CHAPTER-I

Historical Background of Russian Agriculture
"The basic problem of our agriculture is not the egg or the cucumber problem but the grain problem". (Resolution of Central Committee, 14 March 1930).1

Agriculture has always been important to Russia and Russians. The socialisation of agriculture in Russia is a unique phenomenon in the history of Twentieth Century. The huge size of the country and the brief span of time in which its agriculture was socialised providing a new and unique kind of economic and social relationship proved futile after it existed for more than seven decades in Soviet Union. Agriculture remained the sore spot of Soviet economy throughout the Communist regime for its intrinsic mismanagement and inherent inefficiencies.

The political, economic and social institutions that evolved and changed over time during the centuries of Czarist rule created a setting in which Soviet power became possible and also the background for all subsequent developments. Lenin and Stalin have built on the foundation that existed before them. Any understanding of what they have done is impossible without an insight into the nature of the society and economy from which they emerged.

As Katkoff puts it, "the organisational structure of Soviet agriculture is primarily due to the result of the interplay of three basic factors: the historical servitude of Russian peasantry, the nature and topography of the major agricultural regions of the Soviet

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With the disintegration of Soviet Union in the late 1991 the Russian Federation emerged as one of the 15 newly independent former Soviet republics. Administratively, the Russian Federation is divided into 89 units (see Appendices), which are autonomous and self-governing members of the Russian Federation. Each unit has a separate agreement with the Russian Federation and, usually, a differing degree of autonomy. The Russian Federation is also divided into 11 economic regions (see Map 1).

The Russian Federation is the largest country in the world and its territory includes a wide variety of physical features. The climate of the country is extremely varied. The central and western regions have the same climatic conditions as Central and Eastern Europe, although in a more extreme form. There are wide temperature differences between summer and winter and there is considerable snow in winter. Over a large part of the territory, temperature is a major constraint on cropping. The average annual precipitation in the Russian Federation is about 590 mm, varying from than 200 mm at the mouth of the Volga River in the southwest, to more than 1000 mm in the mountains of the Far East. Water is generally in excess in the northern regions and that drainage being the main issue, while in the southern regions the lack of water during the cropping season makes irrigation a veritable need.


3 Food and Agriculture Organisation, "Irrigation in the Countries of Former Soviet Union in Figures", Water Reports, Rome: FAO, 1997, p. 10
The Russian Federation is consisted of three vast, low plains: the east European plain and the west Siberian plain, divided by the Ural mountains and the Caspian plain in the south. In the northern part of the low lands there are young glacial formations and swamps, especially in the west Siberian plain. South of the low lands, there is a belt of the loess with fertile black soils. In the European part, there are poor semi-desert and desert soils south of the loess belt. In central and southern Siberia and in the Far East, mountains of medium height predominate.

The agricultural production potential is distributed unevenly and is limited mainly to the south of the European part and small areas in the southern fringes of Siberia as well as areas in the Far East region. This distribution reflects the zonal diversification of the natural environment, from ice deserts in the north, through tundra, coniferous woods (taiga), mixed woods, to the fragments of steppes and semi-deserts in the south. Russian statistics consider the area of lands belonging to all kinds of agricultural farms as an equivalent to cultivable land. In 1994, this area amounted to almost 687 million hectares, which is 40 percent of the total area of the country. The cultivated area was estimated at almost 117 million hectares, including almost 115 million hectares of annual crops and 2 million hectares of permanent crops.\(^4\)

Many current problems of the Russian agriculture can only be understood by examining the history of the traditional Russian community. A unique and extreme form of feudalism survived in Russia until the middle of the nineteenth century. Serfdom reined over the Russian peasantry. The serfs were treated little well than the

\(^4\)Ibid, p. 169.
slaves until the final emancipation in 1861. The agricultural history of Russia is deep rooted in this remote past, though it has gone through different phases of transition. Present is the manifestation of the past, so is the Russian agriculture. Any understanding into the present day agrarian transition we need to go back to the past.

The Foundation of Russian Agriculture (The Czarist agriculture)

War and threat of war were frequent throughout the history of Czarist Russia, playing an important role in shaping its institutions and economy. Feudalism and its accompanying serfdom were the products of early wars, which required an organisation of society that would provide military manpower, permit satisfactory rewards for those who served as military commanders and facilitate the transfer to state of taxes required to pay the cost of these conflicts. Later in the 19th century, the debacle of the Crimean War provided convincing proof that this form of societal organisation had outlived its usefulness thus helping to lay the framework for the historic reforms of the early 1860s.

Agriculture was the chief occupation of the vast majority of the people in Russia. It was agriculture based primarily upon the cultivation of grains - rye, wheat, barley and oats chiefly - and conducted with little change in technique and organisation from at least the fourteenth and fifteenth centuries to freeing of the serfs in 1861 and even afterward. The techniques and implements used were relatively primitive; livestock

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were comparatively few and the yields per acre were uniformly low. Famine was an all too common occurrence.⁶

Most frequently, the system of cultivation employed was that known as three-field system, the common primitive mode of cultivation under feudalism throughout Europe. Peasants lived together in small villages, forming communities known at various times as the *obshchina* or *mir* (two names for Russian village communal organisations).⁷ In the classical three-field system, the land divided into three roughly equal parts. The first year, one field was planted in winter rye and winter wheat, another crop, and the third was left fallow in order to accumulate moisture and regain fertility. Crops were shifted annually from field to field and roughly one third of the land is left idle each year in a regular rotation.⁸ Even more primitive agricultural organisation in many areas was based upon a two-field system, in which each plot of ground was used for several years. Under this system, of course, an even larger fraction of the available arable land was left idle each year.⁹

Usually the land was further sub-divided into many small strips. Each peasant family’s work area consisted of a number of strips scattered at random over all the fields. The number of strips worked by each family varied, depending usually upon the size of the family. For long periods in many areas there were periodic redistribution of the strips

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⁹ V. P. Timoshenko, *Agricultural Russia and the Wheat Problem*, Stanford University, Food Research Institute, 1932, pp. 45-46.
so as to adjust the amount of land each family had to its size or to the number of workers it had available. This system of scattered strips was inefficient, since much time was lost as workers went from one strip to another. The motivation for this distribution of land was the desire to assure each family of having, on the average, the same quality of land as its neighbours. If each family's land had been concentrated into one area, the quality would have varied from family to family, with bitterness and discontent.

In this system of agriculture and community life, the *mir* played an important role. In Czarist Russia, the village had been organised as a *mir* to control the allocation of land. A household received its land from the *mir* in a multitude of narrow strips scattered among the fields, and the *mir* reallocated the strips to accord with the changes in family size. Some labour was collective, but each household received the harvest from its own strips. As early as the fifteenth century, the members of this peasant commune were bound together by a common obligation to the state for taxes. Officers elected by the commune apportioned the total tax burden, its members allotted land to new settlers and represented the new locality before courts and other government bodies. If some members of the community left it, the tax burden they escaped was to be met by the rest. 10 Throughout the history of Czarism, the collective group of farmers was one of the major institutions of the country.

After the abolition of serfdom in 1861, the countryside was ruled by the communal village organisation, the *mir*. There was little of a tradition of independent farming, which had been encouraged by Stolypin and began to flourish after World War I, after the peasants had seized the land they regarded as rightfully theirs. During and after the war, the *mir* experienced a revival.\(^{11}\)

The major landowners of that period were the Czar himself, the *pomeshchiki* (the land holding nobility) and the monasteries. The *pomeshchiki* played a major role in creating the pressure that led to the mass enslavement of the agricultural population; yet in theory they themselves were the serfs of the Czar. Depending upon the region of the country, Russian serfs were required to provide labour services on the landlord’s land (called *barshchina*) or to make payments in kind from their crops (latter on, money) for the use of their allotted land (called *obrok*). In addition, peasant land prior to 1861 was held communally and was periodically redistributed by the village elders, who constituted a form of village self-government.\(^{12}\)

In considering the situation of the agricultural serf, it must be remembered that he was primarily a small farmer who either tilled his strips of land full time and surrendered part of his produce to his master, or tilled his own strips part of the time and worked on the master’s land the rest of the time.

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The Emancipation Act of 1861 was an event of great historical importance. It gave the serfs their juridical freedom (if not economic freedom) and transferred to the peasants about half the land holdings of the landed aristocracy (the gentry). These actions provided a unique opportunity to establish the foundations of a modern Russian agriculture. Its terms determined the arrangement for the abolition for serfdom in Russia. It marked the beginning of a new era in the history of social relations in Russia. By giving an impetus to the development of capitalism, it resulted in a steady decline of feudal relationships (characterized by bonded labour-landlord relationship) in the agrarian sector. It happened not only in the relatively developed parts of the country but also in those which had not witnessed even a moderate development during the preceding years.

It is only natural that the process of systematic changes due to social, political and economic complexities of a vast multi-ethnic imperial state could not proceed without contradictions and antagonisms. Historical events of latter years showed that the process of ushering in changes in the structures of agrarian relations was fraught with serious problems. There were a number of reasons why these caused deep dissatisfaction in the countryside among the rural population and caused widespread unrest. The 1861 settlement divided the land between the landlords and the peasants who went against the overwhelming opinion of the peasantry, which believed that all the land belonged to the peasants. The peasantry came to consider the landlords, the

13 Ibid, p. 28
gentry and a class of parasitic elements living of its labour while the peasants themselves were reduced to a state of virtual slavery.

The peasants, therefore, right from the initial stages, did not accept the legitimacy of land ownership by the gentry and demanded that all the land should belong to those who work on the land and put it to productive use. Hence the peasantry did not agree with the basic idea of the settlement of dividing the land between these two classes, and came to consider it as a scheme to deprive them of land which legitimately belonged to them.

Another reason that created widespread discontent among the peasants was that this land, on which they have worked for generations and believed to have legitimately belonged to them, was not being actually restored to them, but was being sold to them in reality. That means they had to buy out their share of land, albeit in installments over a long period (over a period of 49 years through redemption payments).\textsuperscript{14}

By the provisions of the Emancipation Act, the land was to be held not personally by the peasants but by the village community, an institution called \textit{mir} or \textit{obshchinia}. The responsibility of redemption payments was placed upon the commune. The commune rather than the individual peasant was given title to the new land. Members could not leave the commune without its permission, a measure aimed at preventing peasant from fleeing their obligation to redeem the land.

\textsuperscript{14} Schwartz Harry, op. cit., p. 46.
Another cause that intensified the feeling of having been denied their due was the fact that the payment of taxes and the redemption dues was made the responsibility of the villages. This led to a situation where individual migration of the peasants from the villages to towns or other areas was restricted as the villages would not allow individuals to leave. By these measures the peasant continued to be practically restricted to his village, just as he was before the settlement. As a result of this immobility of the peasant, population in the village continued to grow at a rapid pace, which put immense pressure on the means of subsistence.

Another important thing is that the amount of land given over to the peasants under the terms of the Emancipation Edict was less than they had cultivated for their own needs during their serfdom. Thus, there was constant pressure for the redistribution of land. Again, the obligation to make redemption payments prevented the communes from investing in agricultural development. The expectation that the payments could be completed by 1900 proved to be widely optimistic. In most provinces the repayments had still not been completed by the 1905 Revolution and the redemption debts inherited by the generation of peasants born after 1861 were a permanent source of hostility between the peasants and the pomeshchiki. It was not until after the 1905 Revolution that the government cancelled the remaining debts.\(^{15}\) Thus, the village commune, which was maintained by the Czarist government as one of its principal mainstays, turned out to be revolutionary implement.\(^{16}\)

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Stolypin’s Reforms

The peasant discontent in Russia caused a massive mobilisation of the peasants against the Czar. Peasants were united to make an explosive union to fight against Czar’s suppressive rule. The Stolypin reforms were intended to prevent this explosion. The main aim was to increase the migration of the peasants from the over-populated rural areas to the east and to break up the communal system in order to create a new class of independent farmers.

Peter Stolypin, the Prime Minister, primarily responsible for the ensuing reforms initiated his first reforms on 9 November 1906, which greatly facilitated the withdrawal of individual members from the village commune.17 The outstanding redemption debts were cancelled and peasant households were allowed to consolidate their communal strips, claim individual ownership of their nadely (an allotment of arable land under any form of land holding) and withdraw from the communes. The initiation was to break up the communal system and to encourage the more prosperous peasants to become independent farmers who could apply modern technology to their farming.18 This enabled the most enterprising and able to forge ahead, unhindered by the dead hand of traditional practice and egalitarianism as expressed in the mir.

But the decree was not radical enough to change the traditions of a village life. Although many peasants tried to consolidate their strips and build farms separate from the village, the process was extremely slow. Consolidation required the approval by

17 Ibid, p. 141
18 Zhores A. Medvedev, op. cit., p. 14; Schwartz Harry, op. cit., p. 49.
two-third of the commune, and few peasants were offered good land for their farms. Although the reform created the legal basis for individual farming, it failed to reduce the resistance of most communes to the process.

Stolypin's second reform on 14 June 1910 was more radical, but it was not very effective since the lands allocated to the peasants were of poor quality, mostly covered by forests, away from the villages and road inhospitable for farming, demanding investment to increase its fertility. But, it dissolved all the communes, which had not redistributed land since emancipation. On 29 May 1911, Stolypin passed a new decree, which simplified consolidation and leaving the commune in any part of the country. Peasants who were leaving the communes could register their *nadely* as their own private property even if it was still fragmented into strips. They could sell part or all of it if they wished to move. Banks could offer large credits and the state offered grants to peasants who wanted to settle in the Urals, Siberia or the Far East. In some areas, peasants were encouraged to move out of the old common village into new homes, the so-called *khutors*, on the new consolidated areas they own.

Stolypin expected that the *obshchina* would disappear entirely within fifteen to twenty years and that individual farmer would become the dominant class in rural Russia. Between 1907 and 1915, about 2.5 million peasants in European Russia, about 24 percent of the total, were confirmed as individual owners of their farms, a total area of

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19 Ibid, p. 15. 
21 Zhores A Medvedev, op. cit., p. 15.
about 45 million acres. By 1915, about half of all the households in Russia had become private owners of theirnadely.22

Most of the peasants who left the communes to start their own farms formed a section of the peasantry known as the serednyaks, or the middle peasants. But Stolypin’s hope was fulfilled that a class of wealthy peasants, or kulaks, would become established without damaging the interests of the pomeshchiki. By 1913, the kulaks were already, producing more marketable grain than the pomeshchiki. Agricultural production as a whole began to grow rapidly, and the differentiation of peasants into classes became more visible. Although most of thekulakfarms were family based, some kulaks began to employ agricultural workers. Poor peasants often preferred to sell or rent theirnadelyand enter employment. Thus the formation of a rural bourgeoisie was accompanied by an increase in the rural proletariat. Better-off members of the communes had been known as kulaks, which merely meant strong, hardworking, or efficient peasants who were better than the rest at cultivating their land. Between 1906 and 1916, the kulaks achieved a higher agricultural productivity than either the communal peasants or the pomeshchiki.23

The outbreak of World War I in 1914 diverted the attention of the Russian peasantry from the ongoing reforms to the concentration of resources for other matters. In 1916, the Stolypin programme had to be suspended because of fear among the soldiers. Military defeats and peasant dissatisfaction helped overthrow the Czars and

22 Ibid, p. 15; Schwartz Harry, op. cit., p. 50.
23 Zhores A Medvedev, op. cit., p. 16.
subsequently the moderate government that succeeded him. The development of Russian agriculture and of peasant organisation became the concern of the new Bolshevik rulers. Thus history expressed its verdict that the reform of 1861, Stolypin's legislation and the other steps taken by the Czarist regime had fallen into the category of too little and too late.

The Legacy of Central Planning and Agriculture in Russia

The agricultural system inherited by the new Soviet regime in 1917 was in a deep state of depression due to the devastating effects of Russia's involvement in World War I. One-third of the male agricultural forces had been lost and by 1916, total cultivated area had contracted to 10 percent for wheat and 20 percent for potatoes. Exports of grain had dwindled to insignificant amounts. Moreover, agricultural production at that time was exceedingly primitive, and productivity correspondingly low. However, it was the higher productivity of the farms belonging to the upper 10 percent of the Russian peasantry that accounted for the surplus grain for exports. The remaining 90 percent contributed only about 60 percent of the marketable produce, and the very poorest of the peasants - the bottom 15-20 percent practiced mere subsistence farming.

In 1918 - when for a short time the exigencies of war were beginning to subside with the signing of the treaty of Brest-Litovsk - Lenin called for the organisation of the first

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state farm. This amounted to the purchasing of land specifically chartered for socialised production. The early performance of these units was anything but a success. However, the official interpretation asserted that private production was "withering away", and with its deterioration would come a new era of higher productivity and higher standards of living.

Thus, when Soviet planners first examined the rural agricultural sector, they found a higher degree of social stratification, low labour morale occasioned by losses incurred in the war, and even low capital resources available for allocation to this sector. Therefore, the government concentrated less on reform and more on securing essential supplies for the civil war front lines and hard-pressed urban centres using, midnight requisitioning methods, which had since come to be known as War Communism.

**War Communism**

After the Bolshevik revolution in 1917, Lenin introduced War Communism, an abortive attempt to direct the allocation of resources administratively in the absence of a properly functioning planning system. During War Communism, the destruction of the capitalist institutions began in earnest. The Land Decree of 9 November 1917 served as the mechanism to distribute the remaining large estates among peasants. The hyperinflation that accompanied the Civil War destroyed the monetary system and led to a barter economy. "Surpluses" of Peasant agriculture were requisitioned by force.

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The generic term for the system of economy between December 1917 and August 1921 was ‘War Communism’. The period of the Civil War ushered in a new form of economic organisation, which became a totally centralised dictatorship. The demands of war with Germany gradually called forth more and more central control. To secure food supply to the towns and to the armies, a state grain monopoly had been introduced in February 1918. In May 1918, the decree on grain control with some urgency. This made for the compulsory delivery of all surpluses, over and above subsistence and seed, to the state; any concealment could lead to seizure without payment. The government was clearly attacking the peasantry, though the attack was nominally against kulaks and black marketers. The whole basis of War Communism was therefore the compulsory seizure of foodstuffs (prodrazverstka) and its distribution without the market mechanism.

War Communism was a dramatic departure from existing arrangements - money was virtually eliminated, private trade was abolished, workers were militarized and paid equal wages, and farm output was requisitioned.

The crux of War Communism was the policy of forcibly requisitioning agricultural surpluses. The police then called the (Cheka), and party activists were sent into the countryside to extract grain from the rich and middle peasants. The system of requisitioning (termed the prodrazverstka) was initiated on 9 May 1918 through a Commissariat for Food with extraordinary powers to confiscate food products from

27 Raymond Hutchings, op. cit., p. 33.
29 Ibid., p. 44.
the rural population. Requisitioning effectively broke the market link between agricultural deliveries and the rewards for those deliveries. Although the link between sales and purchases was to be maintained by the state deliveries of industrial goods, in fact the peasants received only 12 to 15 percent of pre-war supplies of manufactured goods.30

Among the major policy of War Communism was the abolition of private trade, which was incompatible with centralised requisitioning and allocation. In November of 1918, all private trade was abolished and the state became the sole supplier of consumer goods to the population. Understandably, the black market continued to exist and to thrive, tolerated by officials until 1920.

Finally, money as a means of exchange was largely eliminated during War Communism. Transactions between city and countryside were largely in kind. Barter was the norm. A market economy was suppressed, a government controlled centralised economy was created.

War Communism’s agrarian policy estranged peasants from the Bolshevik leadership and encouraged them to engage in dysfunctional behaviour, such as restricting output and hoarding or concealing surpluses, especially during periods of agricultural shortages.

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The policies of confiscating surplus grain, using organised violence and terror against the kulaks, and transferring power in rural areas to special, revolutionary Committee of Poor Peasants (called kombedy) simply inhibited the peasants from increasing the sown area in 1918, despite their expropriation of the estates of the pomeshchiki. They knew that any surplus they produced would be confiscated. Thus the results of War Communism were predictable. The harvest of 1918 was very poor. The grain harvest of 1919, the most critical year of the Civil War, was extremely low. The harvest of 1920 was only 45 million metric tons.\textsuperscript{31} The successive decline of grain production caused severe disturbances in the cities as well as the countryside. Grain and other food articles could not fulfil people's demand, leaving people hungry. Continuing War Communism would have caused the collapse of the regime despite its victories in the Civil War.

Above all, disastrous fall in production and a vast gulf between the interests of the government and the peasantry resulted in serious famine and other supply shortages. Reform was the urgent need of the hour. New Economic Policy (NEP) introduced in February 1921 was designed to effect a quick recovery in production from the turmoil of World War, Civil War and War Communism.

\textsuperscript{31} Zhores A Medvedev, op. cit., p. 37.
New Economic Policy (NEP)

Although War Communism did allow the Soviet leadership to emerge victorious from the Civil War, its inconsistencies became increasingly apparent. Industry, agriculture and transportation virtually collapsed under the inefficiency of its controls. Lenin announced the New Economic Policy in March 1921.

Lenin described both War Communism and NEP as temporary expedients. Lenin noted that "War Communism was thrust upon us by war and ruin. It was not, nor could it be, a policy that corresponded to the economic tasks of the proletariat. It was a temporary measure". Likewise, NEP was described as transitional, a step backward because of the significant role to be played by 'anti-socialist' institutions such as private property, capitalist markets and private initiative.

After the Civil War, the first movement towards cooperative farming was quite modest. Lenin calculated that the process must be gradual and, above all, voluntary for any success to be achieved. So Lenin idea of cooperative or collective farming was based on voluntarism of farmers and also in a socialist market driven agricultural economy.

The New Economic Policy allowed controlled forms of petty capitalist production to proceed; private retail trade was permitted as well as the leasing out of privately owned land and the hiring of labour for wages. By 1924, 10 percent of all agricultural

households were members of cooperatives, and by 1928, this figure had risen to 50 percent.³³

During NEP the state continued to control the commanding heights, namely the major sectors of heavy industry, banking, transportation and wholesale trade, while market directed allocation in agriculture, retail trade and small-scale industry. NEP was a compromise blend of market and command. In agriculture a proportional tax replaced forced requisitioning of the War Communism era, while peasants were allowed to sell in relatively free agricultural markets.³⁴

The most striking feature of NEP was its attempt to combine market and socialism. Agriculture remained in the hands of the peasant, and industry, with the exception of the ‘commanding heights,’ was decentralised. Market links between industry and agriculture and between industry and the consumer replaced state control of production and distribution. At the heart of the policy lay the abstract notion of a link or alliance, a unit of thinking, between town and country, industry and agriculture, proletariat and peasantry. This was known as smychka. Though officially a ‘temporary policy’, it returned to the pre-revolutionary agricultural practices. Taxation and market replaced requisitioning leading to good harvest in 1922 searched for international grain market.

³³ Maurice Dobb, op. cit., p. 40
The NEP prompted rapid recovery from the ravages of war, revolution, civil war, and the extremes of War Communism. The NEP era significantly improved the standard of living of the Soviet people. It witnessed the development of a variety of ownership arrangements, with the private sector dominating agriculture. NEP also provided bold experiments with foreign ownership and concessions. Finally, it is now important to emphasize that the NEP era was a golden era of economic thought that came to an abrupt end in 1928, after which both economic and agricultural arrangements would change.

It is not surprising that during the early phases of Perestroika, Soviet reformers looked back to the NEP era. Indeed, there were striking parallels between the NEP era of the 1920s and the era of Perestroika introduced by Mikhail Gorbachev in the mid-1980s. Lenin initiated the set of reform at the highest levels in the 1920s and Gorbachev in mid-1980s. Both represented a move towards a market economy, away from the administrative structure of the War Communism era in 1920s and also from the rigidities of the administrative command system in the 1980s. In a sense, both experiments sought to sustain a measure of centralised control while at the same time taking advantage of the perceived efficiencies of markets.

The sanguinary feature of NEP was the freedom given to farmers, a market driven incentive for private individual farming was the norm of NEP, which was killed by Stalin during its infancy. The measures taken by Gorbachev were initially to give the

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35 Ibid., p. 14
36 Ibid., p. 15
same boost to the peasantry bringing reforms to the farm sector by introducing market and private farming in a socialist framework. Like NEP it also met the same fate though giving birth to a new era in Russia in 1991.

Collectivisation

The collectivisation of Soviet agriculture in 1929-33 was the most significant social development in Russia after the two revolutions in 1917. Its effects on the agriculture and on all aspects of life in the country were profound, which kept the Soviet Union and now Russia engaging over conflicts on agriculture and economic development. Collectivisation involved the forcible establishment of collective farms (the Kolkhoz) into the Soviet countryside, a process Stalin justified following the events of the grain procurement crisis of 1928.

To what extent Stalin was personally responsible for the collectivisation decision and all its ramifications, is unclear and to some extent uninteresting.\(^{37}\) He did, however, use as a major justification for instigating collectivisation the grain procurement crisis of 1928, a matter that merits further attention. But Soviet policy makers assumed that collectivisation would bring to agriculture the advantages of large-scale production,

lower labour inputs (in order to free labour for industry) and higher yield for grain production (due to the application of more advanced technology). 38

Although the output of the Soviet agricultural sector had declined sharply during the Revolution and World War I, pre-revolutionary output levels were generally met or exceeded by 1928, although yields remained poor and fluctuations from year to year in major crops made agricultural performance uncertain. (See Table 1.1). Indeed by 1928, gross agricultural production had reached 124 (1913=100), while crop production had reached 117 and livestock products 137. 39

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<th>Grain</th>
<th>Raw Cotton</th>
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</table>


But Stalin’s obsession for collectivisation provided a misleading grain data and presented an exceedingly distorted picture of the relation between 1913 and 1926-1927 grain marketing.\textsuperscript{40} The collectivisation came into being with iron will during mid 1929, which is considered by economists as an organised movement against the kulaks, the most enterprising farmer community in the then Russia.

Between July 1, 1929 and March 1, 1930 for example, the number of peasant households in the collective farms increased from 4 to 56 percent.\textsuperscript{41} The data in Table 1.2 suggests however, that the overall speed of collectivisation was rapid.

**Table 1.2**

Expansion of the Collective Farm Sector, 1918-1938 (selected years)

<table>
<thead>
<tr>
<th>Year</th>
<th>Collective Farms Households in Collectives (in thousands)</th>
<th>Peasant Households (in thousands)</th>
<th>Collectivised (Percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1918</td>
<td>1.6</td>
<td>16.4</td>
<td>0.1</td>
</tr>
<tr>
<td>1928</td>
<td>33.3</td>
<td>416.7</td>
<td>1.7</td>
</tr>
<tr>
<td>1929</td>
<td>57.0</td>
<td>1,007.7</td>
<td>3.9</td>
</tr>
<tr>
<td>1930</td>
<td>85.9</td>
<td>5,998.1</td>
<td>23.6</td>
</tr>
<tr>
<td>1931</td>
<td>211.1</td>
<td>13,033.2</td>
<td>52.7</td>
</tr>
<tr>
<td>1932</td>
<td>211.1</td>
<td>14,918.7</td>
<td>61.5</td>
</tr>
<tr>
<td>1935</td>
<td>245.4</td>
<td>17,334.9</td>
<td>83.2</td>
</tr>
<tr>
<td>1938</td>
<td>242.4</td>
<td>18,847.6</td>
<td>93.5</td>
</tr>
</tbody>
</table>


\textsuperscript{40} Jerzy F. Karcz, “Thoughts on the Grain Problem”, *Soviet Studies*, Vol. 18, No. 4, April 1967, p. 403.

The most immediate result of collectivisation was a steep decline in agricultural output. Although there were year to year fluctuations, the general decline was evident (see Table 1.2). The index of gross agricultural production (1913=100) declined from a pre-collectivisation high of 124 in 1928 to an immediate post-collectivisation low of 101 in 1933. In addition to a general decline in agricultural production, there was a sharp decline in agricultural capital stock, most notably caused by the mass destruction of animal herds as the peasants vented their hostility toward the collectivisation process by slaughtering their livestock rather than bringing them into the collective farm. The impact of collectivisation upon per capita income of the farm population also fell sharply.

The results of collectivisation process however, did not agree with this plan. Poor climatic conditions and low labour morale contributed in 1931 to the drop in output and brought on the Great Famine of 1932-33, in which an estimated 10 million lives were lost. For the three-year period 1930-1932, grain output stagnated at 74 million tons, yet state grain procurement requirements doubled. Livestock herds dropped dramatically in number, and in 1933, the total size of the herds was less than half of what it had been in 1929. It was not until the spectacular harvest of 1937 that agriculture began to regain its balance.

Collectivisation was indeed a unique “solution” to what Soviet leaders apparently viewed as an intractable problem. The main objective was to extract surplus from agriculture for industrial development and at the same time the destruction of the entrepreneur peasant community to serve Marxist ideological dogma. The peasant

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42 Erich Strauss, op. cit., p. 303
44 Karl Eugen Wadekin, op. cit., p. 15
community thus created by Stolypin before the Revolution and by Lenin during NEP had been destroyed for ideological interests.

The collectivisation process also killed the possibility of a market economy in a socialist structure by abolishing all forms of private transactions. The incentive of peasants thus was squeezed and forced them to a centralised system of agricultural management.

The whole atmosphere of War Communism was recreated - the military jargon, the Utopian expectations, the brutal coercion of peasantry, the lack of economic preparation. 45 Above all the Collectivisation killed the market drives - the drive of any normal economy based on incentive and profit making.

Collectivisation changed an entire way of life. 46 It was a social transformation of the first magnitude. Not only did it produce a great social upheaval in its initial stages but also it served to create a unique institutional structure that has lasted to the present day as a cornerstone of Soviet agrarian policy despite its apparently negative impact upon incentives and efficiency. The Soviet official view proclaims that collectivisation was a success, a "victory of Marxist-Leninist theory on the socialist reconstruction of agriculture". In fact it was far from successful. Based on a miscalculation of historic proportions, it was a complete failure. 47

The Organisation of Soviet Agricultural Production

Although various forms of collective production organisations had existed earlier in the Soviet Union, the predominant form comprising 91.7 per cent of all collectivised

46 Medvedev, op. cit., p. 61
47 Ibid., p. 62
land by 1931 became the agricultural artel, or kolkhoz. In addition, but initially playing a subservient role was the state farm, or sovkhoz. The state farm might well be described as a factory in the countryside in so far as important features of its organisation and operation were very similar to the industrial enterprise. The kolkhoz, however, was and in large measure, remained a form of organisation unique to Russia and the other former Soviet countries. Within the collectivised agricultural arrangements a private sector existed, though associated with the state and collective farms and sometimes with industrial enterprises contributing a substantial amount of vegetables, egg meat etc. to the market. The private sector, in fact, was the only source partially kept the peasants motivated to a market economy, where incentive and profit was the norm. But, the organisational arrangements summarised in Table 1.3, were very different and would be altered significantly throughout the Soviet era. 48

The collective farms established during the thirties were divided into two basic types: kolkhozes and sovkhozes. From the very beginning, the Soviet authorities attached special importance to the state financed sovkhozes (state farms) and intended them to serve as the models for the overwhelming majority of peasants in kolkhozes. Sovkhoz performance, however, fell short of official expectations. On the kolkhoz, in contrast to the sovkhoz, the land was socialised but parts of it were allocated to individual kolkhoznik households for private use. These three categories of farms are discussed individual here so as to provide a background information for the ongoing farm reorganisation in post-Soviet Russia.

### Table 1.3
The Organisational Arrangements of Soviet Agriculture (Selected Indicators)

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of collective Farms (in thousands)</td>
<td>33.3</td>
<td>211.7</td>
<td>236.9</td>
<td>97.0</td>
<td>78.2</td>
<td>44.9</td>
<td>36.9</td>
<td>33.6</td>
<td>26.7</td>
<td>25.0</td>
<td>27.3</td>
</tr>
<tr>
<td>Sown area of collective farms as a portion of total sown area (%)</td>
<td>1.2</td>
<td>70.5*a</td>
<td>78.3</td>
<td>83.9</td>
<td>68.4</td>
<td>60.6</td>
<td>50.2</td>
<td>47.9</td>
<td>44.2</td>
<td>43.75</td>
<td>43.80</td>
</tr>
<tr>
<td>Size of collective farms (acres per farm)</td>
<td>237</td>
<td>2,218</td>
<td>3,530</td>
<td>10,374</td>
<td>16,302</td>
<td>15,067</td>
<td>15,067</td>
<td>16,549</td>
<td>16,055</td>
<td>22,130</td>
<td></td>
</tr>
<tr>
<td>Number of state farms</td>
<td>1,407</td>
<td>4,337</td>
<td>4,159</td>
<td>4,857</td>
<td>5,905</td>
<td>7,375</td>
<td>11,681</td>
<td>14,994</td>
<td>20,500</td>
<td>22,313</td>
<td>23,300</td>
</tr>
<tr>
<td>Sown area of state farms as a portion of total sown area (%)</td>
<td>1.5*b</td>
<td>NA</td>
<td>7.7</td>
<td>9.6</td>
<td>25.7</td>
<td>33.1</td>
<td>42.6</td>
<td>44.4</td>
<td>51.2</td>
<td>53.35</td>
<td>53.46</td>
</tr>
<tr>
<td>Size of state farms (acres per farm)</td>
<td>-</td>
<td>-</td>
<td>30,134</td>
<td>32,357</td>
<td>60,021</td>
<td>64,714</td>
<td>60,762</td>
<td>51,376</td>
<td>43,472</td>
<td>41,002</td>
<td>NA</td>
</tr>
<tr>
<td>Number of inter-farm Enterprises and Organisations</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,354</td>
<td>4,580</td>
<td>8,907</td>
</tr>
<tr>
<td>Sown area of the private sector as a portion of total sown area (%)</td>
<td>97.3</td>
<td>NA</td>
<td>13.0</td>
<td>4.4</td>
<td>3.8</td>
<td>3.3</td>
<td>3.2</td>
<td>3.2</td>
<td>3.0*d</td>
<td>2.89</td>
<td>2.72</td>
</tr>
</tbody>
</table>

*a. Based upon aggregate sown area for 1933.
*b. Includes state farms and other state agricultural enterprises.
*c. The private sector consists of three parts: (1) private plots of collective farm members;
   (2) private plots of workers in industry and other state organisations; (3) the private peasant economy.
   The last was of minimal importance after the 1930s.
*d. 1975.

Source: Selected volumes of Norodnoe Khoziaistvo SSSR (The National economy of the USSR);
Sel'skoe Khoziaistvo SSSR (Agriculture of the USSR); and SSSR v tsifrakh (The USSR in figures).
Addison-Wesley Educational Publishers Inc. 1998, pp.164-165.
Sovkhoz (The State Farm):

A "state farm" or sovkhoz was entirely the property of the Soviet government, which operates it with hired labour directed by managers responsible to the government ministry having control of the particular farm. These farms were literally "factories in the field"\textsuperscript{49}, being operated in the same spirit as factories and with close adherence to the government plans. The state farm might well be described as a factory in the countryside in so far as important features of its organisation and operation were very similar to the industrial enterprise.\textsuperscript{50} These state farms were budget financed with a state-appointed director, like industrial enterprise. The state farm was part of the planning structure and financial arrangements including investment were part of the budgetary system. Moreover, the distribution of output occurred through state distribution channels also in much the same fashion.

In 1938, almost 4,000 state farms had 12,400,000 hectares under cultivation, roughly 10 percent of all the sown area in the USSR.\textsuperscript{51} The state farm was also considered as - the agricultural homologue of the industrial enterprise because of its status and organisation, which was similar to that of the industrial firm.\textsuperscript{52} But according to the Soviet official Morozov, "a state farm is owned and operated by the state and is the basic form of state agricultural enterprise.\textsuperscript{53}

\textsuperscript{49} Ibid., p. 163
\textsuperscript{51} Harry Schwartz, op. cit. p. 259
\textsuperscript{52} Nicolas Spulber, \textit{The Soviet Economy}, New York: W. W. Norton & Company Inc., 1969, p. 79
\textsuperscript{53} V. Morozov, \textit{Soviet Agriculture}, Moscow: Progress Publishers, 1977, p. 68
In the Soviet Union, the state farm was very similar to an average Soviet factory. Instead of making goods, the farm grew food and cash crops such as cotton and wool. Every worker on the state farm was an employee. He was paid a wage for his work and belonged to a specialised work unit. In addition to the fixed wage, bonuses and other incentives were paid in relation to sales and quality of the labour. Every worker was expected to follow the rules of the management and the production plans set by the Ministry of Agriculture in Moscow. The Minister of Agriculture of the republic in which the farm was located appointed the managers of the state farm. Major decisions made by the manager were approved by the Communist Party members on the farm and by planning officials in Moscow. Owned by the state, the farm must function on the orders of the state.

As of 1965, about 11,500 state farms were in operation many of which specialised in one or two types of crops (such as grain and/or cotton), in livestock breeding, dairy products, or vegetable growing. The location and type of output of the state farms were reciprocally determined: grain producing farms were in the black earth and virgin land areas; dairy and vegetable units were close to the towns which they were assigned to serve; and the state livestock farms were scattered in almost all regions. The size of these state farms was determined partly by specialisation and location, and partly by a combination of extraneous factors in which the old preference for gigantism and bureaucratic confusion of bigness with optimum size played a key role.

54 Nicolas Spulber: op cit. P. 79
The performance of the state farm was the responsibility of the director of the farm. He hired the personnel, except for his deputy and authorities upon his recommendation. Each state farm was divided into a number of basic production units, such as tractor brigades and livestock brigades, as its particular specialty required.

Since the Revolution of 1917, the importance of the state farm had grown upwards. Sovkhozs being state farms were better treated. Even if they were paid low prices, the reluctant deficits were met by the state by way of subsidy, so that wage payments were guaranteed. Sovkhozs were better provided with inputs, operated their own tractors, and were supplied at state wholesale prices.55

Life on these farms was much easier than on the collective farms because the state farm was considered to be the model farm for Soviet agriculture. All workers were covered by national security plans and were included in the national pension plans. The state farms were not only given money for new farm machinery and building but were also supplied with many industrial goods such as machine parts. Losses were met by the national budget because profits were not as important as on the collective farms.

With little changes in organisational and other economic changes the state farms remained sinkhole for Soviet investment. They remained unproductive and inefficient throughout the Soviet period. The factory like farm with huge tracts of land covered by the state farm sector never allowed agriculture to flourish.

The failure of State Farm

The human factor plays a decisive role in the improvement of agriculture. It, in turn, depends on the character and orientation of the human activity. The ways in which Soviet agriculture organised production directly influenced the productivity of labour. The state farm form of property relations in the condition Soviet agriculture nurtured could scarcely prove effective. The continuation of state subsidies, which had occurred over the state farms entire period of existence, was not the path, which could lead to the acceleration of the country's social and economic development. Given the peasant demographic situation, the low soil fertility, and the lack of small-scale mechanisation, it was impossible to ensure success in the development of the arendnyy podryad (refers to brigade, family, and individual lease contracting for land and production facilities on a farm). State farms throughout the Soviet period were allowed to remain as a sinkhole of investment. Due to human and other organisational factors state farms remained inefficient and low productive throughout the regime.

Collective Farms

In theory, a collective farm is a democratic, cooperative association of farmers who have pooled their land and capital (other means of production) to form a large enterprise, which they operate in common, sharing its net proceeds in proportion to the quantity and quality of work they do. Under the kolkhoz Charter of 1935, the means of production were said to be “kolkhoz-cooperative” property belonging to the kolkhoz in perpetuity. It was claimed that these large farms make for more efficient and bountiful production,

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56 Harry Schwartz, op. cit., p. 259
since they avoid the inefficiencies and wastes of small peasant farming. In addition, it is said that only by their formation it was possible to secure the use of modern agricultural techniques, particularly those associated with the use of tractors and other agricultural machinery.

Initially, during the 1920s, three major types of collective were experienced with the toz, the artel, and the commune. The artel became the standard type of collective farm throughout the Soviet regime. In 1933, 96.3 percent of all collectives were artels; 1.9 percent toz; and 1.8 percent communes. The toz or “Society for Joint Land Cultivation”, was simply a production cooperative. Farmers joined together to work their land and to buy and use expensive machinery. Each owner retained his rights to his own plots of land and to the harvest on this land, as well as to his livestock and tools. The commune was at the other extreme. The group, whose members owned all productions, capital-livestock, machinery, implements and barns, also used them cooperatively. Members lived in community dormitories; their food was cooked in community kitchens; and their children were looked after in community nurseries.

The artel was intermediate between those two farms. In it, most production was carried on collectively, and most means of production were owned by the kolkhoz. But some private production was carried on separately by each member family.

The collective farms in the Soviet Union were considered by the state to be a free association of the people who had come together to work the land and to share the fruits of their work. The peasants and their families live together in small communities,

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37 Ibid., p. 259
38 Naum Jasny, op. cit., p. 320
39 Harry Schwartz, op. cit., p. 259
cultivating the land for the collective farm. At the end of the year, some of the profits are distributed among the members of the farm according to the amount of work done during the year. The collective farms were quite different from the state farms. In theory, the *kolkhoz* was a cooperative, and its members were peasants, not workers. While the *kolkhoz* was also the part of the general agricultural planning arrangements, significant differences existed. While the head of the *kolkhoz* was supposed to be elected, in fact this was an important nomenklatura position over which local Party influence was great.

Second, prior to the mid-1960s the method of payment was the labour day (trudoden') system, which differed fundamentally from a wage payment system like the state farms. ⁶⁰

The collective farm, really a cooperative, was run by an assembly of elected members. Day to day management of the farm was in the hands of a Chairperson who was approved by the state and the Communist Party members of the collective farm. This assembly decided on all matters for the collective farm. These decisions were made for the benefit of all members of the collective farm. No decisions could be taken without the approval of Party members. This involvement by the Communist Party means that no member of the collective farm could live without permission from the manager of the farm. Decisions such as types of crops, times of planting and harvesting, were made by the management. Every member was encouraged to produce according to the state plans and to be a productive citizen.

Tasks on the *kolkhoz* were assigned a certain number of labour days. Peasants who completed these assigned tasks would accumulate labour days. At the end of the year, the

value of each labour day (and hence the earnings of each peasant) would be determined by dividing net farm output (gross output minus deliveries to the state) by the number of labour days. This reward system was the subject of considerable controversy. The rating of tasks was totally arbitrary. Moreover, from an incentive point of view, the peasant had little or no idea about the magnitude of reward (or its form - in kind or in money) at the time the task was performed.  

When the collective farms were first established, life on these farms was difficult. Many farms were very poor and could not pay the wages and bonuses to their members. Many members left the farms for the cities where life was easier. Since the late 1950s, changes had improved the living standards of most collective farm members. Every member was then included in the state social programmes such as welfare assistance, pension and medical care. At one time, the collective farms could not afford these programmes and the state did not grant these programmes to the farm. Money for new machinery and buildings was once scarce and the state did not want to lend money to farms. It was easier for the farms to get credit only after the State Banks visualised the farms as capable enough to pay back the loans. Farm machinery used to be owned by the state. But towards 1960s all collectives had then own their own machinery.

The amalgamation and conversion of bankrupt kolkhozy into sovkhozy continued. Between 1940 and 1969, the number of collective farms declined from 236900 to 34700 while socialised sown area in such collective farms increased from approximately 500 hectares to 2800 hectares per kolkhoz. Between 1958 and 1964, the number of kolkhozy

61 Ibid., p. 163
62 Spulber, op. cit., p. 87
63 Paul Gregory and R. C. Stuart (1974), op. cit., p. 245
dropped from 67,700 to 37,600, while the number of sovkhozy grew from 6,002 to 10,078. The tendency to merge several small kolkhozy into a large sovkhoz meant that the amount of arable sovkhoz land (105.6 million hectares) more or less equated the area cultivated by the kolkhozy (111.5 million hectares).  

The Failure of the Collective-Farm System:

Soviet agriculture never recovered from the staggering blow of collectivisation. The most efficient peasants had been liquidated as a class, and those that remained soon came to despise the new order. They lacked any real incentive to work in the collectivised fields. The most eloquent testimony of this was the government’s action in turning the farms into virtual prisons. No one could travel in the USSR without an internal passport, and in the countryside, the village Soviets (the lowest administrative organs in the villages) had custody of them. During Stalin’s time peasants were allowed to leave the collective farms only for the most compelling reasons.  

In the late 1930s, the Soviet government tried to make more effective use of garden plots in forcing the peasants to work harder for the collective farm. A party-government resolution of 27 May 1939 first condemned “squandering collectively-held fields on behalf of individual farming...[as an] anti-Party and anti-government [act]...”. It went on to establish criminal sanctions against anyone who sought to increase his garden plot at the expense of the collective fields. In addition, plots were to be confiscated.

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64 Medvedev, op. cit., p. 200
Private Farming and Household Sector

For an entire millennium, the peasant household served as the oldest and most basic social and economic institution in Russia. Its nature, its origins, and its function in managing the un-collectivised garden plots made its very existence vital for agriculture in Russia.

All land was nationalised in the Soviet Union at the time of the Revolution and the private plots were not private property in the real sense of the term. The state leased small plots for private cultivation directly, or through the kolkhozy and sovkhozy.\textsuperscript{66} The Constitution of USSR also guaranteed private property with restriction and limited use in its Article 13.\textsuperscript{67}

During the revolution and subsequent civil war, individual private peasants seized large estates, and by 1928, some 25.6 million households were engaged in farming, having an average crop area of about 4 hectares per household.\textsuperscript{68}

But private farming was seen as an intricate problem in the socialist reconstruction in Russia by the political authorities, and hence, their growth was restricted. After collectivisation started, private farming was practiced in Soviet Union as an ancillary farming within the collective system. Private farming was more than just an adjunct of the kolkhoz system, which permits kolkhozniks to tend their own small plots of land and keep a little livestock within the limits of the kolkhoz statute. Sovkhoz and non-farm

\textsuperscript{66} Medvedev, op. cit., p. 362
workers and employees situated in rural areas, in small towns, or in the fringes of cities also tend private plots and raise livestock for supplemental income.  

The Bolsheviks came to power as champions of the working class. Although they were prepared to make some concessions to the peasants, they did not conceal their basic mistrust. They held that turning farms into factories and villages into concrete apartments could bridge the ideological gulf separating the workers and peasant houses. There was only one problem - the Russian *mužik* (peasant) liked things the way they were. When the authorities tried to force him into another lifestyle, rebellion and famine were the ultimate results. Thus, Stalin's attempt at carrying out a full-scale totalitarian revolution in the countryside caused so much resistance and instability that he was forced to back down. Because Stalin could not destroy the household, he embraced it, declaring it an integral part of the collective-farm system.

In the Second Congress of Collective Farmers, when Stalin introduced the concept of the collective-farm household, he said, "We are writing this law together, and the charter is the highest law - the basic law of constructing a new society in the countryside". At the Congress, certain peasants had advocated assigning the garden plots by the number of "eaters" (yedoki), a repartitional practice antedating the *emancipation* in some parts of Russia. Stalin asked that every one be given his say. Then, posing as the "Great Conciliator" he declared that "... each collective farm household must have its own personal plot of land, not large, but personal".  

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71 Ibid., p. 19
"concession" created apprehensions. Some believe that foremost was the intention to use the plots as a lever to tighten labour discipline; their economic value was considered strictly subordinate. Nevertheless, it was recognised that subsidiary farming did relieve the collective farms of the need to supply its members with all their food. Only with the death of Stalin, the Soviets came right out and admitted that the private sector was producing an important share of total agricultural output. A Soviet economist writing in 1954 went so far as to call the plots an 'economic necessity'.

The policy of the Soviet authorities toward private agricultural sector clearly shows what extent they were prepared at any given time to let economic necessity take precedence over ideological misgivings. Private agricultural production was in many ways alien to the Soviet system. Economically, it was alien because it was not amenable to direct planning and involved un-socialised labour. Socio-economically, private agricultural production was alien, because for a large part of the population, it constitutes a basic livelihood that the state or collective system did not adequately provide and because such unregulated earning power reduces the effect of state policy on incomes. Politically and ideologically, it was alien because it involves private ownership of cattle as well as of small agricultural implements and buildings, thus contradicting the Marxist-Leninist position on socialisation of the means of production.

Traditionally, there had been several forms of private agriculture in the Soviet Union, each with a separate set of laws and regulations specifying the size of the plot and the recommended type of cultivation. The predominant form and the economically most

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72 Ibid., pp. 19-20
73 Ibid., p. 2
important, was represented by the personal plots cultivated by kolkhoziki and sovkhoz workers. In the former case, the plot was leased by the kolkhoz. A family has a right to a plot as long as at least one member of the family was kolkhozniki. The days when all the adult members of a rural family worked on the kolkhoz, were long since over. The number of family members working as kolkhozniki had declined steadily since the war. In 1940, the number was 2.2, in 1950, 1.5, in 1963, 1.2, and in 1982, 1.03. However, by 1985, there were 12.6 million households living on kolkhozy and exactly 12.6 million kolkhozniki: in other words, in all families only one member of the household worked on the kolkhoz.

The fact that about 1.6 percent of the arable land in private production produces about 30 percent of the national agricultural product in the Soviet Union (35 percent in 1960 and about 40 percent in 1950s), often led analysts to compare the seemingly good prospects for the private sector with the low productivity of the socialist sector. Most of the private production was carried in the “subsidiary” or “auxiliary” private plots throughout the Soviet regime.

Gorbachev’s restructuring provided a much higher degree of freedom for peasant households and individuals to experiment with farm organisation. The laws on land and property in the USSR during Gorbachev were intended to offer more security of tenure to individual enterprises and family farms, and provided greater flexibility through hiring, leasing and land rental.

74 Cited in Medvedev, op. cit., p. 362
75 Ibid., p. 362
76 Ibid., p. 364
Agricultural Reforms During Khrushchev

When Khrushchev came to power after Stalin’s death in 1953, the problem of insufficient supply to meet rising demand had become critical. Procurement prices had changed hardly at all since 1933; between 1949 and 1953, grain output was only 12 per cent above the 1909-13 level and per capita production was obviously very much lower. The per capita grain output was 106 kg less than in 1913 (435 kg). He called for increase food production through the expansion of cultivated lands and an increase in the proportions of capital inputs to agriculture. He harped on emergency measures to alleviate the grain problems with grain output.

Khrushchev viewed the crisis in these words, “there will be no Communism without an abundance of products. It will not be Communism if our country has as much metal and cement as you like but meat and grain are in short supply.”

To turn the agricultural sector from virtual stagnation into a supplier of sufficient output, Khrushchev introduced several organisational changes in the period between 1953 and 1957. First, in 1953, the agricultural tax on collective farmers was substantially reduced. Second, compulsory delivery quotas from the private garden plots of collective farmers were also substantially reduced, which allowed for greater retention of meat, eggs, milk, and vegetables by individual households. Third, above-quota grain delivery prices rose by nearly 900 percent in June 1953, and the share of total above-quota purchases by state

78 Roger Muning, op. cit., p. 142
80 Ibid., p. 78
increased within a year to 20 percent. Fourth, the smaller and weaker collective farms converted into state farms. These conversions facilitated the establishment of settlements in the newly opened grain territories (Virgin Lands), and at the same time supplied the much-needed labour. By 1957 the collective farms had declined to 76,500 from 91,200 in 1953, and by 1961, the number of such farms was reduced to 40,500. In conjunction with these changes, the government introduced regular monthly labour payments to individual collective farmers.

Khrushchev associated himself with three main agricultural campaigns: the “Virgin Lands Programme”, the Corn Programme, and “Plough-up” campaign. Let us consider each campaign briefly.

In his memorandum of 1954, *Ways of Solving the Grain Problem*, Khrushchev suggested an expansion of grain crops on virgin lands. Towards the end of 1961, some 104 million hectares of land were acquired an expansion of more than one quarter of the total USSR sown area. Corn, which was to supply the necessary feed for livestock, figured prominently in this strategy. The “queen of the field”, as Khrushchev fondly called it, was to reach 28 million hectares by 1960.
The "Virgin Lands" campaign was an effort to cultivate (using state farms) a large tract of land in Siberia and Kazakhstan, the purpose of which would be the expansion of grain output. Begun in 1954, the goal was initially quite modest - namely, the reclamation of 13 million hectares (one hectare is 2.47 acres) of land by 1955. By 1958, the virgin lands had 41.3 percent of the total area sown to grains (80.7 million out of 195.6 million hectares) or 65.3 per cent of the area under wheat.\footnote{Roger Munting, op. cit., p. 143} In fact, the scheme proved to be grandiose and by 1960, 42 million hectares had been seeded, representing roughly 20 percent of all sowings by all farms that year. However, if the vision was grandiose, the results were less so. Although substantial amounts of funds were invested in this programme, the marginal nature of the virgin land soils, the highly variable climate (with a short growing season), and scarcity of other production inputs - notable irrigation - meant that for the most part yields remained low, and total output, although never very high, fluctuated significantly from year to year. In retrospect, it would seem that the continuation of the programme was primarily a result of buoyancy created by the few good crop years. Finally, while the 'virgin land' territory might be highly questionable as a long-run scheme especially, with given technology and funding, one might consider the scheme a short-run expedient to avoid the immediate import of large supplies of grain. In this sense, the program was successful in that the average annual output of grain gained from the expansion of sown area was roughly 15 million tons for the period 1958-1963, thus allowing Khrushchev to gain political ascendancy and allowing the regime to buy time.\footnote{Paul R. Gregory and Robert C. Stuart, 1974, op. cit., pp. 243-44} As Sidney Ploss rightly said that, "Khrushchev's gamble with Virgin Land Programme rested on his belief that "we must win time".\footnote{Sidney I. Ploss (1965), op. cit., p. 92}
A second major programme initiated by Khrushchev was the Corn Programme. Started in 1956 and based primarily upon adulation of corn production in the United States (under radically different conditions, it might be noted) and the fact that corn gives more fodder per acre than other types of feeds, this program increased the sown area of corn from 4.3 million hectares in 1954 to 37.0 million hectares by 1962. The purpose of the corn program was to solve the continuing fodder problem and thus enhance production of meat and related products.

The Corn Programme, much like the Virgin Lands Programme was ill conceived in so far as it was modelled on American success with corn yields, yet neglected important differentials between the Soviet Union and the United States. In particular, corn production requires a warm and humid climate - the Corn Belt of United States - a type of climate basically absent from most of the Soviet countryside. In addition to planting, the corn in clearly marginal areas without associated inputs - fertiliser, for example - Soviet leaders neglected to consider the many years of scientific effort devoted to the development of special hybrids suitable for the conditions of American agriculture, but not readily transferable to Soviet conditions. Corn had, however, become an important component of the Soviet fodder supplies.

Finally, Khrushchev's "plough-up" campaign in 1961, was designed to eliminate the grassland system of crop rotation prominent under Stalin, and thus drastically cut the area of land devoted to fallow. The purpose of fallow is of course, to give the land a "rest" between crops and to allow a rebuilding of its nutrients. Undoubtedly, such a scheme would be expected to yield short-run results, but its long run effects would be uncertain,
depending upon whether rational programmes were instituted to replace the fallow programme.

These schemes all reflected certain basic tenets of Khrushchev's agricultural policy. All of them taken together it could be said that the indiscriminate application of the campaign without a scientific basis only worsened the agricultural scenario of the country.

Khrushchev brought more of an agricultural background with him than had previous governmental heads. He was very interested in increasing the livestock numbers in the USSR, but knew that more livestock feed grain was needed. After visiting Iowa in the early 1950's he was impressed with the high yield of livestock feed provided by corn. Climatically, however, corn could only be reasonable grown for the most part in the Ukraine, which consequently greatly reduced the needed acreage for wheat. After studying climatic data, Khrushchev embarked on the famous "Virgin Lands" project, which involved ploughing new ground in northern Kazakhstan and surrounding areas. Over 40 million hectares of new land in this region was added to agricultural production from 1954 to 1958, primarily for wheat production to replace the Ukrainian land devoted to corn production.

The wisdom of the "Virgin Lands" programme remained debatable among historians and agriculturists. On the positive side, it did add considerably to tillable land acreage, greatly improved the economy of the Kazakhstan region, and allowed the introduction of corn for more efficient livestock production. On the negative side, wheat yields were much lower than they had been in the Ukraine due to the reduced rainfall, and erosion became a

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88 Medvedev, op. cit., p. 168
problem in the region. Reports show that nearly half of the region became a dust bowl. Rotation of crops latter helped alleviate the problem.

Khrushchev’s success, however, also led to his failure. During the first five years in office he greatly increased fertilizer allotment and irrigation to increase yields, consolidated many of the collective farms to improve efficiency, and made sure that agriculture received a good portion of national budget. By 1958, agricultural production had increased 50 percent from when he took office in 1953. Feeling that agriculture had now risen high, self-sustaining level, funding for agriculture was shifted to other areas of the economy. While 1958 witnessed a bumper crop ear, 1963 was a year of horrible drought and crop production plunged, thus greatly reducing popularity and confidence in Khrushchev.

**Brezhnev-Kosygin Period**

After hurriedly correcting some of the eccentricities of Khrushchev’s latter years Brezhnev saw to it that there was more consistency in agricultural policy. The Ministry of Agriculture was reorganised early in 1965, once again bringing ultimate control of agriculture under a single umbrella.  

The need arose for greater coordination between agriculture and industry (1) to supply greater levels of technology and mechanisation to the farms and (2) to ensure the continuing supply of food to urban and industrial centres through strengthening the rural and rural-to-urban infrastructure. In accordance with these goals, under Brezhnev during

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Roger Munting, op. cit., p. 160

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the late 1960s and early 1970s, agriculture received a large proportion of total state investment and higher producer prices to stimulate production. There were also attempts to set up large scale, vertically integrated production and processing facilities. But this agro-industrial integration did not work, although efforts to further mechanise farm producers had been undertaken.

The Brezhnev-Kosygin regime saw the mistakes of Khrushchev had made, and began to rectify them by diverting more resources into agriculture, particularly in the forms of prices paid for commodities, fertilizer application, and credit. Another important change was the guaranteed wages paid to collective farm workers, rather than the once-a-year payment plan. From July 1966, monthly pay was introduced for collective farmers, so that their pay became first call on resources.90

Restrictions on personal plots were eased, so that livestock numbers grew on personal plots. However, agricultural production still fell short of the goals proposed. Farms had become so large that they and the needed personnel were difficult to manage. Also, the hearts of many of the state and collective farm workers were more tied to their personal plots. The infrastructure for successful agriculture had also not kept pace with what was needed as the rural population declined and urban centres developed. In some cases, as much as one-fourth of some crop production was lost due to poor harvesting, storing and handling facilities. Poor transportation became more of a problem in delivering agricultural commodities in good condition to the cities, particularly for those requiring refrigeration.91

90 Ibid., p. 160
Brezhnev adopted a new Five Year Plan in 1966. The state planned to invest 41 billion roubles in agricultural projects in 1966-1971, considerably more than in the previous decade. A set of agro-technical measures and another set of drought protective measures were also introduced. The demand for grain increased due to population growth particularly in the Central Asian region. The combination of a high birth rate and the replacement of grain fields by cotton over the years had added another 20 million people to those who were dependent on the import of grain and other food products from the grain-producing areas. The minimum requirement of grain just to feed the people was around 150 million 170 million metric tons of grain. Continuing imports were required to supplement this.

In the 1970s and 1980s, enormous investments were put into Soviet agriculture: 130 billion roubles in 1970-1975, 171 billion roubles in 1976-1980, and about 200 billion roubles in 1981-1985. The returns were an insignificant annual increase of agricultural production of about 2 billion roubles until 1982 and no increase there after. Investment in agriculture was misallocated for reasons general to a command economy. Without capital markets, planners and officials could not adequately judge demands for investment by enterprise managers. Every manager and official strove to hide his production capacity and overestimate the investment required to achieve that capacity, while underestimating the true cost of projects in order to get them funded.

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92 Medvedev, op. cit., p. 209
93 Ibid., p. 210
94 Ibid., p. 210
The Soviet Union agriculture became a sinkhole for external investment: factor productivity in Soviet agriculture (the marginal return on increase in inputs) declined throughout the Brezhnev era, and became negative in early 1980s. In 1982, the “Food Programme”, had concentrated on intensified use of already existing capital and human resources. The focus on intensification might have been partly due to the fact that the earlier efforts towards integration were not notably successful. In the same year, Brezhnev recognized that between 20 and 30 percent of grain production was lost because of poor management, storage, and transportation facilities.

The volume of investments in the agrarian sector and its share in capital investment in the national economy grew steadily between 1966 and 1980. They rose 3.9 fold during these three five year plans, and their share increased from 16.7 to 20 percent.

Gorbachev Period:

The need for Soviet agricultural restructuring was clearly stated by CPSU General Secretary Mikhail Gorbachev at the Plenary Session of the CPSU Central Committee on 15 March 1989. Gorbachev criticized the massive imports of food products, made necessary by lagging Soviet crop yields, labour and livestock productivity. He warned that food shortages were creating social tension and discontent. While over the past two decades capital investment for inputs and land reclamation had been lavished on the

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97 Robert Deutsch, op. cit., p. 41.
agricultural sector, the returns had been disappointing. Good agricultural land had been lost to urban, industrial and other uses, had been flooded by reservoirs, or abandoned. Mismanagement had carried off up to 20 percent of everything produced in the countryside (already stated by Brezhnev, see Footnote no. 76). Isolation, primitive conditions and poor services had caused massive rural out-migration. In his speech, Gorbachev blamed this sorry state of affairs on collectivisation: the abandonment of the New Economic Policy (NEP) and its commodity-money relations, the belittling of material incentives for labour, and the applications of command-administrative approaches to farming. Although he credited reforms undertaken by Khrushchev and Brezhnev for some improvements, he pointed out that a shift of investment into the agricultural sector was not enough to overcome the systematic constraints. The peasants, he continued, should be offered an opportunity to show independence, enterprise and initiative. He argued for a break with the dogmatic views on socialist ownership installed with Stalin's collectivisation and proposed a wide variety of forms of economic management comparable to those that existed during Lenin's NEP. He proposed broadening initiative beyond reorganizing collective farms and state farms into agricultural farms, agricultural combines, and their subdivisions, to include individual peasant family farms in the effort.

Gorbachev recognized that such fundamental restructuring - returning managerial initiative to the tiller of the soil - would necessitate a new set of laws that would assure the farmers that they again would not be dispossessed. He also noted that this would necessitate, in turn, the elimination of the existing bureaucracy (both departmental and territorial) for the management of agriculture, and its replacement with a 'regulated market economy'.
Gorbachev aimed at much of his agricultural program at trying to personalize production through contracting production to private individuals or groups of individuals. These contracts allowed private production of grain on collective farms, with livestock production on personal plots. While this generally proved to be more efficient, it created disharmony and problems on the collective farms. Attempts were also made at improving the sagging infrastructure through more modern transportation, storing and handling methods.

What reforms were proposed for the collective farms in the March 1986 decree? The decree contained an explicit measure for providing incentives to collective farms. The farms were free to sell a certain fraction of their above quota surpluses in cooperative and private outlets where the prices were generally higher than the official prices. The official procurement agencies got the rest. How best to procure agricultural produce from the farms for use by the urban population had been a perennial problem for the Soviet leaders from the days of Lenin. Gorbachev announced at the 27th Party Congress in February 1986 that the Leninist innovation of prodnalog (the fixed tax) should be adopted "creatively" for the purpose. The implication of his suggestion was that instead of being asked to fulfill procurement quotas at fixed prices, the collective farms would be given the incentive to dispose of their above-quota surpluses at higher-than-official prices. And what better way to advance the idea than by invoking Lenin? During War-Communism (1918-1921), when the towns were ravaged, grain was forcibly extracted

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102 Ibid., p. 501
from the peasants, the peasants responded by concealing harvests and reducing plantings. The forced and arbitrary procurement was abandoned in March 1921 on Lenin’s initiative and replaced by a proportional agricultural tax: a fixed proportion of the net produce was taxed, with the tax rate differentiated by the size of the peasant family and its landholdings. The assurance that only a fixed share of the net surplus would be taxed away left the peasants with the incentive to maximise their surplus. More than six decades latter, on Gorbachev’s initiative, the incentive effect of the idea of prodnalog was being directed at Soviet collective farms.

Several provisions of the March 1986 decree were in the nature of exhortations - that was, the farms should be self-financing, they should divert investments downstream to storage and marketing rather than into machinery purchases, and so on.104

We must conclude that the Soviet State’s excessive centralisation and repressively bureaucratic methods in economic decision making had been responsible for the slow integration of sectors. The abolition of private farming and the murder of an entrepreneur peasant base (kulaks) along with abolition of market structure and function eroded the Soviet agricultural base. Now when Russia entered into a new era of agrarian reforms these pillars of Communist ideology and practice put barriers to move away from the old system.

104 Ibid., p. 35