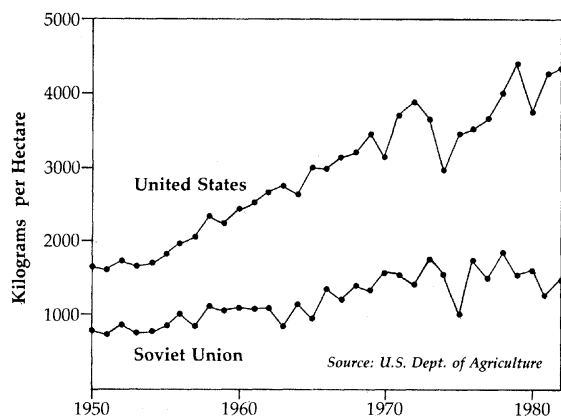


# Against the Grain: Soviet Trade

Conventional wisdom says that U.S.-Soviet relations are deteriorating rapidly and that the superpowers are heading into a period of dangerous antagonism. But conventional wisdom is often wrong. Lester Brown, president of the small think tank known as the Worldwatch Institute, says the common view is wrong in this case. He presented a paper\* on 29 September arguing that the pessimists have ignored a big fact: the Soviet grain trade. The Soviets' dependence on American farmers and the farmers' taste for the Soviet market, Brown says, will bring about a period of economic cooperation and possibly arms cutbacks.

Because neither country sought this interdependence, and because it is embarrassing for both, political leaders may be afraid to recognize it for what it is. However, Brown says, ignoring this new fact of life will not make it go away. Brown points out that powerful economic changes like this tend to override politics. As the grain trade booms, the weapons-building frenzy may abate.

The case for this prediction rests on an analysis of Soviet agricultural data of the last decade. Brown has concluded that the Soviets' recent demand for imports is not an ephemeral thing. It reflects losses not due to bad weather, but to bad management. He believes it will be almost impossible for the Soviets to increase farm productivity in the short run, and that they will continue to import.



U.S. and Soviet grain yield per hectare

The reason for discounting the effects of the weather is that the same pattern of weak output has been identified in half a dozen commodity groups. Each is produced in a different part of the country and each should reflect a different weather experience. Yet output has been stagnant or declining in all categories since the mid-1970's.

The problem has three parts, as Brown describes it. First, because of its northerly location, the Soviet Union begins with a natural disadvantage. It cannot mimic U.S. agricultural techniques. The enormous success of American farmers since the 1950's has been due in large measure to the use of high-yield corns and soybeans which do not grow well in the Soviet Union. "In the Soviet Union," Brown points out, "where wheat accounts for half of all cereals produced, a bushel of wheat seeds an acre and typically yields about 20 bushels. In the United States, however, a bushel of corn easily seeds five acres,

yielding 100 bushels per acre for a total of 500 bushels."

Second, the Soviets lack the complex infrastructure that supports the American farm and helps it grow more efficient every year. The U.S. farmer has access to a greater variety of tools, fertilizers, pesticides, specialized information, local weather reports, and methods of transportation. Because of these resources, the American farmer is more flexible and more adept at overcoming obstacles than his Soviet counterpart. In addition, the profit incentive discourages the waste of materials and labor. Thus, the advantage of high-yield crops is multiplied by efficient management.

Third, the premise of Soviet agriculture, that a centralized bureaucracy can command higher yields by willing them, is a problem in itself. It discourages initiative and tends to shift responsibility away from the farmer doing the actual planting and harvesting. The very existence of a centralized bureaucracy ensures rigidity.

Brown mentions that Hungary saw this problem in the 1960's and took steps to decentralize. Within a decade, Hungary changed from a grain importer to a grain exporter. Although similar reforms are talked about in the U.S.S.R., Brown says, it would be more difficult to implement them there because of the country's longer bureaucratic tradition. "Farm workers accustomed only to taking orders cannot develop overnight the decision-making skills essential to successful decentralized agriculture." He predicts that for the present, the Soviets will forgo any wrenching reform campaigns. In order to be effective, a reform would have to revolutionize the entire economy. Instead, the Soviets are likely to mine and export their abundant mineral resources to pay for imported grain.

The United States, for its part, will continue to produce grain surpluses, Brown says, constrained only by the manageable problems of soil erosion and water shortages. The government could try to limit production by paying farmers not to plant crops, as it did before 1970. But every administration since then has tried to curtail farm subsidies. They would seem particularly difficult to justify now, when the Soviets are offering to support American farmers with hard cash.

Indeed, President Reagan seems to have given the grain trade the strongest blessing of any administration up to this point. In the midst of a noisy campaign to limit intercourse with the Soviets, the Administration has declared that grain is exempt from control. That in itself illustrates how important the arrangement has become. Secretary of Agriculture John Block, eagerly pushing exports, has predicted that the United States will sell Russia 18 million tons of grain this year—a record amount. Last year the Soviets bought 15.3 million tons, about the same amount they bought immediately before the 1980 embargo.

"The food connection," Brown concludes, "may represent the most important change in relations between the two countries since the Cold War began a generation ago." It shows that the two nations need one another, and Brown believes that as this fact sinks in, leaders on both sides will find it difficult to think of one another as mortal enemies. The circumstances are becoming more propitious for a joint effort to cut arms budgets, Brown claims.

—ELIOT MARSHALL

\*"U.S. and Soviet agriculture: The shifting balance of power" (Worldwatch Institute, Washington, D.C., October 1982).