Special Report

# Moscow mobilizes all options to guarantee food supplies

by Konstantin George

The array of policies adopted during 1988 by the Soviet leadership in light of the global food crisis is based on the assumption that the West could at any time shut down, or be forced to shut down, the flow of food. The Kremlin is acting now on the dictum of "import all you can now, while you still can import." These preparations include plans to seize by military means, areas designated by Moscow as "food surplus." The expansion of the Soviet food sector, by any and all means, has become *military* priority number one.

From July 1988 to February 1989, two of the four Soviet Central Committee Plenums held, or scheduled, will have had the food supply crisis as their sole agenda item.

During the 1980s, all resources were directed into implementing the Ogarkov War Plan guiding the Soviet military buildup. This was done at a price of among other things, total neglect of agriculture, with devastating effects. Not only was no investment committed to increasing agricultural productivity, but virtually nothing was done to solve enormous post-harvest waste caused by staggering deficits in storage, transport, and a hopelessly backward food processing industry.

Until 1986, the neglect was considered affordable, given the assured ability of importing food on a large scale, financed by Soviet oil and gas exports. Furthermore, until a crash program was instituted to modernize and expand storage, transport, and food processing, in reality it hardly mattered whether agricultural productivity was increased. The following figures tell us why.

Every year, by Moscow's own admission, 25% of the Soviet grain harvest is lost because of inadequate storage, transport, and food processing. The wastage figure for meat and dairy products is as high as 40%, as the Soviet media admitted during the autumn of 1988. The higher the grain harvest, the higher the waste, because the storage and transport gap rises accordingly. Thus, a 200 million ton grain harvest, while miserable, means "only" a 25% loss, and thus ensures 150 million tons of grain reaching consumers. A "bumper crop" of say, 240 million tons, raises the wastage to over 30%, or about one-third the crop, with a net result of a mere 160-165 million tons.

As these examples show, as long as oil prices were high and Western grain surpluses existed, it was much cheaper for Moscow to ignore Soviet agriculture, focus on the pure military side of the Ogarkov War Plan, and import to cover the food deficit. The post-1986 collapse of world oil prices, and with it a collapse of Soviet export earnings effected the first change in policy.

## Dramatic shifts

In response to the global food crisis, the following new policies first begin to appear, in germ form, when Gorbachov came to power in 1985, and have expanded ever since:

1) An annual level of grain imports to ensure a continually increasing total of grain available in the Soviet Union, i.e., grain harvested plus imports. This annual increment in grain has not produced any increase in consumption by Soviet citizens. Quite the contrary, grain-based food products, along with almost all other types of food, have been in increasingly short supply, indeed in record shortages throughout 1988. This indicates that under perestroika, military-directed grain stockpiling has risen considerably.

2) A dramatic shift, starting in 1987, to accord priority to modernizing machinery in the agricultural machinery building sector. A Soviet crash program to modernize the stock of agricultural machinery was instituted. In 1985, only 1.7% of Soviet agricultural machine building equipment was new; in 1986, only 1.9%. Through 1986, agricultural machine building equipment was the lowest priority in the nine sectors of the Soviet machine building industry. Then, in 1987, the figure skyrocketed to 12% and has been climbing ever since.

3) Also beginning in 1987, was a crash program to modernize the storage, transport, and food processing industry. Every public statement by every Soviet leader has underscored this, beginning in the autumn of 1987. Some examples:

Gorbachov, Oct. 17, 1987, addressing a meeting of the food processing industry:

> Modernization of the food processing industry is now the most urgent task for reducing food supply problems. It is necessary to outline a program to elim-

inate technological backwardness in the food industry; otherwise we will continue to suffer enormous losses. No real progress in agriculture is possible without improvements in the storage, transportation, and processing of farm produce.

More recently, Nov. 1, 1988, Politburo member Yegor Ligachov, assigned at the Sept. 30 CC Plenum to oversee agriculture, speaking at a Moscow meat industry enterprise:

> The quickest way to resolve the food supply problem is the large-scale development of food processing industries, the creation of a modern transportation system, and the improvement of facilities for storing agricultural produce.

This is what the current autumn and winter mass flow of Western credits to Russia to modernize the Soviet food industry is all about. The credits will subsidize a Soviet crash program to modernize and expand this sector over the next two years, and by so doing, attempt to eliminate enough waste in the food chain, so as to yield an automatic 20% increase in available food.

4) Putting the food sector as the top priority for state investment. The scale of this was underscored on Nov. 4, 1988 in a domestic Radio Moscow statement by Fikryat Tabayev, First Deputy Prime Minister of the Russian Republic. Tabayev disclosed that in the 1989 State Economic Plan, one-third of all investments in the Russian Republic, which accounts for over 60% of all Soviet investment, will be in the food sector.

5) The beginning, this year, of a program where peasants will be able to lease land from the state, and after selling a fixed amount of what they produce on the leased land to the state, sell the rest for their own gain. While Soviet expectations for this program will certainly not be met, given the enormous apathy of the Russian peasantry, it will yield some increased productivity, as test cases from 1988 have demonstrated, and, in any case, all production increases will have been effected without increased investments.

6) A dramatic shift this year in the composition of Soviet grain imports; at least half of all grain imported will be feed grain. This points to an objective of increasing the size of livestock herds; and linked to the planned expansion of the food industry, greatly increased production of canned and other durable meat and dairy products, such as milk powder.

Mikhail Gorbachov himself stressed the twin focus on feed grain and leasing in a Nov. 15 speech in the Russian city of Orel, in the southern Russia farm belt. In 1988, a pilot project of leasing land to peasants and increased feed grain allocations for dairy herds was launched in the Orel region. Gorbachov reported that the program had raised milk production in this region from a pitiful average of 2,300 kg per head per year—far below the Soviet average—to 3,600 kg per head, or well above the Soviet average.

7) Enforced regional "self-sufficiency" in Muslim Soviet Central Asia. One example of many: *Pravda,* on Aug. 26, 1987, denounced Kazakhstan and the four Central Asian Republics for "producing only 30% of their canned fruit and vegetable requirements," and "importing the rest" from other Soviet republics. The message was clear: Any excess amount of canned fruit and vegetables from the European part of the U.S.S.R. and the Transcaucasus no longer go to Central Asia, but to stockpiling.

8) A heavy increase in food taken from Eastern Europe. Polish food exports to Russia went up dramatically in 1987, and again in 1988, including large amounts of frozen vegetables and fruit, which one assumes are being stockpiled, as they are rarely to be found in Soviet shops. Poland also exports food to the West to service its debt. The number-two export of hungry Poland, after coal, is food.

In 1988, Hungary became a major wheat supplier to Moscow, exporting a record 3 million tons, double the normal quota shipped to Moscow. Under the Soviet-Czech 1988 Trade protocol, Czechoslovakia is mandated to increase its exports "especially of tractors and agricultural machinery." Romania lives on a starvation diet, while serving as a major exporter of food, including meat to Russia. In 1986, according to Soviet foreign trade statistics, 26% of all Soviet meat imports came from Romania.