

INSTITUTE OF CURRENT WORLD AFFAIRS

BFH-9

Agrargazdasagi Kutato
Intezet
Budapest, Hungary

Seventh International Conference
on Soviet and East European
Agriculture

July 28, 1984

Mr. Peter Martin
Institute of Current World Affairs
Wheelock House
4 West Wheelock Street
Hanover, New Hampshire

Dear Peter:

Information about East European and Soviet agriculture is not readily accessible to interested observers in western countries. Eleven different languages are spoken in eastern Europe and the Soviet Union, and all the countries in the region restrict information and access to primary source documents, though in varying degrees. Chronic lack of funding for scholarly research compounds the problem. Unlike in Africa or Asia, western governments don't finance development aid programs for Bulgaria or Czechoslovakia. Nor are there Peace Corps volunteers in Uzbekistan to bring back first-hand knowledge about the Asian republics of the Soviet Union. Nonetheless, there is a small research community in western Europe and the United States that analyzes Soviet and East European agriculture, and I had an opportunity to attend their triennial clan gathering this July.

The Seventh International Conference on Soviet and East European Agriculture was hosted by the French constituency of this group of scholars. The French National Institute of Agriculture held the conference at its Grignon center, 30 kilometers west of Paris, with financial support from French agribusiness institutions like the Wheat Growers Association. The contribution from the French side was therefore more important than it has been in previous conferences. More papers were given by French scholars and some specialists from Poland and East Germany (G.D.R.) who speak French, but not English or German, were invited to attend.

This group of specialists in Soviet and East European agriculture has met regularly for more than 20 years without any formal organization, presidents, vice-presidents or even a name for the association. But informally it's had continuity because of a group of political scientists at Kansas State University, led by

Bruce Hall is an agricultural economist and a Fellow of the Institute of Current World Affairs, and is studying the agricultural economies of eastern Europe.

Roy Laird, and because of the intellectual leadership of Karl-Eugen Waedekin and other agricultural economists at the Center for Continental Agriculture in Giessen, West Germany. French and British contributions have been substantial but have varied from one conference to the next, and East Europeans have participated as contributors rather than organizers. The Hungarian participants this year proposed that the next conference convene in Budapest, though, so the East European role may expand.

Soviet agriculture was a major theme of this conference. British and French scholars often have better access to the Soviet Union than do Americans, and the French particularly have a long tradition of scholarly research in this area because of their historical contacts. One can speculate that Napoleon might have benefited from some of this year's discussions, on the problem of seasonal "roadlessness" in Russia. British interest also predates the Cold War, and a highlight of this conference was the opportunity to meet Alec Nove, an economist from Glasgow who has long been one of the most authoritative writers on the Soviet economic system. He carries a thick sheaf of clippings from Pravda and other Soviet sources wherever he goes, and enlivened the proceedings by illustrating his comments with lengthy quotations from these clippings-- in Russian, and without translation. For those of us who were East European rather than Soviet specialists, his remarks were a bit hard to follow.

The Grignon center itself was another highlight of the conference. It's a 330-hectare farm that is used for research and teaching, and students spend the first year of a three-year agronomy program there. It's similar to many experimental farms in Hungary, in that it's a former estate of the nobility that came into the possession of the state, but in France these land tenure changes date back farther than in Hungary. The Chateau Grignon and its lands were sold to the state for use as an agricultural center in 1838, by Charles X, having previously been owned by a Marquess of Grignon, a bourgeois landowner, one of Napoleon's generals and Napoleon. (Napoleon is reputed to have slept there, though presumably not in one of the dormitory rooms assigned to conferees.)

The Grignon farm today, because of its instructional and research role, is not typical of farms in the Paris basin. The region in general is so well-suited for grain production that few farms in the area continue to raise livestock, but the Grignon farm produces milk and mutton as well as crops. (Most Paris-basin farmers have switched from the 365-day year required for animal husbandry to a new three-way rotation-- "wheat, corn, and skiing".) The Grignon farm is interesting to observe because it's a model of the kind of technically advanced, highly mechanized operation that large-scale collective and state farms in

eastern Europe would like to become, although its physical plant is excessive by western private farm standards.

The dairy farm has much more capital in the form of barns, machinery, and other structures than would usually be required for 150 cows in a western country, but the facilities are very well designed for operation by an institutional rather than individual owner. Almost everything but the cows is mechanized, and every detail of the operation can be planned, monitored and controlled centrally. The uncertainties of the human factor are thus minimized because only three workers are needed on the dairy farm, about one-fifth of the labor a Hungarian dairy farm of equal size would use. Feeding is fully automated, a computer controls each cow's daily feed ration, and manure is removed automatically. If East European farms had sufficient capital to invest and no foreign exchange restrictions, their dairy operations would likely be modelled on very similar lines to the Grignon farm.

The papers presented at the conference attempted to deal with the larger issues of policy and macro-economics in eastern Europe and the Soviet Union, without losing sight of the impact these micro-economic issues of agricultural practice might have on the bigger picture. In a week of papers on Poland, the G.D.R., Hungary, Yugoslavia, the Soviet Union and China a common theme that developed was the diversity that now exists in the practical applications of socialism to agriculture. Marxist-Leninist principles are still the ideological basis of the economies and the agricultural sectors of these countries, in Yugoslavia as well as in the Soviet Union. But the model of agriculture developed by Stalin and imposed throughout eastern Europe and China has evolved very differently in these countries over the past three decades.

Politics has played an important role in this diversity of system models, perhaps most conspicuously in Poland and Yugoslavia, where political problems thwarted the drive toward collectivization and left a large population of peasant small-holders on the land. These political histories are well-known, but they shouldn't obscure the importance of the great differences in factor endowments between countries. For example, China's small labor brigades differ from the G.D.R.'s large-scale capital-intensive farms only partly because of political deviations: China's only under-utilized factor of production is its labor force, and it must find a way to mobilize that factor in order to increase production. In the G.D.R.'s relatively industrialized economy, where population numbers are falling even in absolute terms, it is essential to increase capital efficiency in agriculture, because the rural labor force can't be exploited further to increase production.

Another recurring issue in the papers presented was the extent to which these countries have attempted to reform their agricultural economies along market-oriented lines. Prices of agricultural products and capital and labor inputs have increasingly been recognized by central planners as important and useful instruments in the planning and production process. This shift in perspective has developed most strongly in Hungary, but it's been a trend throughout the region. The G.D.R. has now begun a reform process that will adjust the price ratios of machinery and variable capital inputs on farms, in order to make capital use more rational.

It would be incorrect to assume, though, as some western observers have done, that socialist countries are becoming market economies. Central planners may be abandoning Stalinism, but they have no intention of abandoning Marxism-Leninism. Unless there are major political changes in these regimes there's little chance that consumer demand will become an active force that is allowed to determine prices on the market. The state will continue to control how markets function, and at what prices goods are sold. The intention of these reforms is to make the economic model that's already in place work better, not to change the model in any fundamental way.

In the evolving diversity and proliferation of economic reforms in the socialist world, the Soviet Union stands out as a highly conspicuous exception. The changes made under Krushchev, and those made after reforms were announced in 1965 have had little impact on the system. New programs or campaigns to solve the agricultural problem in the Soviet Union often turn out to be familiar variations of the model that was set in place, at enormous cost, in the 1930's. A good example of this is the current official campaign, endorsed by the Politburo in March 1983, to make use of so-called "contract brigades" or "normless teams" in agriculture. As defined by the British economist Michael Ellman in a paper given at this conference, such a brigade is "...in principle, a small group of workers in a state or collective farm which is formed voluntarily, who are paid according to their output and not according to their input...and who have complete freedom to organize their work." But this idea has been around for many years; an earlier version was sponsored at the 18th Party Congress in 1939.

The discussions about Soviet agriculture at a conference like this can therefore be summarized under the general heading: "Will it work this time?" Such piecemeal changes rarely have much effect. Ellman cites a very apt comment by the Hungarian economist Janos Kornai, who said, "One cannot exchange a cog in an integrated, functioning machine for another one of quite a

different type. The latter may be new, but it will obstruct the working of the machine nevertheless...." The possibility always exists, however, that this time the changes will be sweeping rather than piecemeal, so there are always opportunities for debate. And these questions are important, because the prospects for agriculture in the Soviet Union and eastern Europe are a key factor in world agricultural markets, and in world politics.

Sincerely,

A handwritten signature in cursive script that reads "Bruce Hall".

Bruce Hall

Received in Hanover 8/6/84