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Current Support Brief

SOVIET GRAIN HARVEST IN 1963



CIA/RR CB 64-4

January 1964

CENTRAL INTELLIGENCE AGENCY

Office of Research and Reports

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SOVIET GRAIN HARVEST IN 1963

Over the past 5 years this Office has contended that there are gross exaggerations in the USSR's official statistics for grain production and that the Soviet agricultural situation was generally worse than portrayed by the Kremlin leadership and the Soviet press. A recent article in Pravda suggests that the USSR may soon publish the most accurate estimate of grain production that has appeared since 1957 -- a figure for 1963 which differs greatly from official Soviet estimates of last October and November but which may not differ from the independent calculations of this Office by much more than 5 percent. If such a figure is actually announced, it is possible that in the future exaggerations in these grain production statistics, which this Office believes have persisted since 1958, may be substantially eliminated.

In a speech before the Supreme Soviet (published in Pravda on 17 December 1963), O. I. Ivashchenko, Chairman of the Economic Commission of the Council of Nationalities, revealed that the average quantity of grain obtained during the period 1959-63 was about 15 million metric tons above the annual average of the previous 5-year period (1954-58). On the basis of this disclosure, production in 1963 is calculated to be either about 93 million metric tons or 117 million metric tons depending on certain assumptions regarding the coverage of Ivashchenko's statistics. However, this Office believes that the lower figure is more likely. This lower figure does not differ greatly from the recent estimate of this Office for 1963 of about 100 million tons; however, the 93 million figure (as well as the less likely alternative of 117 million) is in sharp contrast to statements last fall of two high Soviet officials indicating a harvest of 132 million or 133 million metric tons.

Technical changes in statistical reporting as well as outright distortion and falsification at various levels in Soviet agriculture may possibly have delayed the leadership's appreciation of the full extent of the 1963 crisis in grain production. Falsification in agricultural reporting was a major issue in the January 1961 Plenum. The Party-State Control Commissions established in 1962 were charged with correcting these malpractices, and it is possible that their findings may lead to a substantial moderation in the statistical exaggerations that have persisted in Soviet agriculture over the past 6 years.

1. Recent Official Statement on Grain Production

Ivashchenko has recently stated in a speech before the Supreme Soviet that the average quantity of grain harvested the first 5 years (1959-63) of the Seven Year Plan was 900 million poods (about 15 million metric tons) more than the average amount obtained annually during 1954-58 (Pravda, 17 December 1963).

Calculations based on this statement give a much lower grain harvest for the USSR in 1963 than that indicated in earlier statements by Soviet officials. The implied grain production in 1963 was only about 93 million metric tons if Ivashchenko's figures include corn in the milky-waxy stage of maturity in line with normal Soviet statistical practice. If corn in the milky-waxy stage of maturity were excluded in his statistics, the derived production figure for 1963 would be about 117 million metric tons.* The current estimate of this Office of the harvest of grain in 1963 -- arrived at independently -- is about 100 million metric tons.**

Ivashchenko's disclosure is in sharp contrast to previous Soviet statements about the 1963 grain harvest. In October, Volovchenko, the Soviet Minister of Agriculture, indicated that the grain crop for 1963 would be about 133 million metric tons. In a speech on 6 November, N. V. Podgorny estimated that the harvest would be about 132 million metric tons.

During a recent discussion between the US agricultural attaché in Moscow and representatives of the Soviet Ministry of Agriculture, the Soviet officials indicated simply that a calculated figure of 93 million tons of grain was "too low." The official reaction, however, apparently was not so strong as might have been expected in view of the approximately 40-million-ton difference between this figure and the 132 million to 133 million tons referred to above.

If Ivashchenko's statement is not a misprint or a garble (and these are rare indeed in Pravda), it may be an indication that, beginning with the 1963 crop, the USSR is taking steps to eliminate the overestimation that this Office believes has characterized statistics on grain production since 1957. The need to import unprecedented quantities of wheat in

* For methodology, see the Appendix.

** All of these production estimates (93 million metric tons, 117 million, and 100 million) were computed to include corn in the milky-waxy stage.

1963-64 -- grain that the USSR probably would not have had to import if the actual quantities of grain harvested during 1958-62 had been as great as were claimed -- may have revealed to Soviet leaders for the first time the degree of overestimation in their grain statistics and the problems that can be caused by such erroneous data.

2. Comparison of Soviet and ORR Estimates

Before 1958, there was a close correlation between the estimates of grain output calculated by this Office and official reports of the Soviet government. However, beginning with 1958, official Soviet data on grain production indicate harvests considerably higher than those that could have been expected under the given combination of acreage and weather conditions, and Soviet claims since that time have been considerably higher than the calculations of this Office. A comparison of Soviet claims and the estimates of this Office is given in the following tabulation:

<u>Year</u>	<u>Million Metric Tons</u>		<u>ORR Estimate as Percent of Soviet Claim</u>
	<u>Soviet Claim</u>	<u>ORR Estimate</u>	
1958	141	125	89
1959	126	100	79
1960	134	100	75
1961	138	115	83
1962	148	115	78
1963	133*	100	75

The overstatement of the grain harvests in the Soviet claims probably is attributable to several factors. First, an unpublished instruction of the Central Statistical Directorate in April 1958 may have changed radically the methodology used in determining the size of the grain harvest -- that is, a change in the definition of grain production. Second, statistical malpractices by officials at various administrative levels cumulatively may have produced substantial upward biases or overestimations in the figures for the total grain harvest. These statistical malpractices were fostered by the dissolution of the machine tractor stations in 1958 and the resulting loss of an effective statistical control

* Volovchenko's estimate referred to above.

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mechanism. Also, officials at the various administrative levels in the USSR have been under extreme pressure to show positive results as the Seven Year Plan progressed. In most sectors of agriculture, progress has been extremely difficult because 1958, the base year of the plan, was an excellent crop year.

The scandalous extent to which statistical falsification in agriculture had grown was revealed at the January 1961 Plenum and in the months just following that Plenum. Although statistical malpractices were reported from virtually every region in the USSR, there were practically no adjustments or downward revisions in the national statistics on agricultural production. On the contrary, a justification for not adjusting these statistics was published in the Soviet statistical journal Vestnik statistiki in June 1961.

The Party-State Control Commissions, established in 1962, may have been instrumental in determining the extent of statistical exaggeration in agriculture. If so, it is possible that grain statistics will be more accurate beginning with 1963 and that a corrected statistical series will be issued covering 1958-62.

A Soviet statistic released just before this report went to press tends to confirm that the USSR may admit to a very low grain harvest in 1963, although it is not possible to judge just how low from the statistic. An article in Pravda of 13 January 1964 stated that gross agricultural production increased 50 percent in 1963 compared with 1952. This is much lower than a figure given by Party Chief N. V. Podgorny who, in a speech on 6 November commemorating the October Revolution, stated that agricultural output had increased by 70 percent in the last 10 years. If, in fact, the final Soviet statistic is 50 percent, it implies a drop of about 9 percent in output in 1963 compared with 1962. Whereas no precise comparison can be made, the preliminary estimate of the index of net agricultural production by this Office indicates a substantially smaller decline than this. This decrease was due primarily to the very poor grain crop.

Analyst:



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APPENDIX

METHODOLOGY

Soviet statistics on grain production generally include immature corn in the milky-waxy stage converted to a dry grain equivalent. In Soviet statistical handbooks, however, a double series of statistics on grain production is published. One series includes the immature corn converted to dry grain, and the other excludes the immature corn.

From Ivashchenko's statement it is possible to derive two separate and widely divergent estimates of the total grain harvest for 1963. One estimate would be based on the assumption that Ivashchenko's figures included corn in the milky-waxy stage; the other would assume that he excluded it. These calculations are presented below:

Case No. 1 (Including Immature Corn)

<u>Period</u>	<u>Harvest (Million Metric Tons)</u>
(a) 1954-58 average (official, including immature corn)	113.24
(b) 1959-63 average (based on Ivashchenko)	127.98
(c) 1959-63 total (5 times 127.98)	639.90
(d) 1959-62 total (official)*	546.42
(e) 1963: (c) minus (d)	93.48

Case No. 2 (Excluding Immature Corn)

<u>Period</u>	<u>Harvest (Million Metric Tons)</u>
(a) 1954-58 average (official, excluding immature corn)	110.31
(b) 1959-63 average (based on Ivashchenko)	125.05
(c) Average annual output of immature corn, 1959-62	7.60
(d) 1959-63 average (including immature corn: (b) plus (c))	132.65
(e) 1959-63 total (5 times 132.65)	663.25
(f) 1959-62 total (official)*	546.42
(g) 1963: (e) minus (f)	116.83

* Total derived by adding official production figures (including immature corn) for each year in this period.

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