Agriculture in a Socialist Economy
A Case Study of Yugoslavia
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RECENT discussion on the pattern of agrarian organization most suited to India has centred on cooperative farming. There are some who believe that cooperative farming is the ultimate solution for a sizable section of agricultural producers. Others doubt the efficacy of this solution. More and more people are now coming round to the view that, at least on a theoretical plane, cooperative farming has distinct advantages. It helps to create a more economic form of production by enabling the use of progressive techniques of farming. It helps in the mobilization of marketable surplus, which is a factor of key importance in a rapidly industrializing country. By making disguised unemployment overt, it helps in the mobilization of surplus labour for the capital building projects. And it leads to more egalitarian distribution of income in rural areas. On these and several other ancillary advantages of cooperative farming there is a greater unanimity today than there was, say, two years ago when the idea was seriously mooted for the first time.

Despite general agreement about the theoretical superiority of the cooperative form of organization, a number of people remain unconvinced about its practical feasibility in the Indian context. Usually two arguments are advanced. First, it is asserted that the Indian farmer is so deeply attached to his land that no amount of rational explanation will convince him about the desirability of collective ownership. Cooperative farming in our country, according to this view, can succeed only with coercion and State fiat. Secondly, it is maintained that whatever might be the theoretical advantages of cooperative organization, in reality they will be nullified by unavoidable bureaucratization.

These are challenging arguments. Any one who wishes to make cooperative farming a success in this country should find out democratic ways by which the feudal attachment to land gives place to a more rational view—regarding land as an inanimate object meant for the service of human beings. Some built-in mechanism has to be devised to assure socialist organization of the countryside without stifling the initiative of the producers. Though the solutions have to be found in the context of the traditions and genius of our own people, the experience of other countries might also be of some help to us.

EXPERIMENTS IN YUGOSLAVIA

The current experiments in Yugoslavia promise a new direction of approaching the problem of agriculture in a socialist society. Yugoslavia was one of the poorest and most underdeveloped countries of Europe. The agrarian sector presented, by every criterion, a picture of a typically backward agriculture. Before the Second World War, more than 76 per cent of the population depended on agriculture for livelihood. Machinery, equipment, fertilisers and irrigation facilities were also meagre. The over-all technical facilities in agriculture, deficient as they were, suffered heavy losses during the War. It is estimated that 56 per cent of inventory, 55 per cent of cattle and 61 per cent of horses were lost. Over 20 per cent of buildings were destroyed and 1.7 million lives lost during the War.

The reorganization of agriculture in the immediate post-war years followed basically the model of Soviet Russia and East European countries. By a decree in 1945, Government sequestered the lands of large landowners, private capitalist enterprises, joint-stock companies, banks, churches, monasteries and all others who owned land which they did not cultivate. A ceiling of 20 to 30 hectares, depending on the quality of land, was imposed on the remaining holdings. These steps provided a state land pool of over 1.5 million hectares. More than half of this land was distributed in small lots to the poor peasantry, thereby setting up about 316,000 poor peasant families on land.

All higher-powered machinery and equipment were mobilised and then dispersed in the countryside by establishing a network of agricultural machinery centres. State model farms and livestock pools were also set up on a large scale.

Immediately afterwards pressure was brought on the peasantry to join the collective farms. This pressure was more economic than administratively in the beginning. Independent peasants were subjected to a much higher levy of foodgrains compared with their counterparts in collectives. Tax and credit policy also discriminated against the peasant proprietor. Pressure was accentuated and coercion applied after the break from Soviet Russia and the East European block in 1948, when Yugoslav leaders were out to prove that they were as devout Marxists, as communists in other countries.

About 3 to 4 years of working of this collective system however, brought all its defects to the fore. Even after heavy investment in agriculture, agricultural production in 1952 was barely 2 per cent above the pre-war average. Livestock production was actually less, and per capita availability of food declined. The supply of agricultural raw materials was insufficient to satisfy demand from processing industries. From an agricultural exporting country, Yugoslavia turned into an importing country. The imports of food and agricultural raw materials caused a heavy drain on foreign exchange resources.

RE-THINKING

This period also coincided with re-thinking on some of the basic tenets of socialism. Orthodox ideas were gradually discarded and a new approach to problems was tried. Socialism was defined as "a social system based on the socialisation of means of production, in which social production is managed by an association of direct producers, in which distribution is effected in accordance with the principle of each according to his work", and in which under the leadership of the working class (which is itself changing as a class) all social relationships are gradually freed from class antagonism and from all elements of exploitation of man by man".

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In 1959, the first year of its First Five-Year Plan, the Life Insurance Corporation of India has completed new business of over Rs. 428,00,00,000.

Hand in hand with the increasing prosperity of the nation, the Life Insurance Corporation has made rapid strides in fulfilling its firm determination to provide financial security and all-out life insurance service to more people in a larger number of places.

By utilising life insurance to provide essential funds for marriage, education and start-in-life of their children, for a continuous income for the family if the unexpected happens and for a comfortable old age for themselves, people have realised that...

there's no substitute for Life Insurance

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In 1953 the Yugoslav Government passed the Regulation for the Reorganisation of Peasant Working Cooperatives. The regulation gave an option to the peasants to remain in or leave these cooperatives. Most peasants opted to leave. Only 1,258 cooperatives were left in place of 4,000 which had existed previously. Simultaneously, the big state farms were converted into Socialist Agricultural Estates. These Estates were organised like industries, and Workers' Management was introduced in them.

The reorganisation of Peasants' Working Cooperatives (PWC) did not imply that the Yugoslav Government had renounced the building of Socialism in rural areas. It was only a question of finding out the best way. An explicit statement was made that "it was necessary to choose between the economic and administrative ways of achieving collectivisation in the village."

THREE FORCES

Actually, three forces are operating in the countryside in the direction of Socialist transformation of villages. In the first category are a group of regulatory measures. In 1945, as mentioned earlier, a ceiling on land holding was placed at 20 to 30 hectares; it was reduced to 10 to 15 hectares in 1952. Besides, individual owners were prohibited from owning large machines like tractors, power-driven harvesters or threshers, etc. These measures were aimed at restricting the possibility of using hired labour on farms and preventing individual farms from owning the basic assets of large-scale production. These safeguards are considered sufficient for preventing the re-emergence of capitalism in the countryside.

The second force leading to this transformation is the expansion of socialist agricultural organizations. There are three constituents of the Socialist Sector in agriculture, Agricultural Estates (viz, big State farms), Peasant Producers' Cooperatives, and General Agricultural Cooperatives. After the decree of 1953, this sector had shrunk to insignificant proportions but recently there has been a steady expansion of the Socialist Sector, which now embraces more than 10 per cent of arable land. This expansion has taken place by purchase and lease of land, and also to some extent by reclamation of waste lands.

A land market is an anomaly in a Marxist Society, and more so a class of rentiers. In Yugoslavia both exist and are in fact encouraged. The idea is to separate the question of advancement of agricultural production from the question of land ownership. With its superior means of production, land in the Socialist Sector gives fuller employment to the farmers, who now act as workers. This has a far-reaching consequence. When a high level of production is reached in the Socialist Sector, and the individual producer can get subsistence from his work on the socialist farm, land will not have the same hold over him as in the past, when ownership of land meant life or death to him. In such a situation, the nationalization of land is only a formal question.

The third force in consolidating socialist transformation of agriculture is the productive cooperation of cooperatives and other socialist organizations with peasant farms. This cooperation, which aims primarily at integration of peasant with socialist agriculture, is facilitated by the existence of a more or less free market for agricultural produce and factors. A free market persuades the peasant farmer to produce not merely for subsistence but for the market as well. The existence of the market at the same time makes it clear to the farmer that, he stands to lose by sticking exclusively to his own small holding with only primitive tools and equipment. For these reasons, the farmers will sooner or later be compelled to look for a way out of their restricted economy. This they can find in cooperation.

MORE EFFICIENT ORGANISATION

Until 1956, these cooperative schemes were more or less similar to service cooperatives in our country. They provided producers with better quality seed and artificial fertilizers, and ploughed their land at a cost lower than what the peasants had to pay previously for an ox or a horse. Performance of these tasks gained the peasant's trust, and gradually he took a more active part in the production.

The link with the individual producer is forged in various ways. In some cases, an agreement is made between a cooperative and a producer, whereby the cooperative organizes production and he only provides the manual labour, after which profits are divided according to a prescribed percentage. Other agreements provide for supply by the cooperative of seed, specialised labour (agronomists, etc), machines, and sometimes even unskilled labour; profits are again divided according to agreement. By these means the peasants are gradually and painlessly linked to the socialist economy.

This form of economic organization is not only socially desirable, but is also proving itself more efficient economically. Agricultural production in 1958, a bad year, was 21 per cent above the pre-war average. The performance of the Socialist Sector was even better. The yield of wheat on agricultural estates rose from 9.6 to 21.3 quintals per hectare in 1954 to 20.3 quintals in 1958, and in farmers working cooperatives from 9.3 to 21.3 quintals. The yield of maize during the same period rose on agricultural estates from 19.2 to 12 quintals and in the cooperatives from 10.7 to 38.7 quintals. Though the progress achieved in livestock breeding in the socialist sector is not markedly superior to that on peasant farms, the latter rely heavily on the services provided by cooperatives.

Undoubtedly, this form of socialist organization of agriculture differs much from the form prevailing in other East European countries. Yet the results, tangible and intangible, are outstanding. We can compare the results achieved by socialist sectors in different communist countries. In Bulgaria, the socialist sector embraced over 70 per cent of arable land in 1956, but accounted for only 60 per cent of total production. In Rumania, in 1957, the socialist sector included 51 per cent of arable land, but contributed only 36 per cent of total production. In Hungary, in 1955, the socialist sector possessed 40 per cent of cultivable land, but produced only 27 per cent of total output. Experience in Yugoslavia is much more heartening: in 1958 the socialist sector with 15 per cent of the surface under wheat provided 25 per cent of total production, while 13 per cent of the surface under maize provided 31 per cent of total production.

LESSONS FOR INDIA

If we agree that in India also we are aiming at an economically viable and socially just system in agriculture, Yugoslav experience can help

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us in many ways. Some of the lessons can be pinpointed.

(1) There should be a nucleus of socialist sector in agriculture to start with.

(2) The socialist sector should be given first priority in the allocation of resources, so that it becomes an economically viable system.

(3) There should be safeguards against the perpetuation or re-emergence of a capitalist system in peasant proprietary sector, through a ceiling on land ownership.

(4) The feudal attachment to land should be broken by making land a means of livelihood rather than a way of living. Small farmers should be encouraged to lease out their land, preferably to cooperative societies.

(5) Peasant economy should be progressively integrated with socialist agriculture through provision of services in the first instance and sharing of production efforts later on. Socialisation of processes should be the guiding motto.