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PROBLEMS OF SOCIALIST AGRICULTURE

RUDOLF BICANIC

I

TODAY there is no country in the modern world where agriculture is not a problem. Or shall we say that economic activity which is usually called agriculture.¹ The main stumbling block of the European Economic Community was encountered when they came to deal with the problem of agricultural prices and production within the Common Market area. Their negotiations with the U.K. and the latter's relations with the Commonwealth, again faltered in the field of agriculture. Even in these most developed countries of Europe agriculture is actually accused of being inefficient by modern standards.

In the under-developed countries the main problem of development is agriculture whose increase is lagging behind the population increase, and where agricultural prices show adverse terms of trade with regard to industry leading to both stagnation and poverty.

In the U.S.A. the problem of agriculture is that of dealing with surplus production and attempts are made to solve this by putting brakes on the production of unsaleable surpluses, thus each day widening the gap between ever increasing capacity to produce and the reduced volume of actual production.²

Agriculture is a problem in socialist countries as well although of a different kind. In the U.S.S.R. there is the problem of agricultural production striving, to

1. The definition of agriculture consists of technological elements (raising of crops and animals) as well as of institutional elements (auxiliary and complementary services) and therefore its content changes with the change of the institutional set up.

2. Similar problems to stop agricultural production from further growing are also occupying the agricultural policy of some other developed countries, *e.g.*, Sweden and Finland.

put it in a simple way, to catch up with the U.S. The East European countries again have similar problems of small productivity and insufficient production. China with its communes made a somersault when a great leap forward was planned and turned into a fall backwards. In all socialist countries recent crises caused by the shortage of wheat made evident that the forces of nature are still much stronger than the powers of man.

If in this short article we cannot offer answers at least we can try to clarify questions. Why is it that agriculture is a problem everywhere in the socialist countries? To be precise, this question should be broken down into at least three specific queries:

- (1) What is the role of agriculture in a socialist economic system?
- (2) What is the role of socialism in agriculture?
- (3) Can agricultural problems be solved better within a socialist than a capitalist system and if so, what ways are used in socialist countries to achieve this solution?

There are three main ways in which the problems of agriculture in socialist countries differ from those in other countries: in objectives, in methods and in pace of growth. First come differences in *objectives*. Agricultural policy in socialist countries in principle aims at disallowing growth of agricultural production in the private sector and forcing growth in the socialist sector. Secondly, socialist collectivization is opposed to capitalist concentration in the *methods* it uses in order to achieve agricultural progress. Thirdly, as to *pace* the intention is to achieve agricultural growth with the same technical methods but in a shorter time.

II

When analysing the role of agriculture in a socialist economic system we have found four different approaches:

One is to consider agriculture as an end in itself which the socialist system must serve. The second takes the socialist system as an end in itself, agriculture being used to serve its purposes. In the third socialist agriculture is considered to be competing with capitalist agriculture to achieve faster growth in the socialist economy than that of the capitalist system. The fourth takes socialist agriculture as an integral part, an outcome of the growth of forces of production which develop at a different intensity and speed, *i.e.*, different in agriculture from in industries, different in crop raising than in livestock breeding.

The first approach, where agriculture stands as an end in itself which the socialist economic system must promote, we may call an agrarian socialist approach. In this case agriculture as a whole has priority over the socialist system, which is treated as complementary, residual or marginal to agriculture. The development of agricultural production *forces* comes before socialist production relations. There are several aims of this agricultural mode of production which are used to justify the high priority given to agriculture.

- (a) One is the consideration of agricultural occupation as a way of life, almost sacred—this is commonly called the conservation of traditional peasant culture. Speaking in more precise terms, it means the preservation of multifunctional services linked to existing institutions of agricultural production units.
- (b) High priority is given to agriculture for defense reasons and its task is to assure the highest possible degree of national self-subsistence in food and raw materials in case of war.
- (c) Agriculture is given precedence for demographic reasons as a national breeding pool, a prolific nursery of the best human stock.
- (d) A high priority is granted to agriculture also for political institutional reasons, such as preservation of a nation; agricultural population representing the majority of people; yielding to pressure groups in a vote catching democratic electoral system, etc.

In all these cases agriculture plays the role of an independent variable, and the socialist system is considered as a function dependent on this independent variable.

The second approach, where socialism is the end which agriculture has to serve, we might call the socialist sectoral approach. In this case the building of socialism, *i.e.*, the creation of socialist institutional relations comes before the balanced development of production forces. Socialism is considered as an extra-agricultural system (industrialization!) using the existing agricultural population, the "backward" peasants, as an object of exploitation to serve other more "advanced" purposes. Moreover, agriculture as a whole is neglected, with regard to investment, price policy, etc.

In its more primitive, crude form agriculture is an object of primitive socialist accumulation, subject to such policy instruments as compulsory deliveries in kind reaching the minimum level of living of the peasant population; government controlled prices for procurement of agricultural products which are below costs of production; progressive income-tax with the very low income bracket taxed, making all saving in agriculture impossible.

In a more subtle form agriculture is given a subordinate role in economics as supplier of food for the non-agricultural population; as provider of raw materials for manufacturing industries; and as producer of exports to pay for imports of machinery for industries. It is almost irrelevant what happens to the residual part of agriculture and its population once the targets of the above three objectives have been attained according to plan.

The main care of the central planners is to secure deliveries for non-agricultural purposes only, and the interests of agriculture play a complementary and marginal role.

In this case the socialist sector is the independent variable and agriculture a dependent one.

The third approach is based on the idea of competition between the socialist and the capitalist system in which the existing socialist countries start from a lower level and endeavour to reach and overstep the capitalist countries in agricultural development. The main objective is to be attained by an accelerated pace of economic growth. The extent to which the absolute goal of socialism, *i.e.*, to develop the production forces to the maximum, has been reached is gauged by measuring progress in a relative sense against the development of those forces, which at a given historical moment happen to exist in the most developed country, the United States of America.

This rather quantitative approach leads to a further question of quality, *i.e.*, whether modern agricultural progress can be better achieved in the socialist or in the capitalist economy.³ This again begs the question: what is a progressive economy and what is "better" in concrete relations where different elements of the past are mixed with those modern ones which are of such great importance in agriculture? Is a most progressive economy that which can fastest get rid of the traditional elements? and if so at what expense, and at whose expense? Or do other, *e.g.*, human values have to be taken into account as well? Another question is that of tendencies in the development of both systems. Are they diverging or converging under the pressure of the modern technical developments influencing both of them?

These problems go beyond the purpose of this article as they are problems of comparison and not of socialist agriculture in the proper sense.

The fourth approach is that of socio-economic integration of agriculture with other branches of economic activity into a socialist economic system, as a result of the process of economic growth. It could be given the name of a socialist integrative approach to agricultural problems.

Agriculture is considered as an integral part of the socialist economy, treated on an equal footing with other kinds of economic activity, even enjoying protection, subsidies, and special attention when it is necessary in the interests of the economy as a whole. How long it takes before such policy becomes an imperative in a socialist country depends on the pressures of disproportions developed in the course of building socialism, such as:

- (a) when shortage of food appears due to lagging of neglected agricultural production; and imports of agricultural products become so heavy and costly that they are almost prohibitive, *e.g.*, Yugoslavia, Poland;
- (b) when production organized in the socialist agricultural sector appears to be more expensive than in the non-socialized agricultural sector because of over-capitalization and under-employment in the former, and its expenses cannot be transferred to other sectors because of their too large volume;

3. Over emphasizing the qualitative incommensurable difference between the socialist and capitalist economies to a great extent served the purpose of making a comparison of systems impossible, particularly where it was not to the advantage of socialist agriculture. This feeling of insecurity has been overcome to a great extent.

- (c) when shortage of labour in agriculture occurs either due to the greater attractiveness (pull) of non-agricultural employment or to the push-out forces caused by the subordinate position of agriculture, e.g., East Germany, Czechoslovakia, northern Yugoslavia.

The objective process of growing of the forces of production in agriculture leads to vertical and horizontal integration. The level at which such a development takes place in agriculture brings forward the following problems which have to be solved:

- the conflict between modern technique and the institutional set up (traditional, capitalist and socialist as well), requiring mutual adjustment of the existing institutions to the demands of technique. But to a certain extent, the reverse is also the case, adapting the technique to the existing institutions;
- the management and use of the capital-mix in such proportions which permit the optimal size of the largest indivisible means of production, thus forming different collective units concurrent and co-existent according to the different optima of different capital units.
- management by the direct producers in modern agriculture, requiring a great number of decisions on the spot when complex factors of production are used as opposed to the monopolistic or monopsonistic decisions of the few, be they bureaucrats or technocrats.
- the tension between ever increasing specialization of production and diversification of consumption in agriculture, driving towards a higher standard of living which means specialization of agricultural production which serves diversified consumption.
- abolishment of contradictions between the interest of town and country; agriculture and industry; physical and intellectual labour; leading to equal treatment in parity of prices, parity of incomes and parity of opportunity.

III

The solutions proposed so far to solve the problem of agriculture in socialist economic systems are related to changes of the structure of agriculture. These structural changes concern institutional change, technological change, managerial change and change in the market structure.

1. *Institutional Change*

Institutional change in socialist agriculture starts with land reforms, be they the abolition of feudal or semi-feudal rent or the real division of land. The next step is collectivization by changing land ownership and by increasing the area of cultivated land to form large production units. There are different forms of action:

merging peasant family holdings of a village area into a *kolkhoze* (collective estate); creating communes; forming very large *sovhozes* (state farms) and socialist agricultural estates; transforming *kolkhozes* into *sovhozes*, or attempting to form *agrorods* (agro-cities), etc. The basic underlying idea is that economy of scale will solve the main problems of agriculture, and at the same time relieve labour force for industry in abundance and achieve a better, greater and cheaper production of agricultural products. Another purpose of collectivization is to use economic dependence in order to establish political control over the peasants.

(i) Economies of scale in the process of collectivization have proved to be to a great extent offset by other factors. The great number of managerial decisions required for management of large collective units showed clearly how different the optimum sizes of collectivized units may be. The size for technological optimum yield for varied crops was quite different from that giving the economic price optimum as determined by the market or deliveries to the supply centres. The instrumental optimum of capital indivisibility differed greatly from the financial optimum based on the maximal returns on investment. The optimum use of labour (best employment ratio) was in conflict with the optimal allocation of crops. While the optimum size of the production unit which a manager was able to control effectively was quite different from the size required by other optimums. There was no market to determine what the optimum optimum was, by imposing risks upon those who were not fortunate or able enough to find it out at their own expense. This complex problem of economy of scale was simplified by assuming that the greater the size the better the solution for socialist production. Even today the problem of optimization of socialist production units, although the object of intense research, has not been satisfactorily solved.

Thus collectivization of agriculture as collectivization of land use, which was carried out at great human sacrifices (physical liquidation of millions of peasants), and material losses (decimation of livestock, etc.) had to be abandoned either almost completely as in Yugoslavia and Poland, or partially leading to an empirical compromise as in U.S.S.R. where it developed into the collective production of extensive crops (such as cereals) while the intensive agricultural products (such as meat, milk, eggs and vegetables) are supplied to a great extent by the peasants from their individual small plots.

Such are the consequences of the compromise between the principle of socialist collectivization by institutional change as such, and the empirical implementation of it.

(ii) The collective production units of the *kolkhoze* type still perform the role of an instrument of social policy with the purpose to give means of livelihood by employment at almost all cost to the village population. A comparison of the one institutional form with the other, the *kolkhozes* with the *sovhozes* in the field of productivity of labour shows a high retention quota of agricultural labour in the latter at a sub-marginal productivity level over and above the optimum use. In a way the village communities of the *kolkhozes* still perform the same function as the family holdings did at a lower level, that is first of all to give means of subsistence to the population immobilized on land. The technical optimum and economies of scale had to recede in face of the employment problem thus creat-

ing concealed unemployment. Even today after 30 years of experience in most of the *kolkhozes*, the production programme is determined by the need for providing employment for a labour force which is earning its means of subsistence. Concealed unemployment in the socialist countries varies between 50 and 39 per cent (in the Soviet Union), and has gone down in some more advanced areas to 12—16 per cent.⁴ That agriculture is still considered the reservoir of reserve labour is proved also by the Chinese experience: in China some 60 million people were sent back to the villages after the 1960s.

(iii) When surplus labour is pushed out of agriculture into industry, commerce and administration, it creates an even more difficult problem of surplus population in these branches of economic activity causing still greater effects of concealed unemployment than it did in agriculture (problems of housing, shanty towns, impediment to technical progress because of cheap labour, fall of labour productivity, overburdening of administration costs, etc.)

(iv) When the institutional set up becomes frozen and not flexible enough to be adapted to changes in technology, labour productivity and other factors, reorganisation is possible only by administrative acts, which are expensive and almost always follow the rule "too little and too late."

(v) Collectivization does not mean only putting plots of land together while the tools are left adjusted to the family size holding. In such cases collective production is not derived from an economic necessity to use large means of production, requiring the joint efforts of a great number of men, but only of groups of individual workers lumped together by force of outwardly imposed discipline.

2. *Technological Change*

The introduction of the socialist system in agriculture through technological change means that capital investment has become the main instrument of socialist agricultural policy. Such a policy has two effects: one is substitutive, and the other is additive. The first means that human labour is replaced by capital; also that animal capital (draft animals) is replaced by mechanical traction. The process goes on also in substituting capital goods of lower productivity by capital goods of higher productivity. The second effect is the additive one, increasing the production forces capable of doing better, heavier and faster work in agriculture. It has been proved that the additive effect on agricultural production of technological change is much more important than the substitutive effect.⁵

Technological change also sometimes acquires an ideological side which is demonstrated by fetishization of agricultural machinery, e.g., tractors and combines are used little but shown for reasons of prestige on every occasion to visitors, thus getting the character of conspicuous production.

4. In long-term Soviet planning 1959-65, it is assumed that the agricultural population will be kept stable until 1970 and that from 1970-1980 the first reduction in absolute figures will take place, i.e., of 10 million people less in agriculture in 1980 than in 1970 or 33 per cent of the increase in population.

5. One has to bear in mind that substitution is almost always combined with an increase in productivity of the capital introduced in the new production process.

Technological change is also sometimes used to produce political effects, e.g., the introduction of machine tractor stations (MTS) having machinery for servicing *kolkhozes* which were not allowed to have machinery of their own. This monopolistic position in the supply of agricultural machinery was also used for political control by the rulers and at the same time to collect tax in kind from the agricultural producers.

Technological change in socialist agriculture has developed along three main lines, that of mechanization, chemization and biochemical fructification.

(a) *Mechanization* has been the most popular, almost a symbolical form of technological change going from simple tractors to complex mechanization. The maximum level of concentration was reached in the MTS centres. When they were finally dissolved by the Soviet government the limitations of this instrument of technological change in socialist agriculture were openly seen. The centralization of machinery in the MTS caused partial over-capitalization in some areas due to concentration, and under-capitalization in others because they served too wide an area causing costly and unproductive journeys. The machines were unused to a great extent because of lack of spare parts, slow repairs, and red tape in allocation. Their services were expensive due to heavy administration and too elaborate system of payment. The ever changing personnel consisted of a continuous flow of semi-skilled beginners as most of the people took this first hasty contact with machinery as a stepping stone towards the factory which they joined at the first opportunity and the training process had to start all over again.⁶

These were the reasons which caused the centralization of agricultural mechanization in special MTS to be inoperable and after years of delay they were finally abandoned, and the machines moved closer to the direct producers in smaller but more accessible concentration.

Thus the concentration of agricultural machinery was reduced and brought closer to the level of technological and economic indivisibility which prevailed upon administrative and political objectives.

(b) *Chemization*—Urlike machinery, fertilizers, pesticides, insecticides and other chemicals in agriculture are an almost perfectly divisible means of production. The effect of fertilizers on the size of production units is minimal.⁷ On the other hand, the use of pesticides and insecticides as well as of veterinary services against infectious diseases in animals can be used effectively only over a wide area, but mean little interference with current production. It is almost astonishing what comparatively little use was made of fertilizers in socialist agriculture until recently (1963) when its importance was finally recognized by political factors.

(c) *Biochemical* discoveries in both animal and plant breeding, artificial insemination and hybrid plants do not require a concentration of agricultural

6. "It takes 3 years of apprenticeship to train a cobbler, and only 30 days to qualify as a tractor driver," complained an agricultural expert.

7. A witty analyst divided all crops into left wing crops and right wing crops. The left wing ones were those which are comparatively easy to mechanize, therefore easy to collectivize and therefore left wing crops (i.e., wheat). The others which are difficult to mechanize and therefore to collectivize were called right wing crops (e.g., maize, livestock). Of course here the question of collectivization was due not to the institutional change but to the technological difference of crops.

production, but rely on the supply of seeds and insemination services. Moreover, they require highly trained experts, great personal care and continuous calculation of the optimum effects because of high cost in intensive production. This attention is difficult to impose by administrative discipline if there is no direct material interest among those engaged in production. On a lower level of agricultural development discipline can yield a certain continuous level of production because of the anxiety of the producers for their physical existence; every higher, i.e., more intensive level of agricultural development must necessarily lead to material stimulation of agricultural producers.

The technological change has its financial side as well since investments are the main instruments of policy. In most socialist countries for long years the financial resources for investment were concentrated in government hands and then administratively allocated. In agriculture this problem is particularly difficult because of a wide territorial scatter of investment goods; the short period of use of agricultural investment goods (seasonal) and the specific problem of quality and of adaptability of such goods to local conditions (livestock, machinery, fertilizers). This had the following effects :

The technical and economic indivisibility of capital raised the problem of different optimums on the cost. In the case of administrative investment decision only the primary effect of such decisions was contemplated while multipliers did not operate at all, or at least were not taken into account accordingly.

As the volume of investment was not limited by the risk of the producers it was not their responsibility to strive for optimal solutions. It was not until recently that the "*selkhoztechnika*" (the agricultural technique agency) tried to replace the administrative allocations by some kind of market of capital goods in agriculture.

3. *Changes in Managerial Structure*

The problem of managerial changes began in the process of socialist revolution with the breaking down of the managerial machinery of the old society. The old managers, politically not trusted but technically competent, are replaced by a new group of managers, politically trusted but with no training and experience in agricultural management at all or not to a degree satisfactory for the technical level required by the increased concentration of production in agriculture.

As the number of politically trusted has usually been very small, the way out was meant to be found in a high concentration of decision-making. The consequence was that centralized decisions were taken far away from the real conditions of agricultural production units. Such centralized management lead first to separation, then to isolation and finally to sterilization of the decision-making process.

Since this happened in all socialist countries during a revolutionary process exaggerations and excesses took place in which the experts were put in a position where either they had no part in the process of managerial decision-making and their field of action was restrained to technical routine, or there was steady political

interference from either new bureaucracy or the party bosses, imposing decisions in an arbitrary manner from afar. In this way the responsibility for decisions was often shifted on to them and they became the whipping boys for the inefficiency of the political leaders in the first line. In other words, before the political personnel were called to task by their superiors they tried to offer up the experts as sacrifice for their own mistakes. It is a time consuming process still going on until the responsibilities are sorted out and properly assigned. This general phenomenon is particularly significant in agriculture for the following reasons: serious natural uncertainties and economic risks of production; the magnitude of the complex task of creating and managing large collective enterprises, and the ever increasing function in number, importance, intensity, effectiveness and scientific precision of the managerial decisions that have to be taken when dealing with modern agriculture.

These are the reasons why such a great number of trained agricultural experts prefer to find a safe shelter in administrative offices and unproductive institutes, preferring to plough the desks and harvest the statistical forms than to take operational responsibilities.

It has to be emphasized that the problem of management of socialist agricultural estates is in essence different from that of running large peasant family holdings. It is not a matter of the same thing just on a large-scale but of the different quality and kind of managerial decisions which a village peasant producer does not have, be he politically reliable or not, be he a good husbandman in his village or not.

The simple system of commandeering some several tens of thousands of political workers from the towns and putting them into the posts of *kolkhoz* chairmen, as has so often been the practice in some socialist countries simply will not do in modern agriculture.

Thus there is a double shift required in the course of socialist development; one is functional, the other is personnel. The first is to bring the decision-making process from the heights of the central offices dealing with statistical averages, down to the firm ground of production units coping with real complex problems. The second shift involves not only an institutional change but also a personnel change replacing the trusted but inefficient political managers by trained experts in modern agriculture. Moreover a climate has to be created which gives the expert stimulation to develop his initiative, and also to bear the responsibility. He must not be frightened away from taking decisions but encouraged by making it worth his while. This means both legal security and material stimulation.

This of course is not an easy task if the burden of responsibility is left on the thin layer of managerial experts. Therefore it has to be deepened and extended into a workers' management in which the fruits of labour are shared to each according to his labour, and the responsibility for failures jointly borne by each according to his capability.

Change in Market Structure

Socialist agriculture has usually involved a change in the market mechanism which meant socialization of trade of agricultural products on both retail and

wholesale level and of internal as well as foreign trade. Indeed the market mechanism was meant to be replaced by a planned exchange of agricultural products where central planners would strike the balance between planned resources and requirements by setting up planned targets. This centrally planned exchange can be compared in principle to a monocentric (monopolistic-monopsonistic) market. This mechanism was so inelastic that the prices were separated from the cost of production; the volume of exchange isolated from prices; and the prices made independent from consumers' demand.

1. The prices separated from the costs of agricultural production led to a situation where the delivery of agricultural products to the state had to be made at a price below the level of the cost of production. One can understand this impossible situation lasting for one year or two until the internal reserves were exhausted but it can hardly be explained when lasting for over twenty years unless one bears in mind two compensatory devices: (a) a part of what was left to the producers in kind for their subsistence was sold by them on the tolerated (grey) market at much higher than official procurement prices; and (b) the harvest that grew on the fields and that amount which appeared in reports to the authorities varied, thus securing to the producers a much greater quantity than the central planners realized.

2. The separation of the volume of deliveries to the state from the fixed planned prices meant that prices were no longer a stimulation to increase the volume of production.

As the deliveries were fixed in quantities per hectare or proportionate to the estimates of the harvest in the field (the biological harvest) risks fell upon the agricultural producers so that in certain cases, e.g., meat and butter some producers (*kolkhozes*) had to buy agricultural products on the grey or even black markets at high prices in order to meet the compulsory deliveries.

Central planning reached as far as it could stretch its authority; in fact planning of agricultural products turned into planning the delivery of agricultural products to the state agencies. This was true too for the co-operative *kolkhozes* and, to a lesser extent, for the state farms.

3. The separation of prices from consumer demand also put the consumer in an unfavourable position. The initial period of rationing was developed later into unequal distribution depending on the classification of shops in which certain classes of consumers were allowed to buy agricultural products.

This centralized type of planning turned supply into state procurement and demand into administrative requirement; and incentive by economic interest was replaced by force, or fear of force, of the administrative machinery.

The administrative maximum and forced procurement of agricultural products was far from the economic optimum of production.

On the other hand, leakages in the system, and an overgrowth of all sorts of middlemen profiting from rigid central administrative planning, led to the

flourishing of a black market, and a grey (tolerated) market to which not only the consumers had to resort but also the state factories, state farms and above all the *kolkhozes* if they wanted to get some additional consumption and sometimes to secure the fulfilment of the plans prescribed for them.

This untenable position acted as a brake on development of production, which showed a spectacular rise when the prices of agricultural products were increased and central planning decentralized. This meant also that the market became less inelastic on both the demand and supply sides; prices came closer to costs, and the volume of deliveries to prices. This change was not due to a change of the ideology of the system or the organization of the government administration in agriculture. It came from changes in material production which required structural changes in the market as well.

On the supply side, a higher level of agricultural production involves a greater number of factors in a greater variety of combinations. Thus decisions made on the spot were more effective than those in government offices which means a demand for freeing agricultural producers from administrative control and their adaptation to the requirements of the market: a more elastic price mechanism taking the risk of new combinations of factors; and direct producers materially stimulated to search for such combinations and bear the risk for them.

This level of production has to take into account the consumer demand as well. In an economy of scarcity the consumer has not much to say and in an economy of abundance the consumer is the master, and his choice is of predominant influence. This applies to socialist economies as well.⁸ No wonder that now a days economists in socialist countries are preoccupied with market research and with the problems of consumer's function as the basis for socialist planning. Agricultural prices were so far removed from the real costs of production that today great efforts are necessary to bring them back from administrative arbitrariness to economic reality.⁹

IV

As we have seen, there are many reasons why socialist countries had many difficulties when dealing with problems of agricultural policy despite the evidence of considerable technical progress.

If one had to point out one single reason, among many, as the most important for this state of affairs, I would say that it is striving always to attain the maximum instead of the optimum. To maximize the general policy line means to play safe, and makes the existing agricultural policy a fetish which must be followed without rational examination of the degree of its usefulness and the rationality of its effectiveness.

8. It is not correct to call a capitalist system a system of consumers, and a socialist system a producers economy. There are many socialist economists who would strongly object to such a worn out classification.

9. This is also true on the international scale where one of the greatest obstacles to international trade among socialist countries themselves is the non-existence of a common denominator, i.e., a socialist market price.

The underlying theoretical assumption of this political attitude in agriculture is the negation of the law of diminishing (or of changing) returns.

As a theoretical justification for this attitude, Lenin is quoted as saying that the law of diminishing returns does not operate because accumulated capital changes its technological composition and therefore alters the returns. No reasonable person would deny this but neither is it possible to deny that this law operates all other things being equal.

In our opinion this idea expressed by Lenin in one of his earliest works was used in the Stalinist period to impose upon the administrative machinery unquestionable obedience to follow the party line to the extreme without questioning the rationality of agricultural policy. Thus solutions to the problems of agriculture in socialist countries, even after the most severe criticism in official assemblies, were sought in the reorganization of the administrative apparatus of the ministry of agriculture.

Today the ever increasing emphasis on the search for optima in agricultural policy is a sign that times have changed. To search for an optimum solution means to examine, individually, on the spot, the effectiveness of measures of agricultural policy and to assess the turning points at which they become less effective. This means, in other words, competence, freedom of judgement, creative thinking, personal responsibility and individual security from arbitrariness, and managers not only stimulated by material compensation but also working within the community of the producers themselves as one of them in the management of common resources.

The purpose of this article is to draw attention to the fact that problems of agriculture in socialist countries have been approached in different ways not only on the level of technical application of policy measures but also on a much higher level of abstraction. In other words, there is not one single proposition which could be considered as a panacea for structural changes in socialist agriculture, and that none would operate once for ever. On the contrary, there are changes and turning points in agricultural policy in the course of socialist development which create new problems and therefore have to be solved by different methods and varying instruments.