

MIKHAIL GORBACHEV

Roma Guy
2768 - 22nd Street
San Francisco, CA 94110

**ON THE AGRARIAN
POLICY OF THE CPSU IN
THE PRESENT
CONDITIONS**

Report and Closing Remarks by the General
Secretary of the CPSU Central Committee at
the Plenary Meeting of the CPSU Central
Committee

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Михаил Сергеевич Горбачев

ОБ АГРАРНОЙ ПОЛИТИКЕ КПСС В СОВРЕМЕННЫХ УСЛОВИЯХ

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REPORT BY MIKHAIL GORBACHEV

Comrades,

Our society pins great hopes on the current Plenary Meeting of the Central Committee. The Meeting is to work out and offer to the nation an agrarian policy that will be able to restore the farmer as the master on the land and dependably resolve the food problem. Further delay in this matter is simply inadmissible. This is dictated by the real situation in the country and by the general tasks of perestroika.

We need an agrarian policy that will secure radical changes in rural development—political, economic, social and cultural—and the solution within the shortest possible time of problems that have accumulated in one of the basic spheres of our life, thus giving free scope for the initiative of the rural workers.

I.

When talking about agrarian policy, we mean the entirety of ideas, aims, ways and means of shaping and regulating relations between urban areas and countryside, and in the countryside itself, with top priority given to the solution of the food question.

Agrarian changes are inseparable from the current political and economic reforms aimed at meeting diverse requirements of the individual and encouraging his

labour and social activity. Without the revolutionary renewal of our society's life, without democratisation and a new ideology of economic management it is impossible to create a highly efficient agrarian sector. Precisely in the same way, drastic changes in the countryside are an essential prerequisite for the country's economic and social progress.

In other words, the present-day agrarian policy is not something narrowly specific, is not of a merely departmental character. It is now the main direction of our entire political course, an organic part of revolutionary restructuring.

In the final analysis, the elaboration of a modern agrarian policy is inseparable from the formation of new notions about socialism as a whole and about its social and economic prospects.

As is known, preparations for the Plenary Meeting began long ago. Agrarian issues are being extensively and comprehensively discussed by the Party, scientists and experts. In fact, comrades, these vital issues are being discussed by the entire country.

The Politburo has not only attentively followed this much needed discussion, but encouraged it in every possible way and sought to foster a creative, businesslike approach in order to see as deeply as possible into the essence of the complicated problems we will have to handle. Ample material comprising diverse judgements, proposals and viewpoints, sometimes directly opposite, has been analysed.

I think it will be correct to say that the report at this Meeting and the drafts of relevant documents that you have constitute a specific result of the all-Party, all-nation discussion.

At this Plenary Meeting of the Central Committee, we count on a profound, constructive consideration of theoretical, political and practical issues in order to work out a long-term, scientifically substantiated agrarian policy meeting society's growing requirements.

We all remember the concern expressed by delegates to the 19th All-Union Party Conference when discussing the food supply situation in the country. We described this problem as our society's biggest wound. Great concern over the issue was voiced at recent Party report-and-election meetings and conferences. Working people are holding spirited discussions on these issues at this stage as well, during the election campaign.

The reality is such that we are experiencing shortages of farming produce. The state has to buy large quantities of grain, meat, fruits, vegetables, sugar, vegetable oil and some other staples abroad.

We are still behind developed countries, both big and small, in labour efficiency, yield capacity and live-stock productivity, as well as in the diversity and quality of foodstuffs. The gap is widening, rather than narrowing.

The shortage of food creates social tension and generates not merely criticism, but actual discontent. This situation with food supplies has continued for many years.

One should not think that we did not see those problems earlier or try to address them. I would say that there is not a single problem in the national economy which has had more attention than the agrarian one from the Central Committee and the government.

Over the past two decades the agrarian sector received many resources, including capital investment, machinery and mineral fertilizers. A large-scale programme to improve the land has been carried out. But we failed to obtain either the returns on which we had counted or the increment which we had expected from the measures adopted.

So far we have been unable to find a radical solution to the food problem despite the fact that the country possesses great potential.

The state of affairs with the preservation and rational use of land, our main national wealth, is

extremely unsatisfactory. In the past 25 years twenty-two million hectares of farmland have been lost; nearly twelve million hectares of that area were used for industrial construction and roads, and more than six million hectares were neglected—left to be overgrown with shrubs. At the same time, huge sums of money were spent to develop millions of hectares of new land.

The fertility of fields is declining in most regions. More than three million hectares of irrigated land—the “golden fund” of every state—have practically dropped out of cultivation due to mismanagement. It should be added that the country has lost more than ten million hectares of flood meadows and pastures during the past two decades due to ill-conceived hydropower generation projects.

The huge losses of agricultural produce are also disturbing. Mismanagement is responsible for the loss of up to 20 per cent of everything produced in the countryside. The figures for some products are even higher—30-40 per cent.

The countryside lags far behind urban areas in social and cultural development. Lack of good roads is a problem for all regions. It is a sheer disaster in the non-black-earth zone. Provision of the countryside with well-appointed housing, communal services, schools, medical and cultural institutions is beneath criticism.

Sometimes one has to travel scores and even hundreds of kilometres to get the most urgent things done—receive medical assistance, benefit by elementary services or buy basic necessities.

I do not wish to whip up passions, but it ought to be said, nevertheless, that the situation is so grave in many regions that people are abandoning the land, moving out of villages. Migration of the rural population has reached a critical level in several regions of the country.

What is the matter? Why didn't our measures, including some very serious ones, yield the desired results, why didn't they bring about the necessary changes in the

countryside? This is the main question that has to be answered. We must get to the bottom of it, uncover the roots of the current acute problem in our countryside, in the country's food supply. We must find ways of solving it.

It is useful to refer to history for this purpose, to look at our attitudes to the agrarian policy at various stages of our society's development and to draw lessons for our future efforts.

II.

The peasant question has always been in the centre of our Party's policy, both from the point of view of revolutionary theory and the task of building a new society.

The agrarian policy, elaborated by the Party, and the great practical efforts of Bolsheviks in the countryside are responsible for the fact that the peasant masses sided with the revolution and with the working class in October 1917. One of the first decrees, issued by the Soviet power—the Decree on Land—was an expression of this policy. It settled the land problem from positions of the working peasantry at large.

Even in the grim years of the Civil War, in its most critical periods, the Party did not lose sight of the situation in the countryside, of the problem of the working class alliance with the peasantry.

Transition to the New Economic Policy was dictated precisely by the interests of safeguarding this alliance, of upholding revolutionary achievements.

The Party's agrarian policy during the NEP period envisaged:

— substitution of a tax in kind for the requisitioning of food, which limited the volume of products that could be taken away from peasant households;

— free trade;

- extensive development of the cooperative movement;
- land leasing and use of hired labour within definite limits;
- state regulation of the economy by means of prices, taxes and credits;
- development of the contract system;
- gradual adjustment of equivalent exchange between town and countryside;
- priority restoration and development of agriculture as a necessary precondition for raising people's living standards and for the country's industrialisation.

The New Economic Policy stemmed logically from the objective development of the revolutionary process and was conceived "seriously and for a long time". It was based on the grassroots initiative, on democracy, cost-accounting and diverse forms of cooperation. This road to socialism was accessible and understandable for the peasantry.

And it yielded prompt results. The level of production before the First World War was again attained in 1925 as regards many items.

In 1927 the country had scores of thousands of agricultural associations and cooperatives, including 6,300 land cultivation associations, 8,500 artels and communes.

Peasants joined together in consumer societies. Consumer cooperatives became important commercial intermediaries between farmers, as producers, and urban dwellers, as consumers. More than half of the entire volume of retail trade was handled by consumer cooperatives in 1926-1927. They accounted for a substantial part of the grain, meat, eggs, flax and many other products procured from the peasantry.

The system of contracts, concluded by state and cooperative organisations with peasant households, was developed appreciably in the second half of the twenties. Such contracts provided also for the delivery of means

of production and for agrotechnical assistance to peasant households. This in itself was a big step to developing economic relations, since it restricted market anarchy and projected contours of a mechanism for exerting planned influence on the production, processing and marketing of agricultural produce.

All in all, implementation of the New Economic Policy confirmed the correctness of Lenin's economic management principles and methods, his evaluation of the role of cooperatives and of trade exchange with the peasantry as the "economic foundation of socialism".

But in the second half of the 1920s the New Economic Policy encountered a number of difficulties and contradictions brought on by the complicated state of the national economy. Industry was weak and it could not provide the peasants with a sufficient number of necessary goods. As a result, the development of agriculture was increasingly curbed by the limited material and technical possibilities. Their state is illustrated in particular by the following figures: in 1928, more than 70 per cent of the areas under spring crops were sown by hand, about 45 per cent of all cereals were harvested by means of sickles and scythes, and more than 40 per cent of the entire harvest was threshed by means of flails and battledores.

With such a material and technical basis the impact of market relations began to weaken and the agricultural production rate slowed down. Meanwhile the large-scale work to implement industrialisation plans required more and more material, labour and financial resources. The urban population increased by approximately four per cent a year. The money incomes of the working people and their effective demand grew rapidly. People in towns began to experience a shortage of bread and other foodstuffs. Rationing had to be introduced.

A crisis situation made itself felt in the country. Questions concerning ways of further development, the destiny of industrialisation, and solutions to the food

problem arose. They were assuming a special political colouring and, I would say, an emergency character.

All that affected the fundamental question, that of the alliance between the working class and the peasants and the attitudes to the peasantry. At that crucial stage of our history the country's leadership did not take the road of a search for economic methods to solve problems and contradictions, the elaboration of an economic policy suited to the new conditions and based on Leninist principles and on NEP experience. It took a different, diametrically opposite road—that of curtailing the NEP and commodity-money relations, belittling the role of material incentives to work, and applying administrative command methods to the solution of socio-economic tasks.

With regard to the peasantry, Stalin and his immediate entourage virtually practised the Trotsky-Preobrazhensky concept, which they themselves had criticised, that of "primary socialist accumulation"—the pumping of funds from agriculture to industry practically without recompense. Zinovyev's and Kamenev's idea about emergency taxation of the affluent strata in the countryside was also adopted in practice.

The peasants' natural discontent brought on by all those actions was interpreted as a sort of sabotage. This was used as a justification for the need to apply repressive measures.

In the final analysis, such an approach resulted in a serious strategic miscalculation and departure from Marxist views and notions concerning ways of solving the agrarian-peasant question.

It could be recalled in this respect that the founders of Marxism resolutely rejected the idea of expropriating the peasant economy and regarded it as extremely reactionary and ruinous for socialism. Back in 1894 Friedrich Engels wrote:

"...When we are in possession of state power we shall not even think of forcibly expropriating small

peasants... Our task in regard to small peasants is first of all to turn their private production and their property into partnership, not forcibly but through example, offering social assistance with this end in view... In this sense we may consequently be highly liberal towards the peasants."

According to Lenin, "a whole historical epoch is required" for organising peasants into cooperatives. Taking this into consideration, Lenin formulated such basic principles of socialist reorganisation of the peasant economy as voluntary participation and its gradual character, the inadmissibility of any measures of coercion whatsoever during peasants' transition to a collective agricultural production, taking their interests into account in the context of the interests of the entire society, and the broad use of various forms of cooperatives with material and technical assistance from the state. The agrarian programme and policy of the Bolshevik Party were being formed on these principles.

Speaking of administrative command methods applied to the peasantry, one should admit that they manifested themselves, in their ugliest form, in the forcible methods and rates of overall collectivisation of agriculture and voluntaristic intervention in the processes of production, exchange and distribution.

Methods of extra-economic coercion of the "War Communism" period were revived in the agrarian sector. The individual's aspiration to be master on his own land, the aspiration which had been legislatively recognised by the Decree on Land was declared to be a left-over of the private-owner mentality. The entire diversity of land management techniques was practically reduced to one form. Any economic independence of collective and state farms was ruled out and their members were put in the position of day-labourers. The democratic institutions were curtailed: the Kolkhoz Centre, kolkhoz unions, and many types of cooperatives were abolished; a ramified bureaucratic apparatus came

to dominate collective and state farms and the peasantry.

As a result, tremendous damage was inflicted upon agriculture. The cattle population plummeted, the output of farm products sharply diminished, the provision of towns with food deteriorated, and consumption in villages decreased. In 1932-1933 famine broke out in a number of places owing to these causes as well as to drought. Combined with the disturbance of commodity-money exchanges, the normal functioning of the economy as a whole was seriously disrupted. The agricultural production level achieved by the beginning of collectivisation was exceeded only twice in pre-war years—in 1937 and in 1940.

Evaluating the events of those years, we are also obliged to speak about human tragedy. In the process of combatting the kulaks, violence was used against the huge mass of middle-strata peasants and even poor ones. Millions of peasants together with their families were torn away from the land and their native areas; they suffered misfortunes, often dying in camps and exile.

The most flagrant violations of the Leninist course in the agrarian sphere led to great social, economic, and ethical damage. The replacement of relations with peasants, based on goods exchanges and mutual profit, by those of diktat signified not only a turn-over in agrarian policy but also brought about a fundamentally new political and social situation in the country. This and the voluntaristic methods of management in industry for the most part formed the administrative command system of managing society as a whole.

In the concrete historical situation which arose out of the specific internal and external factors of the time, the forces which ignored the objective laws of social development and gravitated towards the "War Communism" methods of building a new society took the upper hand.

A simplistic view of socialism was spread among the masses and it was alleged that it would be built in a short period of time—two to three five-year-plan periods at the most.

These views formed the basis for the political course aimed at an accelerated industrialisation, a rapid remoulding of the entire peasantry along proletarian lines, the conversion of the small-scale peasant economy into a special system of big factory-like farms functioning on an industrial basis.

While noting the erroneousness of the approaches to collectivisation, I would like to stress nevertheless that it would be wrong, on this basis, to deny the need for socialist transformations in the countryside, just as it would be unjustified to draw conclusions about the collective farm system being inefficient.

In fact, collective farming has an enormous inherent potential which could be fully brought out and yield significant results only in combination with correct economic relations. This can be illustrated by the experience of thousand upon thousand of advanced farms in our country and other socialist states.

In subsequent years our experience has more than once shown the need to eliminate the restraints resulting from the strict regulation of the economic activity of collective and state farms, to renounce command methods in the management of the agricultural sector, and to restore the Leninist principles of relations with the peasantry. But this was not done at the time.

The war dealt a most severe blow to the country's agriculture. The productive forces in the countryside, which were at a low level as it was, were seriously undermined.

Before the war ours was still largely a peasant country. Therefore, when we speak about the feat of the Soviet people in the Great Patriotic War, we have to pay tribute to the feat of the peasantry, both in the provision of foodstuffs for the army and workers of the rear and

on the battlefield. Millions of peasants' sons died in action in defence of their Motherland.

For the sake of objectivity, it should be said that major steps were taken in the post-war years to restore agriculture in the war-ravaged regions of the Russian Federation, the Ukraine, Byelorussia and the Baltic area. But a new agrarian policy, which the countryside so needed, was never elaborated. Moreover, the command mechanisms, the methods of pumping resources out of the countryside and the neglectful attitude to the living conditions of rural workers not only did not weaken but became ever more sophisticated.

The unbalanced exchange resulted in huge resources being taken out of the countryside. For example, in 1946-1953 agriculture produced 298 billion roubles' worth of national income (including that part of the sum which was used in other sectors), of which only 193 billion roubles were used in agriculture proper (the figure takes into account the share of agriculture in the total state expenditure). This means that 105 billion roubles were reallocated from agriculture into other sectors of the economy.

The payment collective farmers received for their work was rather symbolical. They had to live mainly off their small-holdings; still worse, they had to pay exorbitant taxes on them.

Every peasant household had to pay taxes on land and to give to the state, often regardless of whether this was within its ability, a fixed quantity of meat, milk, eggs, wool and other products.

The situation often became absurd. One invention called for levying a tax on each fruit tree, no matter whether it yielded fruit or not.

The neglectful attitude to the collective farmers also manifested itself in the fact that they were not entitled to old-age pensions. They had no passports and could not leave their villages without permission.

After 1953 major economic, political and organisational measures were taken to strengthen agriculture.

In accordance with the decisions of the September 1953 Plenary Meeting of the CPSU Central Committee, more realistic purchase prices for farm produce were introduced, the principle of planning from the bottom up was declared and the tax policy was regulated.

Material incentives for rural workers increased, pensions were introduced and the restrictions of the passport system began to be lifted. The collective farms received the right to make changes in their statutes to reflect local conditions. A large-scale programme to reclaim 42 million hectares of virgin and long-fallow lands was implemented.

These measures began to bear fruit, and agriculture started to move forward at rather high rates.

On the whole the growth of agricultural production amounted to 34 per cent in the five years after 1953 as compared with the previous five-year period. Intensive factors came to have a greater impact on the results of management.

The process of restoring health to the economy of the collective farms was underway. Cash incomes per household increased by 130 per cent in 1957 as compared with 1952 and farmers were paid three times more for one day's work.

The elaboration and implementation of an agrarian policy that corresponded to the new stage of the country's development were marked by an acute ideological and political struggle with the conservative forces. Nevertheless, truly major steps forward were taken.

But unjustified interference in the activities of collective and state farms, the foisting of all manner of directives on them by central authorities, and unwarranted reorganisation drives resumed soon afterwards.

The steadily growing cost of building materials and other capital goods needed in agriculture, and the selling of machinery to collective farms by machine and tractor stations at high prices had a negative effect on the economic position of cooperative and state-run farms,

fettered the process of large-scale production and once again led to unbalanced exchange.

It was at that time that an essentially ultra-leftist concept claiming that private small-holdings had become obsolete and begun hindering the assertion of socialist relations in the countryside, began to be followed. The policy of abandoning so-called unpromising villages was also stepped up.

All this resulted, in the final analysis, in declining agricultural production growth rates, a dramatically aggravated grain problem and worse food supplies.

Another attempt to develop an effective agrarian policy was launched at the Central Committee's Plenary Meeting in March 1965.

In keeping with its decisions, measures were taken to redistribute national income in favour of the farming sector, to tackle villages' social problems more fully, to employ economic methods in developing the farming sector, and to intensify production on collective and state farms. The purchase prices of farm produce were raised.

These measures were supported by farmers and boosted the countryside's economic activity. The 8th five-year-plan period, as you know, had fairly successful results.

But the decisions of the March 1965 Plenary Meeting also failed to be implemented, and the course charted by it was later seriously twisted.

The economic conditions of management were undermined by the increasingly unbalanced exchange between the town and the countryside. Collective and state farms were deprived of the possibility to earn the needed funds, which had a negative effect on their economic standing.

As a result, by 1980 both collective and state farms had ended up, on the whole, in the red, although in 1970 the overall profit rate of state farms amounted to 22 per cent, and that of collective farms, to 34 per cent.

In the late '60s and early '70s an attempt was made to solve the problems of stepping up agricultural growth by widely promoting interfarm cooperation and creating agro-industrial enterprises and complexes.

But even these measures, right as they were in principle, were divorced from reality.

A considerable part of the money funnelled to the countryside was spent on costly construction projects and thus converted into "walls" rather than improved soil fertility, machines and better social amenities in villages.

In the final analysis, the expenses often brought heavy losses instead of the desired economic benefits.

Unregulated economic relations in the farming sector, continuing outdated methods of economic management, and bad mistakes in the way labour was organised and paid for seriously lessened material incentives for rural workers.

In this situation even guaranteed pay for farmers' work—which in itself was an important social gain at the time—resulted in increased parasitic attitudes since it wasn't pegged to the end results of production.

The social backwardness of the countryside increased migration to the town.

In a word, farming, the entire agricultural sector and all our economy in general had found themselves by the beginning of the '80s in a state that cried out for emergency measures.

It was decided in this situation to work out a Food Programme which was then endorsed by the May 1982 Central Committee Plenary Meeting.

In this way it proved somehow possible to halt the growing crisis and even to improve the situation in agriculture. You know appropriate data. But then the decisions of the May 1982 Plenary Meeting bore the imprint of the time and were essentially compromise halfway-measures.

An in-depth analysis of the nation's economic de-

velopment, which was made at the April 1985 and subsequent Plenary Meetings of the Central Committee, the 27th Congress and the 19th Party Conference, and a critical assessment of the state of affairs in the food sector make it imperative today to examine the entire package of agrarian problems once again.

What are the main lessons to be learnt from the past? What is to be taken into account when working out an agrarian policy in the period of perestroika?

First of all, we must draw a general conclusion. It is that Lenin's concept of revolutionary socialist change remains ever relevant, and that it is inadmissible to deform it.

The greatest damage to the cause of socialism was done by burying Lenin's fundamental idea of socialism as the vital creative activity of the masses.

The new society is being built in the name of the working people's interests and by the working people themselves. This suggests close public involvement in all processes of transformation, the all-round development of democracy, and the affirmation of principles of popular government and self-administration.

No social change, regardless of how noble the slogans behind it, can be effected contrary to the interests of the masses and without their direct participation.

While being recognised in word, these fundamental ideas of Lenin's were in fact ignored and replaced by administrative command methods.

This caused tremendous damage to the entire social development of the country and seriously distorted the activities of political institutions. Departures from Lenin's concept of building socialism had an especially painful effect on the situation in the countryside.

Both theory and practice prove that agrarian policy can become and indeed is one of the most important factors for consolidating and furthering socialist change if it correctly reflects the needs of social development and the interests of the working class and farmers.

Conversely, if agrarian policy allows these interests to clash, it not only undermines agriculture but also engenders serious difficulties in the development of the whole of society.

This is, comrades, the general basic conclusion. But we should also draw more specific lessons in order to develop an up-to-date agrarian policy.

Firstly, the entire experience of socialist transformations in the countryside, with all their achievements, gains and enormous losses, corroborates Lenin's overriding idea that agrarian policy should be geared to forging such relations of production and such forms of economic management that would firmly assert the farmer as the master of land.

Secondly, both the farming sector and society as a whole cannot develop successfully without economically viable and fair relations between the town and the countryside, between the agrarian and the other economic sectors. Any imbalance in this respect is fraught with serious implications.

This conclusion is significant not only economically and socially but politically as well, since the matter at issue is an alliance between the working class and the farming community, and the fate of socialism.

Thirdly, the need for democratic methods for managing the economy and all social processes stems from the very substance of the socialist system. It follows from this that the administrative command system is unacceptable. Its methods are all the more intolerable in agriculture which deals with land and extremely diverse natural and climatic conditions.

Fourthly, it is very important to always see the live dialectics of production relations and productive forces in the countryside.

While giving priority to overhauling economic relations in various branches of the agro-industrial sector, we should not forget about the need to develop its material and technological foundation, especially now

that the scientific and technological revolution is spreading to all spheres of material production, including agriculture.

Fifthly, a most important lesson that we, comrades, should learn well is that disregard for rural workers' working and living conditions is inadmissible.

The agrarian policy we are now working out should concentrate on a genuine revival of the village so that the farmer and his work could receive their due in society. This is not only a crucial social and economic task but also, I would say, our moral duty.

Without drastically changing the position of farmers in society one cannot seriously expect to solve production issues and the food problem. Concern for rural dwellers is at the centre of our current agrarian policy.

Such are some of the lessons of history and some of the principal conclusions that can be drawn from them.

III.

Comrades, we should work out an agrarian policy that would enable us in the near-term future to blunt the edge of the food problem, and in the 13th five-year-plan period, to grow enough farm produce, in terms of both amount and choice, to stabilise food supplies.

Following the new agrarian policy, we should make major social and economic changes in the countryside and reach modern standards in agricultural production and in the transportation, storage and processing of farm produce, which will be an important factor for the harmonious development of the entire economy.

Such is the basic social, economic and political task facing the Party and the whole of society.

One is entitled to ask: what levels of agricultural production should we reach and what resources will be needed for this?

The documents handed out to you list proposals on this score. It is extremely important and essential to reach the objectives specified in them. But I think that at this Plenary Meeting we should concentrate on searching for ways, and drawing up a package of practical measures, to do this.

The Politburo believes that the key issue of modern agrarian policy is that of fundamentally reorganising economic relations in the countryside.

I would like to stress this once again as debates in the run-up to the Plenary Meeting have demonstrated that some people seriously underestimate how urgent and important it is to choose the ways and means for reaching our stated goals.

One of the most deep-rooted opinions is that providing the countryside with more machines, fertilizer, building materials and capital and accelerating land improvement efforts will, in themselves, be enough to solve all the problems.

The village does need much and must be given much. It is hard to challenge this.

Nevertheless, an historical analysis and the experience of the past few years of perestroika offer convincing evidence that if we opt for this as the mainstay of our agrarian policy, we shall be making a serious mistake.

This is so because huge amounts of capital and material resources have been allocated for agriculture in recent years, but the results do not come up to the expenses.

This is the case not only in such a challenging region as the non-black-earth zone in the Russian Federation. Let's take a look at the Ukraine. Over the past 20 years basic assets in its agriculture have increased by 320 per cent, fertilizer supplies have trebled and farmers' pay has increased by 170 per cent, while agricultural output has grown by only 39 per cent.

We talk about the well-deserved achievements of

advanced farms in the Baltic constituent republics. But a similar trend is evident there as well. Over the past 20 years the basic assets in Lithuania's farming sector have increased almost fivefold; in Latvia's, by 3.8 times; and in Estonia's, by 4.1 times. Gross agricultural output grew respectively: in Lithuania, by 45 per cent; in Latvia, by 39 per cent; and in Estonia, by 33 per cent.

At the same time, the production cost of the basic products on collective and state farms in these republics has grown, specifically: that of cattle weight gain, by 2-2.3 times; that of pig weight gain, by 1.6-1.7 times; that of milk, by 1.6-1.8 times; and that of vegetables, by 1.6-2.2 times.

The picture in the Union republics of Central Asia is much the same. In Uzbekistan, for instance, in the past twenty years 1.6 million hectares of irrigated land have been put to use, the basic assets in agriculture have increased sixfold, while gross output has gone up by 78 per cent.

The fact that similar trends can be observed in regions with different agricultural conditions shows that the root cause is not limited material and technical resources, but actually lies far deeper.

Comrades, we should shake off the old, customary and, probably, even convenient stereotypes as soon as possible. It is necessary to realise—the sooner, the better—that without a drastic change in economic relations and social conditions in the countryside, neither capital investment, nor machinery will start working.

This conclusion stems not only from negative lessons of the past, but also from the contemporary experience of advanced farms. Their accomplishments have become possible primarily thanks to the use of new economic approaches, greater material incentives and concern and care for the individual.

The essence of economic change in the countryside should be in granting farmers broad opportunities for displaying independence, enterprise and initiative. We

should resolutely overcome the alienation of rural workers (and, by the way, of all working people) from property that still belongs to them only officially. It is necessary to radically change the forms in which the socialist owner exercises his rights through the extensive use of diverse forms of economic management and cost-accounting relations.

The restructuring of economic relations in the countryside demands a revision, in both theory and practice, of existing views on socialist ownership. The artificial division of ownership into the higher and the lower forms, into consistently and inconsistently socialist forms, largely determined the dogmatic approaches to the ways of running the economy and to the organisation of management, and resulted in major losses.

The point at issue today is to recognise the equality of the various forms of socialist ownership of the means of production and of economic management based on them.

We should ensure scope for diverse forms of economic management—collective and state farms, agricultural firms and integrated complexes, farmers' households and small-holdings, agricultural facilities belonging to industrial, construction and other non-agricultural enterprises, auxiliary farming activities, and so on.

It is necessary to adopt a new approach to family and individual farmers' work. Like cooperatives, it must be restored to its full rights. This, in particular, refers to commodity-producing farms based on farmers' own work, and, of course, to working people's subsidiary holdings.

All the economic forms can closely interact within the social and economic structure of our society, compete with each other, complement one another and prove their efficiency and potential in practice.

The most important thing is that the new mechanism of economic management, cooperation and leasing should fully bring out the immense potential inherent in

collective and state farms and put into effect the original concept behind the transition to collective forms of work.

What is the main way to resolve this task? In essence, we need to democratise our economic life in every way to enable a drastic restructuring of collective farms along the lines of turning them into cooperatives of cooperatives. Essentially the same approach is applicable to state-run farms as well.

Time will naturally be required to implement our plans for restructuring economic relations and securing a broad diversity of forms of economic management in the countryside. Let us not simplify the task, as we are initiating a radical change in the entire way of rural life.

Promoting lease contracts in the countryside is one of the most important and, probably, most decisive ways at this stage to restructure socialist property relations. It is through leaseholding that it is possible to implement in full Lenin's idea of drawing on people's personal interests, to restore the feeling of being a master of land and encourage farmers to apply their creativity.

A discussion is under way in society on leaseholding. There is a fairly wide range of views on the matter. Many managers of the most efficient collective and state farms, while expressing in principle positive views about leasing, believe that their farms can make do without it.

These farms are known to have attained a high level of returns on the land and assets, they make extensive use of the potentialities offered by cost-accounting. This is correct. But one should look into the future. All collectives, including the best ones, must seek ways to increase production and enhance its efficiency. To be blunt, advancement towards new frontiers will become increasingly complicated, and traditional methods may not be sufficient.

Therefore, I would not reject lease contracts here either. But, as the saying goes, let life have the last word.

I think that a decision on this question should be taken by the work force of our front-rank collective and state farms.

There is another, I would say, directly opposite opinion on lease-based relations and the fate of collective and state farms on the whole. Its advocates maintain that they should be disbanded, and their land and other means of production be handed over to leaseholders. I believe that this viewpoint is both scientifically and practically ungrounded. There is a possibility that in some cases such decisions might be adopted as well. Still the main road is seen in the transfer of both collective and state farms to internal leases and their transformation by forming cooperatives of leaseholders.

We should not underestimate the real fact that the present-day collective and state farms possess a developed, even if insufficient, infrastructure that is capable of satisfying many requirements of the leaseholder. The same applies to their provision with means of production and numerous services, to marketing of produce and even to the pooling of efforts in the social development of the territory.

Suffice it to look at the experience of cooperatives not only in socialist, but also in capitalist countries to see that cooperatives and small farms need to pool their efforts, one way or another, to meet their production and social needs.

It seems that the proposal to disband collective and state farms was formed largely under the influence of concern over the fate of lease-based relations, for fear that their development may be blocked by the hard to overcome resistance of certain forces.

What can be said to that? There is resistance to things new, and it will not disappear overnight. The experience of the past two-three years has shown that real obstacles in the way of the transition of collective and state farms and other enterprises to lease contract are reduced to two issues.

On the one hand, people want to have secure legal guarantees that would make them confident that our policy is serious and long-term. We can and should immediately dispel these fears by proposing a decree of the Presidium of the USSR Supreme Soviet on leaseholding and lease-based relations in the USSR. You have the draft. In our view, it would protect the interests of both leaseholders and lease-givers. A law on leasing could be worked out before the end of the year.

On the other hand, lease contract, as life has shown, drastically alters the situation of specialists in agriculture. In this connection, some of them are rather critical of this form of economic management. I am convinced, though, that the majority of specialists will find their place as the new relations are established in the country, because these relations enable them to reveal their capabilities more fully and derive professional satisfaction, not to mention material remuneration.

Leasing is also received with caution by that part of collective farmers and workers who have lost, over many years, the habit of working conscientiously and got used to steady incomes irrespective of the end results of their work. We must put an end to this if we want to advance. We must make payment depend on the end result. This will put many things in order.

Mindful of past experience, we should strictly comply with Leninist principles in tackling all issues connected with the transition to lease contract, and in particular ensure that it is done on a voluntary basis. Let us not fix assignments, let us not set deadlines.

If the Plenum backs the relevant proposals of the Politburo, the Presidium of the USSR Supreme Soviet and the government and we adopt corresponding documents, this will create legal and economic prerequisites for an extensive transition to leasing. Then the process will develop naturally, in a normal way, and, I am sure, far quicker than previously.

In this connection I would like to stress the need for

using diverse forms of leasing. Not only collective and state farms, agricultural firms and integrated plants and their units, but also individual families can work on these terms. They are able to develop neglected lands and small farms, especially in regions of the Russian Federation's non-black-earth zone, in Byelorussia and in the Baltic region. Shareholding and joint-stock principles should not be excluded from economic practice. In other words, there is much room for initiative here.

But in any case, it is necessary to clearly define the rights and duties of leaseholders and lease-givers, principles of their work, formation of lease-based and joint-stock relations within the framework of collective and individual ownership and the place and role of these forms of ownership in the overall system of socialist production relations.

The point at issue here is the transfer of land and other means of production to leaseholders, their real control over these means, including the independent formation of the production structure and the contractual right of the leaseholder to dispose of the lease-based income, and so on. The leaseholder shall pay the state an appropriate tax for the use of land, bear strict responsibility for the preservation and quality of the land leased, and strictly honour his contractual commitments.

It is important to make a new and, I would say, decisive step and move from the establishment of individual leaseholding collectives on a farm to having all the farm's units operate on lease principles, so that these principles embrace all of the farm's interrelated production cycles.

It is extremely important to prevent any distortions of the idea and to prohibit attempts at passing off as the lease system various forms of economic management that either deform the basic principles of leaseholding or have nothing to do with them altogether. Any attempts at putting co-ops under state management and any ad-

ministrative interference in the affairs of production collectives must be resolutely ruled out.

The restructuring of the forms of property entails changes in economic relations between town and country and between different economic sectors on the basis of the continued development of commodity-money relations.

In general, comrades, we are for cost-accounting relations with leaseholders to be based on complete freedom to choose ways of marketing products. We shall inevitably come to this, sooner or later.

It is perfectly obvious that if collective and state farms and leaseholder teams have to pay their own way, this will make them produce more and better farm produce at less cost. And then we shall be able to purchase the kinds of products we need in adequate quantities for our state foodstocks.

But this is for the future. A period of transition is certainly unavoidable between the present situation which is our starting point and the times when the new economic mechanism is fully operative. Various forms, including state orders, are to be used during the period of transition.

Measures suiting the tasks of the period of transition are proposed in the documents circulated among you.

I would like to call your attention to state orders. Recognising their necessity at the present stage, care should be taken that state orders should not turn into a veiled form of enforced state purchases which are familiar to us from the past. We are certainly for ensuring commitment to state purchases, but it should be ensured by mutual contractual obligations with economic responsibility of both producers and purchasing organisations. Contracts should certainly be used on the basis of mutual interest of producers and purchasing organisations.

This being so, the following principle should be immediately registered in law: after fulfilling contractual

obligations the producer markets the remaining products the way he chooses—to procurement agencies, trading organisations, processing enterprises, consumers' cooperative societies, at collective farm markets or in public catering.

The question, naturally, suggests itself: why is a period of transition needed and what problems should be resolved over this period. It is needed objectively because of the present state of the economy, finances, money circulation and the situation on the home market. It is also associated with the need for making a price reform.

We must do a great deal in all these important areas, we must change the situation for the better. As a matter of fact, this is the purpose of a radical economic reform which includes a price reform.

The existing pricing system has been shaping over decades. It has many encrustations and it no longer suits the objective economic conditions. Relations between prices in agriculture and industry are actually not improving. The gap between purchase, wholesale and retail prices has widened, which has a negative effect on the state of the economy, the financial position of collective and state farms, industrial enterprises and the whole country. Many economies are unable to ensure expanded reproduction, much less tackle their social problems without state aid.

We are faced with an objective need to create an essentially new interrelated system of purchase, wholesale and retail prices aimed at intensifying and stimulating the production of quality products in the zones most favourable for this, at eliminating deficit and consolidating cost-accounting. The new pricing mechanism should become an effective instrument for shaping progressive proportions and structural changes in production and consumption, and for improving end results. This is our principled policy.

We must realise that the purposes of economic

restructuring cannot be achieved, new methods of economic management cannot be introduced and a socialist market cannot be formed without a price reform, a reform of the entire price formation system.

Purchase prices must be refined considerably. Purchase prices on some kinds of quality products are so low as not to stimulate the development and rational distribution of specialised highly marketable production. All this requires thorough economic analysis and appropriate decisions.

The documents circulated among you envisage the introduction of new purchase prices of farm produce as of January 1, 1990. These prices are to include the presently added increments. The number of pricing zones is to be reduced sharply. Production in regions with the most favourable conditions should be stimulated the most. It is also planned to make price formation more flexible. Pricing should not be the prerogative of central agencies alone and, therefore, there should be a reduction in the range of prices set in a centralised way. And, conversely, there should be greater room for contractual prices, particularly on early-ripening, seasonal and perishable products—potatoes, vegetables and fruits, the way it has been done of late in most socialist countries.

Experience shows that this approach will stimulate increased output and improved quality. This might lead to some increase in retail prices of those products at the initial stage. In order to check their growth, the local Soviets are given the right to impose limits on retail prices of potatoes, vegetables and fruits.

As to the retail prices of such staple foodstuffs as bread, flour, cereals, meat, fish, eggs, milk, sugar, butter, vegetable oil and baby foods, their state retail prices will remain unchanged for the next two or three years.

All the sectors of our economy have switched to the use of a new mechanism, of the principles of self-

repayment, self-financing and self-management. This is quite often accompanied by manifestations of group egotism, by striving to inflate prices. In order to maintain an equivalent exchange between the agrarian sector and other spheres of the national economy, it is very important to prevent imbalanced prices of industrial products. For this purpose it is necessary to work out a parity of prices and to create a mechanism to maintain it. Appropriate control over this should be established at a governmental level and, perhaps, at the level of the supreme body of state authority.

There might be some changes in prices with the emergence of new types of industrial and agricultural products and improvement of their quality. But this must always be balanced and taken into consideration.

The problems of collective and state farms and processing enterprises that show little profit or are operated at a loss, and the increasing of their responsibility to the country are a special theme for discussion. This is a large problem affecting the destinies of many people and a considerable part of our agrarian sector.

Everybody agrees that there is a need for a specific approach to every such case. The experience accumulated by comrades in the Oryol region can clearly be useful to the majority of such enterprises.

Comrades in the Oryol region got down to the solution of social and economic problems of rural areas, tackled the problem of raising the effectiveness of economic management and created on this basis the necessary conditions for providing personnel for the management of weak enterprises. Many of you have seen that the situation in the agriculture of the Oryol region is changing for the better and quite promptly. One should draw from this experience.

We shall have to take a special look at the prospects for enterprises situated in highland and northern districts and in other districts with extremely unfavourable

natural conditions. Considerable state aid will be needed in such cases, at least at the initial stage.

Among the enterprises that lag behind some have lost prospects for independent development. Radical measures are called for in such cases. In some instances it would be expedient to transfer the lands of these enterprises to prospering collective and state farms, other enterprises, leaseholders under team or family contracts, and to use the existing opportunities for the development of subsidiary industries. I think this must be done without delay so that these problems be resolved in the interests of society in a year or two with consideration for the interests of those who work in these collective and state farms.

The shortcomings of the financial and crediting system for the agrarian sector are apparent. It lags behind developments, is still overregulated and is insufficiently promoting enterprise and calculated risks.

There is a need for radical restructuring of the activity of banks, particularly of the Agro-Industrial Bank. It is necessary to ensure that they are really interested in the development of production and act as business partners. An impetus must be given to the development of a system of cooperative banks and joint stock societies so that the economic activity of enterprises may be improved by drawing on the savings of their employees.

Relations between the budget and processing enterprises are far from being perfect, too. It is known that many branches of the food industry, even the sugar industry, are in a most difficult financial situation, and have no funds for reconstruction and normal development of the social infrastructure. Budget deductions from their profits do not enable them to develop normally. This situation needs to be analysed carefully.

We must enter the next five-year period, having a smoothly operating mechanism of financial relations between enterprises and the state budget. In this connec-

tion there is a need to speed up the working out of scientifically substantiated rates of income tax and rental payments to go to the budget. It is of paramount importance to establish a procedure for replenishing the local Soviets' budgets.

The role of budget allocations needs to be determined in conditions of self-financing. Such allocations are used in all countries. This makes it possible to maintain the financial stability of producers, particularly in extreme conditions, helps them acquire new equipment, develop new technologies, and resolve social problems. Budget allocations also finance major programmes of the development of science and production.

From the political and economic points of view, it is impossible to avoid discussing the huge debt on loans of collective and state farms and other enterprises of the agro-industrial complex, which had formed over many years. It would be unfair to shift this debt burden onto the shoulders of these enterprises alone, as it resulted not only from shortcomings in their economic activity, but also from unequal exchange.

This question was thoroughly discussed by the government and the Politburo of the Central Committee before the Plenum. It should be noted that the present financial situation in the country, characteristic of which is a large deficit of the state budget, limits our possibilities for cancelling the debt. Still it was deemed expedient to find a solution to this problem not on the basis of a generalised approach, but with the economic position of every enterprise taken into account.

We all realise, comrades, that the restructuring of agrarian relations presupposes a radical change in the system of management of the agro-industrial complex, frankly speaking, eliminating the existing administrative (departmental and territorial) system of management of agriculture and of the agrarian sector of the economy as a whole.

Agricultural enterprises are really doubly dependent.

On the one hand, they are subordinated to higher bodies along the departmental line. They are also to an equal, if not even a greater degree under local Party and government bodies, starting from the district level.

This system was formed long ago, in the times of collectivisation. Local bodies rigidly controlled the entire activity of agricultural enterprises. District authorities gave assignments to enterprises for the amount and structure of output, as regards schedules, and interfered in all economic affairs while bearing no economic responsibility for the consequences of their decisions.

Perestroika presupposes a radical change in the system of managing the agrarian sector at all levels.

On the whole a contemporary managerial system of the agro-industrial complex should be based on the general principles of our economic reform.

The point is to ensure a genuine priority of the basic economic components—farms and enterprises, a resolute transition to economic methods of management, a gradual introduction of the principles of wholesale trade, and the mastering of the levers of commodity-money relations.

A new system should also fully meet the requirements of our political reform. What I mean is first of all a transition to the full power of the Soviets on the territory under their jurisdiction, a steep rise in the role of work collectives, and genuine democratisation of management at all levels.

Proposals which have been prepared for the Plenary Meeting deal with the abolition of district agro-industrial associations. I obviously mean that such associations shall be abolished in those places where they still exist.

Here we proceed from the assumption that no one should interfere in the day-to-day economic activities of collective and state farms, and still less peasant and individual small holdings.

It is also meant that farms may establish appropriate cost-accounting units, on a strictly voluntary, commercial basis and principles of mutual benefit, to perform the functions of technical repair, building and other types of servicing, transportation and marketing of products and the construction of joint enterprises or social facilities.

In the district, meetings of representatives of farms and enterprises may form a council on a democratic basis to coordinate businesslike cooperation in tackling this or that matter of mutual interest. The council and its staff shall not be vested with administrative functions.

I think this is of basic importance, for in the final analysis complete independence of producers is the initial point of departure for all our proposals.

The work collective itself determines a pattern and character of production, decides on all practical matters, and bears full responsibility for the results of its economic activities.

As a matter of fact, the process of the rise and development of new forms of managing the agro-industrial complex is already underway and a great diversity of attitudes is obvious. This should be only welcomed.

Elective bodies have been formed democratically in almost two thousand districts, in place of the district agro-industrial associations' administrative apparatus, on the strength of the free expression of the will of work collectives.

We should heed the experience of the operation of agro-complexes, agro-firms and associations. There are already more than 300 of them in the country now, with 110 being cooperative agro-industrial associations.

I think any pressure regarding the choice of managerial forms should be ruled out. With all their diversity, a common feature of all of them should be independence and self-management, economic methods of ad-

ministration, the developed nature of cooperative principles, the establishment of integration ties in production, processing and marketing.

Proposals concerning regional, territorial and republican levels of management set out in the documents also accord in the main with the tasks which arise from the radical restructuring of economic relations in the countryside.

Actually, in this case we also rely on the experience which has already been gained. I mean that new forms of managing the agro-industrial sector are also winning their way at regional level.

Economic units established on grassroots initiative are taking the place of the agro-industrial complex's managerial bodies vested with directive functions.

Their functions are also radically different. The purpose of their activities is to give real assistance in tackling matters which go beyond the jurisdiction of district units and require coordination at a higher level.

In this connection there quite naturally arises the question of how we should build relationships between the Soviets and their executive bodies, on the one hand, and new agrarian units at district, regional and territorial levels, on the other, at the next stage of the political reform.

Now that a law on local self-government and the local economy is being prepared, the entire spectrum of these matters should be thoroughly thought out with an eye to the fact that the status of the Soviets themselves will change. The economic situation in the countryside as a whole is also cardinally changing. New relationships should consequently be worked out.

Issues concerning the management of the agro-industrial sector at the level of the Union republics should be considered within the context of the already prepared and published draft document on general principles for restructuring the management of the economy and the social sphere in the Union republics

through extending their sovereign rights, through self-government and self-financing.

In principle this is a question of extending the rights of the Union republics in solving all problems of the agro-industrial sector and enhancing their responsibility for the provision of their population with food.

But in this case as well the functions of appropriate bodies should take into account the essence of radical restructuring of economic relations in the countryside.

This means that at republican level the managerial bodies connected with the agro-industrial complex may not interfere in the economic activities of collective and state farms or other enterprises.

Republican agro-industrial sectors should tackle their tasks on the basis of economic approaches and the utilisation of economic methods of regulating processes.

As far as management at all-Union level is concerned, this question was also the subject of the most thorough consideration.

This led to the formulation of proposals on abolishing the USSR State Agro-Industrial Committee and on setting up a state commission of the USSR Council of Ministers for food and purchases as a permanently functioning body.

This step is in keeping with our commitment to raise the government's role in the solution of key economic problems, its responsibility for developing the agro-industrial complex and improving the country's food supply.

Comrades, the restructuring of economic relations in the countryside gives us a real chance to get down to the solution of the task that has troubled us seriously in recent years and which we were practically unable to tackle. I have in mind the effective use of the potential we have created in the agrarian sector.

Indeed, 884 billion roubles of capital investments were channelled to agriculture between 1961-1988. Today, the agro-industrial complex has tremendous

production assets: about 360 billion roubles in agriculture and 68 billion roubles in the processing industry.

In the countryside power available per job and deliveries of machinery and fertilizers to agriculture have increased approximately 1.5-fold during the past ten years.

As I have already said, we still do not get the necessary returns from this huge potential. As a result, farm products are becoming more expensive, while the investment return ratio and profitability remain at a low level.

This is direct evidence that we have a wasteful economy with all its negative, socially ruinous consequences.

I am convinced that all-out efforts to go over to new economic forms of management will allow us to achieve, and rather quickly, for that matter, quite notable results in agricultural production and in the agro-industrial complex as a whole with the available means and technical facilities.

This is precisely the conclusion that we should draw on the basis of an overall analysis. We must proceed from this in our practical work immediately.

On the other hand, restructuring of production relations in the countryside, and we are in a position to assert this with confidence, will demand new machinery and involve the use of progressive technologies.

We can forecast for sure that new forms of economic management will bring more pressure to bear on sectors supplying agriculture with machinery and other resources.

The primary task requiring urgent solution is to develop machine systems for land cultivation and livestock breeding so that we could complete agriculture's comprehensive mechanisation within the next few years and make farm labour more productive, more creative and attractive.

Particularly pressing today are problems of mech-

anising vegetable, sugar-beet, cotton and flax growing. Mechanisation of livestock farms, above all small ones, is also below par. Manual labour accounts for more than 80 per cent of the work done there. There are not enough machines for fodder-making, cultivation of household plots, highland and small fields, which now add up to more than thirty million hectares.

For many past years we have merely recorded the low efficiency of our material and technical base in the processing industry, have passed corresponding decisions, but no changes for the better occurred. The network of processing enterprises is unable to cope even with the present level of agricultural production in all regions of the country. And we intend to boost it.

It is not only a matter of this network's underdevelopment, but of its low technical standards, shortage of up-to-date technological equipment for thoroughly processing, parcelling and packing farm products.

Now we have finally drawn up, I resume, a realistic programme for modernising the processing industry. As much as 77 billion roubles in capital investments have been allocated for the purpose. Not only the civilian machine-building industry, but also some sectors of the defence industry are involved in this programme. Cooperation with socialist and capitalist countries is growing.

We have got things moving and our efforts are gaining momentum. There is now confidence that these tasks can be solved effectively in the foreseeable future. But no little concerted efforts should be exerted for this purpose by clients, designers and machine-builders. In the meantime, only 78 per cent of capital investments were brought into use in the period from 1986 to 1988, even at enterprises using imported complete plant.

We all know how pressing is the problem of food supply in such major industrial centres as Krasnoyarsk, Novokuznetsk, Novosibirsk, Sverdlovsk and Yaroslavl.

But there too the attitude to processing industry projects cannot be described as anything but outrageous. Where are the local Soviets? Where are the Party organisations and Communist managers?

No, comrades, we shall not be able to make much progress if we act in this way. In setting the task of further increasing the output of machinery, moreover of the most diverse types—for land cultivation and live-stock breeding, for the processing industry, for leaseholders and cooperators, for private households and different zones of the country—we must raise bluntly the question of the quality and dependability of our machinery, equipment and other means of production.

Workers in the agrarian sector rightly complain that the machine-builders, using their monopoly status, often foist upon them outdated models of expensive machines with low dependability and efficiency standards. This is ruinous not only for agriculture, but for the country as a whole. After all, we are dealing here with a production sector of huge dimensions, employing immense workforce, possessing large output capacities, consuming much metal, fuel and electric power. And all this is devaluated in large measure by the low-quality machinery it turns out.

Poor quality machines compel farms to set up expensive repair services, now employing over one million people, that is more than the entire farm machine-building industry. No other country tolerates such wastefulness.

We produce more tractors than any other country in the world and yet complaints about them being in short supply are common. That is a direct result of the backward pattern of production and the low quality of machines.

Their manufacturers often explain frequent machinery breakdowns on collective and state farms by the low professional standards of farm workers and in-

adequate maintenance and repair services. I think that this is partly true.

But, comrades, even advanced farms with skilled personnel and adequate repair facilities have just as many complaints about machine quality.

Can we continue putting up with the fact that Soviet-built farm machinery is in many respects inferior to comparable foreign models? Providing the agrarian sector with machines means today primarily improving their quality and making them more reliable.

Obviously, the government, its Bureau for Machine-Building, and the State Planning Committee should study this highly important state problem thoroughly, together with scientists, specialists, and machine manufacturers and users, and find a solution.

Further structural and qualitative changes in technological policy are indispensable. Machine-builders should be put in such economic conditions that would rule out the manufacture of shoddy equipment.

Experience demonstrates that wholesale trade is an effective means against the forcing of unnecessary and worthless machines on users and against the monopoly of manufacturers. This kind of trade fits in with the new economic relations in the best possible way.

Speaking of the need to put the agro-industrial sector on a modern footing, one cannot bypass the issue of losses during the harvesting, transportation, storage and processing of farm produce.

Our losses in grain harvesting and pre-storage treatment amount to 15 and even 20 million tonnes. About as much is lost in storage and processing. In all, comrades, the losses equal our purchases abroad.

Due to the sparsity of meat packing plants, their low technological standards, and inefficient use of raw materials, meat losses, even according to the lowest estimates, add up to around one million tonnes, this despite the acute shortage of foodstuffs. Such is the dimension of the problem.

With all the importance of creating a modern foundation for the processing industry, it should be borne in mind that many problems stem from the methods of economic management, people's attitude to work and lack of motivation to achieve better end results.

If people were put in different economic conditions, they would not tolerate the losses, mismanagement and waste. So this task must be solved too.

Comrades, now that we are overhauling economic relations in the countryside, a favourable situation is being created to blend agriculture with the scientific and technological revolution and ensure a transition to new technologies and active use of the latest achievements in biotechnology, breeding and agrochemistry and of everything that should boost productivity on the farms.

What does world experience tell us? The substantial success of many countries in building up food stocks has to a considerable degree been due to their taking advantage of scientific and technological progress, to what has come to be known as "the green revolution".

The need to pay closer attention to scientific advances is dictated also by the specific natural conditions in which we practise agriculture.

But for a few exceptions, these conditions can't be described as particularly favourable. But we won't be able to change the weather and climatic conditions.

So it is essential to learn to act in the real situation and keep the nation steadily supplied with food even in the leanest years.

Why is the example of successful farms so important? It is important because it convinces one of the need to combine the latest achievements in science and technology with the new methods of economic management and worker incentives.

In short, science should become part and parcel of the cardinal transformation of economic relations and the material base of the agrarian sector.

The role of science today should be different and its

interaction with enterprises should be based on mutual interest and cost-accounting.

I think that this is precisely what we lack. We are just beating about the bush. The idea of "science for the sake of science", riding roughshod over practical needs such as raising production efficiency, has proved too tenacious.

While speaking about all this, I don't want to belittle the significance of work done by leading agrarian scientists in any way. But their contribution would be far more tangible and effective if research centres were able to form direct ties with producers on a wide scale.

This is why I shall stress once more: the key issue in this field is the transfer of research organisations to cost-accounting and the contract system.

Like all others, scientific institutions should themselves earn the money to finance their development and increase incentives for research and scientific endeavour. This will put everything in its place right away, show who is who, and bring quick and tangible returns.

This will demand, of course, that scientific organisations decisively reorganise their work and give priority to research helping solve the food problem.

I think that much can be done in this respect by science-and-production amalgamations and by production and science-and-production systems.

But this, too, will require a great deal of reorganisation, and our agrarian science is entitled to count on the understanding and support of Party, local government and economic agencies, especially when it comes to its provision with materials, equipment and facilities.

Life has also posed new tasks for social scientists. It is imperative to study the problems of property, the cooperative movement, leaseholding, commodity-money relations, and the interests of different social groups.

Economic and social forecasting is virtually a "blank spot". The regularities of structural changes, propor-

tions and balances have not been investigated well enough.

Comrades, the Soviet society has actively joined in tackling ecological problems. This public activity should be welcomed and encouraged in every way.

Every economic decision must indeed be scientifically valid and carefully considered. No other way is acceptable.

We should act in this manner when developing agriculture and the agro-industrial complex and see to it that economic activity ease ecological tension and solve related problems rather than harm the environment.

Lately, there have been many, and often very emotional, debates on the pros and cons of land reclamation. The reasons why this issue has become so sharp are more than enough: there have been quite a few mistakes in designing and building irrigation projects.

In addition, reclaimed lands are sometimes put to inefficient use and a sizable part of them has simply fallen out of agricultural use—irretrievably.

But it would be wrong to conclude that land reclamation is unacceptable as such. The natural conditions for farming are hard, so in some cases we won't be able to do without irrigation, while in others without drainage.

The entire historical experience shows that land reclamation, most notably irrigation, in many countries is the decisive condition of stable and guaranteed agricultural harvests.

Land improvement is pursued on a large scale in the United States, China, India, European countries and, in point of fact, everywhere. The total area of irrigated lands in the world, according to estimates by international organisations, amounts to more than 200 million hectares.

So the question is not one of abandoning land reclamation but of practising it without harming nature, spoiling the soil or squandering public funds.

The situation in many of our regions has been the

opposite: billions of roubles have been spent without adequate returns. In a number of cases serious ecological damage has been done.

I think we should analyse the state of affairs carefully and work out clear-cut and scientifically sound approaches.

But it is already clear that what must be done as a matter of urgency is putting reclaimed lands in proper order and taking necessary measures to put land and water to more rational use. Efforts to solve ecological problems that have piled up should not be put off either.

The situation concerning the use of chemicals is similar in many respects. Why so?

The reason is the same: disregard for technical and technological solutions which would exclude the negative environmental impact of both the production of chemicals and their use. What is needed in this field, too, is thinking carefully before taking decisions.

We can by no means manage without chemicals today. But we should drastically raise cultural standards and increase responsibility in the use of chemicals when it comes to their production, transportation, storage and, particularly, application. Moreover, our personnel often lack the required qualifications. All this should be put right competently and fast.

There is also one more thing: for a number of reasons we have stopped to value land as we should.

In most regions soil fertility is declining. Large areas suffer from desertification, wind and water erosion. Tracts of land with saline and acidic soil are expanding in many areas.

We must stop mistreating land in this way, comrades. The time has come to prepare and endorse a law on land and its utilisation. We have to enhance our legislative measures to protect farmland against wasteful use.

But this is not enough. We should pay more attention to scientifically-grounded methods of cultivating

land, crop rotation, and soil-protecting technologies. This is a direct duty of all engaged in using land.

The awareness of the complexity and importance of ecological problems has led us to recognise the need for a nationwide ecological programme which will help us to solve the accumulated problems and initiate new attitudes in dealing with economic tasks. It is important to prepare it thoroughly, in a democratic and open fashion, with the participation of the general public, practical workers and scientists.

A few words about investment policy. A new situation is shaping in this sphere. Time has come to adjust investment policy so that it reflect the real development needs of the agrarian sector, help to break "bottle-necks", and ensure the proportional development of both material and technical base, and social sphere.

The draft documents distributed among you suggest directing capital investments primarily to raising the technological standard of agriculture, radically revamping the processing industry as well as transportation and storage facilities, and drastically cutting losses.

We must ensure a balanced development of the entire "production-transportation-storage-processing-marketing-consumption" cycle as regards farm produce.

Such a structure of capital investments will make it possible to get a greater effect with less spending, above all due to cuts in losses and more efficient processing. In the 13th five-year period, it is planned to increase the output of foodstuffs by 26-30 per cent, while the output of farm produce will grow by 16 per cent.

The investment policy should also take into account another aspect: a considerable change in the financing source. Earlier, capital investments were mainly allocated from above and distributed from the centre to regions in accordance with the directions of the agrarian sector's development, while now necessary resources must be earned first and foremost by the production collectives themselves.

We can no longer strictly regulate proportions of capital investments, as the situation in each region, even at each farm, is different. Farms should themselves decide how and for what purposes to use capital investments. In one case, the emphasis should be laid on road construction; in another, on processing; and in the third, on the social sphere. I think, such a conception is justified and meets the policy of developing independence and decentralisation in economic decision-making.

What we must concentrate on is the creation of an adequate resource base, so that production collectives could use their funds to buy machines, equipment and other resources.

Now I'd like to raise a very painful and acute subject which concerns the everyday life of millions of people: the social reform of the countryside. I must admit that the means allocated to this purpose have not made it possible to overcome the considerable and chronic gap between the countryside and the town. Rural areas are in a much worse position as regards medical, trade, cultural and communal services, and the equipment of the housing fund with modern conveniences is 2 to 5 times worse than in cities.

The peasants' mode of life has lost its attractiveness and prestige. People, especially the young, are leaving the villages. Migration from the countryside has been surpassing the rural population growth for years.

The death rates among able-bodied people in the villages are 20 per cent, and among children—50 per cent higher than in the cities.

Mistakes in the deployment of productive forces, specifically the priority construction of ever new industrial facilities in big cities, did great damage to the countryside.

Things reached a point when even the processing of farm produce, which is directly linked with its raw material base, began to be developed in industrial centres.

Small dairy factories, brickworks, bakeries and other vital facilities disappeared from villages. Over the last few decades, village primary schools, medical institutions and shops have been hastily closed.

The disregard for the needs of villages and the hypertrophied urban development led to great social distortions and complicated the normal economic functioning of whole regions. As a result, the range of employment opportunities in the villages has narrowed, and the countryside is continuing to lose its already scanty labour resources. In the long run, this put an extra strain on the cities as well, and had an extremely negative effect on food supplies.

What is most alarming is that social development plans for the countryside are clearly inadequate given the difficult situation there. In word everyone advocates speedy social reform in the countryside, but in deed one can see inertia and, let's put it frankly, irresponsibility and indifference.

Comrades, a draft resolution outlining measures to accelerate the social development of villages is being submitted for your consideration.

They give priority primarily to housing construction and the provision of communal services and amenities for the villages.

We're facing the tasks of creating up-to-date facilities for rural house building, attracting urban construction workers on a large scale, and developing housing construction with the use of local resources as well as individual construction.

The rates of housing construction in the countryside in the 13th five-year period must be at least doubled. We must proceed from this task.

We'll also have to launch large-scale work to provide villages with heating, gas-, water- and electricity-supply systems.

Rural inhabitants justly ask why the countryside has been put on "short rations" and why peasants have

been left to struggle with their problems alone, even though the country has vast resources.

In fact, we need a fundamentally new approach to the task of providing villages with amenities. The majority of developed countries solve these problems with the help of autonomous life-support systems. So we should closely examine all these matters.

We must take a fresh look at rural houses and farmsteads and, above all, lift all restrictions on the size of a building, the number of stories in it, and its structure. Let people build houses the way they want to. A beautiful, well-built and convenient house will become a real home for many generations of rural dwellers. Such houses will transform villages.

One of the immediate tasks is the construction of roads. We proceeded from this when drafting new plans.

The draft development plan for 1991-1995 set the task of building 226,000 kilometres of hard-surface roads at farms alone, and also connecting all central farmsteads of collective and state farms with district centres by modern roads, and establishing regular transport communication.

Earlier, a special programme for the radical improvement of road building in the non-black-earth zone of the Russian Federation was adopted. More than 35 billion roubles in capital investments were allocated for the purpose.

The social transformation of the countryside includes a large-scale construction of schools, hospitals, cultural, sports and trading facilities, and the provision of villages with communal services.

Seasonal unemployment can be largely relieved by developing auxiliary production and crafts and by opening branches of industrial enterprises, especially those producing consumer goods.

The radical improvement of working and living conditions for women who work at collective or state

farms and also keep house is a matter of state importance.

All this has to be done without delay and on a large scale.

During preparations for the Plenary Meeting, secretaries of rural district Party committees and heads of collective and state farms raised the question of improving collective farmers' social security and pensions as a matter of urgency. The drafting of a new law on pensions is now nearing completion. This law should ensure a fair solution to these problems.

Of particular concern is the fate of areas that have been deserted and of those territories where efforts to check the migration processes have been unsuccessful so far. Probably what is needed is a purposeful state programme that would encourage an influx of workers from other areas and create the necessary conditions for normal life in the new place.

Undoubtedly, you have given your attention to the specific proposals made on this score in the drafts. They include such matters as building well-appointed flats and houses and then selling them to people on easy terms, encouraging people to build their own houses, allotting materials and easy-term loans for this, granting lump sum payments for farm improvements and giving cattle and poultry to new arrivals free of charge.

The issue of reserving housing in cities for those who decided to put in some work on the farm has been raised.

It seems that this approach will find a response among the residents of cities and villages, especially in those regions where there is a surplus of manpower.

Such a promising and purposeful programme of social transformations in the countryside will call for enormous efforts by the entire society as well as the attention and persistent work of Party organisations and Soviets of People's Deputies.

IV.

So, comrades, there are measures for your discussion, which envisage a drastic revision of the CPSU's agrarian policy. At issue are sweeping political and socio-economic reforms meant to meet the vital interests of the town and the country, of peasants, workers and intellectuals—in other words, the interests of the whole society.

The country is facing radical changes in rural areas. It would be naive to think that they can be effected without any effort or complications, as if by themselves.

No, they will require hard, dedicated and patient work to clarify the meaning and significance of the new agrarian policy, decisively re-orientate our personnel, and fundamentally alter methods and approaches in the activity of Party, government and economic bodies.

The total rejection of coercion and pressure methods and of the artificial acceleration of perestroika in the countryside is the primary political feature of this work. Even the slightest degree of reliance on administrative fiat would be a serious mistake. This style of management has fully discredited itself and is responsible for the crisis phenomena in the agrarian sector and in the current food supply situation.

The consistent reshaping of economic relations in the countryside, independent economic management, diversity of forms, which release man's initiative, should be what the new policy proceeds from. Certainly, there must also be unflinching attention to scientific and technological progress, the peasant's working and living conditions, and to a social restructuring in rural areas.

The task of Party organisations is to give guidance without issuing commands and through efficient work with the people, helping them to realise and understand the need for changes, and increasing their confidence that it is they and only they who can and must decide their destiny. This will also be of help in tackling economic problems, and will be the next step in the democratic development of Soviet society.

The new agrarian policy must rest on a sound legal foundation so that collective farmers, workers of state farms and other enterprises, members of cooperatives, leaseholders, and all workers in the agro-industrial complex are confident in the stable and long-term nature of the new policy.

We have serious political, social, economic, organisational, and cultural and educational problems here, which should be carefully analysed and dealt with.

A natural question arises: what should we do first and where should we begin? I think it would have been rash of us if we had started giving recipes for all cases here, at the Plenary Meeting. For the implementation of the new agrarian policy will take place in the specific conditions of each individual region and farm.

Some collectives have already had some experience in working on a cost-accounting basis, in the family contract and leasing systems. Others are only starting to solve new tasks.

The situation is totally different on unprofitable farms, in depopulated villages where there is an acute shortage of workers.

Probably, however, we can urge all Party organisations and work collectives to meet and thoroughly discuss the basic provisions of the new agrarian policy, the Plenum documents and decide on the forms of economic management depending on the local conditions.

It is obvious how great and indispensable is the role of Party organisations in this.

In implementing the new agrarian policy, they must bring out a new content in Party work, finding their style and methods of activity. They have to convince people of the advantages of new forms of economic management.

In brief, it is necessary to act relying on the principles of full democracy. There is no alternative.

It will take time to comprehend the proposed policy. It is important not to be hasty and to avoid making

snap judgements and shallow conclusions. And, of course, unusual situations and extraordinary and profound changes should not be allowed to cause panic or confusion.

One should not rule out the possibility of resistance to new things, a result of outdated habits, dogmatic thinking, entrenched styles of work and a way of life formed over decades.

It is impossible to make do without a serious change in the mentality of rural workers, including managerial staff.

It is no less important that new functions of Soviets of People's Deputies at all levels be fully brought out in implementing the new agrarian policy. Their interrelationship with agrarian entities and rural workers must rest on a solid legal, normative basis.

The Soviets have an indispensable role to play in all aspects—from concern for more rational uses of land and other natural resources to protection of leaseholders' rights and the development of social and cultural facilities in the countryside. Their new possibilities enable the Soviets to be more effective in helping to ensure better food supplies to the population.

The assimilation and creative use of accumulated experience is a powerful and effective lever for restructuring economic relations in the countryside.

The new policy should prompt Party and local government workers, the mass media and, of course, research centres to thoroughly study innovations in agriculture and promote them among the people.

The new agrarian policy also confronts agricultural workers with the exceptionally important task of upgrading their knowledge of economics and becoming able to make active use of the forms and methods of cost-accounting, to act independently and show enterprise.

I think we should also become fully aware of the following aspect of practical work: implementing the

agrarian policy will require great effort not only from rural workers—although they will have to bear the brunt of the work—but also from the rest of the people.

Machine-builders and workers in the chemical, construction, fuel-and-power industries and, in effect, all other economic sectors must also contribute to the nationwide effort.

It is above all essential that the agrarian sector's orders be fulfilled on time and with a high degree of quality. This will be giving concrete help, on the basis of contractual terms, to the social transformation of the countryside.

All groups of Soviet intellectuals—teachers, physicians, scientists and designers—have a great role to play in rural development.

As I have already mentioned, a fundamental aspect of the new agrarian policy is the dramatically increased role and responsibility of the authorities from the district to the republican level in solving the food supply problem. I shall repeat that in this respect we must act resolutely to overcome dependency.

The main thing is for the top officials to grasp the essence of the new situation and the new tasks facing them.

There are reserves for improving local supplies in every area, comrades. The problem is that they aren't being used fully enough everywhere.

In some regions, they have been able, even in the current economic situation, to organise work efficiently enough to both meet their supply commitments to central procurement agencies and substantially improve local food supplies. And this can be said not of just two or three regions. Welcome changes of this kind have taken place in the central black-earth zone of Russia, the Northern Caucasus and several regions in the Volga area, Siberia, the Ukraine, Byelorussia and Kazakhstan.

Regrettably, a different attitude to the issues of food supply and rural development in general can also be encountered.

In the Chelyabinsk region, for example, with its vast land resources, economic development has been so heavily unbalanced that the agrarian sector is now in a real shambles.

Or take the rich Gorky and Kuibishev regions, with their great potential for growing a great variety of crops, a potential, however, that has been used extremely poorly. These two regions experience serious difficulties with food supplies.

The Perm, Kemerovo and Dnepropetrovsk regions have done an equally sloppy job of tapping reserves to become self-sufficient in dairy products.

The implementation of the new agrarian policy should start with an updating of the views and the way of thinking of Party, local government and economic officials. The parasitical mentality, which, as we see, has deep roots, must be overcome. There can be no place for the psychology of dependency in the new agrarian policy.

Comrades, our society is living through deep-going, fundamental changes. Perestroika is gathering momentum and gaining in potential, which has already manifested itself and which will inevitably exercise increasing influence on the social, economic and cultural development of Soviet society.

The process of renewal has organically included economic and political reforms and is now also introducing reform in the sphere of agrarian relations.

The tasks facing us are truly imposing. It will take enormous effort on the part of the Party and the entire people to perform them. There are still many summits to be scaled.

All of us should be prepared for the hard work that the Party has consciously undertaken. We now need to go forward without stopping halfway, and to look at life realistically, honestly and openly.

But the main thing is to keep steadfastly marching on, matching every step with the interests of our great people, the interests of socialism.

CLOSING REMARKS BY MIKHAIL GORBACHEV

Comrades, I think that the discussion we have had at this Central Committee Plenary Meeting and the enormous work we had carried through when we prepared for the Meeting allow me to say that we are discussing and are about to take decisions on the most important and, perhaps, most sensitive problem of the development of our society.

Judging by delegates' speeches, the principal objective of the agricultural policy, which is stated in my report and which in one way or another corresponds to the main provisions of the documents you have at your disposal, has been supported by Central Committee members and all the other participants in the Meeting.

Many of the criticisms, comments and proposals that have been made here are quite justified. There are some minor, specific questions that must be thought out, but one thing is certain anyway: we must take radical political decisions to give real momentum to the development of the farm sector. We must restructure fundamentally the economic relations in the countryside.

The other key problems are the material base and social development of the countryside. All these questions must be settled in their relationship. We must adopt and carry out a number of large-scale interrelated measures, but the main thing is to restructure property

and production relations and employ many different methods in order to be able to use the potential of the collective farm system and socialist ownership. At the same time, we must abandon the command-style management of the farm sector, and this will be the main element of the restructuring of the economic relations in the countryside.

This is the nucleus of the new agricultural policy. It is a radical change designed to let farmers be masters of the land they till. If we fail to do this, nothing will come out of our efforts. We must raise the prestige of farm work and improve the conditions of the farmers, all workers in agriculture. We must establish more harmonious relations between city and countryside, relations that would correspond to the Leninist concept of socialism and the policy of strengthening the alliance between the working class and the peasantry. It is this fundamental political objective that makes the decisions of this Meeting so crucial.

I wish to emphasise once again that the countryside is in need of extensive care and wide-ranging assistance. But even more it needs opportunities for initiative so that people realise that they are true masters of their land. This is the first point I want to make.

Number two. It is not enough to adopt documents, however good. There is a lot of work ahead. I think we are now building the foundations of a new agricultural policy and we must keep working in this direction.

Comrades, I don't want you to leave this Meeting with a feeling that we have failed to answer all your questions. The Plenary Meeting must give political direction above all, and we must draft our main document accordingly, ridding it of all that might sound as direct economic instructions. We must formulate it as a political directive, by which the government and all our government departments will be guided in their work.

I want the participants in this Meeting to realise that we are working out a new understanding of agricultural

problems, a fundamentally new level of work to restructure the agricultural sector, mainly through a radical overhaul of production and economic relations in the countryside.

Number three. There are issues that have provoked a controversy.

They concern relations between the Union and the republics and between the republics and the regions, and the question of compulsory state contracts and independence of collective and state farms and enterprises. I think you were right in noting that we have not yet found a final solution to these problems. They are still to be carefully examined.

If we make collective and state farms independent and dismantle the command system which controlled the farm sector at district, region and republic level, then we shall have an entirely new situation, and it will certainly affect the compulsory state contracts. This means that the needs of the state should be supplied on a contractual basis, as is the case in Czechoslovakia.

There they carefully study all the requirements of society and think of how they should be met by the farm sector. These are the most fundamental questions. The documents of the Plenary Meeting and the new situation we shall create are the sound basis for restructuring our agricultural policy.

Specific questions may arise when these documents will be drafted. The Plenary Meeting has only provided the guidelines, so practical policies will have to be thought out.

There are questions that must be decided with special care and attention. Comrade Brazauskas, for example, has said that the prices of farm produce should be set by the republic bodies. But shall we do right if we allow prices to fluctuate from one part of the Union to another? No society allows this. Not one. All regulate prices, all have effective methods of doing this.

In a word, there are questions that cannot be solved

in haste. This does not mean, however, that local bodies should keep themselves aloof from the formation of the prices of some types of produce, such as, for instance, potatoes, fruits and vegetables. The experience of Western countries and our friends in socialist countries has shown that it is expedient to set prices by agreement on seasonal produce locally. It is necessary, however, to protect our people against anarchy in price formation, too.

All questions connected with retail prices should be approached in a very responsible manner. This is the principled idea that I have gathered from the speech by Academician Lukinov. At a certain stage after nationwide discussions we arrived at the conclusion that prices should not be changed at the present time, for this would be an attempt to solve the really existing problems through new prices and, quite probably, at the expense of people's interests. People would not understand such a step.

We have not yet filled our market with consumer goods, food products, and have not taken cardinal measures to straighten out the country's financial situation. Such measures are being drafted with the participation of representatives from all the republics. We shall implement them, working all together. It will take two to three years of work to improve the situation in the economy, in the financial sphere and on the market in general. Only then shall we be able to take up the problem of prices.

I think this was a difficult discussion in our society; it was heated, but it proved useful. We have arrived at a consensus among the public, scientists, the political leadership and the government. I would like this issue to be absolutely clear. When it is time for a price reform—and we do need it because the situation with prices is very confused indeed—then we will submit our proposals for the broadest possible discussion. This is a question that must be decided by the whole of society.

The Soviet people can rest assured that such decisions will not be made without their participation.

Another issue that was raised at the Meeting is very topical: the countryside, the social and economic conditions of life of the rural inhabitants, the farmers. This is a very pressing problem. In my opinion, we have already started solving it, and what we have been building, which is reflected in our plans for the social reconditioning of the countryside, is in itself a big stride forward.

I would say, however, that the solution of the problem of utility services for the countryside requires additional elaboration. You have probably noticed this point in my report. Outwardly, it is a technical problem, but it is part of the social policy. Thus, the rest of the world prefers autonomous, rather than centralised, heat supply and other engineering systems in the agricultural sector. This is true of big countries—not only of the smaller ones for which it would seemingly be easier to build such systems than it is for us. I think we should study the world experience. This is something our State Committee for Construction should think about.

We have already made mistakes by automatically applying in agriculture the methods used in industry. We shall make a serious blunder if in the countryside we automatically develop housing construction and tackle social issues and those of utility services in the same way we solve all these problems in the city. The city experience is very useful, but the development of the countryside calls for different methods. The State Committee for Construction is not up to the mark in this respect. There are a lot of projects and blueprints, but no prudent and promising solutions yet. The Committee needs to do more work.

A very important issue on credits for individual construction was also raised. This year, allocations for such credits were doubled, compared with the previous year, from 20 to 40 billion roubles. This exposed the real

dimensions of the problem and the real interest of rural inhabitants in having their own house and plot of land. This should be only welcomed. True, there were instances when credits for housing construction were used to buy cars or television sets. Some people thought they were being smart. But measures of financial control were found. The problem, however, is more than giving credits. We must also supply bricks, cement and timber. We are thinking of solving this problem by providing building materials through the market. This will also help increase goods turnover. We shall continue working in this direction. I do welcome such attitudes.

I remember my recent trip to the Ukraine, where I visited a mining equipment plant in Donetsk. The housing situation is very tense there. "Of course, I can go to the instances, complain and shed tears," the director of the plant thought. "I can go to Kiev and plead my case there." Well, this is one of the ways, and many follow it in order to ease the nervous strain, so to speak. But this director chose a different way. "We are machine builders and can make construction moulds ourselves." And the plant began developing monolith construction. First they built one house, then two more, and so on and so forth.

Or take the experience of people in Kazakhstan. They set in motion all the reserves, persuaded people to work in three shifts, overtime and on their days-off in order to produce more building materials and cement. Industrial enterprises also made their contributions. And the problem was taken off the dead point. In Lvov, for instance, they pooled their resources and began restoring old brick-manufacturing factories to have building materials of their own. Let us, comrades, show similar initiative everywhere.

There are things which one work collective cannot cope with, things which should be dealt with by the state, along state lines. Still, let us set the initiative free and encourage people.

Of course, the question where to invest more—in the city or in the countryside—is quite debatable. But it's not the money that matters. In this connection, let me remind you once again of the experience amassed in Oryol, and suggest using it. Comrades, we'll have to discuss the situation right on the spot with the workers and peasants and agree that we'll spend the next two or three years pulling up agriculture. The people will respond. You know, this problem should be tackled not in Moscow, but locally—in the regions and republics, on the basis of the recommendations of the Plenary Meeting.

At one time Lithuania used this particular way to rebuild. The cities offered their help, and everything was set in motion. You know that Lithuania had been a republic of farmsteads, and you remember what kind of farmsteads, and now there are comfortable settlements everywhere. And the farmsteads themselves have changed, too. I often recall Comrade Sniečkus, one of the initiators of that movement. It's an absolutely different republic now, with an absolutely different life-style. I believe, people there even prefer to move from cities to the countryside—so well the country life has been adjusted. In other places similar methods have been used, too. So, comrades, back at home let us use this experience. People will support us.

I must tell you frankly that we'll not be able to cut short construction in the cities and redirect all our efforts to the countryside. We have many burning problems demanding solution, problems of the working people's everyday life and living conditions. I could see that in Krasnoyarsk and other cities. These problems exist everywhere.

So, I don't think it would be wise to suspend the construction programmes in the cities and channel all our resources to the countryside. Comrades, we can deal with the top-priority problems facing the countryside and at the same time continue tackling problems facing the cities by reasonably combining the interests of both.

Comrade Potapov was the first of many speakers at this Meeting to urge that the implementation of our major programmes be ensured and that an understanding on that score be reached. Many of our programmes are under the threat of failure. We are still to clear a major backlog in the biggest Soviet machine-building programme. There are also delays in tackling social problems, although we've made great progress in this sphere. Meanwhile, we've allocated a lot to re-orient our economy to people's needs, to solve the most essential problems. We've saved a great deal by cutting back military spending, and invested six billion roubles to health care. And yet, this money is not used productively everywhere.

If we deal that way with the enormous practical tasks of social restructuring in the countryside, and with industrial construction, we'll go bankrupt in the eyes of the people, all of which will damage perestroika. That's why, comrades, I attach priority importance to the implementation of the agrarian programme. That is the most important thing at the moment. No one must stay on the sidelines. If trickery begins around all these documents, if the peasants, agricultural workers and state and collective farms are left alone in the face of all these problems, all our discussion, the Plenary Meeting itself and the documents we're going to adopt here will have no meaning. We all must be definite about that.

Implementation of the resolutions of the Plenary Meeting is a task to be tackled by the entire nation. Don't wait till someone urges you to act. Everyone must work and fulfil the tasks which the Plenary Meeting has charted for him. One must work conscientiously, knowing that the realisation of the new agricultural policy is the central and cardinal matter of our internal policy.

The Party must do a big job of elucidating this policy and ensuring that Party workers use the entire potential released by the Plenary Meeting. Finally, and I would like to put special emphasis on this, we must act

in such a way as to show the farmers that the Party supports them and is moving along with them at this difficult period, that it has analysed and assessed the current state of things, proposed a new agricultural policy and is rallying the nation for attaining new heights. That is extremely important, comrades.

You remember the speech by Comrade Malkov, Secretary of the Chita Regional Party Committee. We can talk about the successes made and setbacks suffered by the Chita region. Only recently the region had its back to the wall. Now it is making good progress. Things are changing for the better and people's spirits are rising, too. The Communists and the regional Party organisation are setting the tone in all this work and in all the changes occurring in the region which is riddled with problems.

Ample legal, political and economic opportunities are opening today for promoting creative work. The Party must take upon itself the entire organisational work and provide ideological support to the agricultural policy.

Comrades, let me wish all of you success in this work.