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MY TELNOS 472 AND 473: SOVIET UNION: CC PLENUM ON AGRICULTURE:  
CONCLUDING REMARKS

1. AS EXPECTED, GORBACHEV WOUND UP THE CENTRAL COMMITTEE PLENUM OF 15-16 MARCH WITH A SHORT SPEECH (PUBLISHED ON 18 MARCH) ON THE NEW AGRICULTURAL INITIATIVE. WE STILL AWAIT PUBLICATION OF THE DRAFT LAW ON LEASING. GORBACHEV WELCOMED THE CONSENSUS FOR RADICAL REFORM MEASURES AND DESCRIBED MOST THE MOST IMPORTANT ELEMENT AS BEING THE DISMANTLING OF THE CENTRALISED ADMINISTRATIVE SYSTEM IN AGRICULTURE. ATTITUDES TO OWNERSHIP AND PRODUCTION WOULD NEED RE-DEFINING AND MORE WOULD HAVE TO BE DONE TO WORK OUT THE DETAILS OF THE VARIOUS PROPOSALS. BUT THE PLENUM HAD SUCCEEDED IN LAYING THE BASIS OF A NEW AGRICULTURAL INITIATIVE.

2. ON THE QUESTION OF STATE/REPUBLIC AUTHORITY OVER FARMS, HE STRESSED THAT THE STATE SHOULD SEEK TO FULFIL ITS NEEDS NOT BY THE SYSTEM OF COMPULSORY STATE ORDERS BUT ON A CONTRACTUAL BASIS WITH FARMERS (CZECHOSLOVAKIA WAS CITED AS AN EXAMPLE TO FOLLOW). BUT HE REJECTED THE THE PROPOSAL OF THE LITHUANIAN FIRST PARTY SECRETARY THAT UNION REPUBLICS SHOULD BE FREE TO SET THEIR OWN PRICES FOR FOOD PRODUCTS. REPUBLICS WOULD HAVE LIMITED POWER OVER SEASONAL GOODS PRICES (FRUIT, POTATOES AND OTHER VEGETABLES) BUT PEOPLE HAD TO BE PROTECTED FROM 'PRICING ANARCHY'. GORBACHEV SAID THAT THE PLENUM HAD CONCLUDED THAT IT WAS NOW NECESSARY TO TINKER WITH PRICES NOW. HE REPEATED THAT RETAIL-PRICE REFORM WOULD NEED 2-3 YEARS PREPARATION, AND WOULD NOT PROCEED BEFORE THE PUBLIC HAD HAD A CHANCE TO AIR THEIR VIEWS.

3. HE CONCLUDED WITH A LENGTHY DIGRESSION ON THE GENERAL NEED TO IMPROVE HOUSING, SERVICES AND SOCIAL AMENITIES AVAILABLE IN THE COUNTRYSIDE. CREDIT GRANTED BY THE BANKS FOR BUILDING INDIVIDUAL HOUSES HAD DOUBLED LAST YEAR, GIVING AN IDEA OF THE SCALE OF THE HOUSING DEMAND. MORE ALSO NEEDED TO BE DONE TO MAKE BUILDING MATERIALS AVAILABLE. OF COURSE, HE ADDED, THE TOWNS HAD PROBLEMS

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T00. BUT HE WOULD PUT THE PROBLEM OF AGRARIAN REFORM IN FIRST PLACE. ]

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CENTRAL COMMITTEE PLENUM: GORBACHEV'S SPEECH ON AGRICULTURE:  
COMMENT  
SUMMARY

1. DESPITE THE BUILD UP, NOT AN EXCITING OCCASION. NOT SURPRISING AS THERE ARE DIFFERING VIEWS IN THE LEADERSHIP (PARTICULARLY BETWEEN GORBACHEV AND LIGACHEV) ON THE DIRECTION OF AGRICULTURAL REFORM SHOULD TAKE. THE SPEECH SHOWS HEAVY SIGNS OF COMMITTEE DRAFTING, BUT LEANS SUBSTANTIALLY MORE IN THE GORBACHEV RATHER THAN THE LIGACHEV DIRECTION. BUT IT IS UNLIKELY TO PAVE THE WAY TO THE BREAKTHROUGH ON FOOD SUPPLIES THAT GORBACHEV NEEDS.

DETAIL

2. THIS PLENUM HAS BEEN BILLED FOR SEVERAL MONTHS AS AN OCCASION ON WHICH MAJOR DECISIONS ON THE FUTURE OF AGRICULTURE WOULD BE TAKEN. IT IS TAKING PLACE AGAINST THE BACKGROUND OF THE POLITICAL PRESSURES GENERATED BY THE ELECTION PROCESS, AND RENEWED SPECULATION ABOUT THE STRENGTH OF GORBACHEV'S POSITION. IT WAS PRECEDED BY WHAT WAS VIRTUALLY A PUBLIC ROW BETWEEN GORBACHEV AND LIGACHEV ON AGRICULTURAL POLICY. IN AN ELECTION ADDRESS IN OMSK ON 2 MARCH LIGACHEV BLUNTLY CRITICISED SOME ASPECTS OF GORBACHEV'S POLICY ON LEASING: AND FIVE DAYS BEFORE THE PLENUM HE EMBARKED ON A DEMONSTRATIVE VISIT TO PRAGUE WHERE HE AGAIN MADE CLEAR HIS BELIEF THAT COLLECTIVISED AGRICULTURE COULD WORK WITHOUT ANY RADICAL RESTRUCTURING PROVIDED IT GOT THE NECESSARY RESOURCES. AS ONE JOURNALIST CONTACT HERE SUMMED UP HIS VIEWS - 'I HAVE SEEN THE PAST AND IT WORKS.'

3. DESPITE THE BUILD-UP, WE HAD BEEN LED TO BELIEVE BY SOVIET CONTACTS HERE NOT TO EXPECT ANY MAJOR BREAK-THROUGHS AT THE PLENUM. JUDGING BY THIS SPEECH, THIS WAS WISE ADVICE. ON THE TWO MAIN ISSUES FACING THE PLENUM - THE REFORM OF THE ADMINISTRATIVE STRUCTURE OF AGRICULTURE (IE THE FUTURE OF GOSAGROPROM) AND THE INTRODUCTION OF LEASING - IT DOES NOT TAKE THINGS VERY MUCH FURTHER. NEVERTHELESS, IT WAS A MAJOR POLICY SPEECH - PROBABLY THE MOST IMPORTANT ON AGRICULTURE FOR SOME YEARS. IT HAD CLEARLY BEEN AGREED WITHIN THE POLITBURO BEFOREHAND, AND SHOWED ALL THE SIGNS OF COMPROMISE AND COMMITTEE DRAFTING. FOR THE FIRST TIME THAT WE CAN RECALL FOR A

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MEETING OF THE CENTRAL COMMITTEE, THE SPEECH WAS SUBSEQUENTLY SHOWN IN FULL ON TELEVISION. IT WAS READY BY GORBACHEV WITH, AS FAR AS WE CAN JUDGE, FEW IF ANY DEPARTURES FROM THE AGREED TEXT.

4. THE SPEECH WAS HONEST ABOUT THE GRAVE DEFICIENCIES OF SOVIET AGRICULTURE. GORBACHEV NOTED THAT THE GAP BETWEEN SOVIET AND WESTERN STANDARDS WAS WIDENING RATHER THAN NARROWING AND HE NOTED THAT ANYTHING BETWEEN 20 AND 40PERCENT OF PRODUCTION WAS STILL BEING LOST BECAUSE OF MISMANAGEMENT. GORBACHEV ALSO WENT FURTHER THAN HE (BUT NOT ACADEMICS) HAS GONE BEFORE IN ACKNOWLEDGING THE TRAGEDY OF COLLECTIVISATION. MILLIONS, HE SAID, HAD BEEN TORN AWAY FROM THE LAND AND DIED IN CAMPS OR EXILE.

5. ONE DAY THE KEY DISAGREEMENTS BETWEEN GORBACHEV AND LIGACHEV CONCERNS THE RELATIONSHIP BETWEEN LEASEHOLDERS AND THE COLLECTIVE FARM STRUCTURE. LIGACHEV AND MANY OTHERS ARE CONCERNED THAT IF FAMILIES OR GROUPS ARE ALLOWED TO LEASE LAND AND OPERATE OUTSIDE COLLECTIVE FARMS EG IF BANKRUPT FARMS ARE TO BE HANDED OVER TO THEM, THIS WILL UNDERMINE AND DISCREDIT SOCIALISED AGRICULTURE. AS LIGACHEV SAID IN OMSK - 'IS THIS WHAT WE CREATED SOCIALISM FOR?' IN THIS SPEECH GORBACHEV FIRMLY DEMOLISHES THE ARGUMENT (WHICH, IN A CLEAR REFERENCE TO LIGACHEV, HE DESCRIBES AS 'ENTRENCHED') THAT THE PROVISION OF MORE MACHINES, FERTILISERS AND INVESTMENT WILL SOLVE THE COUNTRY'S AGRICULTURAL PROBLEMS. HE DEMONSTRATES REGION BY REGION THAT PAST INVESTMENT HAS NEVER PAID OFF IN TERMS OF INCREASED OUTPUT. NEVERTHELESS WHEN HE COMES ON TO LEASING HE TREADS VERY CAUTIOUSLY. HE SAYS THAT THE MAIN DIRECTION OF LEASING MUST TAKE PLACE WITHIN COLLECTIVE AND STATE FARMS - THOUGH HE ADDS THAT THERE MAY BE CERTAIN OCCASIONS WHEN THIS WOULD NOT BE APPROPRIATE. BUT HE STRONGLY RULES OUT PROPOSALS THAT COLLECTIVE FARMS SHOULD BE DISBANDED.

6. PREDICTABLY, GORBACHEV SAYS THAT A MAJOR RESTRUCTURING OF THE AGRICULTURAL PRICING SYSTEM ON MORE MARKET-ORIENTATED LINES MUST WAIT A FEW YEARS AND, IN PARTICULAR, UNTIL THE COUNTRY IS READY FOR A COMPLETE OVERHAUL OF THE RETAIL PRICE SYSTEM. THE MEASURES HE PROPOSES TO INTRODUCE FROM 1 JANUARY NEXT YEAR, HOWEVER, ARE A MODEST BUT SENSIBLE STEP IN THE RIGHT DIRECTION. THE INTRODUCTION OF SOME SEASONALITY INTO BOTH STATE PURCHASES AND RETAIL PRICES FOR FRUIT AND VEGETABLES WILL ENCOURAGE INCREASED OUTPUT WITHOUT ADDING TO THE HEAVY BURDEN OF AGRICULTURAL SUBSIDIES. SEASONALITY WILL IN PRACTICE MEAN PRICE RISES AND THE LEADERWHIP WILL DOUBTLESS BE WATCHING WITH CONSIDERABLE INTEREST THE PUBLIC REACTION TO THIS. THE DECISION TO REDUCE THE NUMBER OF PRICING REGIONS WILL MEAN A REDUCTION IN THE UNECONOMIC ATTEMPTS AT REGIONAL SELF-SUFFICIENCY - BUT WILL PLACE A STILL GREATER BURDEN ON THE BACKWARD STORAGE AND DISTRIBUTION SYSTEMS.

7. GOSAGROPROM IS TO BE ABOLISHED: BUT WITHIN SECONDS GORBACHEV

ANNOUNCED THE ESTABLISHMENT OF A NEW ORGANISATION, 'THE STATE COMMISSISON FOR FOOD AND PURCHASES.' THOSE WHO KNOW THEIR SOVIET UNION WILL SAY - ''PLUS CA CHANGE.'' THE NEW ORGANISATION, HOWEVER, WILL BE SMALLER THAN THE GROSSLY OVER-SIZED GOSAGROPROM. MORE POWERS ARE TO GO TO LOCAL AND REPUBLICAN GOVERNMENTS. BUT IN MOSCOW THERE MAY BE LITTLE DIFFERENCE IN THE FUNCTION OR EVEN PERSONNEL OF THE TWO ORGANISATIONS - THOUGH MURAKHOVSKY HIMSELF WILL PRESUMABLY HAVE TO GO.

## CONCLUSION

8. THOSE WANTING RADICAL AGRICULTURAL REFORM WILL BE DISAPPOINTED WITH THIS SPEECH. IT DOES NOT PAVE THE WAY FOR A BREAKTHROUGH IN REORGANISING AGRICULTURE. THIS IS PROBALBY INEVITABLE GIVEN THAT IT IS A LEADERSHIP AND NOT A GORBACHEV SPEECH. BUT THERE ARE NEVERTHELESS SOME MODEST GAINS FOR GORBACHEV. HE WILL GET PARTY BACKING FORM THIS PLENUM FOR THE VIEW THAT SOME RADICAL REORGANISAITON IS NECESSARY AND FOR THE PRINCIPLE OF LEASING. WITHOUT A FIRMER STEER FROM THE TOP ON HOW LEASING IS TO BE ORGANISED, HOWEVER, THIS MAY NOT MEAN MUCH IN PRACTICE. THE AGRICULTURAL BREAK-THROUGH GORBACHEV NEEDS HAS NOT YET ARRIVED. IT WILL PRESUMABLY HAVE TO COME EVENTUALLY. BUT IT IS UNLIKELY TO COME IN TIME TO HELP THE CONSUMER OVER THE NEXT TWO AWKWARD YEARS BEFORE THE PARTY CONGRESS IN 1991, WHEN THE POLICIES OF THE LEADERSHIP WILL BE FORMALLY UNDER REVIEW.

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