other than crude padding of production and procurement reports for various crops, falsification in production of crops has also been noted in sown acreages. A favorite gimmick has been that of "hidden sowings," which includes the area seeded outside the plan for a specific crop but not reported, or it may be reported as sown with another crop. Before the elimination of bonus payments for above-plan deliveries to the state in 1958, the "hidden sowings" was a convenient means for achieving above-plan production and thus earning bonuses. Now it is used as insurance for fulfilling a plan or a pledge. The reverse of the "hidden hectares" is the reporting of sown areas that have not been seeded. For example, 20 hectares of a specific crop may actually be sown, but 25 hectares will be reported. Corn acreage statistics are relatively easy to pad in this manner, primarily because corn can be grown for green feed, silage, or for dry grain, which complicates statistical verification. One of the most common malpractices in the procurement of crops has been the delivery of feed and seed stocks of grain in order to fulfill or exceed the plan for procurement of grain.

It should also be pointed out that statistical manipulation has not been confined solely to production, procurements, and sown acreages. Malpractices have been noted in the introduction of money wages in kolkhozes. In Estonia, "officials from a number of collective farms, wishing to retain the appearance of monetary payment by whatever means, sometimes issue products to the collective farmers for sale on the [kolkhos] market. 'You will receive money for them and so you have monetary payment,' they say." In other regions, kolkhozes have been pushed into finding the cash for introducing money wages by borrowing from the collective farmers. Such practices exaggerate farm income.

### 3. Extent of Statistical Manipulation and Falsification

Prior to the convening of the January 1961 Party Plenum to discuss agriculture, the Soviet press had already indicated that a national scandal in connection with production or procurement pledges and falsification of statistics was in the making. One of the more publicized episodes was the imprisonment of several kolkhoz managers in Kazakhstan in July 1960 for "criminal activity," which included the falsification of statistics after many cattle died because of a shortage of winter feed. Another important case was the release of the Bryansk Oblast Party First Secretary for tacitly condoning illegal practices of kolkhoz chairmen, which included the issuing of fictitious receipts to kolkhozes and sovkhoses by procurement organizations at the insistence of Party and government leaders in various rayons for products presumably delivered.

The widespread manipulation and falsification of statistics on agricultural production and procurement was soon to be revealed at the January Plenum. At the Plenum, Khrushchev bitterly denounced the practice whereby a union republic, oblast, or rayon reports fulfillment of the procurement plan for bread grain, but the next day asks the state for seed grain and cattle feed.

Amazingly similar admissions of "fraud and deception" were made by most of the Party First Secretaries in the constituent republics of the USSR. As one of the more complete confessions at the Plenum, the statement of D.S. Polyanskiy, Party First Secretary from the RSFSR, deserves particular attention and is presented below.

Serious shortcomings exist in our republic in the organization of Socialist competition. Some officials rashly assume increased pledges and impose them on others without taking into account the practical possibilities. Others assume realistic pledges but do not back them up with organizational measures ... . But in order to create the appearance of success and give an effective account of themselves, such officials take the path of outright deception of the Party and the government and engage in fakery and report padding, including in their reports output that has not been produced and output that has not been delivered. Cases of this kind have been uncovered in Yaroslavl', Kirov, Tula, Ryazan', Lipetsk and other



provinces. ... Some provinces report fulfillment of the plan for grain procurements and at the same time petition the state to give them seed for sowing and to allocate grain for feeding livestock.

Citing Omsk Oblast and Mari ASSR as cases in point, Polyanskiy referred to them as "not isolated examples."

Not only have statistics on the production and procurement of just about all crops and livestock products been falsified, but also there have been cases of falsified figures on sown areas. Khrushchev drew an open admission from N.V. Podgornyy, First Party Secretary of the Ukraine, that corn acreages in the Ukraine, an important corn-growing republic, were falsely reported.

As the post-Plenum days have revealed, the uncovering of statistical fraud in the USSR at the Plenum was only the beginning. Since January the Soviet press has revealed that statistical fraud and deception has been uncovered in varying degrees in every republic in the USSR.

Perhaps the most hapless and ironic case of all is that concerning Tadzhikistan. This republic has been highly publicized as having achieved the highest yields of cotton in the world, and it has been the only republic to fulfill consistently state plans for procurement of cotton. At the January Plenum, T.U. Uldzhabayev, Party First Secretary of Tadzhikistan, only hinted at serious shortcomings which had been tolerated in the management of cotton growing, but he did not make an open admission of statistical fraud. However, at the Tadzhik Party Plenum held in April 1961, it was revealed that in the past 3 years, the Tadzhik plan for cotton procurement was never fulfilled although the leaders of the republic reported the preschedule fulfillment of the plan each year. False data on plan fulfillment were fabricated at first by exaggerating the figures, by direct forgery, and by pressure on kolkhoz chairmen and directors of cotton-ginning plants. The systematic padding of accounts on cotton procurement necessitated fabrication of distribution of fictitious surpluses to cotton-ginning plants and fats and oils plants. In some cases, plant directors had to pay for the nonexistent cotton. The agencies of the Central Statistical Directorate in the republic also participated in the fraud by padding official data over and above the amounts represented by fictitious reports from other organizations. The top-level Party and government administrators, including Uldzhabayev and the Chairman of the Tadzhik Council of Ministers, were implicated as the chief organizers of the hoodwinking and double-dealing practices.

#### 4. Quantification of Statistical Falsification

Although it is clear that statistical falsification and manipulation have been widespread throughout the USSR, it is impossible now to quantify their over-all effect. Even the Soviet leaders probably do not know precisely the extent of the exaggerations.

Before the recent revelations of falsification, analysts of Soviet agriculture had felt that statistics on procurement of grain were probably fairly accurate. This confidence was unwarranted. At the January Plenum, Khrushchev stated that in the RSFSR in 1959, 1,643 million poods of grain were delivered to the state, but 361 million poods -- 22 percent of the total -- were taken back by the farms. Normally, some of the grain procured by the state will be returned to the farms for feed or seed purposes. However, the implication in Khrushchev's statement is that 22 percent of the total procurement of grain is much too high. This statement implies that grain procurements in 1959 in the RSFSR represented a larger share of the total crop than formerly.

In 1960, in one rayon in Pavlodar Oblast in Kazakhstan, 13,000 hectares of uncut grain and 10,000 hectares of unthreshed grain were added to the harvested area with 21,800 tons of grain added to production of grain. In Tadzhikistan the figures on production were padded by "tens of thousands" of tons of cotton. In Leninabad Oblast alone, from 1957 to 1959, 62,000 tons of cotton were falsely reported. In Azerbaydzhan in 1960, more than 3,000 hectares of "hidden" cotton sowings were discovered. Podgorny's admission at the January Party Plenum that 20 hectares of corn are sown but 25 reported suggests that the falsification of sown area for corn in the Ukraine may have amounted to 25 percent.

The USSR has not given any indications as to the combined magnitude of these statistical aberrations. Of all the agricultural products, statistics on production of grain appear to be the most perplexing. In spite of unfavorable weather conditions during 1959 and 1960, the Soviet claims for their grain harvest imply higher yields than those obtained in the US in roughly analogous areas\* from 1947 to 1956. Some of the overestimation of grain by the USSR can probably be attributed to the fact that threshed grain is reported in terms of "bunker weight," which would not take into account moisture and trash content.

\* Includes Colorado, Wyoming, Montana, North Dakota, South Dakota, Nebraska, Kansas, Iowa, Minnesota, and Wisconsin. These areas generally have a more favorable climate for grain than does the USSR.