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Since the subject of this paper is quite extensive, allow me to dwell only on some of its aspects within the allotted time, first of all, on the principles of planning agricultural production, chiefly in collective farms.

The objective need for planning the entire Soviet economy stems from the dominance of relations of public ownership of contemporary means of production. This dominance means that all members of society are co-owners-producers who apply these means of production jointly and in their common interest. The economic relations between all members of society based on their community of interests are necessarily displayed in co-ordinated management, determining the planned development of the national economy as a whole in conformity with the needs of society. This is expressed in the system of socialism's intrinsic economic laws. They form the scientific basis of the socialist planning of the economy as a whole and of its sectors.

Although all the economic laws of socialism constitute the scientific foundation of planning, it is necessary to single out three laws. These are the basic economic law of socialism, the law of planned, proportional economic development and the law of value.

The basic law encompasses the constant causal-consequential link between public ownership of the means of production and the objective trend of socialist society's social production, inherent in the entire system of the production relations of co-owners-producers. Once public ownership of the modern means of production prevails in society, social production is necessarily subordinated to securing the welfare of all members of society and the all-round, free development of every person. The quantitative aspect of this law is expressed in the volume of production needed for the all-round, free development of every person, on the one hand, and *allowed* by the existing level of labour productivity of society's members, on the other hand. The basic law is a consciously motivated factor, and—in the form of material and moral interests—stimulates the economic activity of all members of socialist society.

The law of planned, proportional economic development represents the essential causal-consequential link in the economic activity of all members of socialist society, which expresses the objective necessity for co-ordinated, planned, collective management on a scale of entire society. At the same time this also implies the allocation of society's total labour, proportional to social requirements, among different spheres of activity in the production and distribution of material goods and spiritual benefits in the interests of all members of society. In other words, if society is dominated by public
ownership of contemporary means of production, which objectively subordinates social production to the task of ensuring the welfare of all members of society and the all-round, free development of every person, their economic activity must of necessity be co-ordinated and planned. Only this kind of economic activity enables society to secure:

1. the maximum possible production with the minimum unit inputs of labour time under a given level of technological and scientific development;

2. the production of goods sufficient quantitatively and qualitatively for:
   a) the fullest possible satisfaction of the constantly growing requirements of all members of society; b) the corresponding expansion of social production and the growth of the productive power of social labour; c) the progress of science and technology; d) the creation of resources necessary for the normal course of social production; e) the formation of reserves required for the satisfaction of unforeseeable but possible emergency requirements of society;

3. the appropriate, proportional to social requirements allocation and reallocation of labour between the spheres and sectors of the national economy and simultaneously the prevention of spontaneous disproportions and the provision of the socially controlled, accelerated priority development of definite sectors in certain periods.

The law of value operates in different socio-economic formations. Under socialism, i.e., in conditions of public ownership and operation of the economy co-ordinated on the scale of entire society, this law represents the causal-consequential link between the members of socialist society, which expresses the need for reducing to a common denominator all their diverse labour efforts and reflects, at every stage of the country’s economic development, the changes in the production outlays (inputs of living and materialised labour) of the mass of enterprises, and hence, the relationship between the socially necessary and individual unit inputs of labour time.

Under socialism, economic planning is impossible without considering the operation of the law of value or the method of measuring the input of social labour in terms of value, and also in physical terms, i.e. its use-value.

In a socialist society circulation proceeds chiefly within the socially organised system of commodity turnover. Prices are formed not under the influence of the spontaneous market demand and supply, but of the national economic plan. Prices are planned by socialist society, as represented by the Soviet state, set up by the people and led by the working class. In planning prices the Soviet state proceeds from the method of measuring the inputs of social labour in terms of value and from the objective need for the utmost satisfaction of the requirements of society’s members, which determines a definite deflection of prices from value.

Among these three laws the law of planned (proportional) economic development is the main regulator of the volume and structure of socialist production and distribution of goods. This regulating role is exercised through national economic planning. The general trend of the latter relies on the basic law, while the expenditure of social labour for the manufacture of output needed for the satisfaction of social requirements is measured with the help of the law of value.
The highest criterion for judging a plan of social production is the conformity of the requirements, dictated by the basic law, to the degree of the social utility of the planned production of the material goods and spiritual benefits capable of satisfying these requirements and the expenditure of labour needed for their creation. The social utility of goods is an economic category which enables society objectively to commensurate, or estimate, relationship between requirements and expenditures and establish their optimal ratio in the plan. A plan may be regarded optimal, if it correctly defines the people’s needs, considering the degree of the social utility of goods, plans the production of necessary goods within the material potentialities of society, determined in every given period of time by the development level of its productive forces and in proportions corresponding to the objective needs and ensuring minimal outlays for their production.

National economic planning always implies the social scientific forecasting of the necessary structure, rate and scale of socialist society’s economic development over a definite period. Scientific forecasting is neither an utopia nor a baseless dream, nor mere calculation of what ultimately must happen automatically. This is the predetermination, through the application of objective economic laws, and the consideration of all the objective and subjective factors, of what must be done to achieve definite results, realistically within bounds close to the calculations.

The periods for which state plans are drawn up shape their stage-by-stage structure.

1. Long-term plans for 20–30 years. Such plans represent more or less probable forecasts which set up only guideposts of advance, the main trends of the country’s economic development.

2. Long-term plans for 10–15 years. They are based on more concrete calculations which are able to foresee the country’s socio-economic development and set quite feasible targets and directives.

3. Five-year plans. These are usually formulated for the immediate future in the form of directive and serve as a guide to action for the entire system of social (state) agencies and economic enterprises. Targets of five-year plans are marked out by years and by sectors. Before the beginning of every year of the respective five-year period the plan is specified and improved on the basis of the results of the preceeding year.

The three structural stages of long-term planning are interconnected. In formulating long-term plans multivariant projections are inevitably employed on a wide scale. These projections largely depend on the forecasts of the progress of science and technology and the proper determination of the demands society makes on these spheres. Short term five-year plans may be based on available scientific and technological achievements, whose efficacy has been proved at pilot plants. The task of the plan in such a case is to introduce these achievements in the economy.

The organisation of national economic planning, the formulation and fulfilment of plans, are based on the principles of democratic centralism, the principle of guiding the socialist economy, discovered by Lenin. The most consistent combination of centralised planning with the operational economic
independence of socialist enterprises and the broad production activity of the people is achieved in short-term planning (five-year and annual plans). In this case planning begins at enterprises, which draw up their plans taking into consideration their internal potentialities. These plans are submitted to the higher planning agencies where they are summed up in the draft plans of a sector, region or republic. These agencies specify production co-operation among allied enterprises, between suppliers and consumers, take into account the state’s possibilities of financing or crediting enterprises and other relations between the enterprises and the budget. This co-ordination results in the incorporation of an enterprises’ plans into the general plan of national economic development with appropriate modifications. Following this the planned targets, interconnected in the national economic system, are passed on to the enterprises. These assignments are accomplished with the help of material and moral stimulation of the workers.

This characteristic of the scientific principles, essence and organisation of socialist planning as a whole applies to the planning of Soviet agriculture as well. Agriculture is planned within the entire system of the Soviet national economy, through the interconnection of all its sectors. However, agriculture holds a special place in the system of economic sectors, primarily because it is the main supplier of food for the population and of raw materials for the production of consumer goods. Because of this, the labour expenditure in agriculture ultimately forms part of the expenditure of the necessary labour of entire society. This means that society as a whole is interested that agriculture, while expanding output, should steadily decrease the expenditure of living labour (out of the total labour of society) through a rise in labour productivity, i.e., growth in the share of the surplus labour for the whole of society. The rise of labour productivity in agriculture and reduction of its outlays naturally increase the surplus labour for entire society. This predetermines the priority development of heavy industry which brings about a rise in the productivity of agricultural labour, too. This relationship between agriculture and heavy industry signifies the general progress of the national economy and the attainment of equality in the levels of their organic (technical) composition of production. This trend finds its reflection in the general decrease of the share of the rural population in the country’s total population. While in 1913, the share of Russia’s rural population was 82 per cent of the total, at the beginning of 1969 it dropped to 44 per cent. Today, about 29 per cent of all persons engaged in the Soviet economy work in agriculture.

The starting point of the planned development of Soviet agriculture is public ownership of all the land, which is the universal condition of labour and the chief means of agricultural production. Since the land as an object of economic activity is limited in size, while the rapid growth of the population makes ever greater demands on farm produce, the wide introduction of scientific and rational, highly productive use of farm’s land is becoming a burning task. The more rationally the land is used now, the more stable its fertility in the future.

The dependence of agriculture on climatic and other natural factors, not
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fully regulated so far, dictates maximum protection of farming from the vagaries of nature. Of course, partial local regulation of these factors under the dominance of private property can produce a certain effect, but this does not secure the main thing—the guaranteed and stable long-term growth of agriculture as a whole, regardless of the whims of nature. Scientific and truly rational farming is impossible in a private-property economy developing spontaneously. Scientifically-based farming is possible only with the establishment of public ownership of the entire land and planning of agriculture, especially long-term planning. All members of society, including above all rural producers, need public ownership of the land and planning of agriculture within the entire system of the national economy, for these are the conditions for their harmonious development for a truly human life.

In the U.S.S.R., the land was nationalised as a result of the October Socialist Revolution and in accordance with the mandate of the entire Russian peasantry. This nationalisation which in the past was a measure of bourgeois progress, became a socialist measure since the land itself, as an object of economic activity, became society's property. Lenin wrote on this score that the socialist revolution signified the transfer to society not only of property in the land but also the land itself as an object of economic activity.

Nationalisation of the land freed society from the payment of tribute to the private land owners and abolished absolute rent. Soviet society as the owner of the land received differential rent, which is objectively determined by the difference in labour productivity on soils of varying fertility. However, through the mechanism of prices and taxes society leaves a substantial part of this rent to the land tillers in order to stimulate the more intensive use of land.

Nationalisation of the land provided socialist society with the unlimited possibilities for the direct, scientifically based guidance of land use. In discharging the people's will, the Soviet state organises public (state) agricultural enterprises, provides land to collective associations and allocates part of it for all other public needs and also organises land management. Through this measure the state organises the territory of the entire country and makes use of land in a planned way to achieve most efficient, scientifically-based and rational utilisation of all lands in the interest of entire society.

As a competent and thrifty owner Soviet society applies planned measures of protecting nature, including the land resources, from harmful elemental forces and raises soil fertility through basic land improvements. Through its agencies and the means at their disposal the Soviet state is implementing a broad programme of land improvements. Thus, in 1966, the Soviet Government adopted a ten year plan of basic soil improvements. It provides for the irrigation of 7 to 8 million hectares of land through large scale irrigation, construction, and the use of local river waters and underground waters and catchwork irrigation. The plan also provides for the watering and development of 51 million hectares of pastures in desert, semi-desert and highland areas in the first five years.

The ten-years plan calls for the drainage of 15 to 16 million hectares of
overmoist and marshy lands and also for a complex of other land-improvement measures. Moreover, in the first five years it is envisaged to radically improve 9 million hectares of meadows and pastures in the nonchernozem belt, to lime acid soils on 28 million hectares, and to extract peat and prepare peat composts. The Soviet state has assumed all the expenses of the collective farms in radically improving lands in the overmoist areas.

Wind and water erosions have damaged the soil on big tracts in the steppe and forest-steppe areas of the country. The state plan counteracts the elements by a ramified system of anti-erosion measures carried out along two channels: state (by the republican governments), and by the farms themselves. State resources are used to plan and carry out surveying and designing work, and organise anti-erosion measures, to plant shelter belts, to fasten and plant trees on ravines, river and lake banks and sands, to terrace hill slopes and build hydro-engineering structures, ponds, reservoirs, anti-stone stream and catchwork installations of inter-farm importance.

In their production and financial plans state and collective farms envisage anti-erosion measures and carry them through with their own labour and resources (under the general guidance of state agencies). Collective farms are granted bank credits for these purposes.

The land and its fertility are part of the national wealth. For this reason the rational use of the land for the ever greater satisfaction of the needs of the Soviet people in agricultural produce is a most important task of planning the economy as a whole. Accordingly, Soviet society demands the most thrifty attitude to farm lands and provides for the introduction of an all-embracing national land cadastre. In accordance with the national economic plan of research, in a number of republics. The Ukraine, for example, where the soils have been thoroughly studied, soil maps have been compiled for every collective and state farm. These maps serve as the basis for the valuation of soils. In the near future the Government will undertake to compile a land cadastre with its economic valuation of the lands, which is necessary for laying a more solid scientific basis under the land use. The land cadastre with its economic valuation of the lands is essentially a primary document for drawing up agricultural plans.

Soviet society faces quite a few tasks in this sphere. Protection of nature and the country's land resources is a continuous process requiring constant exploration of the scientific solutions to problems involved in controlling nature. They are above all reflected in long-term and mid-term plans and also in short-term plan targets specified in annual assignments.

The inter-sectoral relations between agriculture and socialist industry, trade, the banks and budget in financing capital investments of country-wide importance make up a decisive element of the planned development of Soviet agriculture. Today, the development of large-scale mechanised agriculture is largely shaped by industry. The latter determines the power resources of agriculture, its mechanisation level, the application of chemical and micro-biological means in crop and animal husbandry.

The great influence exerted by modern industry on agriculture is
illustrated, for instance, by the increase in the power capacity of Soviet agriculture; it rose 280.2 million h.p. as against 23.9 million h.p. in 1916. Draught cattle now accounts for 1.4 per cent of the total power capacity as against 99.2 per cent in 1916. True, in the 1966 inter-sectoral balance, industrial inputs amounted only to 23 per cent of the gross value of agricultural produce, while the share of industry in the total labour inputs in agricultural production was 7.8 per cent (14.2 per cent in crop growing). But machinery, equipment, transport facilities, installations and transmission devices (excluding buildings) claimed 38 per cent of the fixed productive assets of agriculture.

On the other hand, the same inter-sectoral balance shows that 43.9 per cent of the gross farm product goes for processing to industry, following which the processed product goes mainly for personal consumption. Thus, the light and food industries determine the scale of possible sales of the bulk of the marketable output of crop and animal husbandry, because only 25.7 per cent of the agricultural output is directly consumed by the population in an unprocessed state. This close and mutual connection between socialist agriculture and socialist industry necessitates the planning of agricultural production in a direct way together with the respective branches of industry and in a mediated way with its other branches.

The volume of agricultural output is chiefly dictated by the requirements of the country’s growing population. The scale of industrial manufacture of consumer goods from agricultural raw materials is determined by the resources of the latter under the plans of state purchases and the productive capacity of industry. As regards farm produce that is not easily transportable the plan usually provides for raw-material zones of industry, within which direct contractual relations are established between agricultural and industrial enterprises. Raw materials balances represent a system of planning calculations which characterise the interconnection between the two spheres of social production.

Of the three factors involved in planning agricultural production and its industrial processing (the population’s requirements, purchased resources and productive capacity) under socialism, the leading factor is naturally the ever growing satisfaction of the people’s requirements. Both the production of raw materials and the capacity of processing enterprises are oriented on the fulfilment of this task. A certain disparity between them might arise for certain farm products in some years, but the general law—orientation to the population’s requirements—is an indispensable and most typical feature of socialist planning consumer goods production.

The planned assignments of the industry producing capital goods for agriculture are determined by the need to equip agricultural production technically and to raise labour productivity, and also by the country’s resources available for expanding the respective industries. The national economic plans outline in advance the main long-term trends of technological progress in the farm-machinery industry and the volume of output. Thus, the five-year plan for 1966—1970 provided for the manufacture of 1,790,000 tractors, 1,100,000 lorries, and 550,000 grain harvester combines. These
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figures considerably exceed the fleet of machines agriculture had in 1965. Some of the new machines naturally will replace old ones, but the fleet of tractors, lorries, and combines will increase over 50 per cent in the five years. The plan also calls for extending the electrification of collective and state farms. During the five years the consumption of electric power by agriculture will almost treble; 80 to 90 per cent of the electricity will be supplied by state power stations and grids. Rural electrification has assumed a vast scale: the five-year plan provides for the building of 1,400,000 km of rural 22-kilovolt transmission lines and for the construction of a large network of 35-kilovolt transmission lines and transformer substations. Simultaneously, all the necessary conditions are being created for the extensive use of electric power both in production processes and in the household of the rural population. Soviet economic planning is aimed at the systematic implementation of Lenin's propositions that "a large-scale machine industry capable of reorganising agriculture is the only material basis that is possible for socialism" and that "large-scale industry based on the latest achievements of technology and capable of reorganising agriculture implies the electrification of the whole country".1)

In addition to machinery and power that increase the productivity of agricultural labour, a tremendous role in this respect is played by the application of chemicals. The latest economic development plans attach great importance to the production of mineral fertilisers and pesticides. In 1970, deliveries of mineral fertilisers should rise to 55 million tons (in standard units), double the quantity of fertilisers supplied in 1965. The plan also envisages an improvement of quality and enlargement of the assortment, increased concentration of nutrients in fertilisers, improvement of their physical and chemical properties, and the manufacture of granulated and compound fertilisers. All this serves as a powerful means of improving soil fertility and boosting agricultural production.

The third (in succession but in importance) factor in agricultural planning is the state organisation of scientific research and the training of personnel. The solution of general fundamental problems of science, biological and agricultural research conducted by scientific and experimental institutions, technological designing quests and improvement of machinery—all these turn science into a direct productive force, which replaces empirical, routine methods by a conscious utilisation of the laws of nature, improves agricultural production on a new basis and makes it more productive and progressive. The plan for the development of socialist agriculture incorporates the latest achievements of science and technology at every stage of its elaboration and implementation. As a result, in 1968 labour productivity in collective and state farms increased by 192 per cent as compared with 1940.

These factors of planning are inherent in socialist agricultural production as a whole. However, socialist agriculture embraces two types of farms—state farms which are the property of the entire people and collective farms which are co-operative property. Although the state farms represent a higher type

1) V. I. Lenin, Collected Works, vol. 32, p. 459
than the collective farms (due to the level of socialisation); the latter dominate Soviet agriculture numerically. At the beginning of 1969 the U.S.S.R. had about 36,000 collective farms and nearly 13,500 state farms. State farms and other state agricultural enterprises account for 38 per cent of the total marketable agricultural output, while the collective farms account for 50 per cent. The respective figures for the marketable output of crop husbandry are 35 and 58 per cent (for crops in state farms from 8 to 51 per cent and in collective farms from 33 to 92 per cent), and for animal husbandry 40 and 44 per cent (for some animal products in state farms, from 39 to 50 per cent and in collective farms, from 26 to 54 per cent). Many features of planning state-farm production and collective-farm production coincide. But the planning of collective-farm production has its specific features.

A collective farm is an economically self-governing co-operative organisation, the activities of which are directly planned by its members who voluntarily unite to work jointly. In socialist countries, these organisations are enterprises of a socialist nature. This is due to the fact that these co-operatives operate in a society where public ownership of the modern means of production prevails. For this reason collective-farm production, like the rest of agriculture, is incorporated in the country's single economic plan.

Present-day collective farms are large, highly mechanised agricultural enterprises (although not to the same degree as state farms). The past 40 years saw radical change in the size of collective farms and their productive facilities. The average number of households in a collective farm rose 32 times; the sown area, 70 times; the herd of cattle, 229 times (of cows, 195 times); the number of pigs, 298 times; sheep and goats, 222 times, and the fleet of tractors (in terms of 15 h.p. units), 250 times.

It should be noted that the total agricultural land in the collective farms increased to a greater extent than their sown area. In 1968, every collective farm had on the average more than 6,000 hectares. In the light of modern farming methods, the further extension of co-operative farms may give rise to the "malaise of non-manageability". The further concentration and centralisation of production in agriculture will, no doubt, call for the evolving of new forms, as is evidenced by the latest practices. But I shall return to this subject later on. The consolidation of social ownership of the land, planning in close unity with the entire national economy, and the improved management are of vital necessity for the large farms with their powerful and complex economics. Do not the features of planning collective-farm production, determined by its co-operative nature, constitute a hindrance to this process? We shall answer beforehand: no, they do not.

What are these specific features? First of all, state agencies do not directly dispose of collective-farm property. Moreover, the collective farms' basic means of production—the land—is the property of the entire people, and the general concern for the land is the prerogative of the whole of society. By giving land to a collective farm for perpetual use, society expects the farm to use it rationally and very efficiently both in its own interest and the interest of the whole society. This society, as represented by the Soviet state, does
not plan a collective farm’s activity directly and does not obligate it administratively to perform economic actions. At the same time the economic plan of every collective farm is a primary cell of the national economic plan. And this is no contradiction, but a specific feature of socialist collective-farm production.

As we have said earlier, even before the October Revolution, the peasantry was directly interested in the nationalisation of the land. Now the collective-farm peasantry is all the more interested in the consolidation and improvement of public land ownership. Public (state) guidance and organisation of scientific and rational use of the land and its mineral wealth in the interests of entire society meets the direct interest of every collective farm and collective farmer. A collective farm, on receiving land for rational use, is not exposed to the hazards of isolated existence; it receives all the requisite assistance and guidance in safeguarding the natural resources and soil fertility. Moreover, on behalf of all society the Soviet state provides the collective farms with a permanent stable market, delivers them from spontaneous forces of the so-called free home market, from the ups and downs of the world capitalist market. The Soviet state helps the collective farms to overcome the consequences of droughts and other unfavourable natural phenomena without any crisis and ruin, and in future to prevent these phenomena, too.

Every collective farm cannot take into account society’s real needs in agricultural products. This can be done only by socialist society as a whole. The latter makes the necessary information available to all collective farms in a centralised way, by drawing up its firm plan of purchasing farm products, by placing orders with these farms and thus ensuring the stability of their production.

Beginning with 1965, such plan-orders for grain, drawn up with an eye to the farm’s specialisation and potentialities, have been made stable for five years. The grain plan for all kinds of farms amounts to 56 millions tons. The plan for the state grain purchases in 1971–1976 is approximately the same. Above-plan sales of grain to the state is stimulated by a 50-per cent rise in purchase prices. This is a material incentive for every farm to boost marketable production over and above the state plan-order. The existence of a plan-order for years in advance ensures the stability of production, guaranteed sales at previously fixed prices and the well-grounded financial estimates of the economic plan of every collective farm.

The very distribution of plan-orders among Union Republics, regions and districts is determined by the crop yields, the gross output and state purchases in preceding years. In such a vast country as the Soviet Union with its great diversity of soils and climates, the indicators of output per hectare and, hence, the planned assignments for crops vary substantially by natural and economic zones. To place collective farms in approximately equal economic conditions, the state fixes differentiated purchase prices for various zones and also adopts different plans of purchases of definite kinds of produce per unit of area. The latter are also made dependent on the farm’s specialisation. The most typical criterion in the comparable evaluation collective farms (fertility,
soils, the relative economic value of the lands) is the ratio between the value of gross output (in comparable prices) and the production inputs on soils of different fertility. Other criteria have been suggested, specifically to introduce a monetary evaluation of land. But since all the land has been withdrawn from commodity circulation, every monetary evaluation may be only of relative nature. To distribute the state plan-orders among collective farms, it is necessary to know in every district the ratio between their land fertility levels at equal inputs.

In this sphere, naturally, many problems require their further elaboration and improvement (consideration of weather conditions, stimulation of technological progress in crop and animal husbandry, etc.). But experience has proved that such planning of agricultural production, primarily in collective farms, has justified itself in present day conditions and has demonstrated its progressive nature. Suggestions are made to spread it to other farm products, which are now bought at uniform prices and in the volume determined by annual contracts concluded between farms and procurement organisations. But this question demands a special examination.

It should be noted that collective farms sell part of their output to consumer co-operatives, which buy up to 60 different products and raw materials and organise their processing. The collective farms also sell part of their produce on the collective-farm markets.

The production plans take into consideration these possibilities of selling produce, but these are secondary as compared with the state plan-order. At the same time it should be said that the entire production and financial activities of collective farms are carried on the basis of cost accounting, the broad moral and material stimulation of their members to expand production and raise the profitability of their common enterprise.

Proceeding from the stable state plan-order, the collective farms draw up their production plans and envisage extended reproduction for the next several years, the fuller use of manpower and higher labour productivity. They substantiate their applications for machinery, electric power, mineral fertilisers and other material resources. This stable basis makes it possible to plan collective farming for years in advance and the need arose to draw up long- and mid-term plans. At present the collective farms have their own five-year plans broken down by years and also ten-year plans for land improvements. The organisational economic arrangements of decisive importance in the planning of production in separate farms for years in advance. The plan is drawn up most often for about ten years. It substantiates the system of farming, specialisation, combination of branches within the farm, capital investments, organisation of services, community improvements, etc. A generalised indicator is furnished by the labour balance, which should ensure the full employment of the available manpower and its allocation by the branches and departments of the farm. The five year plans contain the annually balanced indicators of production with a more detailed elaboration of organisational economic measures under plans for longer periods.

More detailed calculations (considering the results of the preceding year and latest achievements of science and advanced know-how) and
technological maps for all branches and for the enterprise as a whole are included in the annual production and financial plan of every collective farm. These calculations specify the annual projections of the long-term plan. The annual plan determines the circulation of all money income and expending items by quarters of a calendar year. On the basis of the annual plan the collective-farm board issues appropriate assignments to the heads of brigades.

In present-day conditions the collective-farm brigades and departments have become large production units. They increasingly organise their activities on the principles of cost accounting. The management of brigades is becoming quite an intricate job. This has given rise to the organisation of brigade councils. It is an auxiliary body elected by brigade. Brigade meetings and the brigade councils are democratic bodies which discuss plans and control plan fulfilment. The plan of a brigade acquires a binding force only after it is incorporated in the farm’s production and financial plan.

Cost accounting as applied in a farm’s departments is the most rational form of combining the single planned management of the entire farm with the initiative and independence of every production group of its members. All this reflects the specifics of applying democratic centralism both within the collective farms and in their relationship with state planned guidance.

The main content of a collective farm’s operation is recorded in the Model Rules of the Collective Farm, discussed throughout the country and approved by the Third U.S.S.R. Congress of Collective Farmers. The first section of the Rules says that the collective farm’s basic tasks are as follows: to strengthen to the utmost and develop socialised farming, to raise steadily labour productivity and the efficiency of social production, to educate collective farmers in the spirit of the communist attitude to labour. One of the major tasks of the collective farms is to expand in a planned way the production and sales to the state of farm produce and thereby satisfy the people’s needs and ensure the economic stability of the collective farms. Article 14 of the Model Rules defines planned collective farming in the following way: “The collective farm operates its enterprise in accordance with the plan approved by the general meeting of the collective farmers, applying the most progressive, scientifically-based forms and methods of production organisation which ensure the obtaining of a maximum output of high quality with the least inputs of labour and resources.

“In drawing up its plans, the collective farm proceeds from the need for extended reproduction in the common enterprise, fulfilment of state purchase plans and contracts for the sale of farm products and the above-plan sale grain and other produce needed by the state and for the satisfaction of the material and cultural requirements of the collective farmers”.

All these tasks fully correspond both to the interests of the entire Soviet people and to the economic and social interests of the collective farms and their members. Therefore, the co-operative form of farming with its distinctions in planning production fully meets the needs of communist construction at its present stage.

At the same time collective-farm production has reached a stage when the existing form of management is becoming inadequate. Today management is
not always able to ensure the use of all collective-farm reserves. It cannot
tackle problems that exceed the potentialities of one collective farm for
instance, the building of large local drainage and irrigation systems, the
organisation of large-scale industrial processing, the extensive seasonal sale of
produce, and the implementation of many other measures aimed at
intensifying and specialising agriculture. The solution of these problems
requires the pooling of effort by some and even many collective farms. This
stimulated the development of co-operation among collective farms. At the
beginning of 1969 there were 4,186 inter-collective-farm organisations. Their
share holders were 59,000 collective farms (many collective farms are share
holders in several organisations), 1,167 state farms and 579 other state and
collective-farm co-operative organisations.

Although inter-collective-farm co-operation is widespread, it does not
cover the whole range of their activities, but only some branches, chiefly
construction, the production of building materials, the fattening of livestock,
the raising of poultry, etc. Inter-collective-farm co-operation is now directed
by agricultural production boards which render the necessary assistance to
collective farms and exercise state control over their activities. But the new
growing sphere of inter-collective-farm co-operation exceeds the capacity of
production boards.

The development of the productive forces in agriculture and the
industrialisation of this sector demand broader forms of economic
association. These might be and are set up on the basis of co-operation of
agricultural enterprises in the production of a certain kind of goods on a
district or regional scale. Associations of this type represent, as it were,
*horizontal integration*. On the other hand, agricultural enterprises unite with
the state enterprises processing farm produce; processing enterprises are
organised within specialised farms and a factory—farm arises on this basis;
agricultural enterprises associate with trading establishments with a view to
improving the sales of produce, etc. This form of association of different
enterprises to rationalise the movement of farm produce (its processing and
sales) represents *vertical integration*.

The strengthening of the production ties between farms themselves and
also between collective and state farms and the local industrial enterprises and
the extension of the joint organisation of various lines of production are
dictated by life itself. By closely linking agriculture with industry and trading
establishments it becomes possible to secure a more smooth and complete use
of manpower and productive resources throughout the year, to raise the
productivity of social labour and facilitate the advance of the material and
cultural standards of the rural population. The 23rd C.P.S.U. Congress
supported the policy of developing rural industry in farms and in
inter-collective-farm, state-collective-farm production associations and also
emphasised the need for strengthening the direct ties between collective and
state farms, on the one hand, and state processing enterprises, on the other.

It should be noted that the idea of harmoniously combining agricultural
production with processing in special centres was quite widespread even
before the collectivisation of agriculture. But at that time there were no
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sufficient economic, technical and organisational prerequisites for the formation of agricultural-industrial associations.

Today, economic integration of industrial enterprises, state farms and collective farms rests on a firm basis. In these conditions, the technological integration of agriculture primarily with the processing industry, is consolidated by the formation of agricultural-industrial complexes. Such complexes arise both on the basis of extending the organisational and economic ties of operating state processing enterprises with collective and state farms which supply raw materials, and of setting up new processing enterprises by individual collective and state farms or jointly by them, that is, by organising inter-collective-farm or state-collective-farm enterprises.

Practical experience shows that agricultural-industrial complexes combining farming with industrial processing are now one of the most progressive forms of production organisation. The first agricultural-industrial complex in Central Asia was set up in Uzbekistan as early as 1962. The Khalkabad fruit and vegetable complex unites a large state fruit farm and a collective farm with a total of more than 10,000 hectares, and also the nearby Yangi Yul cannery and winery. The setting up of the Khalkabad complex aimed to link the use of the land with the development of canning, wine-making and other production lines, to supply the processing enterprises with raw materials regularly and to secure a highly productive use of labour and material and technical resources. The record of Khalkabad has demonstrated the vitality and the great advantage of the organisation of agricultural-industrial production. The complex receives big and stable profits and has fully solved the problem of the seasonal employment of its labour.

Of greatest interest is the experience of 30 factory-state farms in Moldavia which combine agricultural production with industrial processing. Most of them specialise in wine-making. They have large tracts of land and modern wineries. They have one management, book-keeping department, common transport and repair facilities, etc., which helps to reduce the expense of maintaining the managerial staff and auxiliary services. The integration of industry and agriculture enables such a complex to manoeuvre with manpower and the means of mechanisation, fill the seasonal gaps, save considerable money on the maintenance of the managerial staff and be a highly profitable enterprise.

The sale of perishable products, including fresh vegetables, fruit and berries is a serious problem. The setting of specialised procurement and trading firms functioning on the cost-accounting basis to serve as the only intermediary between producers and consumers could play a major part in organising efficient sales of perishable farm products. The initial experience of setting up such firms testifies to the great advantages of this form of procurement. These are the Moldavian fruit and vegetable firm set up in 1964, the Georgian fruit and vegetable canning and trading firm and the Azerbaijanina Vegetable and Fruit Production Committee of the Republican Council of Ministers. The procurement of vegetables and fruit in Moldavia, Georgia and Azerbaijan has doubled since the organisation of these firms.

All the three firms are in the process of exploration; they have different
set-ups and functions. For instance, the Moldavian firm delivers produce to the all-Union fund and beginning with March 25, 1967 (decision 112) supplies four cities of Moldavia with fruit, potatoes, and grapes. In addition, the Moldavian firm delivers fresh produce to the Republican Ministry of Trade, with which it concluded a general contract. The functions of the Georgian firm are broader: it delivers its produce beyond the republic, processes fruit and vegetables and supplies the population of Georgian towns and communities. The Vegetables and Fruit Production Committee of the Council of Ministers of Azerbaijan is at once a buyer, consumer and producer, because it has under its jurisdiction 140 specialised state farms. Today it is too early to give preference to one or another form. But one thing is clear: the question of setting up similar firms has already matured in our country.

To reduce the cost of procurement, raise the quality of the produce and accelerate its delivery to consumers, it is necessary to expand direct ties between collective and state farms and industrial enterprises and trading establishments according to the following lay-out: field—shop, field—factory. The main function of agricultural enterprises will be the growing of crops and the raising of livestock and, correspondingly, the production of primary animal products. Only given this form of ties, if they are organised properly, is it possible to secure the full material responsibility of both contracting parties. For all its progressive nature this form is being introduced very slowly. Suffice it to say that only about 50 per cent of the vegetables are sold according to this lay-out.

It should be noted that the integration of industrial and agricultural production is under way in some developed capitalist states. Bourgeois economists regard this process, which assumes the form of subjugating producers directly to the monopolies, as a panacea from all the ills inherent in the agricultural economy of the capitalist countries and widely publicise this integration. In fact, however, their attempt to prove that integration makes it possible to organise agricultural production in line with the sales possibilities and save the farmers from falling victim to competition on the anarchistic market, is untenable. The wide development of integration on the basis of contracts with direct producers, for instance, in poultry farming in the United States and France, far from removing the crisis and overproduction in this sphere, has greatly exacerbated them and accelerated the ruin of small and middle farmers. This process has not ceased in the capitalist countries to this day.

Only socialist property is capable of securing the planned, stable progress of agriculture, its consistent technical re-equipment and the protection of the vital interests of the rural working people. But the possibility is turned into reality only by the scientifically-based effort of millions of people. We are not shutting our eyes to the serious shortcomings in Soviet agriculture. On the contrary, a deep analysis of the objective and subjective causes that have resulted in the lag of some of its branches behind the requirements of life and the possibilities created by state and collective-farm property, enables the Soviet people to chart the optimal path of further advancing agriculture.

Naturally, not all problems of Soviet agriculture have been solved both
practically and theoretically. There are quite a few questions requiring examination and testing in practice. But the more than half-century of socialist transformation and planned guidance of Soviet agriculture enables us to say with confidence that the Marxist-Leninist theory is the only doctrine that indicates the right path for the development of agriculture which secures both the satisfaction of the requirements of all social production and the creation of truly human relations and better living conditions for the agriculturalists themselves.

John L. Dillon University of New England, Armidale, Australia

I have a difficult task in opening this discussion. The English version of the paper that has been distributed to us contains a number of what can only, at best, be regarded as purely political statements of faith. So far as I can tell, such political statements do not appear in the Russian language version of the paper that has been distributed. In the main, I will ignore the political material.

Academician Rumyantsev's topic is an important one. Obviously, the Soviet story - which might be viewed as the biggest experiment of our epoch - is most relevant to our general theme of Policies, Planning and Management for Agricultural Development. In commenting on Rumyantsev's paper I will first refer to some things he says, and then to some things he does not touch upon but might have. Throughout, I will use the word 'socialist' in the same sense as Rumyantsev.

Overall, in the professional context of this Conference, I find the paper most disappointing. The topic of the paper - problems in planning - barely receives a mention.

To my mind, the paper is rather like an English sausage - it contains very little meat and a lot of filling. It does not advance our knowledge or appreciation of Soviet planning beyond information already available. Nor, as I would have like to have seen, does it provide us with any entries to the Soviet professional literature on agricultural planning. I believe the paper does not provide a fair view of the professional work of at least the younger generation of Soviet agricultural economists. [They, I trust, can be met as professional technicians interested in the science of resource allocation and planning and, here in Minsk, prepared to leave politics to the politicians and the United Nations.]

Now let me refer to some of the specific points raised in the English version of Rumyantsev's paper.

(1) Public resource ownership to make Soviet-style planning essential. Theoretically, there is no reason why a free price system combined with appropriate monetary and fiscal controls could not serve as well - as a number of Soviet economists have argued. Empirically, there is already some evidence from within the Comecon Group of countries that such an alternative can work.
It is stated that scientific and truly rational farming is *only* possible with public ownership and planning. I believe the statistical evidence from Soviet experience does not substantiate this claim and evidence from some free enterprise economies refutes the statement.

A plan is said to be optimal if it correctly defines people's needs and suggests a minimum cost way of achieving them so far as possible within the availability of resources. The difficulty, I believe, lies in assessing people's needs. These, of course, will be competitive and their assessment implies some type of utility indicator with, in a planning context, the use of interpersonal utility comparisons as a basis for distribution. Alternatively, as appears to happen in planning practice, the needs may be defined by the political leaders, in which case the needs may not correspond to preferences.

It is stated that soil-type classifications are to be used as a basis for land valuation in planning. In my experience, soil classification is useless in this regard. Land valuation should reflect *economic* productive potential which will vary with technology and the valuation placed on non-soil inputs and outputs. In a planning context, I see land's shadow price as the only proper basis for valuation.

Rather heavy emphasis is given in the paper to land and water conservation and development without any mention of time preference, discount rates, and the assessment of costs and benefits. One wonders if appraisal is really so lacking in economic analysis as Rumyantsev's presentation seems to imply and if current consumers' preferences are really being met as much as they might desire by such long-term development.

Note is made of the fact that further amalgamation of co-operative farms may give rise to the malaise of non-manageability. Such amalgamation, however, may decrease the problem of manageability within the planning apparatus.

A generalized indicator of farm planning is said to be furnished by the farm labour balance which should ensure the full employment of the available manpower. It is not clear to me whether, in application, such procedures work in accord with or against policies (whatever they might be) and desires for the movement of labour out of agriculture.

Cost accounting is argued as the best basis of within-farm resource appraisal. From my experience in COMECON agriculture, internal farm cost accounting data is highly artificial and bears no relation to opportunity costs. Rather than helping, it hinders good planning, often because of the sheer bulk of the data that has been collected.

Let me note briefly *some* of the problems that I think must arise.

First, as our President noted in his Opening Address, all races encompass a distribution of intelligence and ability. The same pattern applies to the subset called politicians. I would imagine that central planners have severe problems when politicians make judgements that are technically bad. I
wonder how these types of problems get resolved.

Second, there is the problem of multiple goals involving competitive ends both between agriculture and other sectors and even within agriculture. Within agriculture, for example, current production versus investment for the future, or least-cost production versus regional development, elimination of household plots versus keeping kolkhoz members happy, etc. How are such conflicts resolved?

Third, in a centrally planned system – depending on the degree of standardization of planning coefficients – errors must tend to be cumulative. Statistically speaking, expected aggregate results would tend to have an enlarged variance. How are such risks assessed? What are the problems of bad data?

Fourth, control in a large organization must hinge upon penalties and rewards. Emphasis on meeting plans, I believe, must lead to management that emphasizes risk aversion more so than otherwise. What information is available in this regard? To what extent does plan fulfillment as a goal on individual farms favour tried and true methods as against innovation?

Fifth, to what extent is the non-fulfillment of plans a problem? To what extent do plans lie below capacity levels using performance in other advance agricultures as a criterion? What incentives would lead to better performance? What economic problems would occur if prices were left to find their own levels?

Sixth, what problems arise in the implementation of mathematical planning procedures – at all levels: micro, maxi-micro, mini-macro and macro. To what extent are such procedures being applied? To what extent are they being accepted? From the literature one gets the impression that the young mathematical turks of the Soviet scene have not yet convinced their superiors of the value of mathematical-type planning procedures; and that planning still proceeds, in the main, merely on the basis of extrapolation.

Seventh, to what extent is planning dominated by agriculturists rather than agricultural economists as one might hope? What role do agricultural economists play in planning and from a professional point of view, what problems do they have in getting their messages accepted? Do they have to work through an organisation like Intourist?

Let me rest at that and trust that the myriad of other likely problems may be raised in discussion.

T. Yajima, Hokkaido University, Japan.

Economies under a socialist system are different from those in a capitalist system in many respects, so that a direct comparative study or evaluation between socialist and capitalist countries may be meaningless. Such comparison, moreover, may lead to unproductive ideological controversies. Besides, there is a tendency among agricultural economists of a capitalistic system to regard socialist agricultural planning as if it took place in a wonderland with no real meaning for their own economies; they feel that they do
not have a common ground where they can meet socialist economists. When socialist economists, furthermore, insist with confidence that Marxist-Leninist theory is the only doctrine that indicates the right path for the development of agriculture, capitalist economists tend to shut their mouth tight with a dubious face. This is an unhappy situation prevailing among economists. I learned something from Professor Rumyantsev's paper, however, and I should like to discuss it.

Professor Rumyantsev points out three laws which he considers basic to scientific planning. The first is concerned with public ownership of the means of production; without this, state and collective farms could not be brought into existence.

It goes without saying that under the capitalist system the means of production are privately owned, but the nationalization of land is theoretically compatible with the capitalist economic system. Some capitalist countries, indeed, have adopted a land system functionally very much akin to land nationalization. In Australia about 90 per cent of the land is public land, of which about 60 per cent is leased or licensed to farmers or others for a nominal fee. I understand this land policy is relevant to the fact that there is no income disparity between the agricultural and non-agricultural sector in Australia.

Under public ownership of land, absolute rent disappears but differential rent remains. In Soviet agriculture, Professor Rumyantsev affirms, there is no absolute rent but Soviet Society, as the owner of the land, receives differential rent, a substantial part of which is left to the tillers of the land in order to stimulate the more intensive use of land. In the agriculture of capitalistic countries absolute rent has decreased remarkably, but differential rent has generally increased. However, it is believed that the relative importance of rent as a whole for agriculture production has decreased. I do not see any essential difference between the two systems so far as land rent is concerned.

A more important problem in either a socialist or a capitalist system, is how, to create a land system which facilitates the development of larger farms and the specialization of farm enterprises. In the United States the agricultural revolution has been accomplished by increase in the size of farms; the land system and policy in America has made this possible. Farms have grown larger because it has been profitable to increase the scale of operations.

I understand a collective farm is a big-scale farm well adapted to 'the economy of scale'. I am doubtful, however, whether the average acreage of a collective farm of more than 6,000 hectares is optimal from the stand point of farm management; and whether it is free from the 'malaise of non-manageability'.

The second law is the law of planned, proportional development. According to the Marxist doctrine, the capitalistic economic system is in itself anarchistic. It has no central planning, and proportional development is attained only through rearrangement of economies forced by crisis, which leaves much sacrifice behind.

It is true that such a condition is inherent in the original type of
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capitalistic economy, but we must not lose sight of the change which has occurred in capitalism during the change from the original laissez-faire type to the planning type.

In the capitalist countries the government's role in economic development has increased in importance. At the same time, the share of the government's budget in the national income has increased remarkably. In Japan, the total budget of the central and local governments combined amounts today to more than half of the total national income. This means that the government is now playing an important and effective role as regulator of the national economy and promoter of economic development through a planned redistribution of the nation income. The government, central and local, formulates long and short term plans through committees. The members of the committees are scholars and representatives of non-governmental organizations. In that way, national economic planning is carried out according to the principles of democratic centralism.

On the other hand, as Professor Rumyantsev tells us, 'society, as represented by the Soviet state, does not plan the activity of the collective farms directly and does not obligate it administratively to perform economic actions'. The collective farms get from the government funds for expenses for improvement of land and also are granted bank credit for that purpose. It seems, thus, the situation of the collective farms is not so different from those of our farms.

In Japan, farm tractors increased by almost ten times in the past ten years. The labor productivity of agriculture in 1968 increased by 167.2 per cent as compared with 1960 (with an annual rate of 8.4 per cent), while it increased in collective and state farms by 192 per cent as compared with 1940 (an annual rate of 3.3 per cent).

The third law underlying socialistic planning is the law of value. This law is understood to be a common denominator which regulates changes in production outlays, and hence, the relationship between the socially necessary and individual unit input of labor time. The law of value is in itself a basic law in the capitalist economic system.

In the capitalist system also, society wants that agriculture should steadily decrease the expenditure of human labor through a rise in labor productivity and the priority development of heavy industry which brings about a rise in the productivity of agricultural labor.

The enlargement of the scale of farm and specialization of farm enterprises will necessarily accompany the establishment of a wide economic zone and vertical and horizontal integration of industry. These are general tendencies found in the developed capitalistic economic system. At the same time, in capitalist countries, the population engaged in agriculture is rapidly decreasing, as it is in Soviet Russia. The real cost of farm products has also decreased as much as in Soviet Russia. In the past one hundred years, it has decreased about fifty per cent in the United States.

It seems that the two systems have similar problems. Of course, many problems of capitalist agriculture have not yet been solved either theoretically or practically. Professor Rumyantsev admits that this is also true of Soviet
I agree with Professor Rumyantsev in understanding that the possibility of the planned, stable progress of agriculture is realized only by the scientifically based effort of millions of people. In Russia, even before the October Revolution, the peasantry was directly interested in the nationalization of land and the land was nationalized in accordance with the mandate of the entire Russian peasantry. In contrast, it seems that in capitalistic countries farmers have no interest in the nationalization of land. If so, the nationalisation of land, and the planning of agriculture based upon it, could not be carried out with success. Despite this, socialized measures of land utilization are still possible even under the capitalist economic system.

P. N. Pershin, U.S.S.R.

Allow me to base my very brief speech on one of Marx’s works where it is said that the labourer is the father of wealth and the soil is the mother of wealth. And this conjunction—labour creating wealth in association with the soil—is exactly the central feature of agriculture. What, then, can we do to make the labourer’s work on the soil more efficient and to give more fruit than it has given before? This is the essence of all the economic problems of agriculture. In the Soviet countries we have solved these problems in the following way; all the land has been handed over to those who are tilling it. Everywhere there is appreciation of this great economic and historic experiment. This manner of joining together soil and labour is, in our view, one of the most efficient economic means of solving the main problem of mankind. It is the problem of ensuring that those living on this earth always have enough food and clothing to give a proper level of living.

The paper that we have discussed is also directed to the same goal. Its main idea was the elaboration of measures for improving the well-being of the developing countries which are very far at the moment from the goal of general welfare so characteristic of European and American countries. What has the nationalisation of the land given to us? What have we gained from the converting of the land into public property, giving an opportunity to allocate the means of production in a planned manner? The nationalisation of the land gives the Soviet State the possibility of directing this gift of nature in a planned way, and in a planned way it also directs the activity of the individuals of the population of our country to the increase of the production of our land. If we compare the situation of the country half a century ago with the standard of living that people can attain now we can see clearly that a great transformation has taken place. The level of welfare of our rural population has increased immensely. The nationalisation of land appears as a most powerful instrument to plan agricultural production and to promote this improved standard of living and the efficiency of labour.

Can nationalisation of the land alone grapple with the problem? No, we are far from considering nationalisation of the land as a universal solution of the problems which must of necessity be used in all countries. We are far from considering this to be so. But this far-reaching experiment which is
being implemented on the Soviet Plan shows that the nationalisation of the land, converting it into public property together with all the means of production, is a powerful means of developing productive capacity. We know that in a number of other socialist countries there is no nationalisation of the land. However, public property in other means of production—in industry producing implements, capital goods, mineral fertilisers etc.—gives the possibility, even without land nationalisation to increase labour efficiency considerably. We must not forget that in the socialist countries which have not yet implemented reforms and secured the nationalisation of the land there is a steady transformation taking place which turns private ownership of land into cooperative ownership. Public ownership of the means of production gives us a possibility of increasing efficiency more effectively than any other method, and I think that the histories of the decades to come will show which of the ways is more efficient for providing welfare for the working man. But the Soviet economists from their own experience are convinced that the way we have taken will be followed ultimately by all other nations.

I would like to say a few words in connection with the paper we have just heard. The Australian representative referred to rents and the question of differential rents being necessary in order to promote in an individual way the intensification of agriculture. In the conditions of the Soviet Union it has been practised by the State farms and the collective farms in order to make the Soviet people more interested in the further intensification of the use of the land and in the increase in the land fertility. Does the law of cost act in the same way when we are planning socialist agriculture plans as when we plan capitalist agriculture? I must say here that the role of value as it is played under the conditions of economic competition in capitalist society is of course acting quite differently from its action under the conditions of the Socialist countries. Here the resources rest with the state and the state is using its state property for the planned development of agriculture in a certain direction for the purpose of achieving universal welfare. We are using the law of value in the matter of the formation of prices. We also use it when considering exchange between the agricultural enterprises, on the one hand, and the state on the other hand.

In Western literature we frequently meet the terms micro and macro. Obviously play has been made with both the microaspect and the macroaspect in the discussions. But what is the inter-relation between the national plans and the plans of the individual enterprises as formulated under uncontrolled conditions under the capitalist system? Under our conditions the relations between the micro and the macro aspects are being planned integrally, all based on the foundation of the national ownership of production facilities allowing a more direct development of productive forces.

Alec Nove, U.K.

I am certainly hoping that nothing that I shall say will enlarge the discussion in the direction of confrontation of systems. This is surely the last thing that
we want to do here and will lead nowhere. Where, however, I think I do a little share a certain disappointment with Mr Dillion is that this general paper of Academician Rumyantsev on the whole treated most of the problems not as problems but as laws or accomplished facts. He reminded me, in fact, of some of my own western colleagues talking about perfect competition. There, too, of course, the real problems of the Western economy disappear out of the window. I will only mention a few examples. ‘Once Public ownership of the means of production prevails in a society social production is necessarily subordinated to securing the welfare of all members of society’. It is not, of course necessary: it provides the opportunity to be subordinate. To take one example, the excesses of the Great Leap forward in China, most of us would agree, were wrong but the wrongness or rightness of the Great Leap forward has nothing to do with the social ownership of the means of production and leads me, therefore to the question of great importance. It seems to me in the study of comparative economics that it is necessary to concentrate on how real problems—many, of them common to all of us, are in fact handled by different systems. Further, in the paper one reads about ‘appropriate proportional allocation’. Here in fact a problem is defined, not its solution. What is ‘appropriate’? What is ‘proportionate’? Considering degrees of social utility, the point is made, of course, very well, it is not the goodwill or badwill of the government that is in question it is how its desire that the citizens of any country obtain the goods of this world can be translated into practice. To guarantee stable long term growth, in the face of the vagaries of nature presents a common problem resolved by irrigation, sprinklers, capital investment—and certainly not by a system.

Of course I have read the admirable plans here in this country to expand irrigation. This is fine, but of course, in the presentation of Academician Rumyantsev it, so to speak, follows from the system where, of course, it does not.

But there are other problems to which I have only time to refer. The problem of prices, linked as it is closely linked in the most interesting discussion of Soviet agricultural economists with the problem of the autonomy of farms. This has been amply discussed in the Soviet Union. It is a difficult problem. Surely none of us in the West, whose agricultural prices range from the peculiar to the absurd, as a rule, are going to give a lecture on rational pricing in agriculture to our Soviet colleagues—or, if we do, we should blush. But that this is a problem, common to us all, is surely one which Academician Rumzantsev too would agree. The problem of the drift of energetic young people from village to town is a problem common to us all, which contradicts in all countries modernisation of agriculture. I have read frequently about it here, but it is a problem elsewhere; in Italy, for example—and many other Western countries.

The problem that must exist in all large organisations of the bureaucratisation of decision-making again is obviously one which presents a problem in translating the desire for a rational centralised procurement and delivery plan into an actual rational plan as laid down for the Kolkhose and the other. This is a difficult problem and anyone who has studied the
I. Ranchev, Bulgaria

From my own experience in Bulgaria it is evident that the 25 years of socialist developments in the country have solved most of the basic problems though the process is not yet completed. Our agriculture during this quarter century has passed the experimental stage and has become one of the most developed of the world’s producers of agricultural products. This is due to the highly developed mechanisation of Bulgarian agriculture.

What is the essence of revolutionary process? In preparing our plans we must first of all optimise the development and allocate the resources in order to provide all the branches of the national economy with equal development all over the country. Then a just distribution of the national income plays a valuable part here, so that the level of income of workers and peasants tends to equality. Uncertainty and risks are also a big problem in agriculture and it is necessary to create conditions for overcoming the difficulties connected with it. The volume of agricultural produce has grown steadily in our country throughout the last 20 years; the annual rate of growth of agricultural production during the last Five Year Plan has amounted to 6 per cent. This rate is double that of the population growth. All these achievements would not have taken place without planning; it would not have taken place if the country had not been socialist and if we had not been surrounded by friendly countries. And above all, if it had not been for the help of the great Soviet Union. When in the early '30's planning was getting under way in the Soviet Union the world outside thought it merely a Soviet dream. Now we know where to look for planning being done effectively! If we have any reservation about planning it is only due to minor deficiencies of a practical kind.

K. P. Obolensky, U.S.S.R.

I would like to make a few remarks arising from the paper by Academician Rumyantsev. First, I think he has given an excellent complete, and detailed exposition of the theory of agricultural planning, and has shown how planning is practiced in our country. He has told us about democratic centralisation, the basic laws regulating the process of planning in our agriculture, the combination of centralised planning with the development of
economic initiative and about the scope of operations of the individual farms.
In this connection it seems to me that a number of questions put by Professor Dillon are based on what I can only call misunderstanding. I completely share the sentiments expressed by Professor Westermarck when he said that we came here not to impose ideologies but to exchange scientific views. And the paper by Academician Rumyantsev exactly accords with this view; it is firmly directed to achieving the goal of this conference. I cannot understand where Professor Dillon got his ideas. He asks about the use of mathematical programming in the practice of our planning. There is a paper presented to this conference on exactly that subject. He asked about the differences in view between the generations; that surely, is not what you expected our speaker to discuss under this session.
On the matter of loss of land allotted to peasants for private use; these plots are the property of the farm members and there is no ground for statements that there have been any changes in this respect. Such questions simply derive from wrong information. As to the effect of the economic indices on our plans, these indices are fundamental to our planning and the process follows perfectly normal procedures, there is no problem of standardising these indices—at least no problem outside the press abroad!
Naturally attention has been given to matters of central planning, and also to the development of the initiative of workers in agriculture, but we just do not see any antagonism between these two spheres. If Professor Dillon sees a problem of conflict here then it is simply a misunderstanding. We believe that it is possible to associate these spheres of our activities without any contradictions.
In the matter of planning and the consumers I must say that whenever the development of agricultural industry is being considered then the needs of the consumers are always clearly, technically and scientifically taken into account, so are the needs of materials to be used by the agricultural industry. Central plans take these into account in developing the plans for the other sectors of the economy so that the overall plans are always economically well based. Furthermore, these centralised plans are always based on the draft plans offered by the various state and collective farms themselves. The program they can offer and they take into account all natural sources that they have at their command and the planning organs take these factors closely into consideration together with the state interest in building up and elaborating the main directions of our agriculture. All the practical matters of implementing these plans are carried out by the state and collective farms themselves which are further involved in the planning system.

Prof. Rumyantsev, in reply

I would only express my satisfaction at Professor Dillon’s remarks. It showed me that the questions of the Soviet economy are quite non-understandable to some Western economists; next time I promise that I will take this into account in my presentation!
Secondly, I would like to thank Dr. Yajima for his very interesting report. I must, however, stress that we must keep separate the phenomena which take place in capitalist and in socialist societies respectively. On the matter of reduction of the population in agriculture, we have not got anything like that. We do not have this problem of crisis. If we are talking about the reduction of the rural population then we must stress that these people are not redundant, they do not lack labour. They can always find work. I know that in the developed countries the level of unemployment is not very high, but in the developing countries what is the situation! Again, look too at the situation of the small farmers in the future plans of the E.E.C.!

In the social context of our country there is complete absence of the exploitation of man by man. Whether a man is quitting agriculture or entering it he never loses his properties as co-owner and co-producer and therefore he can participate in all branches on equal terms with everybody else in providing for his own existence within the all round development of the economy.