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SOVIET AGRICULTURE: PROSPECTS 1956-1960

- I. Malenkov's resignation statement, with its contrived admission of guilt for agricultural failures, has again highlighted agriculture as perhaps the Soviet Union's single most urgent problem.
 - A. In face of a 10 percent increase in population since 1938, (over 3 million added each year, at present) Soviet agricultural output in 1953 was only three percent above the prewar level. Consequently, the per capita daily intake of food in 1953-54 was only 2,700 calories compared with 2,900 in 1938-39 -- a decline of 6 percent.
 - B. Compared with the US, this diet -- while adequate -- is very starch-heavy, with little meat, milk, fats and oils.
 - C. This slow agricultural growth thus seriously threatens to retard total economic growth, by lowering urban labor productivity and by creating political instability.
- II. As in recent past, success or failure of the USSR's present agricultural plans may have important bearing on stability of Soviet leadership in the next several years.
 - A. Khrushchev is closely identified with two elements of these plans --
 1. "New Lands" program: expanding wheat acreage onto more than 70 million acres marginal land in Siberia and Kazakhstan by 1956. (This area roughly equal to Arizona.)

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2. Corn acreage expansion drive: from present 10

million acres to 70 million acres by 1960.

B. Both these programs are major gambles because of weather and soil conditions. Despite these risks, Khrushchev cast a longing eye toward US corn-hog production methods.

1. For wheat production, soil and climate in much of the "new lands" area is less favorable than in the Soviet Ukraine. The Soviet Ukraine and US Dakotas are roughly comparable.

a. We are all aware of uncertainty of crop yields in the Dakotas, because of uncertain rainfall.

b. Precisely same uncertainties exist in the rich black soil regions which cover three-fourths of Ukraine.

c. Average yields of wheat in the Dakotas and the Ukraine are practically the same -- 9 to 12 bushels per acre.

d. In the more humid areas west of the Ukraine, such as those in Rumania, the wheat yield is appreciably higher, as is true in the more humid regions of the US.

2. ~~Actually,~~ The USSR has no hope of developing corn yields comparable to US corn belt, where soil and climatic conditions are exceptionally favorable.

III. Major Soviet plans for 1955-60 ("new lands" and corn expansion) envision a doubling of both grain and livestock products output by 1960.

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- A. To achieve a doubling by 1960 in meat products, Khrushchev logically has placed primary emphasis on pork production (Pigs mature faster than cattle). Pork production is to go up 100 percent, beef production 70 percent.
 - B. Both grain programs are highly expensive, requiring large investments of machinery and manpower.
 - C. Climate conditions make both programs very risky -- crop failures may be expected two out of every five years on "new lands", and favorable weather for corn growing is not available in most of the USSR.
 - D. Current CIA estimates -- which assume normal weather -- are that by 1960, Soviet grain and livestock output -- at the very maximum -- will not measure more than 20 to 30 percent above 1954, whereas the Kremlin has scheduled an increase of about 100 percent.
- IV. Malenkov apparently felt that the best way of increasing output was to raise crop yields per acre in traditional agricultural areas through intensive use of existing acreage and increased peasant incentives.
- A. The Fifth Five-Year Plan called for an 88 percent increase in fertilizer production by 1955, but ^{by} the end of 1954, production was only 45 percent above the 1950 level.
 - B. On the incentive side, tax reductions, price adjustments, and slight increases in the availability of consumer goods have been reported.

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1. Question -- in simple terms -- is whether these incentives will prove to be strong enough to get a collective farmer out of bed at two o'clock in the morning to tend a sick cow belonging to the collective, as he probably would if the cow were his own.
2. No indication up to now that the peasant has radically changed his negative attitude towards the collective farm.

- V. While present Soviet regime has not rejected this policy -- increasing agricultural production in the traditional areas -- it has added to it the grandiose expansion schemes already mentioned.
- A. These are intended to increase output much more quickly, although probably at greater long-run cost, than the intensification cum incentive measures initiated in the fall of 1953.
 - B. The success or failure of the expansion schemes -- which we will be watching closely -- may thus determine how near the USSR will come to achieving its agricultural goals in the next five years.

- VI. While the USSR is engaged in these two costly grain expansion gambles -- a program reaffirming the historic Soviet policy of economic self-sufficiency -- the USSR can expect ^{little} ~~no~~ help from the rest of the Soviet Bloc.

The rest of the Bloc is presently worse off than the USSR.

- A. 1954 overall Bloc output of grain, the most important crop, was 2 percent less than in 1953, despite small

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Soviet gains.

1. In USSR, grain output in '54 was up about 5 percent over relatively poor '53 level, because the almost spectacular combination of favorable weather factors on "new lands" more than offset effects of drought in Ukraine, the traditional breadbasket of USSR. (Meat production in 1954, reflecting low grain levels in recent years, was only 2 percent above '53.)
 2. In Satellites and China, however, the drop in grain output in '54, due to poor weather and flood, brings total for Bloc down below 1953 crop year.
- B. Overall, Bloc agriculture production was slightly poorer in 1954 than in 1953. However, except for North Vietnam and some areas of China, where temporary famine may occur this spring, food supply in the Bloc this year (drawn from '54 harvests) will be adequate.

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