

Food in the CIS: standing at the abyss

by Rosa Tennenbaum

Since the beginning of 1992, when shock therapy economic policies were imposed on Russia, industrial as well as agricultural production have been in free fall. The collapse of food production is not quite as drastic as the decrease of industrial output, but still it is astounding.

Some weeks ago, the first cases of starvation were reported in the Russian military, and famine conditions are being reported in two Russian provinces, and in Georgia and Bulgaria; generally, the food situation in the states that belonged to the former Soviet Union looks very grim. It took only four years to create conditions, that are rapidly approaching widespread famine.

In a report released in September, the Russian Agriculture Ministry termed the situation in agriculture "dramatic." Production potential has been crippled so severely, that it will take "several decades" before the levels preceding shock therapy could be reached again, it said. The report pointed to big losses in agricultural production, spearheaded by a collapse in grain production. In 1990, Russia's grain harvest was 120 million tons; last year, it was 63.5 million tons, just above half of 1990 levels and the lowest grain harvest recorded in the last 30 years. This year, the Agriculture Ministry projects 69 million tons, which is a small increase over 1995, but it is still one of the worst results since the 1960s.

The same is true for all other agricultural commodities. Meat production fell from 13 million tons in 1992, to 9.4 million tons in 1995; milk fell from 47.2 million tons, to 39.3 million tons. This collapse is accelerating. Just between August 1995 and August 1996, production of bread shrank by 54%, flour by 22%, meat by 20%, butter by 23%, and cheese by 14%.

What is not being produced, cannot be consumed. Consumption of meat and meat products, and sugar and sugar products, were one-fourth below 1990 levels; consumption of milk and milk products, fish, and fruits were down by one-fifth. Only consumption of bread and potatoes is higher, because they are being substituted for animal products.

The Agriculture Ministry is worried, in particular, because investments in agriculture have come to a complete standstill. Technical equipment on the farms has reached the level of the 1960s. In addition, infrastructure in the rural areas is decaying and is "very seriously affecting production and marketing of agricultural products."

The breakdown in agriculture is affecting the food-processing industry, that used to be an important employer in the countryside. A growing part of processing capabilities is lying idle, adding to the already precarious economic situation of companies. Many firms have to close down, adding their workforce to a growing army of unemployed.

Already last year, Russia only prevented a bread crisis because it imported growing amounts of wheat for human consumption and flour, Andrei Sisov, the director of the Center for Economic Research, stated in a report. Within one year, wheat imports more than doubled to 3.2 million tons. Imports of wheat flour rose from 53,000 tons in 1994-95, to 1 million tons one year later. Then, Russia was still a net exporter of flour; now, it is the world's biggest importer.

This is not only due to shortages on the internal market, but also because grain and flour are cheaper on the world market than at home. But, it looks as if the policy of importing food cheaply cannot be continued next year, because countries such as Ukraine and Kazakhstan, from where most of the imports come, suffered bad harvests this year and will not be able to deliver.

Grain reserves exhausted

At the beginning of the current fiscal year, all regions in Russia, except eastern and western Siberia, reported their lowest grain reserves in years. The state grain reserve, which was still 8.8 million tons in summer last year, is exhausted as well, Sisov reported. This means, that the regions and the consumers of the state reserves will depend exclusively on the grain available on the internal market, or they will have to import it. This is hitting the Army and the Arctic territories hard, in particular. Until now, they were supplied by the state.

Gen. Aleksandr Lebed, who was ousted on Oct. 17 as head of the Russian Security Council, has termed the food and energy situation in these areas "beyond description," and has warned of a "point of eruption" soon to come. He forecast that either the state will have to organize a "vast deportation" of the population there as a kind of rescue operation, or there will be waves of refugees streaming from the Arctic belt into central Russia this winter. The country is staring into the abyss.

On Nov. 19, Russian government and military officials met in Moscow, at a conference on ensuring food supplies for the Armed Forces. Underfunding for provisioning is the immediate problem, but even with full funding, supplies are not present. Deputy Economics Minister Ivan Starikov told participants that the military had been granted 6.2 trillion rubles in the 1996 budget for feeding the troops, although it had requested 8 trillion. But thus far this year, the Armed Forces have received less than half the allocated amount. As a result, the military had by Nov. 1 gone into debt to its food suppliers by 2.3 trillion rubles. Starikov noted that the Defense Ministry had asked for 10 trillion rubles for food

in the 1997 budget—an amount it is unlikely to receive.

The government hopes that centralizing all food procurement in one agency will be more economical, and has made the Agriculture Ministry's Federal Food Corporation "fully responsible for providing food supplies" to the Armed Forces. It is to use only domestic sources for its purchases. The FFC, however, has itself been hamstrung by underfunding since its creation two years ago, and lacks storage facilities of its own.

As in the Soviet days, the military devotes a considerable effort to feeding itself—often at the expense of military training. The Defense Ministry manages a number of large farms, and nearly every unit engages in agricultural activities on a smaller scale.

The situation in most of the countries that belonged to the former Soviet Union is similar to Russia, as the following examples show.

Ukraine

Once Europe's breadbasket, the grain harvest in Ukraine this year will amount to around 26 million tons, a decline by one-fourth compared to last year. The record harvests in 1989 and 1990, just before shock therapy was imposed, were almost twice as high. The harvest of sugar beets, too, will be 13% short of 1995, and the smallest in more than a decade, the Agriculture Ministry in Kiev admitted.

Crops were affected by adverse weather conditions—in spring it was too cold, in summer incredibly hot, and in autumn too wet. But the lack of input of fertilizers is the other main reason for the disaster.

One-third of the area planted was not fertilized at all. In 1990, Ukraine still produced 6.8 million tons of sugar; this year it will be only 3 million tons. Grain and sugar used to be the most important export products of the country; now, there is nothing to sell any more—in fact, hunger is looming in Ukraine. The mass starvation at the beginning of the 1930s was not because of shortages, but was a conscious genocide by Stalin to crush Ukraine. Today, this is being tried again—by liberal economics.

Still, the country is lucky. It counts some 20 million independent farmers, and that is why Ukrainians are still able to survive. You either garden your own plot or you have friends and relatives in the countryside, who support you with urgent necessities.

Georgia

This country is suffering an almost total crop failure this year. Instead of the projected 360,000 tons, the country will harvest only 177,000 tons of grain. Last year, it still harvested 500,000 tons, and the country still needed aid deliveries from the European Union to prevent widespread hunger. At least 800,000 tons are needed for consumption. Now, there is less than one-fourth of this amount available, and the government has no money for imports.

Kazakhstan

Kazakhstan, a major grain exporter in the CIS, is suffering a bad harvest of a maximum of 15 million tons, down from 20 million tons last year. This autumn, people are resorting in desperation to consumption of animal feed, and even fertilizer. There are thousands of hunger-stricken people in, especially, Karaganda, in northern Kazakhstan, and in the towns of Janatas, Kentau, and Tekeli, in the country's south.

Other countries of Central Asia are in great need of food aid to prevent widespread hunger, including Azerbaijan, Armenia, Kyrgyzstan, and Tajikistan.

Tajikistan

Tajikistan President Emomali Rakhmanov presented a report to the Rome World Food Summit on the crisis conditions of the food supply and agricultural production in his country. Tajikistan has been cooperating with the UN Food and Agriculture Organization (FAO) since it was admitted to this organization in November 1995.

According to Rakhmanov's Presidential press secretary, Zafar Saidov, food shortages became particularly acute in Tajikistan after economic contacts were broken with the former Soviet republics. Among other reasons for food shortages, he cited the civil war and natural disasters in 1992-93, and a sharp drop in the production of agricultural produce and food imports.

Moreover, because 93% of Tajikistan's territory is mountainous, this complicates farming, and leaves no leeway for "interruptions" in crop cycle inputs. The situation has become critical, because the government has no money to renew and develop agriculture. Given this, Rakhmanov urged the FAO to supply Tajikistan with equipment for the development of agriculture and processing industries until Tajikistan overcomes its "serious economic crisis."

Rakhmanov also proposed that the FAO set up a special fund through which industrialized states would subsidize food imports by "poor states" with negative balance of payments situations and large debts.

Eastern Europe: frostbite or hunger

Countries of eastern Europe are also in a food crisis. Romania reports a crop failure. Bulgaria reports the worst harvest "within several decades," and here, too, the alternatives this winter are to die from frostbite, or of hunger.

In all these countries, food production collapsed not due to "natural" causes and disasters, but because it was consciously and willfully destroyed, on orders of the International Monetary Fund and World Bank, in complicity with dumb and corrupt politicians in the respective governments. If this policy prevails for much longer, this part of the world will blow up in wars and civil wars. It will cost many lives in the western countries as well, if we allow such destruction to be continued.