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SOVIET ECONOMY
DURING THE SECOND WORLD WAR

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INTRODUCTION

The great Patriotic War of 1941-1945 caused radical changes in the national economy of the U.S.S.R.; it remolded Soviet economy to insure victory in the war, and gave rise to economic laws peculiar to wartime. This has gone down in the history of the U.S.S.R. as a special period of socialist economy, the period of war economy, which constitutes the subject of a special chapter in the political economy of socialism—the political economy of the Patriotic War.

The unity of the national interests of the peoples of the Union of Soviet Socialist Republics manifested itself with full force during the great Patriotic War, in which socialism was pitted against fascism, the Soviet people against the Germans poisoned by Nazism. The war against fascist Germany was a holy war fought by all the peoples inhabiting the Soviet Union for their existence as nations, for their country, for socialism.

The great unity of the peoples of the Soviet Union in the Patriotic War, which won the admiration of the entire world, stemmed from the victory of the socialist mode of production and the abolition of the exploiting classes in the U.S.S.R. Indeed, the very roots of parasitic classes and groups were destroyed in Soviet society long before the outbreak of the Patriotic War, and it was this that laid a firm foundation for the moral and political unity of the Soviet people.

Fascist Germany chose predatory war as the means to achieve its imperialist aims: the conquest of foreign lands and states, the destruction of the land of socialism, and the reduction of freedom-loving nations to the status of slaves of the German imperialist "masters." No wonder therefore that the national interests of the various peoples of the U.S.S.R. were at one in the war against German imperialism.

The second world war, as Comrade Stalin said, broke out ". . . as the inevitable result of the development of world economic and political forces on the basis of present-day monopoly capitalism," as the result of the second crisis of the system of world economy. The main fascist states, Germany, Japan and Italy, attempted, in the interests of one group of countries of monopoly capitalism, to change the situation that had arisen within the world system of capitalism in their own favor by armed force.

The second world war between the bloc of bourgeois democratic states and the bloc of fascist states coincided historically with the Patriotic War of the Soviet Union against Hitler Germany, which perfidiously attacked our country. In the crucible of war there took shape the anti-fascist coalition of the Soviet Union, the United States of America, and Great Britain which set itself the purpose of defeating the armed forces of the fascist states.

The members of this coalition, however, held different views as regards the aims of the war. The Soviet Union regarded the defeat of German and Japanese imperialism, the destruction of fascism, and the restoration and development of the democratic way of life in Europe as the basic aim in the war. For the United States and Great Britain the basic aim was to rid themselves of German and Japanese competition on the world markets and to establish the domination of the American capitalist monopolies. Nevertheless the allies in the war against Germany and Japan made up one coalition, one camp.

The second world war sharply brought out the contradictions in the camp of the capitalist countries between the bloc of bourgeois-democratic powers, on the one hand, and the bloc of the fascist powers, on the other. These contradictions proved to be a kind of reserve for the socialist state, which utilized them first to smash Hitler Germany and then to defeat Japanese imperialism; this was the greatest victory of the U.S.S.R.'s foreign policy.

The great Patriotic War was a test to which history put both

German imperialism with its fascist organization and socialism as represented by the U.S.S.R. The viability of socialism and fascism was tested in cruel and sanguinary battles, which resulted in the political, military, and economic victory of the socialist state.

On more than one occasion Lenin and Stalin had warned the socialist homeland that historic battles between imperialism and socialism were inevitable, and prepared the peoples of the U.S.S.R. for these encounters. Lenin and Stalin had made it clear that wars waged by a working class which has defeated the bourgeoisie in its own country, wars waged in behalf of its socialist homeland, in order to consolidate and develop the socialist system, are legitimate and holy wars.

Stalin, the great comrade-in-arms and continuer of Lenin's cause, teaches us that it is the duty of every revolutionary to protect and defend the U.S.S.R., the first socialist state in the world. Only he who unconditionally defends the U.S.S.R. is an internationalist, for the problems of the international revolutionary workers' movement cannot be solved without defending the Union of Soviet Socialist Republics.

Lenin taught us that the fate of all previous revolutions was decided by a long succession of wars, and that when the Civil War came to an end we merely emerged from one period of wars, but had to be prepared for another. The prolonged existence of the Soviet Union alongside aggressive imperialist states entails a series of major conflicts. As long as the capitalist encirclement remains, the danger of the imperialist states attacking the land of socialism exists.

In 1941 the war against the U.S.S.R. was launched by Hitler Germany, the country of the most predatory imperialism. At the very beginning of the Patriotic War Stalin armed the peoples of the Soviet Union with a program for the holy war of liberation against German imperialism. "The Germans are now waging a predatory war, an unjust war, for the purpose of seizing foreign territory and subjugating foreign peoples," Comrade

Stalin said. "That is why all honest people must rise against the German invaders, as enemies.

"Unlike Hitler Germany, the Soviet Union and its allies are waging a war of liberation, a just war, for the purpose of liberating the enslaved peoples of Europe and the U.S.S.R. from Hitler's tyranny. That is why all honest people must support the armies of the U.S.S.R., Great Britain, and the other Allies, as armies of liberation."

Stalin called upon the Soviet army and the peoples of the Soviet Union to smash the military might of the German invaders, to wipe out the German armies of occupation that had invaded our country in order to enslave it, to liberate the Soviet territories and peoples from the German fascist yoke, and then dispatch the fascist beast on his own territory.

Guided by Comrade Stalin's injunctions, the Soviet army and the armed people of the Soviet Union headed by the Communist Party, the Bolsheviks, fought for every inch of Soviet territory, for our towns and villages, displaying supreme courage and staunchness.

When the forces of the Soviet army were compelled to withdraw in the early period of the great Patriotic War, Soviet railway workers evacuated the rolling stock; workers, engineers, and technicians shipped industrial equipment to the eastern areas and moved there themselves, and collective farmers drove their cattle and hauled their grain to the rear.

In the enemy-occupied areas of the Soviet Union partisan detachments and sabotage groups were formed during the war to fight the enemy's troops. The flames of partisan warfare were fanned far and wide, making conditions unbearable for the German occupation troops and their accomplices. This heroic feat of the Soviet people in the areas occupied by Hitler Germany will live in ages as an example of valor, heroism, and patriotism.

During the Patriotic War the front and the rear formed a single indivisible camp, in which the alliance of the workers and the peasants and the friendship among the peoples of the

multi-national Soviet Union grew even closer than before. Comrade Stalin has said that any other state which suffered losses as great as the Soviet Union would not have stood the test and would have collapsed. The Soviet system demonstrated its supreme strength based on the leadership of our battle-tried party of Lenin and Stalin, on the victory of socialism, the alliance of the workers and peasants, the unity of the peoples of the Soviet Union.

Staunchly and courageously enduring the privations of war, the working class, the collective-farm peasantry, and the Soviet intelligentsia built up by their patriotic labor a stable war economy and kept our Soviet army and navy adequately supplied with first-class armaments, food, equipment, and fuel. The peoples of the Soviet Union provided their army with a continuous flow of replacements from among their finest sons and daughters, who added to the honor and glory of Soviet arms. The Soviet people showed the world that they were a hero nation, a warrior nation.

During the most difficult days of the Patriotic War, Comrade Stalin inspired the peoples of the Soviet Union and their armed forces to all-out effort for victory. Staunchness in the struggle against the German hordes and confidence in the victory of our just cause emanated from the great Stalin and spread to the entire country, uniting the people and the army and making the U.S.S.R. an impregnable fortress.

Comparing the situation in which our country found itself in the initial period of the Patriotic War with that in the period of the Civil War, Comrade Stalin said that the country now was far better off than it had been twenty-three years before. Socialist industrialization and the collectivization of agriculture had multiplied our country's wealth many times over as regards industry, food resources, and raw materials. During the Civil War, fourteen bourgeois states united to attack our country. During the Patriotic War the U.S.S.R. had allies who fought together with us against Hitler Germany. Moreover, the U.S.S.R. has its modernly equipped Soviet army which staunchly upholds the

freedom and independence of our country. The heroic struggle of the Soviet army and the peoples of the U.S.S.R. evokes the admiration, sympathy, and support of all freedom-loving nations.

The Patriotic War promoted the development of the Stalin military tactics and strategy, which incorporated the experience of Kutuzov and Suvorov, illumined by the military genius of Stalin, and enriched by the use of most up-to-date armaments. The Stalin science of victory, the new tactics combining fire and maneuver, endowed the Soviet army with titanic strength directed at the annihilation of the enemy. The Stalin science of victory will remain forever a wellspring of wisdom, heroism, and noble inspiration for the generations to come.

There was a period in the history of the war economy of the U.S.S.R. when a large part of the country's war industry was on wheels, traveling eastward. Tens of thousands of machine tools, drop hammers, presses, and turbines, and thousands of workers, engineers, and technicians, were on the move. This was a singular process of transfer of the productive forces of the U.S.S.R. to the east. By the heroic efforts of the working class and the technological intelligentsia, led by the party of Lenin and Stalin, the evacuated industries were restarted. A powerful industrial base was established in the Urals, the Volga areas, and Siberia to feed the great Patriotic War.

Summing up the development of the war economy of the U.S.S.R., Comrade Stalin said that ". . . the self-sacrificing efforts of our Soviet people in the rear will go down in history, parallel with the heroic struggle our Red army is waging, as an unprecedented feat of heroism performed by a people in defending their country." Having passed through the period of conversion of the national economy to war, of the transfer of productive forces, and of their re-establishment in the eastern areas, the Soviet state acquired during the Patriotic War a smoothly operating and rapidly growing war economy.

The party of Lenin and Stalin was the leading and directing force in the wartime development of Soviet economy, just as it had been in the period of peaceful construction. The honor and glory of the greatest victory in the history of human society belong to the Bolshevik Party. Its supreme staunchness, unexcelled skill in guiding war economy, and titanic will to victory brought about the concentration of all the forces of the Soviet peoples for a smashing blow at the enemy.

Thus, the Patriotic War constituted a special period in the development of socialist economy—the period of war economy. The Soviet Union's war economy was marked by the operation of specific economic laws in the spheres of production and distribution. The period of war economy in the U.S.S.R. forms the subject of a special chapter in the science of political economy. The theory of the war economy of socialism has been created by the work of our leader, the great Stalin.

On the Eve of the Patriotic War

Characteristic of the economic life of the U.S.S.R. on the eve of the Patriotic War was the victory of socialism in all branches of the national economy. Tremendous success had been achieved in the socialist industrialization of the national economy and the collectivization of agriculture. The material and cultural well-being of the peoples of the Soviet Union was rising at an exceptionally high rate. Having built a socialist society, the U.S.S.R. had entered the phase of gradual transition from socialism to communism.

The following comparative data show the level achieved on the eve of the Patriotic War as a result of the development of the country's productive forces under the Stalin Five-Year Plans: The national income of the U.S.S.R. had increased (in constant prices of 1926-27) from 25 billion rubles in 1928 to 45.5 billion rubles in 1932, 96 billion in 1937, and 128 billion in 1940, *i.e.*, more than five times over in the period covered by two and a half Five-Year Plans.

Capital investments in the national economy of the U.S.S.R. grew from 3.7 billion rubles in 1928 to 18 billion rubles in 1932, 30 billion in 1937 and nearly 43 billion rubles in 1940. As a result of extended reproduction, the fixed capital funds of socialist enterprises in the U.S.S.R., exclusive of the value of livestock, increased (in 1945 prices) from 140 billion rubles in 1928 to 285 billion rubles in 1932, 564 billion in 1937, and 709 billion in 1940, that is, fivefold.

The gross output of industry increased (in prices of 1926-27) from 21.4 billion rubles in 1928 to 43 billion in 1932, 95.5 billion in 1937 and 138.5 billion in 1940, that is, increased 6.5 times, the production of means of production increasing from 8.5 billion

rubles to 84.8 billion rubles, or ten-fold. At the same time, production of articles of consumption increased more than four-fold, from 12.9 billion rubles in 1928 to 53.7 billion in 1940. As a result of these successes the industrial power of the U.S.S.R. enormously increased.

Under the influence of socialist industrialization and as a result of the triumph of socialism in the countryside, agriculture in the U.S.S.R. likewise steadily forged ahead. The gross production of agriculture increased (in constant prices of 1926-27) from 15 billion rubles in 1928 to 23 billion rubles in 1940. In this period the crop area expanded from 113,000,000 hectares* to 150,000,000 hectares. The gross production of grain increased from 4.5 billion poods† in 1928 to 7.3 billion poods in 1940.

The livestock owned by the collective farms increased at an exceptionally rapid pace alongside the increase in the livestock belonging to the collective farmers personally. The commonly owned collective farm stock increased as follows between 1928 and 1940: horses from 300,000 head to 14.5 million; dairy and beef cattle from 300,000 to 20.1 million; sheep and goats from 500,000 to 41.9 million; and hogs from 100,000 to 8.2 million.

The territory of the Soviet Union was rapidly covered by a network of new railways, the construction of which raised the material and cultural level of life in the formerly backward areas. Railway freight carriage increased from 93 billion ton-kilometers in 1928 to 415 billion ton-kilometers in 1940, or nearly 4.5 times.

The number of workers and other employees engaged in the national economy of the U.S.S.R. increased from 10.8 million in 1928 to 31.2 million in 1940. The increase in the total population and the particularly rapid increase in the number of workers in the national economy were accompanied by a still faster expansion of retail trade, which raised the level of the people's material well-being. Retail sales of the state and co-operative trading establishments mounted during the period covered by

* A hectare is equivalent to 2.471 acres.—*Ed.*

† A pood equals 36.113 lbs.—*Ed.*

two and a half Five-Year Plans from 11.8 billion rubles in 1928 to 175.1 billion rubles in 1940.

The finances of the socialist state grew steadily stronger on the basis of the growth of the country's productive forces. Revenues under the state budget of the U.S.S.R. rose from 7.3 billion rubles in 1928 to 180 billion rubles in 1940. At the same time disbursements under the U.S.S.R. budget increased from 7.3 billion rubles in 1928 to 174 billion in 1940. On the eve of the Patriotic War current budget revenues of the Soviet Union exceeded current expenditures. In spite of the increases in production and goods turnover, the amount of money in circulation noticeably decreased on the eve of the war as a result of the considerable acceleration of the rate of turnover of goods and hence of money as well. Soviet money, while fulfilling its function as an instrument for controlling the process of production and distribution of the social product, gave the working people of town and country a greater incentive to raise the productivity of labor and increase their monetary income.

The population of the U.S.S.R. grew rapidly, creating reserves for the further expansion of the productive forces and of the personnel of the Soviet army. Particularly rapid was the increase in the urban population—from 25 million in 1926 to 61 million in 1940. In the same period the rural population mounted from 121 million to 132 million. In other words, with the simultaneous growth of the rural population, the percentage of urban residents increased from 18 in 1926 to 32 in 1940. This was a a reflection of the process of industrialization which continued in a number of areas of the Soviet Union during the period covered by the Third Five-Year Plan.

Of the period covered by the Third Five-Year Plan for the development of the national economy of the U.S.S.R., three and a half years were years of peace economy (relative peace, inasmuch as there were minor wars during that period too). The last year and a half of that period were years of war economy, of the Patriotic War. During the three and a half years of peaceful economic development, the Third Five-Year Plan was being fulfilled successfully. On the eve of the Patriotic War, *i.e.,* by the middle of 1941, gross industrial output reached 86 per cent of the level set by the plan for 1942, output of means of production attaining 90 per cent, and that of articles of consumption, 80 per cent of that level. The gross output of grain in 1940 amounted to 91 per cent of the level envisaged in the Third Five-Year Plan for 1942. Freight traffic on the railways during the first half of 1941 reached 90 per cent, and retail trade, 92 per cent of the 1942 target figures. In the same period the number of workers and other employees* engaged in the national economy of the U.S.S.R. amounted to 98 per cent of the number envisaged in the Third Five-Year Plan for 1942 and the total of their wages equaled 96 per cent of the projected 1942 level.

Thus, the levels attained in production, freight traffic, trade, and national income on the eve of the Patriotic War were unquestionably high enough to insure the fulfillment of the Third Five-Year Plan for the development of the national economy of the U.S.S.R., adopted by the Eighteenth Congress of the Communist Party of the Soviet Union for the 1938-42 period. Only now is it possible fully to appreciate the historic significance of the Stalin Five-Year Plans for the fate of the socialist revolution. The genius of Stalin was embodied in these plans. The peoples of the Soviet Union transformed them by their labor into the formidable material force which subsequently crushed predatory German imperialism.

The situation prevailing in the capitalist countries before the outbreak of the second world war was entirely different. Characteristic of the economic life of these countries on the eve of the war was the fact that they were spontaneously drifting into another economic crisis. The development of this crisis proceeded at a highly uneven rate. The problem of markets and colonies was growing increasingly acute for the capitalist countries. The fascist countries were feverishly preparing for a new imperialist

* In the Soviet Union, the word employees designates workers employed in civil service, office, and other occupations generally described as white-collar work in the United States.—*Ed.*

war. The fascist states were building up reserves of strategic raw materials by all the means at their disposal, and intensively geared their economy to war.

In Germany industrial production dropped in 1930 to 88 per cent of the 1929 level, in 1931 to 72 per cent, and in 1932 to 58 per cent. With the advent to power of German fascism, Germany's industries began to be geared to war production, and this stimulated an increase in industrial activity and a certain expansion of output in industry as a whole. In 1933 Germany's industrial production rose to 65 per cent of the 1929 level; in 1934, to 83 per cent; in 1935, to 95 per cent; in 1936, to 106 per cent; in 1937, to 116 per cent; and in 1938, fed by war orders, mounted to as much as 120 per cent of the 1929 level. Thus Germany long before the beginning of the second world war forced up her industrial output by increasing war orders. The struggle among the capitalist countries for sources of strategic raw materials, without stocks and reserves of which modern war is inconceivable, grew steadily more acute.

Changes in the production level in the bourgeois-democratic countries during the decade preceding the second world war were of a different nature. In the United States of America the economic crisis resulted in industrial production dropping in 1930 to 83 per cent of the 1929 level, in 1931 to 68 per cent, and in 1932, as low as 53 per cent. The year 1933 saw the beginning of a certain rise in industrial activity in the United States, industrial production that year reaching 63 per cent of the 1929 level; in 1934, 68 per cent; in 1935, 79 per cent; in 1936, 94 per cent; and only in 1937 did the percentage rise to 103, or slightly more than the 1929 level. Nevertheless in 1938 another economic crisis again brought industrial production in the United States down to 81 per cent of the 1929 level. Thus, American industry was going through the crisis-to-crisis industrial production cycle characteristic of capitalism. War production in that country remained on an exceedingly low level and could not serve to raise the general volume of industrial output.

The second world war began as an imperialist war launched by

German monopoly capitalism organized in the fascist state. The claim of "national" interests advanced by German fascism proved even in the initial period of the war to be a smoke screen for aggressive, predatory imperialist war. German fascism revealed its imperialist, predatory nature, especially when it attacked the Soviet Union. The world war against the fascist states became a war of liberation. The Patriotic War of the U.S.S.R. imparted an anti-fascist and emancipatory character to the world war waged by the freedom-loving peoples, first and foremost the peoples of the Soviet Union, against the fascist states.

The war against Hitler Germany was a just and holy war inasmuch as predatory German imperialism set itself the aim of destroying socialism in the U.S.S.R., turning the peoples of the U.S.S.R. into slaves of the German "masters," creating a slave-owning system, acquiring food and oil by plunder, and piling up super-profits for the "master" clique of German monopoly capitalism. The economic plans propounded in the public utterances of the fascist ringleaders as well as in German economic journals were invariably associated with the insane "idea" of conquering Eastern Europe and turning it into a colony of the "greater German empire" with private estates and enterprises. No wonder this "idea" ended in a fiasco.

The provocatory attack of the Japanese imperialists on the United States of America unleashed war in the Pacific and plunged the majority of the peoples of the globe into the abyss of the second world war. The two camps in the war now took final shape: the camp of the democratic states—the U.S.S.R., the United States, and Britain—united in the war against Germany and Japan, and the camp of the fascist states—Germany, Italy, and Japan.

It is common knowledge that the allies in the war against Germany and Japan differed in their definitions of the war aims and the post-war peace settlement. This difference sprang from the fundamentally different social systems and the different motive forces of the war effort of the U.S.S.R., on the one hand, and the United States and Britain, on the other. The might of the Soviet

Union and the support rendered it by the freedom-loving peoples of the whole world imparted to the allied camp an emancipatory nature. Hence the war effort of the United States and Great Britain in waging war together with the Soviet state against imperialist Germany served the ends of the war of liberation.

A comparison of the productive forces of the countries which took part in the second world war shows that the coalition of democratic states enjoyed tremendous advantages, possessing considerably greater potentialities and reserves than their adversaries, in both economic resources and equipment making for victory in the world war. These advantages may also be seen from a comparison of populations: the democratic powers, the U.S.S.R., U.S.A., and Great Britain, had an aggregate population of 372 million, while the fascist powers, Germany, Japan, and Italy, had only 186 million.

The United States was able comparatively quickly to increase the output of armaments by going over to the state-monopoly organization of capitalist production based on the domination of giant and super-giant capitalist monopolies. According to American figures, war production in that country progressed as follows: armaments production increased from 32.5 billion dollars in 1942 to nearly 60 billion in 1943; manufacture of aircraft of all types expanded from 47,900 in 1942 to 85,900 in 1943; mercantile shipbuilding advanced from 5.1 million tons in 1942 to 12.1 million tons in 1943, while the tonnage of warships launched increased from 859,000 in 1942 to 2.61 million in 1943. This war materiel helped to defeat German imperialism.

Insuperable historical forces ensured the defeat and annihilation of the bloc of fascist countries. First and foremost among these forces was the socialist state, the U.S.S.R., where the rear and the front were at one, where the working class and the peasantry were united, as were the peoples inhabiting its territory who joined forces in the holy war against German fascist imperialism. Further, these forces included the liberation movement of the peoples of Europe that were enslaved by Hitler imperialism. And, finally, they included the augmented potentialities of

the coalition of democratic states which set their great production and manpower reserves into motion.

And yet these were mere potentialities still to be converted into real victory. Soviet patriotism and the will of the peoples of the U.S.S.R. to destroy German fascism, the exceedingly rich fighting experience accumulated on the field of battle by the Soviet army and its leaders, officers, and fighting men, and the wise military strategy and tactics of the Supreme Command of the Soviet Army turned potential victory into real victory over Hitler Germany.

Thus, the successes achieved in the socialist industrialization of the national economy and collectivization of agriculture in the U.S.S.R., which culminated in the establishment of the socialist society, created the material as well as the moral and political prerequisites for the successful defense and the independence of the socialist country. The alliance of the democratic states in the war against Hitler Germany and her satellites—an alliance that in itself was a historic victory for the foreign policy of the Soviet Government—hastened the defeat of the bloc of fascist states.

Foundations of the War Economy of the U.S.S.R.

The Patriotic War demanded that Soviet economy be immediately placed on a war footing. At the very beginning of the war, decisions of the Communist Party of the Soviet Union and the Soviet Government and the directives of Comrade Stalin set forth the program for the transition from peacetime socialist economy to wartime socialist economy.

The establishment of the State Committee of Defense, in which the executive and legislative authority of the Soviets were combined with the leadership of the party in the country, insured planned direction and unity of action in the mobilization of all resources of the national economy for the needs of the great Patriotic War.

A comparison of the war economy of pre-revolutionary Russia of the 1914-17 period and the war economy of the U.S.S.R. in 1941-45 reveals the tremendous superiority of the latter which enabled the Soviet state to keep its forces at the front supplied with armaments and food in spite of the temporary loss of a number of industrial and agricultural areas.

The war economy of the U.S.S.R. was founded on the socialist ownership of the means of production. The concentration in the hands of the Soviet state of the basic means of production made it possible quickly to gear the country's national economy to war. In pre-revolutionary Russia, on the other hand, the private ownership of the means of production, a low level of development of productive forces, and dependence on foreign capital, gave rise to insuperable difficulties in the conduct of the war of 1914-17.

The socialist revolution freed our country from dependence

on foreign capital and radically transformed the class composition of the population of the U.S.S.R. Whereas in 1913, before the revolution, urban and rural workers and other employees made up less than 17 per cent of the population of Russia, in 1939 they accounted for 48 per cent, or nearly half of the entire population of the U.S.S.R. It is common knowledge that before the socialist revolution of 1917, Russia had no collective farmers or handicraftsmen and artisans united in co-operatives; in the U.S.S.R. in 1939, they comprised 46 per cent of the total number of inhabitants, *i.e.*, the bulk of the second half of the country's population. Individual peasants, artisans, and handicraftsmen not united in co-operatives accounted for 65 per cent of the population of Russia in 1913; in the U.S.S.R. they amounted to no more than 2.6 per cent in 1939.

The landlords, the big and petty urban bourgeoisie, merchants and kulaks in 1913 comprised 16 per cent of the entire population of Russia. In the U.S.S.R. the exploiting classes—the landlords, the urban bourgeoisie, the kulaks—were abolished long before the beginning of the Patriotic War. This change in the class composition of the population of the U.S.S.R. as compared with pre-revolutionary Russia insured the moral and political unity of the peoples of the U.S.S.R., the firm alliance of the working class and the peasantry and the indestructible friendship of all the peoples forming the great Soviet Union.

Out of Russia's population of 139 million in 1913, 25 million lived in towns and 114 million in rural localities. Russia was predominantly an agrarian country with a poorly developed industry. In the course of the years of socialist construction in the U.S.S.R. both town and countryside developed beyond recognition. On practically unbroken ground, the Soviet state built up 364 new towns as centers of socialist industry. In 1940 the territory of the U.S.S.R. was inhabited by 193 million people, with an urban population 2.4 times the 1913 figure.

The level of industrial production at the socialist enterprises of the U.S.S.R. both before and during the war immensely surpassed that of pre-revolutionary Russia's private capitalist

enterprises. Gross output of Russian large-scale industry in 1913 was valued at 11 billion rubles; in 1940 the value of the Soviet Union's large-scale industrial production amounted to 129.5 billion rubles. In 1943 the industrial output of the Soviet Union's eastern areas alone was valued at 83 billion rubles (in comparable prices), that is, was 7.5 times in excess of the total industrial production of pre-revolutionary Russia.

The gross output of large-scale industry in the U.S.S.R. in 1940 exceeded the 1913 industrial output figure 11.7 times, while the output of the large-scale engineering and metal-working industries was 41 times greater. Output of high-grade rolled metal —the foundation of the war machine-building industry—amounted in 1940 to 80 times the 1913 figure. Pre-revolutionary Russia produced no automobiles, tractors, aluminum, magnesium, or rubber.

As distinct from the industry of pre-revolutionary Russia, the socialist industry of the U.S.S.R., not being dependent on the capitalist countries, proved capable during the Patriotic War of meeting all the war needs out of domestic production, in spite of the temporary loss of considerable territory. The eastern areas of the U.S.S.R. alone in 1943, as compared with the entire territory of Russia in 1915, turned out 2.3 times more coal, twice as much steel, 1.7 times more rolled iron and steel, 4.1 times more copper, 59 times more lead, and 18.8 times more zinc. The Soviet Union's oil output before the war was 3.5 times greater than in pre-revolutionary Russia.

The fundamentally different class structure of the socialist society in the U.S.S.R. insured a substantial increase in agricultural production, with the bulk of the marketable surplus concentrated in the hands of the workers' and peasants' state. Pre-revolutionary Russia's peak grain harvest, raised on the eve of the first world war, amounted to about 4.9 billion poods. In the U.S.S.R. on the eve of the Patriotic War the gross grain harvest amounted to 7.3 billion poods. The marketable surplus of grain in the U.S.S.R. on the eve of the Patriotic War was nearly double that of Russia on the eve of the first world war.

In pre-revolutionary Russia 22 per cent of the total marketable surplus of grain belonged to the landlords, 50 per cent to the kulaks, and only 28 per cent to the bulk of the peasantry, the middle and poor peasants. In the U.S.S.R. on the eve of the late war about 10 per cent of the marketable grain was produced by the state farms and nearly 90 per cent by the collective farms. In other words, practically the entire yield of marketable grain in the U.S.S.R. was in the hands of socialist producers.

Of the 367 million hectares of farm land in tsarist Russia, over 80 million belonged to the kulaks and 152.5 million to the big landlords. In the U.S.S.R. out of a total of 422 million hectares of farm land before the war, 371 million hectares were at the disposal of the collective farmers and individual working peasants, and 51 million hectares in state farms. Hence it is no wonder that the millions of Soviet people fought so heroically in the holy war for their native land, their towns and villages.

A comparison between the war economy of the U.S.S.R. in 1941-45 and the war economy of Soviet Russia* of the 1918-21 period shows how great was the advance made by Soviet national economy during the years since the socialist revolution. Productive forces increased, relations of production and classes changed, and the ranks of the socialist intelligentsia swelled.

In the beginning of 1918 the total population on the territory of the U.S.S.R., including the areas temporarily seized by the interventionists and whiteguards, was 142.6 million. In November of that year, however, when the territory in the hands of the interventionists and whiteguards was larger than at any other period during the Civil War, the population of Soviet Russia amounted to only 60 million. In 1942, when German occupation of Soviet territory during the Patriotic War had reached its maximum, the population of the U.S.S.R. did not drop below 130 million, which was more than double the population of 1918.

The level of industrial production during the war economy

* The Union of Soviet Socialist Republics was formed on December 30, 1922, at a congress of representatives of the Russian Socialist Federative Soviet Republic and the various independent national Soviet Socialist Republics. Until that time, the country was known as Soviet Russia.—*Ed.*

period of 1918-21 in Soviet Russia does not bear comparison with that of the 1941-45 war economy period in the U.S.S.R. The gross output of all industries in the U.S.S.R. in 1940 was 38 times higher than the level Soviet Russia reached in 1920, while the output of the machine-building and metal working industries was as much as 512 times greater.

In 1943, during the Patriotic War, the gross output of industry in the eastern areas of the Soviet Union was 20 times greater than that of the whole of Soviet Russia in 1920. Coal production in the eastern areas in 1943 was 60 times and pig iron output 65 times as great as the output in 1919 throughout Soviet Russia.

In 1942, when more Soviet territory had been overrun by the enemy than at any other time during the war and the cultivated area consequently was reduced to the minimum, the country's gross grain harvest was several times as great as that in the whole of Soviet Russia in 1919. It must also be remembered that on the eve of the Patriotic War the U.S.S.R. had substantial state reserves of grain and other foodstuffs, which Soviet Russia certainly did not have in 1918.

The proportion of socialist production to the gross industrial output of the U.S.S.R. increased from 76 per cent in 1923 to 100 per cent on the eve of the Patriotic War; the share of socialist production in the gross output of agriculture increased in the same period from 4 per cent to 99.7 per cent, while socialist trading establishments increased their share in total retail trade from 43 per cent to 100 per cent. All this signified the complete victory of socialism in town and country and created the prerequisites for the further growth of the Soviet Union's productive forces.

The number of skilled workers—the foundation of the industrial development of the country—likewise increased. Whereas the total population increased by 16 per cent between 1926 and 1939, the number of skilled workers grew several times over, the number of oil drillers increasing 5.7 times; turners, 6.8 times; milling machine operators, 13 times; lathe operators, 14 times; tool makers, 12.3 times; forge-hammer and die-press operators, 9.5 times; locomotive engineers, 3.3 times; marine engineers, 3.2 times; automobile and truck drivers, 40 times; and tractor drivers, 215 times.

An increase was likewise registered in the ranks of the U.S.S.R.'s intelligentsia, of whom there were 11.8 million in 1939, exclusive of skilled workers with a secondary education. The number of graduate engineers increased between 1926 and 1939 7.7 times; agronomists, 5 times; other agricultural experts, 8.8 times; scientific workers, 7 times; teachers, 3.5 times; cultural and educational workers, 8.4 times; and doctors, 2.3 times. The higher cultural level of the population of the U.S.S.R. and the growth of skilled personnel in town and country changed the composition of the Soviet army and insured its historic victories in the Patriotic War.

To characterize the Soviet Union's war economy during the Patriotic War it is also essential to compare the periods of peace and war economy in the U.S.S.R. The period of the U.S.S.R.'s peace economy was marked by general extended socialist reproduction of public wealth in all parts of the country. Extended socialist reproduction continued during the war economy period as well, limited though it was to a number of economic areas of the country. The process went on at a rapid rate in the eastern areas. This extended reproduction during the war made it possible, first and foremost, to make good the losses of public wealth incurred as a result of the temporary occupation of a number of areas and the destruction wrought by the German barbarians in these parts of the country.

A specific feature of extended reproduction during the war economy period in the U.S.S.R. was a curtailment of the scale and relative proportions of accumulation and individual consumption with a view to insuring specifically war consumption, a considerable share of the social product went into the manufacture of war material which does not directly reproduce the fixed-captial funds of the country. Yet this specifically wartime consumption without which the defense of the country would have been impossible was a condition and a prerequisite for

the very continuation and further development of extended socialist reproduction.

In the war economy period the ratio between accumulation and consumption changed and for a time, at the first stage of the period, their absolute dimensions were also reduced. In comparison with 1940, the year before the war, the year 1942 showed a decline in the total social product of the U.S.S.R. as a result of the occupation by the Germans of a number of industrial areas. The absolute dimensions of productive consumption likewise dropped although its relative proportion remained unchanged. Supplies for individual consumption by the population were somewhat curtailed. The proportion and dimensions of accumulation were curtailed temporarily, although accumulation continued throughout the entire war economy period.

The year 1943 was the year of a radical turn in the development of the war economy of the Soviet Union. It was marked by the tremendous victories of the Soviet army, the consolidation and further development of war economy with the specific features of extended reproduction sharply manifesting themselves. Social production as a whole increased considerably over 1942. An increase was registered in productive consumption, in national income, in individual consumption by the working people, accumulation, and in the fixed and circulating capital funds of the national economy.

In 1944, the Soviet army completely cleared Soviet territory of the Hitlerite scum. During that year the processes of extended reproduction continued to gain pace in the country. Growth of war expenditures in 1943 and 1944 was accompanied by the absolute growth of both productive and individual consumption and accumulation, and not by their reduction as the case had been in 1942. In this we see the specific features of extended reproduction at the various stages of the war economy period.

The war economy of the Soviet Union differs fundamentally, in principle, from the war economy of capitalist countries just as the laws of socialist reproduction differ from those of capitalist reproduction. This difference can be seen by comparing the foundations of the Soviet Union's war economy with those of the war economy of the U. S. A., for instance.

1. War economy in the Soviet Union is socialist economy based on public ownership of the means of production. In the U. S. A. war economy is capitalist economy, moreover capitalist economy at a stage of development when the dominant position is held by capitalist monopolies and finance capital. During the second world war the domination of the capitalist monopolies in the United States grew much stronger on the basis of the further concentration and centralization of capital. All talk by naive people and, more frequently, by deliberate liars, about the "popular" nature of American capitalism can fool only simpletons. Suffice it to say that in 1944, 75 per cent of all war orders in the United States went to 100 giant capitalist monopolies, while 49 per cent of all such orders were placed with 30 capitalist super-monopolists. These were the all-powerful masters of the war economy of the United States.

2. The driving force of the Soviet Union's war economy was the socialist state backed by the moral and political unity and patriotism of the peoples of the Soviet Union. In the United States, the driving force was the capitalist monopolies, for which war is a highly profitable proposition and an instrument for conquering world markets. The profits of the monopoly capitalists in the United States increased from 6.4 billion dollars in 1939 to 24.5 billion dollars in 1943, totaling 87 billion dollars during the four years of the war. The arguments advanced by some theoreticians who claim to be Marxists concerning the "decisive role of the state in the war economy of capitalist countries" are sheer nonsense unworthy of any attention. These "Marxists" naively imagine that the utilization of the American state machine by the rapacious monopolists to extract super-profits from war testifies to the decisive role of the state in the economic life. Characteristic of the bourgeois state in America is the coalescence of the state machine, its top level first and foremost, and the bosses and agents of the capitalist monopolies and finance capital. The strength of the monopoly capitalists in the United States consists,

incidentally, in the fact that they have placed the state at their service. Just as naive are the contentions that the state is planning war economy in the U. S. A. The fact that the capitalist monopolies of that country receive profitable orders from the state by no means signifies planning of the national economy. The most feeble attempts at "planning" economic endeavor in the U. S. A. fail as soon as they go beyond helping the monopolists to acquire profits.

3. The U.S.S.R. suffered enormous losses during the war economy period owing to war expenditures and the temporary occupation by Germany of a number of Soviet areas. The capitalist United States, on the contrary, profited by the war, since it escaped the pre-war economic crisis that loomed ahead and secured to the monopoly capitalists unprecedented profits and new world markets. Now, however, the high level of capitalist accumulation, labor productivity, and efficiency in production attained during the war in the U. S. A. is aggravating the contradictions inherent in capitalism and laying the basis for a new devastating economic crisis and chronic unemployment. The unevenness of the development of the capitalist countries, which became more pronounced during the second world war, is creating new contradictions and conflicts and aggravating the general crisis of capitalism. All this goes to show that the foundations of the war economy of the U.S.S.R. and of the U. S. A. were diametrically opposite in character, as opposite as the system of socialism and the system of capitalism.

Thus, the economic foundation of the war economy of the U.S.S.R. was the socialist ownership of the means of production, which insured that all the material forces of the Soviet Union's national economy were concentrated for the victorious conduct of the Patriotic War. The conversion of the national economy to a war footing, the transfer of productive forces and their restoration in the eastern areas laid the groundwork for a general advance in the war economy of the U.S.S.R.

Conversion of the National Economy

The program for the conversion of the national economy of the U.S.S.R. to a war footing was set forth in all its details in the pronouncements of Comrade Stalin, primarily in his historic radio address to the people on July 3, 1941, and his report, delivered on November 6, 1941, on the twenty-fourth anniversary of the great October Socialist Revolution.*

In order to effect this conversion which was carried out by the State Committee of Defense headed by Comrade Stalin, the following measures were put into effect:

1. The production capacities of socialist industry as well as the workers, engineers and other technical personnel were mobilized to work for the needs of the Patriotic War. Industrial enterprises were converted to war production. War industry was strengthened by the addition of enterprises of other branches of the national economy. Production of a number of lines of civilian goods was discontinued to release productive capacities, labor power, and material resources for use in the war economy. Radical changes were introduced in the character of industrial production; these included an increase in the share of high-grade rolled metals in the output of metal, aviation fuel in the output of oil products, and special chemicals in the output of the chemical industry; an increase in the share of food and equipment for the Soviet army in the output of the food and light industries. Raw and auxiliary materials were rerouted to increase the supply of war industry. Distribution and rationing of metal, fuel, electric power, and raw and auxiliary materials were strictly centralized. Together with basic industrial equipment, workers and engineering and technical personnel were

* See Joseph Stalin, *The Great Patriotic War of the Soviet Union*, New York, 1945.

transferred to the eastern areas of the country, and the construction of new production capacities in these areas was accelerated in every way. Extensive work was started to perfect production processes; among other things, production was launched of special steels in open-hearth furnaces, of armor plating in blooming mills, and of ferrophosphorus and ferrochrome in blast furnaces. Direct flow production line methods found extensive application in the machine-building industry.

2. The material resources of agriculture and the labor of the collective farm peasantry were mobilized to meet the needs of the Soviet army and the towns supplying the forces with armaments. Cattle, agricultural machinery and tractors were evacuated from German-occupied regions and the war zone to eastern regions. The area under grain, potatoes, and other vegetables was expanded in the eastern districts, primarily in the Urals, in the Volga area, and in Western Siberia. Cultivation of technical crops was shifted to the eastern districts. Labor discipline was tightened in the collective farms and, in particular, the minimum quota of workday units to be put in by each collective farmer was raised. Quotas of meat and wool to be sold to the state were increased and additional deliveries of grain and meat for the Soviet army were introduced. Farms were organized by industrial enterprises to supply their personnel, and individual allotment gardening by the workers and other employees was promoted.

3. The transport services were mobilized and regeared to war. A traffic schedule was introduced ensuring priority to, and rapid movement of, military trains. Passenger traffic was restricted. The proportion of centrally planned freights was increased. The traffic capacity of the railways in the Urals and of the highly important railway junctions of Chelyabinsk, Sverdlovsk, Tagil, Novosibirsk, and Kirov was increased. A number of railways were built along the Volga and in the eastern and northern areas of the country, the Vorkuta railway among them. A new rail outlet from Transcaucasia to Astrakhan was opened. Both railway and water transport were placed on a military footing, and wartime disciplinary regulations introduced.

4. Building trades personnel and machinery were mobilized for the construction of war plants and supplier plants. Capital construction was centered on the war plants, iron and steel works, and electric power stations, expansion of the fuel industry and railway transport, and, above all, re-establishment of evacuated enterprises in the rear areas. Construction standards were revised in the light of wartime conditions. In a number of cases temporary installations intended for comparatively short use were set up. Construction was accelerated and the amount of uncompleted construction work was reduced.

5. Labor power was mobilized, new skills were taught to workers in industry, and new industrial personnel trained to take the place of those called to the Soviet army. Workers employed in the war and auxiliary industries were mobilized for the duration of the war. Compulsory overtime work was introduced and people not in employment were given jobs. Large contingents were trained at factory, trade, and railway schools, and the training of new workers was organized directly on the job. The network of higher and secondary technical schools was preserved to train technical personnel.

6. The food reserves of the country were mobilized to ensure uninterrupted supply for the towns. The state retail trading system was reorganized and the rationing of food and manufactured goods (the ration card system) was introduced. Workers' supply departments were organized in industry and transport. The stable, comparatively low state prices of prime necessities were retained, and the workers and the engineering and technical personnel of the leading branches of the national economy were ensured priority as regards supplies.

7. The private means of the population and the resources of the national economy were drawn on to finance the Patriotic War. The share of war expenditures in the state budget was increased. Currency emission was utilized as an additional source of revenue for financing the war effort.

8. The state machine was reorganized to ensure the mobilization of all forces to meet the requirements of the Patriotic War. New people's commissariats were established to direct war production, among them the People's Commissariats of the tank and mortar industries. A system of constant control by the State Committee of Defense over the fulfillment of war orders was introduced. The system of planning and supplying the war industries was reorganized.

The conversion of the Soviet Union's national economy to a war footing was effected under the leadership of the great Stalin, the organizer of our victories, in the course of the second half of 1941 and the first half of 1942. The leading economic and political cadres brought up and trained by the Party of Lenin and Stalin during the years of peaceful construction insured this conversion to a war footing without which victory would have been impossible. The people of the Soviet Union, who worked heroically for the Soviet army, had organizers and leaders that were wholeheartedly devoted to their people and their party.

The conversion of the national economy to a war footing found its reflection in the war-economy plans. A week after the outbreak of the Patriotic War, the Soviet Government adopted its first wartime plan—the National Economy Mobilization Plan for the third quarter of 1941. This plan was one of the first steps taken to reconstruct the national economy of the U.S.S.R. and to place our socialist economy on a war footing; it took the place of the plan for the development of the national economy for the third quarter of 1941 which had been designed for a relatively peaceful period and had been adopted by the government before the outbreak of the Patriotic War.

In comparison with the plan adopted before the war, the national economy mobilization plan for the third quarter of 1941 increased the armaments production program by 26 per cent. The volume of capital construction was curtailed, primarily in connection with the redistribution of metal supply, in favor of war production. A priority list of construction sites was approved which included war plants, electric power stations, enterprises

of the fuel, metallurgical and chemical industries, and railway construction jobs. The plan envisaged the concentration of capital work and material resources on the construction of defense enterprises in the Volga area, the Urals, and Western Siberia. The pre-war freight carriage level on the railways was retained only for coal, oil products, metal, and grain inasmuch as the growth in traffic serving war needs made it impossible to guarantee the fulfillment of the plan for other freights. The retail trade plan was cut by 12 per cent, since the supply of goods available for the market was curtailed in order to meet the requirements of the Soviet army. Out of the 22,000 metal-cutting machine tools which were to be produced by Soviet plants in conformity with the quarterly plan, about 14,000 were allocated to enterprises of the ministries of the ammunition, armaments, and aircraft industries. Although the mobilization plan for the third quarter of 1941 placed the national economy at the service of the great Patriotic War, experience proved that the turn made was still insufficient. The war was making itself felt with ever-increasing impact in all spheres of economic life.

On August 16, 1941, the Soviet Government adopted a war-economy plan, drawn up on instructions of Comrade Stalin, for the fourth quarter of 1941 and the year 1942 for the Volga area, the Urals, Western Siberia, Kazakhstan, and Central Asia. This plan called for the shifting of industry to the eastern areas of the U.S.S.R. and the acceleration in this part of the country of production essential for the conduct of war. The war-economy plan for the eastern and rear areas of the U.S.S.R. provided for the launching and expansion of the production of small arms and artillery, including anti-aircraft guns, anti-tank guns, regimental, divisional and tank ordnance, mortars, heavy artillery, rifles, tommy guns, tank and infantry machine guns as well as aircraft machine guns and cannon. It likewise set forth a program for the establishment of plants turning out small arms ammunition, gunpowder, and all kinds of other ammunition in the eastern areas as well as an output plan for these items. Provision was made for the organization in the east of new centers and the de-

velopment of existing plants producing aircraft engines and airplanes, including attack, fighter, and bomber craft. The establishment of new centers producing tank armor and heavy and medium tanks as well as artillery tractors was projected. Provision was likewise made for the launching in the rear areas of the production of small war vessels, such as submarine chasers, armored launches, and motor torpedo boats. The war economy plan also envisaged an expansion in the output of coal, oil, aircraft fuel, motor fuel, pig iron, steel, rolled metal, copper, aluminum, oleum, ammonium nitrate, concentrated nitric acid, and toluol in the eastern areas.

To insure that war production in the Volga area, the Urals, Western Siberia, Kazakhstan, and Central Asia was set into motion and supplied with the requisite materials as rapidly as possible, the war-economy plan provided for the transfer into these areas of hundreds of engineering, ammunition, armaments, tank and aircraft works which were to be allocated plants and unfinished construction projects belonging to other branches of the national economy. A plan for the launching in the eastern areas of the U.S.S.R. of electric power capacities amounting to 1,386,000 kw. and a plan for the evacuation to these areas of boilers and turbines was approved for the fourth quarter of 1941 and the year 1942. For the same period another plan was adopted for the eastern areas calling for the launching of 5 new blast furnaces, 27 open-hearth furnaces, a blooming mill, 5 coke batteries and 59 coal mines, as well as a priority list of building jobs of military importance involving capital construction during 1942 valued at 16 billion rubles.

In order to increase the traffic capacity of the railways and to insure the fulfillment of the transportation program in the Volga area, the Urals, Western Siberia, Kazakhstan, and Central Asia, the plan provided for the reconstruction and expansion of the principal railway junctions, stations, and track. In view of the shifting of productive forces, the plan directed the transport services to insure a rapid increase in the carrying capacity of the eastern railways.

To meet the requirements of war economy, the plan provided for the expansion in the Volga area, the Urals, Western Siberia, Kazakhstan, and Central Asia of state reserves, including those of fuel, oil products, metal, food, and manufactured goods, by drawing on current production as well as by transferring reserves from the western areas of the U.S.S.R. to the eastern.

This war-economy plan was of great significance in the organization of the transfer of productive forces to the east as well as in the restoration and the expansion of production, especially of armaments and other materiel, in the eastern areas of the U.S.S.R. Evacuated plants were shipped in an organized fashion to industrial sites under construction and to operating enterprises, thus speeding up resumption of production at the new locations. As a result, the plan for the launching of production and the output of armaments in the eastern areas in 1942 was not only fulfilled but in a number of cases even overfulfilled.

The first half year of the Patriotic War (the second half of 1941) was marked by the great exodus of the productive forces of the U.S.S.R. to the east under the direction of the Stalinist State Committee of Defense. Millions of people, hundreds of plants, and tens of thousands of machine tools as well as rolling mills, die presses, drop hammers, turbines, and motors were on the move. In a period of some three months in 1941 more than 1,360 large, mainly war, plants were evacuated to the eastern areas of the U.S.S.R., including 455 to the Urals, 210 to Western Siberia and 250 to Central Asia and Kazakhstan. The volume of capital construction in the Urals, Siberia, Kazakhstan, and Central Asia increased, notwithstanding the wartime difficulties, from 3.1 billion rubles in the first, peaceful half year of 1941 to 5.1 billion rubles in the second, wartime half year.

The last two months of 1941 were the hardest and most critical in the history of the war economy, and primarily of the industry, of the U.S.S.R. At this time the plants evacuated eastward had ceased producing at the old locations but had not yet been re-established at their new sites in the rear. In this period the national economy of the U.S.S.R. also suffered exceptionally

heavy losses as a result of the temporary occupation of a number of Soviet areas by Hitler Germany.

About 40 per cent of the entire population of the country and 63 per cent of its total output of coal, 68 per cent of the production of pig iron, 58 per cent of that of steel, and 60 per cent of the total aluminum output had been concentrated before the war on the territory of the U.S.S.R. which was in the enemy's hands by November 1941. This territory also accounted for 38 per cent of the pre-war gross production of grain and 84 per cent of the output of sugar; it also had 38 per cent of all the beef and dairy cattle and 60 per cent of all the hogs in the country. The railway mileage here was 41 per cent of the total for the whole of the Soviet Union.

One may judge of the extent of the losses inflicted on the U.S.S.R. by the end of 1941 as regards war production if only from the fact that between August and November 1941, 303 ammunition works ceased production owing to enemy occupation and evacuation of industry from the war zone. The monthly output of these enterprises amounted to 8.4 million shell bodies, 2.7 million bodies for mortar bombs, 2 million air bomb bodies, 7.9 million fuses, 5.4 million detonator caps, 5.1 million shell cases, 2.5 million hand grenades, 7,800 tons of gunpowder, 3,000 tons of trotyl, and 16,100 tons of ammonium nitrate.

Owing to the war losses as well as the evacuation of hundreds of enterprises, the gross output of Soviet industry dropped 2.1 times from June to November, 1941. In November and December of that year Soviet national economy did not obtain a single ton of coal from the Donets and the Moscow coal basins. The production of rolled iron and steel—the foundation of war industry—was in December 1941, 3.1 times less than it had been in June of the same year; the output of non-ferrous rolled metals, without which war production is impossible, declined 430 times in the same period, while the output of ball bearings, without which aircraft, tanks, or artillery cannot be manufactured, dropped 21 times. It was the unbending will of our leader and teacher, Comrade Stalin, that enabled the peoples of the U.S.S.R. to stand

their ground in this situation and then to take the offensive and achieve victory.

As a result of the titanic effort of the Communist Party of the Soviet Union, the Soviet Government, and the working class, and thanks to the unequalled, masterly guidance of the great Stalin, Soviet war industry during the first half of 1942 had not only restored its lost capacities but also considerably exceeded them. The drop in industrial production ceased in December 1941 and beginning with March 1942, output again shot upwards. Moreover, in March 1942, war production in the eastern districts alone reached the production level of the entire territory of the U.S.S.R. at the beginning of the Patriotic War.

In November 1941, when practically the whole world was busy counting the "last" days of the Soviet state, Comrade Stalin, directing the war economy of the country, proposed the drafting and adoption of a sweeping plan for the construction of new iron and steel plants in the Urals and in Siberia as a foundation of war production. This manifestation alone of Stalin's leadership bespoke an extraordinary steadfastness of purpose and confidence in the victory which still had to be won and for the achievement of which the will of Stalin and heroic labor were required.

Thus, the socialist nature of Soviet economy, and the resulting supremacy of the principle of planning, ensured the rapid conversion of the national economy of the U.S.S.R. to a war footing. The transfer of productive forces from the front-line areas to the eastern, rear areas of the U.S.S.R. deprived the German invaders of industrial enterprises, and, under the leadership of the party of Lenin and Stalin, ensured the steady consolidation and progress of the war economy of the U.S.S.R.

Extended Reproduction

As a result of the restarting of evacuated industrial enterprises and the construction of new productive capacities, particularly in the eastern areas of the country, war production and all branches of the war economy serving the needs of the Patriotic War expanded rapidly thanks to the heroic labor of the peoples of the U.S.S.R. The steady increase in production and capital investments throughout the war years testifies to the high rate of extended reproduction during the war economy period.

Socialist extended reproduction signifies, first and foremost, the growth of the total social product; second, the expansion of the operating means of production (instruments and objects of labor), growth of the working class and of the total of its wages, and, finally, the apportioning of a certain share of the social product (profits) for socialist accumulation and capital construction.

During the war-economy period in the U.S.S.R., the laws of extended reproduction remained in full force, though on a limited territory. After the critical point in the fall of production was passed at the end of 1941, industrial output expanded from month to month throughout 1942. The gross output of all branches of industry increased by more than 50 per cent between January and December, 1942. In 1945 the upward curve continued in all the key industries, transport, and the war economy as a whole. Gross output of industry in 1943 rose 17 per cent above the 1942 level. In order to perceive the significance of this rate of growth of industrial production, suffice it to recall that the average annual rate of increase in production amounted to 13 per cent during the three pre-war years of the Third Five-Year Plan.

The volume of capital construction in the U.S.S.R. during the war years of 1942, 1943, and 1944 amounted to about 79

billion rubles, exclusive of the value of evacuated equipment. The new and the restored industrial capacities put into operation on the territory of the U.S.S.R. during these three war years totaled 77 billion rubles in value. In the eastern areas 2,250 major industrial enterprises were built anew and put into operation, and more than 6,000 enterprises were restored in the liberated areas. One hundred thousand metal-cutting machine tools, 24 blast furnaces, 128 open-hearth furnaces, 4 bessemer converters, 70 electric furnaces, 56 rolling mills, 67 coke batteries, collieries with a capacity of 73 million tons of coal per year, electric power stations totaling 3.4 million kw. in capacity, and 5,860 kilometers of new railway track were put into operation.

Productive forces in the eastern areas of the U.S.S.R. were developed at a rapid rate. The entire policy of the Soviet state in regard to the distribution of productive forces had laid the groundwork for the creation of a powerful war industry in those parts. The capacity of electric power stations in the Urals alone at the beginning of 1941 was 1.2 times as great as the total capacity of all electric power plants of pre-revolutionary Russia at the beginning of the first world war in 1914. Coal output in the eastern areas alone in 1940 was 1.7 times that of all pre-revolutionary Russia in 1913. Steel production in these areas in 1940 was 1.4 times the 1913 figure for the whole of Russia. As regards the metal-working and chemical industries, the output of the Soviet Union's eastern areas exceeded pre-revolutionary Russia's total production dozens of times over.

The high level of industrial development attained by the eastern areas of the U.S.S.R. by the time of the outbreak of the Patriotic War provided a solid foundation for the rapid development of industry during the war. Alongside the restoration of evacuated enterprises in the eastern districts, new construction was undertaken on an extensive scale, particularly of metallurgical works, electric power stations, coal mines and war plants. Centralized capital expenditures alone, for the restoration of evacuated enterprises and new construction in the eastern areas—the Urals, the Volga area, Siberia, Kazakhstan

and Central Asia—ran to 36.6 billion rubles (at government prices) during the four years of war economy, which amounts to an annual average 23 per cent higher than the investments made in the national economy of these areas during the pre-war years.

New coal mines with a total capacity of 29.8 million tons, turbines with a capacity of 1,860,000 kw., blast furnaces with a capacity of 2,405,000 tons of pig iron, open-hearth furnaces rated at 2,474,000 tons of steel and rolling mills with a total capacity of 1,226,000 tons of rolled metal were put into operation in the eastern areas of the U.S.S.R. during the four years of the Patriotic War. Along with the growth of industry, both the working class and the urban population in general increased in this part of the country. Urban population in the eastern areas amounted to 20.3 million at the beginning of 1945 against 15.6 million at the beginning of 1939.

The changes brought about by the Patriotic War in the distribution of the Soviet Union's productive forces made the eastern economic areas the principal suppliers of the front and the war economy. In 1943 total industrial production in the Volga area, the Urals, Western Siberia, Kazakhstan, and Central Asia amounted to 2.9 times that of 1940, while the share of these regions in the total output of Soviet industry more than trebled.

A high-grade metals industry which met the needs of the war industry was set up in the Urals and Siberia during the war. Production of pig iron (in terms of basic iron) in these parts of the country in 1943 was 35 per cent above the 1940 level, while steel production (in terms of basic steel) increased by 37 per cent and output of rolled metal (in terms of ordinary grades) by 36 per cent in the same period.

Let us review the results of extended socialist reproduction during the war economy period in the various economic regions of the U.S.S.R.

The Volga Area. In 1942 the value of the total industrial output in this part of the country amounted to 12 billion rubles, and in 1943, to 13.5 billion rubles, against 3.9 billion rubles in 1940. The share of the Volga areas in the industry of the U.S.S.R. as a whole increased fourfold in these years.

During the second half of 1941 and the early part of 1942, about 200 industrial enterprises were evacuated to the Volga area; of these 60 were relaunched in 1941 and 123 in 1942. In the four years of the Patriotic War the volume of capital investments in the economy of the Volga area amounted to 6 billion rubles, exclusive of expenditures on defenses and the value of evacuated plant.

The structure of industry in the Volga areas changed fundamentally in the course of the war. Particularly marked was the growth of the metal-working industry, the gross output of which amounted to 8.9 billion rubles in 1942 and to 10.5 billion rubles in 1943 as compared with 1.2 billion rubles in 1940. The share of the metal-working industry in the entire industry of the Volga area rose from 31 per cent in 1940 to 74 per cent in 1942. New branches, such as the manufacture of aircraft, aircraft engines, ball bearings, automobiles, cable and locomobiles, came into being in the Volga area during the war, and a new branch, the gas industry, was built, rendering possible a radical solution of the fuel problem in this area.

The Urals. During the war the Urals was transformed into the principal and the most powerful industrial area in the country. Gross output of the Urals industry increased to 26 billion rubles in 1942 and 31 billion rubles in 1943, as against 9.2 billion rubles in 1940—a more than threefold expansion. The share of the area in the total industrial production of the U.S.S.R. increased in 1943 to 3.8 times the 1940 figure.

Four hundred and fifty-five enterprises were evacuated here, and of them over 400 had been restarted by the end of 1942. In the four years of the Patriotic War, the volume of capital investments in the economy of the Urals totaled 16.3 billion rubles, which amounted to an annual average 55 per cent higher than that of the pre-war years.

Whereas the total output of the engineering and metal-working industries in the Urals was valued at 3.8 billion rubles in

1940, in 1942 these industries turned out 17.4 billion rubles' worth of production, or 4.5 times as much. Engineering plants accounted for 66 per cent of all the Urals industry in 1942 as against 42 per cent in 1940.

The various branches of the war engineering industry held the main and most important place in the engineering industry in the Urals during the Patriotic War. The area turned out nearly 40 per cent of the total war production. New branches of machine building, such as the manufacture of tanks, automobiles, motorcycles, ball bearings, electric equipment, pumps, compressors, and machine tools, were established in the area during the war.

During the war years, the Urals, alongside the Kuznetsk basin, became the country's principal metal producer. The Urals' iron and steel industry became the main supplier of high-grade steels for all branches of the engineering industry, and provided the tank industry with armor plate. Manufacture of tubing, which made possible the output of the now famous rocket shells, acquired great dimensions.

The importance of the Urals as a non-ferrous metals supplier also increased. In 1943 the Urals and Western Siberia produced more aluminum and magnesium than the whole of the U.S.S.R. in 1940. Industries processing non-ferrous metals (rolling-mill capacities included) and producing hard alloys were created from bottom up. During the Patriotic War the output of rolled non-ferrous metals in the Urals exceeded the pre-war production level of the entire U.S.S.R.

The fuel industry was greatly expanded in the Urals. Whereas in 1940 the total output of coal by all the Urals fields amounted to 12 million tons, in 1942 the figure reached 16.4 million tons, and in 1945, 21.3 million tons.

The power supply for the Urals industry was considerably expanded in the course of the war. In 1942, 9 billion kilowatt-hours of electric power was generated here, and in 1943, 10.5 billion, against 6.2 billion kilowatt-hours in 1940. Small and medium-sized hydroelectric stations were built, which made it

possible to reduce consumption of steam coal of which there was a shortage in the Urals.

Western Siberia. The role of Western Siberia in the national economy of the U.S.S.R. grew considerably in the course of the war. The volume of industrial production here amounted to 8.7 billion rubles in 1942 and 11 billion rubles in 1943, as compared with 3.7 billion in 1940—a threefold increase. The share of Western Siberia in the total industrial production of the U.S.S.R. in 1943 was 3.4 times the 1940 figure.

About 210 enterprises were evacuated to Western Siberia. During the four years of the Patriotic War capital investments in the economy of this area totaled 5.9 billion rubles, exceeding the pre-war capital investments level by 74 per cent.

Western Siberian engineering and metal-working industries produced 7.9 times as much in 1942 and 11 times as much in 1943 as they did in 1940. During the war a number of new branches of the engineering industry were established, such as the manufacture of aircraft, tanks, machine tools, tractors, motorcycles, ball bearings, tools, and electrical equipment.

The war period also saw the establishment of the high-grade metals and ferro-alloys industries in the area. There was considerable expansion in the non-ferrous metals industry. Zinc production capacities were expanded, and the production of aluminum and tin was started.

Central Asia and Kazakhstan. The role played by the various areas of Central Asia and Kazakhstan in the total industrial output of the U.S.S.R. was enhanced considerably during the war. In 1942 the gross industrial production of the Union republics in these parts of the country was valued at 5.7 billion rubles, and in 1943, at 6.6 billion rubles, as compared with 4.8 billion in 1940.

Over 250 enterprises, all of which were re-established with minimum loss of time, were evacuated here in 1941 and the beginning of 1942. The volume of capital construction during the four years of the Patriotic War amounted to 6.7 billion rubles.

The structure of Central Asian and Kazakh industry changed radically during the war, the greatest advance having been registered in the metal-working industry, whose production in 1942 reached 1.7 billion rubles, and in 1943, 2.3 billion rubles, against 600 million rubles in 1940.

The fuel and metallurgical industries were further developed in these parts of the country. Coal production in 1942 reached 9.4 million tons, and in 1943, 12 million tons, against 8.7 million tons in 1940. Small metallurgical works were built to rework scrap metal, and the construction of an iron and steel industry, the foundation of industrial development, was initiated.

Restarting of evacuated enterprises in the industrial centers of Kazakhstan and Central Asia required a substantial development of the power industry. The Tashkent power system alone generated 728 million kilowatt-hours of electricity in 1942 and 882 million in 1943, as compared with 210 million kilowatt-hours in 1940. Small and medium-sized hydroelectric stations were built on an extensive scale.

The non-ferrous metals industry of Central Asia and Kazakhstan expanded considerably and new lines of production were added to it. In the course of the war new lead and tungsten mining and concentration capacities were launched, additional mercury production capacities were started, and the molybdenum industry was further developed.

Transcaucasia. Besides the eastern areas of the U.S.S.R., the Transcaucasian Union Republics—Georgia, Azerbaijan, and Armenia—also witnessed the process of extended reproduction during the war economy period. This may be seen from the growth of the output of the engineering and metal-working industries in Georgia from 181 million rubles in 1940 to 477 million rubles in 1943, and in Azerbaijan from 428 million rubles in 1940 to 555 million rubles in 1943.

Further evidence of the process is also supplied by the capital investments in the national economy of Georgia, Azerbaijan, and Armenia, which amounted to 2.7 billion rubles during the four years of the Patriotic War. With these investments new engineering plants were built in the Transcaucasian Union republics, the construction of large iron and steel works was started and increasing sums were used for the development of the oil industry. Soviet Baku uninterruptedly supplied the armed forces and the national economy of the U.S.S.R. with oil products, keeping hundreds of thousands of engines going in the air and on land.

Thus, the war economy period in the U.S.S.R. was marked by a rapid rate of extended socialist reproduction in the eastern areas of the U.S.S.R. This process was expressed in the numerical growth of the working class, the expansion of industrial production and the new capital investments insuring the development of the country's productive forces.

Economic Rehabilitation in the Course of the War

While the process of wartime extended socialist reproduction was taking place in the eastern areas of the U.S.S.R., the heroic process of restoring the socialist economy destroyed by Hitler Germany went on in the northwestern, western, central, southeastern, and southern economic regions of the country.

This process of rehabilitation went on in the areas liberated from German occupation where the red flag of the Soviets had once more been hoisted following the defeat of the enemy. It also proceeded in areas adjacent to the front where part of the enterprises had either been demolished by enemy air raids and shelling or evacuated to the eastern districts, and restored again after the front line had been shifted westward.

The economic rehabilitation of the liberated districts and war zone areas in the course of the Patriotic War was a heroic exploit on the part of the peoples of the Soviet Union. In the general balance of the Soviet Union's war economy the restoration and expansion of production in those areas played an enormous role in supplying the armed forces and, above all, in raising the morale and improving the living conditions of the population in the liberated districts.

In order to convey an idea of the heroic effort exerted by the peoples of the U.S.S.R. to restore the economy demolished by the German invaders, we shall briefly review the post-occupation state of the national economy in the districts of the Russian Federative, the Ukrainian, and Byelorussian Soviet Socialist Republics liberated by the Soviet army.

Owing to the demolition by the German occupationists of

Soviet towns and industry, only 17 per cent of the pre-war number of industrial workers remained in the districts of the R.S.F.S.R. which Hitler Germany had temporarily occupied. Only 13 per cent of the pre-war number of industrial enterprises survived the occupation, that is, it was reduced 7.7 times. The number of head of livestock dwindled to 23 per cent of the pre-war figure for horses, 40 per cent for beef and dairy cattle, 30 per cent for sheep and goats, and 10 per cent for hogs. Only 50 per cent of the tractors and 58 per cent of the combine harvesters in the occupied districts survived, and both tractors and combines were to a considerable degree wrecked. With the exception of the most valuable equipment and the cattle which had been evacuated to the eastern districts of the country, everything was destroyed, looted, or wrecked by the German vandals, and part of the able-bodied population was reduced to slavery and driven off to Germany.

In the districts of the Ukrainian S.S.R. occupied by Hitler Germany, only 17 per cent of the pre-war number of workers were left when these districts were redeemed by the Soviet army. Only 19 per cent of the pre-war number of industrial enterprises survived the occupation, the reduction amounting to 5.3 times. As regards livestock, only 30 per cent of the pre-war number of horses, 43 per cent of the beef and dairy cattle, 26 per cent of the sheep and goats, and only 11 per cent of the hogs remained. The fleet of tractors and combines was wrecked, the number of surviving tractors amounting to only 39 per cent and of combines to 40 per cent of the pre-war figure. Here too everything but that part of the equipment and cattle which had been evacuated to the eastern areas of the U.S.S.R. was pillaged and plundered by the Germans, while part of the able-bodied population was driven off to slavery in Hitler Germany.

In the districts of the Byelorussian S.S.R. which were occupied by Hitler Germany for a time, the incredible destruction wrought by the German invaders to Soviet towns and industry resulted in only 6 per cent of the pre-war number of workers remaining. The number of industrial enterprises was reduced 6.8 times, to

15 per cent of the pre-war figure. As regards livestock, the number of horses declined to 39 per cent, beef and dairy cattle to 31 per cent, sheep and goats to 22 per cent, and hogs to only 12 per cent of the pre-war figure. The number of tractors dropped to one-tenth and of combines to one-twentieth of the pre-war totals. Here too, as in the R.S.F.S.R. and the Ukrainian S.S.R., everything but the small percentage of property that had been evacuated was looted or destroyed by the Germans, while part of the population was annihilated and others starved to death or were sent into slavery.

As these data show, the Germans, while in possession of these areas of the U.S.S.R., barbarously demolished Soviet towns, slaughtered the population, and destroyed industry, agriculture, and Soviet culture. Nevertheless they failed to harness the economy of the occupied districts in their service and still less to make the Soviet people a party to their efforts in this direction. In order to eradicate the consequences of the barbarous incursion and to restore socialist economy and culture in the districts and towns liberated by the Soviet army, all the peoples of the U.S.S.R. have had to exert the greatest of efforts.

The German fascist "plan" to exploit the occupied Soviet districts failed utterly. Not to mention large-scale industry, the Germans were unable to restore either handicrafts production or agriculture. Only the peoples of the Soviet Union, who defeated predatory German imperialism, proved equal to this task. The practical experience of the U.S.S.R. showed that the restoration of the socialist economy, reduced to ruins by the invaders, as well as of enterprises evacuated from the war zone, was both possible and essential while the Patriotic War itself was still in progress. Numerous instances from the history of the war-economy period testify to this.

The resumption of coal output in the Moscow basin constitutes a heroic episode in the history of the Bolsheviks of Tula and Moscow and of the entire working class. In many respects the rehabilitation effort here served as an example to other areas of the U.S.S.R. The Moscow coal basin was completely occupied

by the Germans. Its mines and settlements were destroyed and the output of coal ceased completely by the end of 1941. Nevertheless the basin was restored and output brought up to the pre-war level in the course of 1942, and in 1943 this level was exceeded. On the eve of the Patriotic War, the Moscow basin produced about 35,000 tons of coal per day; in January 1942, shortly after liberation from German occupation, it yielded only 590 tons per day, but by May 1942 daily output had risen to 22,000 tons and by October 1942 to 35,000 tons, *i.e.,* to the pre-war level. In 1943 it exceeded the output for the pre-war year of 1940 by 45 per cent.

In 1941 a considerable part of the industries of the city of Moscow was evacuated. More than 210 major enterprises were shipped out completely, and as a result of this the production of the city's industries dropped sharply by January 1942. As against a gross output valued at 1.93 billion rubles in June 1941, the output in January 1942, after many plants had been evacuated, dropped to 621 million rubles, or to less than one-third the pre-war figure. The subsequent return of evacuated enterprises and their restarting led to a rapid rise in the city's industrial output. In July 1942, it reached 945 million rubles; in December 1942, 1.307 billion rubles; in July 1943, 1.365 billion; and in December 1943, 1.542 billion. By the end of 1944, owing to the growth registered in war production, the gross output of Moscow industries exceeded the 1940 level.

Supreme heroism in the full sense of the term was displayed in its industrial effort by Leningrad which remained for so long within range of enemy artillery fire. Despite the evacuation of 92 major enterprises and the protracted blockade, aerial bombing, and artillery shelling, the workers of Leningrad gave the armed forces large quantities of war production. The gross output of Leningrad industries amounted to about 1.4 billion rubles in 1942, 2.5 billion in 1943, and 3.6 billion in 1944.

A number of coal fields of the Donets Basin were set going twice in the course of the Patriotic War. The first time was in 1942 when coal output in the liberated districts of the Donbas

was brought up to 35,000 tons daily, and the second time in 1943, following the second liberation of some areas and the final liberation of the entire Donbas, when coal production was again raised to 35,000 tons. By the end of the Patriotic War, over 96,000 tons was mined here daily.

The rate of restoration of the Donbas coal field during the Patriotic War was far more rapid than that achieved by the Soviet state after the Civil War. In the five years from 1921 to 1925, Donbas coal output was quadrupled, and altogether nine years were required to regain the pre-revolutionary production level. During the first year of rehabilitation effort in the difficult conditions of the Patriotic War, from May 1943 to May 1944, however, output of coal in this basin increased sevenfold, and the pre-war output level will be regained in about five years.

An enormous amount of work was done during the Patriotic War to rebuild and restart heavy industry plants. In the course of 1943 and 1944 the liberated areas of the U.S.S.R. saw the restarting of electric power stations totaling 1 million kw. in capacity; 1,047 major and minor coal mines with an annual productivity of 44 million tons; 13 blast furnaces (the Germans were unable to restore a single one during the occupation of the Donbas) with an annual production capacity of 2.3 million tons of pig iron; 70 steel furnaces with an annual capacity of 2.8 million tons of steel and 28 rolling mills capable of turning out 1.7 million tons of rolled metal a year. The glow of furnaces again lit up the sky over the Donbas, that had suffered so much.

In the course of two years of the Patriotic War (1943-44) railwaymen in the liberated areas restored and opened for traffic more than 43,000 km. of railway, or the equivalent of about 40 per cent of the total length of the U.S.S.R.'s pre-war railway network. Following on the heels of the Soviet army's vanguards an army of railway workers laid track, restored bridges, and kept the trains moving in the wake of the advancing troops.

In the course of 1943 and 1944, a total of about 17 billion rubles was invested in economic rehabilitation of the liberated areas of the U.S.S.R., including 14 billion rubles during 1944

alone. For the sake of comparison it should be remembered that the average annual capital investments in all branches of the national economy of the U.S.S.R. during the period covered by the First Five-Year Plan amounted to about 10 billion rubles. Such was the speed with which Soviet people in the liberated areas, once again accorded an opportunity to engage in unshackled labor, revived their productive forces.

The restoration of the productive forces in the liberated areas of the U.S.S.R. led to the rapid revival of socialist industry. Whereas in 1943 these areas had produced (in prices of 1926-27) 2.7 billion rubles worth of output, in 1944 the figure rose to 8.3 billion rubles, or 3.1 times more. This rate cannot but be regarded as remarkably high in a country that at the same time was conducting a military offensive unprecedented in history.

The speedy rehabilitation of the collective farms, which proved their vitality and stability during the Patriotic War, must be regarded as a signal achievement of the peoples of the U.S.S.R. During the sowing season in the spring of 1944, the collective farms in the liberated areas put 16,900,000 hectares of land under crops. Of decisive significance in the rehabilitation of the collective farms was the following:

1. The restoration of the tractor fleet and the machine and tractor stations, the number of which increased in the liberated districts from 394 in the beginning of 1943 to 1,702 in the beginning of 1944. Moreover, in regions that had been completely liberated by that time the number of machine and tractor stations was restored to the pre-war figure.

2. The wholesale return of evacuated collective-farm cattle, the collective farms of the liberated districts of the R.S.F.S.R. receiving in the course of 1943 alone 744,000 head of beef and dairy cattle, 818,000 sheep and goats, 55,000 hogs, 65,000 horses, and 417,000 poultry.

The restoration of housing facilities for the working people of town and country must be regarded as one of the most important achievements in the revival of the national economy of the liberated areas during the Patriotic War. Hundreds of

thousands of workers, collective farmers, and office employees were moved from dugouts and cave shelters into newly restored homes. In 1943 and 1944, 839,000 homes in rural localities and 12,777,000 square meters of housing floor space in towns were restored or built anew in all the liberated districts of the U.S.S.R. taken together. Some 5,418,000 persons were moved into the new homes.

Fascism plunged the population of the occupied towns and villages into a prehistoric state of existence. It destroyed homes and by its reign of terror made free men take refuge in caves. It extinguished electric lights and returned man to the era of the rush light, it demolished towns and drove our brothers and sisters into German slavery. As soon as the great ordeal was over and our land delivered, the Soviet people began to rebuild conditions of life worthy of free men.

A tremendous role in organizing the process of economic rehabilitation of the liberated districts of the U.S.S.R. was played by the historic decsion of the Soviet Government, which was drawn up in 1943 on instructions from Comrade Stalin, concerning urgent measures to restore economy in the districts liberated from German occupation. This was the first comprehensive program of work for regenerating the considerable number of regions and territories delivered from the German fascist yoke. This decision, which was successfully fulfilled and overfulfilled in the course of 1943, initiated a sweeping program of rehabilitation work.

Such was the scale of rehabilitation work in the liberated areas at a time when the strenuous battles of the great Patriotic War were still being fought. The workers, collective farmers, and intelligentsia of the eastern regions of the U.S.S.R. selflessly helped their brothers who had been liberated from fascist slavery. Suffice it to say that in 1944 some 35,000 units of diverse equipment for use in the rehabilitation of industry, transport, and agriculture were transferred from the eastern areas to the liberated districts.

Thus, the German invaders failed either to organize production in the districts of the U.S.S.R. they had seized or to win over even a part of the Soviet people in these areas. In spite of the fact that the basic material and spiritual forces of the peoples of the U.S.S.R. were diverted to serve war needs, heroic work to restore the national economy wrecked by the invaders was carried on in the liberated areas in the period of the Patriotic War. The people of the liberated districts contributed their share of heroic labor for the needs of the Soviet Union's war economy.

Balance Sheet of the National Economy

The requirements of the war economy of the U.S.S.R. were met on the basis of a planned redistribution of the productive forces in keeping with the dictates of the Patriotic War. How this redistribution of productive forces and material resources was effected can be seen from a comparison of the national-economic balance sheet for 1940, the year before the war, and the balance sheet for the war years 1942 and 1943.

The national-economic balance sheet, as an expression of the process of extended Socialist reproduction, includes the following:

1. The production and distribution of the social product.
2. The production and distribution of fixed capital funds.
3. The supply and distribution of labor power.
4. The production and distribution of the national income.
5. The balance sheet of the monetary incomes and expenditures of the population.
6. The supply and distribution of material resources.

The war economy balance sheet of the U.S.S.R. was nothing but the balance sheet of the national economy geared to the requirements of the Patriotic War. Owing to the occupation of a number of industrial areas, the gross production of material values in the U.S.S.R. in 1942 was less than it had been in the pre-war year of 1940. The structure of the social product changed as follows: (a) productive consumption remained at 43 per cent of the total in both 1940 and 1942; (b) individual consumption by the population was reduced from 42 per cent in 1940 to 38 per cent in 1942; (c) accumulation was curtailed from 11 per cent in 1940 to 2 per cent in 1942; (d) war expenditures, exclusive of individual consumption by servicemen, increased from 4 per cent in 1940 to 17 per cent in 1942.

From this it can be seen that the increase in war expenditures reduced the share of the social product going into accumulation and for individual consumption by the population. In 1943 the U.S.S.R.'s social product increased by 32 billion rubles over 1942, with consumption, accumulation, and war expenditures all registering an absolute increase. The share of productive consumption remained at the 1942 level, while that of individual consumption dropped one point to help cover war expenditures and two points to increase accumulations.

The fixed capital funds of socialist enterprises declined during the second half of 1941, as a result of the occupation by Hitler Germany of a number of Soviet areas, by 215 billion rubles (in 1945 prices), and remained roughly at this level in 1942. Extended reproduction of fixed capital funds in the eastern areas of the U.S.S.R. in 1942 merely compensated for the losses inflicted on the national economy that year by the hostilities. In 1943, however, the fixed capital funds of socialist enterprises increased by 63 billion rubles in comparison with the previous year, but they still fell short of the pre-war level.

The number of workers, other employees, collective farmers, and handicraftsmen of working age dropped in 1942 in comparison with 1940 owing to the occupation of a part of the territory of the U.S.S.R. by Hitler Germany. Nevertheless, 1943 saw their number increase by five million in comparison with 1942. At the same time the percentage of workers, other employees, and handicraftsmen united in co-operatives engaged in the production of material values increased from 34 per cent of the total employed able-bodied population of the U.S.S.R. in 1940 to 37 per cent in 1942. The number of employees of cultural, public service, and administrative institutions dropped in 1942 to nearly one half of the 1940 figure, and their proportion to the total number of able-bodied persons in the U.S.S.R. declined from 12 per cent to 11 per cent. A reduction was registered also in the number of able-bodied collective farmers, whose percentage in the total employed able-bodied population of the U.S.S.R. dropped from 53.5 to 52.

The national income of the U.S.S.R., just as the total social product in the war year 1942, declined in comparison with 1940 owing to the loss of a part of the population and production capacities, although on a comparable territory of the U.S.S.R. (in the eastern areas) the national income increased by 3 per cent in the course of 1942. In comparison with that year the Soviet Union's national income in 1943 increased by 13 per cent. The structure of national income in 1942 changed as follows: (a) the share of accumulation was curtailed from 19 per cent in the peace year of 1940 to 4 per cent in the war year of 1942; (b) the share of consumption was curtailed from 74 per cent in 1940 to 67 per cent in 1942; and (c) the share of war expenditures, exclusive of the personal consumption of servicemen, increased from 7 per cent in 1940 to 29 per cent in 1942.

The changes in the structure of the social product and the national income were reflected in the balance sheet of the monetary incomes and expenditures of the country's population. The monetary incomes of the population decreased in 1942 in comparison with 1940. The year 1943, however, marked the turning point: in comparison with 1942 the monetary incomes accruing to the population from socialist enterprises increased by 31 billion rubles, wages increasing by 18 billion rubles, the monetary incomes of the agricultural population by 8 billion rubles, and pensions, benefits to mothers of large families, and payments on government loans by 4.4 billion rubles.

Monetary expenditures of the population in 1942 likewise dropped in comparison with the pre-war year of 1940. But in this respect too a turn was registered in 1943, monetary expenditures increasing by 30 billion rubles above the previous year. Thus the proportion between monetary incomes and monetary expenditures of the population of the U.S.S.R. underwent practically no change during 1942 and 1943.

During the war-economy period the monetary incomes and expenditures balance sheet of the population changed substantially as compared with the pre-war period. Whereas in the pre-war year of 1940 the monetary expenditures of the population

partially exceeded its monetary incomes, which meant a reduction in money circulation, in the war year of 1942 the monetary incomes of the population, on the contrary, exceeded its expenditures in connection with the drop in retail trade, which meant an increase in the amount of money in circulation. These changes in the monetary incomes and expenditures of the population found a reflection in the state budget as well.

Still greater changes took place during the war-economy period in the structure of the balance sheets of material resources: electric power, fuel, metal, and equipment. A major problem during the first period of war economy in the U.S.S.R. was the disproportion between the sharply increased production level in the eastern areas of the U.S.S.R. and the obviously insufficient power supply, in view of which it became necessary to restrict the consumption of electricity in a number of branches of the economy in order to meet the needs of war industry, the iron and steel industry, and coal mining.

The drive to eliminate this disproportion by increasing electric power capacities and accelerating fuel production in the eastern areas culminated in major successes in the second half of 1942 and particularly in 1943. The year 1942 saw the launching in the eastern districts of turbines totaling 672,000 kw. in capacity, and 1943, 762,000 kw., the Urals alone launching turbines with a total capacity of 443,000 kw. in 1942 and 368,000 kw. in 1943. As a result of this expansion of power capacities, the disproportion between requirements and supply in a number of eastern areas, the Urals included, was bridged in the main in the course of 1943.

No less acute a problem was that of fuel, which became particularly pressing owing to the shifting of industry and transport eastward, the temporary occupation of the Moscow coal basin, and the more protracted occupation and demolition by Hitler Germany of the Donbas, the Soviet Union's principal coal-producing area. Supply of all kinds of fuel for the national economy dropped in 1942 to less than half of the 1940 level, from 188 million tons of provisional fuel to 92 mllion tons. More-

over, the average distance of coal haulage by rail increased from 694 km. in 1940 to 857 km. in 1942. The battle of fuel, the battle of coal, thus acquired exceptional importance. In 1943 the fuel supply increased in comparison with 1942 by 22 million tons of conventional fuel and in 1944 by another 25 million tons, mainly as a result of the increased output of coal. The heroic labor of the miners, who constitute one of the foremost sections of the working class, secured the needed coal supply for the war economy of the U.S.S.R.

Substantial changes took place during the war economy period in the distribution of coal. Although its total consumption dropped, the share which went to industry remained at 53 per cent of the total. In the total industrial consumption of coal, the share used by electric power stations increased from 22 per cent in 1940 to 29 per cent in 1942. An increase was likewise registered in the percentage consumed by the war engineering industry. Coal consumption by the transport services increased from 31 per cent in 1940 to 34 per cent in 1942. The biggest reduction in consumption of coal was registered in the coke industry, whose share in the total industrial consumption of coal dropped from 34 per cent in 1940 to 23 per cent in 1942 owing to the temporary occupation of the southern areas of coke and by-products industry. In other words, railway transport, electric power stations, and the war engineering industry consumed a greater share of the total amount of fuel used than before the war.

The manner in which material resources were redistributed during the war-economy period may be seen clearest of all in the instance of metal. Modern war is a war of metal. Metal means tanks, aircraft, artillery, and ammunition, and the battle of metal was a battle for victory in the great Patriotic War. The expansion of production capacities in the iron and steel industry and the redistribution of metal to meet the needs of war industry represented one of the most important tasks of economic leadership during the war economy period, in a situation when 60 per cent of the capacity of the iron and steel industry was lost due

to the temporary occupation of the Zaporozhye region and the Donbas.

To meet the requirements of the war industry, it was necessary to effect a radical reconstruction of the rolled iron industry so as to raise the output of the high-grade rolled products needed for the manufacture of armaments. As a result of this, the eastern areas of the U.S.S.R. in 1942 alone turned out 6 per cent more high-grade rolled metal than was produced in 1940 throughout the U.S.S.R., including its southern areas. The production of shell bodies and armor plating in the eastern areas amounted in 1942 to 1.8 times the 1940 production throughout the U.S.S.R. The share of high-grade rolled metals in the total production of rolled metal in 1942 increased 2.6 times as compared with 1940, while the share of ordinary rolled metal was reduced by half. Especially marked was the reduction in the output of structural steel, the share of which in the total output of rolled metal in 1942 dropped 2.5 times in comparison with 1940. About 91 per cent of rolled iron and steel products was routed during the war-economy period for production purposes, some 70 per cent of the total output in 1942 going directly into war production, consumption by supplier plants not included.

The war demanded resolute measures to save metal and to substitute less critical kinds of ferrous and non-ferrous rolled metals for those of which there was a shortage. During the war-economy period the production of armor steels was launched in ordinary open-hearth furnaces instead of producing them by the duplex process, and this made it possible to increase armor steel resources by 350,000 tons in the course of two and a half years of war. The replacement of high-grade nickel and molybdenum alloy steels, used in ordnance manufacturing, by substitute steels not containing nickel or molybdenum or containing them in far smaller quantities, effected an annual economy of more than 3,000 tons of nickel and 600 tons of ferro-molybdenum. The introduction of chrome steel instead of nickel steel in the manufacture of armor-piercing shells saved 7,000 tons of

nickel in the course of two and a half years of the Patriotic War. In the same period the substitution of bimetal for brass in the manufacture of tommy-gun ammunition saved 1,500 tons of brass, and the partial substitution of iron for bimetal in the manufacture of rifle ammunition saved 12,000 tons of bimetal. Over 30,000 tons of sheet aluminum was saved in the course of two and a half years of war in the manufacture of aircraft by the use of special plywoods in the production of many airplane parts.

Redistribution of industrial equipment, especially machine tools, was resorted to as a major lever to expand production capacity of war plants. What made the redistribution of industrial equipment on such a vast scale possible was socialist economy and the abolition of private ownership of the means of production. These specific features of the Soviet Union's war economy enabled the Soviet state to concentrate powerful productive forces on the manufacture of first-class armaments. Whereas there were only 72,000 metal-cutting machine tools in the whole of pre-revolutionary Russia, the Soviet Union in 1940 had 710,000 more modern and efficient machine tools. Pre-revolutionary Russia had only 7,000 die presses and forge hammers in all; the U.S.S.R. in 1940 had 80,000. The greater part of this equipment of socialist industry was directed into the production of armaments during the Patriotic War.

A substantial redistribution in favor of war industry was effected also as regards castings and forgings. The biggest shortcoming at many engineering plants before the war was that they lacked properly equipped foundries and forge and press shops of their own. The problem of the supply of castings and stampings for ammunition plants, steel castings for tank works, and forgings for the aircraft and ordnance industries was successfully solved in the war economy period by developing these industries in the eastern areas of the U.S.S.R. In the Urals the annual steel casting capacity increased in the 1941-43 period from 195,000 tons to 389,000 tons, iron casting capacity from 556,000 tons to 733,000 tons, and forging and stamping capacity

from 952,000 tons to 1,234,000 tons. In Siberia production capacity increased in 1941-43 for steel castings from 31,000 tons to 99,000 tons, for iron castings from 182,000 tons to 295,000 tons and for forgings and stampings from 250,000 tons to 444,000 tons. In Central Asia and Kazakhstan production capacity during the same years was stepped up as follows: steels castings, from 6,000 to 23,000 tons; iron castings, from 29,000 to 150,000 tons; and forgings and stampings, from 5,500 tons to 16,700 tons. This increase in the output of castings, forgings, and stampings testifies to the growth of the engineering industry in the eastern areas and to the organization of a rational system of co-operation among industries in the various economic regions.

Imported materials also played a certain role in the war-economy balance. Foreign trade provided the national economy with additional resources which enabled the Soviet state to accelerate the rate of reproduction. During the Patriotic War imports to the U.S.S.R. increased from 1.446 billion rubles in 1940 to 2.756 billion in 1942 and 8.46 billion rubles in 1943. At the same time exports from the Soviet Union declined from 1.412 billion rubles in 1940 to 399 million rubles in 1942 and 373 million rubles in 1943. Thus, the Soviet Union's foreign trade balance changed sharply during the war-economy period, imports increasing nearly five-fold and exports decreasing by more than two-thirds.

The increased imports (mainly of raw and other materials) came from the Soviet Union's allies in the war against Germany and Japan. However, a comparison between the amount of these allied deliveries of industrial goods to the U.S.S.R. and the volume of industrial production at the Soviet socialist enterprises in the same period will show that these deliveries amounted to only about 4 per cent of the domestic production during the war-economy period.

Planning of the national-economic balance is a distinguishing feature of the Soviet Union's war economy. This is the most complicated stage in economic planning, and one that is possible only in a socialist society. There is not a single capitalist

country that can solve this problem. In the United States of America, for instance, the bourgeois state was able to exercise only limited control over the distribution of strategic raw materials during World War II. And even this temporary control ceased with the termination of wartime orders.

Thus, the planned redistribution of the national income, the social product, material resources and labor power to meet the needs of the Patriotic War was a distinguishing feature of the Soviet Union's national-economic balance in the war-economy period. The victory of socialist industrialization secured the independence of the Soviet Union's war economy at the time of its severest trial.

Industry and War Production

Utilizing its mighty productive forces to the full, the socialist industry of the U.S.S.R. provided the Soviet army with first-class armaments. In spite of the evacuation of an enormous number of war plants and the temporary elimination of a number of highly industrialized areas from the national-economic balance sheet of the country, war production in the eastern and central areas of the U.S.S.R. alone increased during the Patriotic War two and a half times over in comparison with the 1940 production level for the whole of the U.S.S.R.

Socialist industry is the pride of the Soviet people. It was built up by the working class and intelligentsia of the U.S.S.R. after the plans of Lenin and Stalin. In this connection it is necessary to recall the principal achievements in the development of socialist industry, achievements which insured the independence and the war-economic might of the Soviet Union.

The first of these achievements is the high rate of industrial development. In 1940 the production of means of production by large-scale industry was 17 times the figure for the pre-revolutionary year of 1913, while the output of articles of consumption had increased 7.6 times over. In comparison with 1920, the output of the means of production in 1940 had increased 91 times over and the production of articles of consumption 59 times.

Second, highly developed industries turning out means of production, in particular the machine-building and metal-working industries, were created. In 1913, production of the means of production made up only 33.6 per cent of the total industrial production in Russia, while the engineering and metal-working industries accounted for only 8.9 per cent. The industry of pre-revolutionary Russia was dependent on industrially stronger capitalist countries, and the country's demand for industrial equip-

ment was covered in considerable measure by imports. During the first world war, Russia proved unable to supply her army with armaments of domestic manufacture. In the U.S.S.R. means of production accounted for 61.2 per cent of the total industrial production in 1940, while the share of the engineering and metal-working industries was 36.3 per cent. The socialist industry of the U.S.S.R. is independent of the capitalist countries and capable of fully supplying the country with industrial equipment, and the Soviet army with armaments.

Third, the geographic distribution of industry was changed and new industrial centers were established in eastern areas of the U.S.S.R. The plan for the distribution of productive forces drawn up by Lenin and Stalin transformed the economic contours of the Soviet country. The fulfillment of this plan made it possible during the Patriotic War to achieve a high rate of expansion of industrial output in the eastern areas. In this part of the country alone the gross output of industry increased from 39.4 billion rubles in 1940 to 48.1 billion in 1941, 74.9 billion in 1942, 85.6 billion in 1943, and 91.2 billion in 1944.

Fourth, a technological revolution was effected in industry. Electrification and automatization transformed socialist industry into the most advanced and up-to-date branch of the production of material values. The first-class equipment of the engineering and metallurgical industries enabled them to supply the Soviet army with the most modern and perfect ordnance, aircraft, and tanks.

Fifth, the working class of the Soviet Union made great advances. It ceased to be a proletariat without means of production. As the master of the country's productive forces, the working class of the Soviet Union rose to a higher level of material security, and political and cultural development. The transformation of the working class of the U.S.S.R. from a proletariat into the master of the means of production imparted invincible strength and staunchness to the patriotism of Soviet workers during the Patriotic War. All this insured the tremendous successes the Soviet state achieved in the production of armaments for the Soviet army.

The bulk of the armaments produced during the Patriotic War came from the eastern areas of the U.S.S.R. In the Urals war production exceeded the 1940 level more than fivefold in 1942 and sixfold in 1943. In Western Siberia war production in 1942 was 27 times greater than in 1940, and, in 1943, 34 times greater. War production in the districts of the Volga valley exceeded the 1940 level by 9 times in 1942 and 11 times in 1943. This was the response of the Soviet rear to the call issued by Comrade Stalin, the leader of the Soviet Union, to equip the Soviet army with the most up-to-date armaments.

The reconstruction of war production in the U.S.S.R. proceeded on the basis of the Stalin program of re-equipping the Soviet army with the most up-to-date armaments. The aircraft industry mastered the production of new high-speed fighters, attack planes and bombers armed with large-caliber machine guns, aircraft cannon, and rocket projectiles. The tank industry proceeded to manufacture the new T-34 medium tanks and the up-to-date first-class JS heavy tanks, now well-known throughout the world. The armaments industry gathered speed in the mass production of automatic firearms, mortars, and the latest in artillery, and mastered the production of rocket projectiles.

The outbreak of the Patriotic War found Soviet war industry in the process of mastering new technique. The mass production of the latest weapons had not yet been organized. On the eve of the war, when the threat presented by Hitler Germany to the U.S.S.R. was making itself felt with increasing force, the Soviet Government adopted, by way of precaution, a mobilization plan for the production of ammunition covering the second half of 1941 and all of 1942. This plan was designed to place industry on a war footing in the event of the outbreak of hostilities. The mobilization plan outlined an ammunition production program and specified the steps to be taken to reconstruct industry, particularly the engineering branch, in the event of an attack on the U.S.S.R. by the fascist aggressors.

The Soviet Government took steps to prepare the conversion of industries to operation in conformity with the mobilization plan in case war broke out. With this aim, the plants were instructed to work out the technological processes of ammunition production with the available equipment, to prepare the tools and devices required for the manufacture of ammunition in conformity with the mobilization programs drawn up for them, and to lay in a mobilization stock of materials and semi-finished products essential for war production.

During the very first days of the Patriotic War, the mobilization plan became the urgent assignment to launch and expand the production of ammunition, this most important of the various branches of the war industry and one involving production on the widest scale. The engineering, metallurgical, and chemical industries began regearing at top speed from peacetime production to wartime lines. The expansion of war production was insured by a radical conversion of the Soviet Union's industry as a whole to serve the needs of the Patriotic War. War industry, backed by all the production facilities of the country, speedily mastered the output of modern armaments and readjusted technological processes with a view to ensuring the mass production of aircraft, tanks, guns, and ammunition.

The reconversion of the industry of the U.S.S.R. to serve the needs of the Patriotic War involved the extensive replacement of peacetime output by war materials on the basis of a revision of the assortment of output, the establishment of a new system of co-operation among the various industries, and vigorous promotion of heavy industry. In this connection substantial changes took place in the structure of Soviet industry during the Patriotic War. War industry and all branches of industry supplying war plants accounted for a bigger share of the country's industrial output than heretofore. The share of the engineering and metal-working industries as a whole in the Soviet Union's industrial production increased from 36 per cent in 1940 to 57 per cent in 1942. In the same period the share of the light and food industries decreased from 34 to 20 per cent.

The most far-reaching of all were the measures taken to convert the iron and steel industry to war. Here production was launched of a number of new high-grade alloy steels requiring a heavy expenditure of labor, which were needed for the manufacture of armaments. The share of high-grade rolled metals in the total output of rolled iron and steel products was increased 2.6 times over in the course of the Patriotic War.

In November 1941, the most critical period of our war economy, Comrade Stalin outlined a program for the construction of new metallurgical production units which was steadfastly carried into effect. The increase achieved over 1940, the year before the war, in the output of pig iron in the Urals and Siberia amounted in the war year of 1943 to 1.6 million tons in terms of basic iron; in the output of steel, to 2.3 million tons in terms of basic steel; and in the output of rolled metal, to 1.8 million tons in terms of ordinary grades of metal. By 1944 the production of pig iron in the eastern areas had increased by 46 per cent, steel by 44 per cent, and rolled metal by 42 per cent as compared with the output in the same areas in 1940.

Metal consumption by war industry soared as the war progressed. Whereas 830,000 tons of iron and steel went into the production of ammunition in 1940, the figure rose to 1,838,000 tons in 1942 and to as much as 2,437,000 tons in 1943. Consumption of iron and steel in ammunition manufacture trebled between 1940 and 1943 in spite of the temporary loss of the southern iron and steel industry. This means that in 1943 the Soviet army and the working class of the U.S.S.R. sent an average of over a half a ton of metal charged wth gunpowder and trotyl at the German invaders for each bandit the Wehrmacht had in the firing lines on the Soviet-German front.

The conversion of the engineering industry to war production was effected by discontinuing or curtailing the output of machinery for civilian uses. The steel and iron foundries of engineering works were reconstructed to produce shell and mine bodies. Factories manufacturing motorcycles were reorganized to produce firearms, tractor plants to turn out tanks, watch factories to

manufacture detonators for shells. The lines of production of engineering works were revised, as also were the arrangements for the deliveries of castings, forgings, and semi-manufactured articles by the supplier plants.

The chemical industry also converted its plants to serve war needs. The nitrogen industry was expanded most of all. Alongside metal, nitrogen is one of the basic materials of modern war, and in the shape of ammonia and nitric acid it constitutes an essential material in the manufacture of gunpowder and other explosives. In spite of the temporary loss of the Donbas with its highly developed chemical industry and the evacuation of a number of chemical plants from Moscow and Leningrad, the production of whole nitric acid in the eastern areas amounted to 252,000 tons in 1942 and 342,000 tons in 1943 as against 232,000 tons in 1940 throughout the U.S.S.R.

Armaments production exercised a great influence on the development of industrial technology as a whole. Suffice it to mention that the aircraft industry called into being a new branch of the electrical engineering industry producing radio location installations, which make it possible to see, hear, and operate over great distances. The tank industry called for improvements in high-grade metals production and in the foundry process. The ammunition and armaments industries produced new rocket weapons of tremendous demolition power and velocity.

In the course of the bitter fighting, Soviet armaments were steadily improved until they left the much-vaunted war weapons of the German army far behind. The Nazi military command had planned to defeat the Soviet Union with tanks and mortars, clearly underestimating the role of field artillery as the basic striking force in modern warfare. The superiority of the Soviet army as regards artillery and its utilization is obvious. No less obvious is the superiority achieved by the Soviet army in the employment of aircraft, especially the formidable attack craft—the army's powerful striking force. Soviet tanks were superior in quality to the German, particularly as regards their mobility on the battlefield and hence as regards their striking power.

Strenuous efforts of the working class of the Soviet Union and the feats of valor performed by the Soviet army on the battlefronts resulted in both the qualitative and quantitative superiority of Soviet armaments over the armaments of Nazi Germany. In 1941, four and a half months after the beginning of the war, Comrade Stalin pointed to the insufficiency of tanks and, partly, of aircraft as one of the reasons for the temporary reverses sustained by the Soviet army. It was necessary to eliminate with utmost speed this temporary superiority of the German forces. Difficult though this task was in the first period of the Patriotic War, it was successfully accomplished.

As a result of the heroic efforts of the working class, the Communist Party, and the Soviet Government, of the day-to-day personal guidance given by Comrade Stalin, and the painstaking, tenacious work for the organization of war production, rapid growth of output of armaments became a law of the development of our war economy. In the course of one year following the call issued by the leader of the Soviet army and the Soviet people, *i.e.*, by December 1942, the output of aircraft increased 3.3 times as compared with the figure for December 1941. Particularly rapid was the increase in the manufacture of aircraft engines, the foundation of the aircraft industry: it grew by 5.4 times.

The output of tanks nearly doubled between December 1941 and December 1942 in spite of the discontinuation of production at the Kharkov plant, which was evacuated, and at the Stalingrad tank factory. The output of Diesel engines for tanks was 4.6 times higher in December 1942 than it had been twelve months before.

The ordnance output was 1.8 times higher in December 1942 than in December 1941. In the same period the manufacture of machine guns increased 1.9 times. In spite of the evacuation of the huge Tula firearms plants, the output of rifles increased by 55 per cent. The manufacture of large 120 mm. mortars was started practically anew, their output increasing nearly fivefold between December 1941 and December 1942.

Production of artillery shells for the Soviet army nearly doubled

in the course of the single year between December 1941 and December 1942, while that of shells for aircraft cannon increased 6.3 times. Output of mortar bombs increased 3.3 times in the same period, that of 120 mm. mortar bombs mounting 16 times over. Output of rocket shells increased 1.9 times, and of air bombs 2.1 times. The output of hand grenades mounted 1.8 times over, while standard and large-caliber small-arms ammunition increased by more than 1.8 times.

From then on the war industry continued to develop steadily. Highly instructive is a comparison between the rate of development and the level of munitions production in the U.S.S.R. during the Patriotic War and corresponding data on this industry in Russia during the first world war as given in A. A. Manikovsky's book *Supply of the Russian Army During the World War.*

In order to compare armaments production in Russia during the imperialist war of 1914-17 and in the U.S.S.R. during the Patriotic War of 1941-45, suffice it to say that 29 times more ordnance was produced in the U.S.S.R. during the Patriotic War than was turned out during the first world war by all the government-owned and private works of pre-revolutionary Russia. The output of mortars in the U.S.S.R. during the Patriotic War was 89 times as great as in pre-revolutionary Russia.

During the Patriotic War, the U.S.S.R. produced 78 times more machine guns of all kinds and 6.4 times more rifles than pre-revolutionary Russia manufactured during the first world war. The number of shells for all types of artillery produced in the U.S.S.R. during the Patriotic War was 8.2 times greater than that the army of pre-revolutionary Russia received during the first world war. The Soviet Union's output of all kinds of small-arms ammunition was correspondingly 6.9 times higher.

To the quantitative increase achieved in the manufacture of munitions must be added the qualitative changes that made the Soviet Union's armaments in the Patriotic War of 1941-45 incomparably superior to pre-revolutionary Russia's armaments during the first world war of 1914-17. Suffice it to mention the

production of rocket artillery and shells for it, first-class heavy and anti-aircraft artillery, modern heavy tanks, high-speed aircraft, attack planes, large-caliber mortars, quick-firing machine guns, tommy guns, and self-loading rifles, of which the Soviet war industry and the Soviet army can rightly be proud. The pre-revolutionary Russian army of the first world war period had no such weapons.

A. A. Manikovsky, who headed the Central Artillery Administration of the Russian army during the war of 1914-17 makes a highly instructive statement in his book concerning lessons to be drawn from the organization of war production in Russia during the first world war. "The many documents cited above show beyond doubt that the necessity of manufacturing munitions during the war itself was grasped only after war had been declared," he wrote. "This was our biggest fault and our biggest misfortune: we thought that the reserves built up in peacetime would suffice for the waging of modern war. Because of this we did not pay sufficient attention to the development of our factories, both government-owned and private, and did not draw up a plan for technical (factory) mobilization. The result was that during the war we had to resort to a number of hasty and none too expedient improvisations."

It must be said that the Soviet state did not commit this major mistake which originated in the very system of private property in pre-revolutionary Russia and in the backwardness of its industry. Even before the war broke out, the U.S.S.R. had created a war industry with specialized aircraft, tank, armaments and ammunition works, and shipyards. These provided the groundwork on which the capacity of the country's war industry was vastly expanded during the great Patriotic War. It was this that enabled the Supreme Command of the Soviet army to keep the armed forces supplied with the weapons of war in spite of the loss in the early period of the war of a substantial part of the munitions stocks built up on the eve of the hostilities.

During the first world war, Germany, Austria-Hungary, Bulgaria, and Turkey sent 127 divisions against Russia. During the second world war, Germany, Rumania, Finland, Italy, and Hun-

gary had 257 divisions on the eastern front against the U.S.S.R., Germany herself putting 207 divisions in the field, or 2.4 times more than during the first world war. Nevertheless Germany's divisions and those of her hirelings were routed by the Soviet army.

During the whole of the first world war the army of tsarist Russia was supplied with 55,600,000 artillery and mortar shells of all calibers. During the second world war the Soviet army was supplied by socialist industry with 775,600,000 artillery and mortar shells, which was 14 times more than the Russian army received during the first world war. This avalanche of metal and fire was an embodiment of the wrath of the Soviet people and their indomitable strength in the struggle for victory over the rapacious Hitler imperialism.

Thanks to the heroic efforts of the working class, thanks to the socialist industry of the U.S.S.R., the Soviet army was supplied with first-class armaments. By the end of the Patriotic War with Hitler Germany, the Soviet army had four times more divisions, five times as much artillery, fifteen times as many tanks, and five times as many aircraft as it had had in peacetime.

The Soviet army's colossal striking power was demonstrated to the full in the final battle for Berlin in April 1945. Into this battle the Soviet army sent 41,000 pieces of artillery and mortars, 8,400 aircraft which supported the artillery from the air, and over 6,300 modern tanks.

All these weapons of victory were created by the Soviet people, their mental and physical effort. The Soviet army defeated Nazi Germany with Soviet-made arms and military equipment.

Thus, the Soviet army was supplied during the Patriotic War with first-class armaments manufactured by factories and mills in the U.S.S.R. The growth of war production and adequate supply of armaments to the Soviet army were guaranteed by the tremendous advancement of the war industry during the war-economy period and by the powerful industrial base established in the U.S.S.R. prior to the Patriotic War.

Agriculture and the Food Supply

While the industry of the U.S.S.R. supplied the armaments for the Soviet army, agriculture insured the supply of foodstuffs to both front and rear and of raw materials to industry. The food problem was dealt with on entirely different principles in pre-revolutionary Russia during the war-economy period of 1914-17, in Soviet Russia during the war-economy period of 1918-21, and in the U.S.S.R. during the war-economy period of 1941-45, the years of the Patriotic War.

A radical change had taken place in the social organization of grain production in the U.S.S.R. as compared with the pre-revolutionary period, when 72 per cent of the total grain available for the market was concentrated in the hands of the landlords and kulaks. In the U.S.S.R., as is known, grain for the market is produced mainly by socialist enterprises—the state farms and collective farms.

The difference between the above three periods was particularly marked as regards the level of grain production for the market. The government purchases of grain yielded 1,399 million poods in 1914-17, in pre-revolutionary Russia; 920 million poods in 1918-21, the early period of Soviet Russia, and 4,264 million poods in 1941-44, in the U.S.S.R., and that in spite of the occupation by the Germans of the Soviet Union's richest grain areas—the Ukraine and the North Caucasus. Such an increase in the capacity of agriculture to supply the market with produce became possible only on the basis of large-scale mechanized socialist agriculture.

The first world war played havoc with Russian agriculture. The area under grain dropped from 94 million hectares in 1913 to 85 million in 1917, while grain production in this period declined by nearly 1.5 billion poods.

When the first world war broke out, the Ukraine accounted for 25 per cent of all the grain resources in Russia, the North Caucasus, for 12.6 per cent, and the Volga area, for 12 per cent. Siberia, the Urals, and Kazakhstan accounted for only 18 per cent of the total grain resources. Because of this, Rusia's food situation became exceedingly critical when during the first world war the Ukraine first became a war zone and then a theater of hostilities.

During the Civil War which followed the first world war, Soviet Russia found herself on the verge of a veritable disaster in regard to food supplies, but by the supreme effort of the socialist state, this disaster was averted. Whereas grain collections out of the 1917 harvest amounted to only 73.4 million poods, in 1918 the figure grew to 107.9 million poods, in 1919, to 212.5 million and in 1920 to as much as 367 million poods. By 1921, however, as a result of the first world war and the intervention, the cultivated area and the grain crops sharply dwindled.

The demand for marketable grain in the U.S.S.R. grew enormously during the war economy period of 1941-45. Both the urban centers and the army consumed more cereals, but in spite of the temporary loss of the fertile Ukraine and the North Caucasus, the U.S.S.R. solved the food problem successfully. The solution of this problem during the Patriotic War was possible:

1. Thanks to the collective farm system, which insured both high gross harvests and great marketable surpluses of grain;

2. Thanks to the fact that the bulk of the marketable grain surplus was concentrated in the hands of the state, which organized proper accounting of food supplies and their distribution;

3. Because of the new geographical distribution of grain production, which resulted in an increase in the share of the eastern areas of the U.S.S.R. in the country's total.

The following figures illustrate the changes in the geographical distribution of grain production on the territory of the U.S.S.R. as compared with the pre-revolutionary year of 1913. The share of the Ukraine in gross grain production dropped

from 25 per cent in 1913 to 23 per cent in 1940, and that of the North Caucasus from 12.6 per cent to 10.6 per cent, while that of the Volga area remained stationary at 12 per cent. At the same time the Urals increased its share from 8.4 per cent to 9.7 per cent, Siberia from 7 per cent to 11.7 per cent, and Kazakhstan from 2.8 per cent to 3.4 per cent.

The progress of socialist agriculture resulted in the increase of grain production in the eastern areas of the U.S.S.R. to 1,838 million poods in 1940 as compared with 1,034 million poods produced in the eastern areas of pre-revolutionary Russia in 1913. Thus an important area of grain production was created in this part of the country which kept the U.S.S.R. supplied with grain during the Patriotic War.

By the outbreak of the Patriotic War, the successful advancement of socialist agriculture in the U.S.S.R. had made it possible for the state to accumulate considerable reserves of grain. This insured a stable food supply for the Soviet army and the population regardless of the exceptional difficulties arising from the war and the reduction in grain deliveries to the state in 1942 and 1943 as compared with 1940 owing to the temporary enemy occupation of a number of areas. Although the quantity of grain consumed in 1942 constituted less than 50 per cent of the 1940 figure as a result of strict husbanding and distribution of grain resources, both the Soviet army and the population were supplied with bread without interruptions.

During the years of great trial through which our country was passing, the collective farm peasantry kept the population and the Soviet army supplied with bread and other foodstuffs. The Patriotic War was a historic test of the strength of the collective-farm system. In the course of the war-economy period, socialist discipline grew stronger in the collective farms, productivity of labor increased, and the new cadres of collective-farm intelligentsia rose to take the place of those who left the farms to join the Soviet army. The decisive role in this process of replenishment of cadres was played by Soviet women.

The following data will afford an idea of the increase in the

proportion of women among the tractor drivers, operators of combine harvesters and other farm machines, and team leaders at the machine and tractor stations, as well as among leading collective-farm personnel. At the machine and tractor stations the proportion of women among the tractor drivers increased from 4 per cent at the beginning of 1940 to 45 per cent in 1942; among combine harvester operators from 6 per cent to 43 per cent; among truck drivers from 5 per cent to 36 per cent; and among tractor team leaders from 1 per cent to 10 per cent.

Labor discipline improved in the collective farms. During the war-economy period the Soviet Government advised the collective farms to raise the obligatory minimum of workdays required of every able-bodied collective farmer in the course of the year. Workday quotas were set for the spring sowing season, for weeding, for cultivation of the crops, and the harvest season. The total number of workday units put in on the average by each able-bodied collective farmer increased from 254 in 1940 to 352 in 1942. There were not only individual collective farms, but whole districts where all able-bodied collective farmers fulfilled their minimum workday quotas.

At the same time the productivity of labor on the collective farms increased. This was reflected in the increase in sown area per collective-farm household and able-bodied farm member, as well as in proportion to the draft power at the disposal of the farms. Sown area per collective-farm household increased on comparable territory from 6.3 hectares in 1940 to 7 hectares in 1942; sown area per able-bodied collective farmer increased from 3.3 hectares in 1940 to 4.3 hectares in 1942, and per horse-power unit in the collective farms and the machine and tractor stations the sown area expanded from 7.3 hectares to 8.8 hectares.

Nevertheless, higher productivity of labor and improved discipline could not fully compensate for the diminution of the technical equipment of agriculture, primarily in the liberated areas, attendant upon the decline in number of tractors, combines, other agricultural machines, and trucks, a situation which confronted agriculture with serious difficulties. These difficulties were overcome by restricting the mobilization of manpower from the rural localities, expanding to the utmost the production of spare parts for farm machines and implements, and resuming the output of tractors and agricultural machinery, the manufacture of which had been discontinued during the early part of the war-economy period.

In spite of the considerable reduction in the technical facilities at the disposal of agriculture and in the labor power available for it, the total cultivated area in the collective farms of those parts of the U.S.S.R. which were not subjected to occupation—the central regions, the Volga area, the Urals, Siberia, Transcaucasia, Central Asia, Kazakhstan, the Far East, and the North—not only did not drop but actually increased. The areas sown by the collective farms in these regions mounted from 62.6 million hectares in 1940 to 66.3 million hectares in 1942, with grain crops showing an expansion from 51.6 million to 53.9 million hectares. Nevertheless, expansion of the cultivated area in the eastern districts of the U.S.S.R., could not compensate for the reduction in crop areas resulting from the temporary occupation by the Germans of the wealthy agricultural districts of the Ukraine and the North Caucasus.

The specific features of the Soviet Union's war economy during the first period of the Patriotic War and the difficulties it had to cope with demanded a further consolidation and development of grain production. In the eastern areas of the U.S.S.R. the collective farms placed 2.3 million hectares more under grain crops in 1942 than they had in 1940. And if the collective-farm grain area in the central and Volga regions declined somewhat in 1942, in Siberia, Central Asia, Kazakhstan, Transcaucasia, and the Far East it increased considerably. The highest rate of increase was registered in the Far East (30 per cent) and in Central Asia (20 per cent). In hectares the increase in grain area was the greatest in Central Asia, Kazakhstan, and Siberia.

The area under winter crops increased considerably in the total grain area, increasing in 1942 by 18 per cent as compared with 1940. The winter crop area increased particularly rapidly in

Siberia, where it exceeded the 1940 level by 64 per cent in 1942, and in Kazakhstan and Central Asia, where the increase amounted to 44 per cent. Expansion of the cultivation of winter crops rendered it easier to overcome the wartime difficulties arising from shortages of labor power, draft power, and machinery. Of the various grain crops, the cultivation of millet was considerably expanded during the Patriotic War. It is the main cereal used in the production of groats grown in the Volga area, Kazakhstan, and in those districts of Siberia which suffer from an insufficiency of moisture. As a drought-resisting crop, millet is good insurance and serves to reduce the strain on the labor and draft power resources of the collective farms during the spring sowing and harvesting seasons.

During the war considerable changes were effected in the geographical distribution of industrial crop cultivation. Areas under vegetable oil crops and sugar beet were expanded in Siberia, Kazakhstan, and Central Asia, and the cultivation of industrial crops shifted to the eastern areas of the U.S.S.R. The highest rate of increase in this field in 1942 as compared with 1940 was achieved in the Far East, where it amounted to 37 per cent, and in Siberia, 27 per cent. In the course of the war, sugar beet areas were expanded in the central and the Volga regions, Siberia, Central Asia, and Kazakhstan. However, for the U.S.S.R. as a whole the areas under sugar beet dropped in 1942 below the 1940 level owing to the temporary occupation of the sugar beet regions—the Ukraine, the North Caucasus, Kursk Region, and partly Voronezh Region.

In 1942 the collective farms of the Soviet Union's eastern areas planted potatoes and other vegetables over an area 37 per cent greater than in 1940. These crops were shifted eastward to the Urals, Siberia, Central Asia, and Kazakhstan. Potatoes and other vegetables assumed a more important place in the farm production of suburban zones around large cities and industrial centers. The highest rates of increase in the area under potatoes and other vegetables in 1942 as compared with 1940 were registered in Siberia (44 per cent), the Urals (37 per cent), the Far East (30 per cent), and Central Asia and Kazakhstan (32 per cent).

This shows that the biggest changes in the distribution of crops took place in Siberia and Central Asia. Whereas in Central Asia these changes were in considerable measure of a temporary nature, in Siberia they are of a more permanent character. Measures like the increase of the share of wheat in the total grain crop area, resumption of the practice of leaving a part of the farm land fallow, and expansion of autumn plowing effected in Siberia constitute a radical improvement of the farming methods. Now the prime task is the vigorous introduction of the latest in scientific farming methods and the restoration and replenishment of the fleet of tractors and other farm machines.

In many respects 1943 and 1944 marked a turn in the development of wartime agriculture. Beginning with the second half of 1943, the rehabilitation of farming proceeded at a rapid pace in the liberated areas. As a result of the increase in cultivated area and cereal yields, the Soviet Union raised 1.1 billion poods more grain in 1944 than in 1943. Alongside the restoration and further development of crop cultivation, the restoration of the herd of livestock, and the development of livestock raising were put on the order of the day.

During the war substantial changes took place as regards both the numbers and the geographical distribution of livestock. Owing to the temporary occupation of a number of agricultural areas, the number of head of livestock, including horses, beef and dairy cattle, sheep, goats, and hogs, dropped in the U.S.S.R. as a whole in 1942 and 1943 as compared with 1941. At the same time the collective farms of the eastern districts, in spite of the wartime difficulties, increased their herds of productive cattle. Beef and dairy cattle increased here from 11.4 million head in the beginning of 1941 to 12.5 million head in the beginning of 1943 and sheep and goats from 28.1 million to 34.2 million head, only the number of hogs remaining unchanged, primarily because of limited supplies of concentrated fodder.

In livestock raising, too, 1944 marked a turning point. The reduction in the herd of cattle stopped and once more the curve began to rise. Between the beginning of 1943 and the beginning of 1945, that is, in two years, the number of head of livestock in the U.S.S.R. increased as follows: beef and dairy cattle, by 15.8 million head; sheep and goats, by 8.4 million; hogs, by 2.8 million; and horses, by 1.7 million. This increase took place in both the liberated districts and the rear areas, and in the herds of the collective farms as well as in the livestock belonging to the peasants personally. Nevertheless, the level of the cattle population in 1944 was still far below pre-war, the lowest rate of restoration being registered in horses and hogs.

Restoration and extended reproduction in livestock raising, primarily in the collective and state farms, constitute the most difficult task confronting our socialist agriculture. The basic prerequisite for the advancement of livestock raising is the solution of the grain and fodder problems, for without this, extended reproduction of the herds of livestock is impossible. To accelerate the growth of the cattle population, the raising of highly productive breeds must be promoted by all possible means to meet both the needs of the state as a whole and the interests of the local peasants. A considerable role in the development of livestock raising is also played by state aid to the collective farm peasants in restoring the livestock in their personal possession in conformity with the statutes of the collective farm.

Thus, in spite of the temporary severance of the richest agricultural areas of the U.S.S.R., socialist agriculture kept the Soviet army and the population of the U.S.S.R. supplied with food during the war economy period. The considerable increase in the marketable produce of the Soviet Union's agriculture in comparison with the period of the first imperialist war became possible as a result of the victory of the collective-farm system in the countryside.

Transport Services and Organization of Freight Traffic

A country's economy cannot be prepared for war unless it possesses highly developed and regularly operating transport services. How smoothly the Soviet economic system can operate depends on the level of development of the country's transport services, for their importance is particularly great in the Soviet Union, whose territory covers 22.3 million square kilometers* and where the average haulage of goods, whether intended for productive or consumer consumption, is in the neighborhood of 700 km. from the producer to the consumer.

After the first world war and the Civil War, Soviet Russia was left with an utterly ruined and technically backward transport system. The three five-year plans resulted in the socialist reconstruction of transport which became one of the most advanced branches of the national economy of the U.S.S.R. In 1940 freight carriage on Soviet railways was 36 times the 1920 figure, while the cargo carried by the inland waterways increased 7 times, marine transport 11.6 times, and motor transport 89 times over.

The total length of railways in the U.S.S.R. increased from the 58,500 km. in pre-revolutionary Russia to 105,300 km. in 1940. The railways were reconstructed technically and their track capacity increased. The average daily carloadings increased from 27,400 in 1913 to 97,900 in 1940. During the Patriotic War the reconstructed transport services served as a firm foundation for the war economy.

As a result of the temporary occupation by the Germans of a number of economic regions of the country, the length of

* A kilometer (km.) is equivalent to nearly five-eighths of a mile.—*Ed.*

operating railway lines decreased by the beginning of 1943 by 40 per cent as compared with 1941. The number of locomotives declined in the same period by 15 per cent and the number of freight cars by 20 per cent, despite the fact that a considerable part of the rolling stock of the railway lines occupied by the enemy had been evacuated to the eastern areas. Owing to the occupation by the enemy of a number of river waterways, the number of self-powered river vessels declined in 1942 to 20 per cent below the 1940 figure, while the number of river barges dropped in the same period by 25 per cent, and that of seagoing ships by half.

A key problem facing the Soviet Union's war economy in connection with the new distribution of productive forces during the Patriotic War, and the attendant changes in the flow of traffic, was to overcome bottlenecks in the development of the transport services, especially the railways. These specific wartime difficulties, primarily on the Urals and Western Siberian railways, were overcome by increasing the capacity of the most important railway junctions and sections and by developing the branch lines serving the industrial enterprises newly set up in the various districts of the Urals, the Volga area, and Western Siberia.

No less important a task in the development of railway and water transport in the war-economy period, when the output of new locomotives and railway cars was almost completely discontinued, was the repair of rolling stock and vessels, the manufacture of spare parts, and the restoration of transport facilities—locomotives and rolling stock as well as river and seagoing ships—which had been wrecked by the Hitlerites.

Restoration of railways demolished by the Germans proceeded under difficult wartime conditions, and, inasmuch as the work usually had to be done under enemy fire, it marked a heroic stage in the lives of the Soviet Union's railwaymen. Suffice it to say that in the course of two or three months of the first half of 1943 Soviet railwaymen in the areas liberated from the German invaders during the Soviet army's winter offensive restored

6,600 km. of railway track. In the course of the entire year 19,000 km. of railway track was restored and opened to traffic in the liberated areas.

The experience gained, under the conditions of the Patriotic War, in the organization of railway and water transport, first and foremost to serve the armed forces and the war economy, is of exceptionally great importance. During the war-economy period the Soviet transport services successfully coped with their tasks and met the needs of the armed forces and the war economy.

During the early period of the Patriotic War freight traffic, both by rail and water, was greatly curtailed. In 1942 the average daily carloadings were 2.3 times less than the 1940 figures for all railway lines of the Soviet Union. During the same period, cargo carriage on the inland waterways dropped 1.8 times. This reduction in traffic on the railways and waterways was due to the temporary occupation by the Germans of a ramified railway network, many river systems, and a substantial part of the Baltic and Black sea coasts. It was also the result of the reduction in the railway rolling stock and the tonnage of shipping due to destruction and looting by the German invaders.

The transport services greatly improved their work in 1943. The length of operating railways increased in the course of the year by 19,000 km., while the number of locomotives rose by 2,000 and of freight cars by 56,000. In comparison with 1942, the average daily carloadings in 1943 increased by 3,000. Cargo carriage on inland waterways increased in the course of the year by 556 million ton-kilometers.

The increase in railway freight traffic was achieved primarily by means of eliminating bottlenecks in track capacity caused by the changes in the distribution of productive forces and attendant alterations in the flow of traffic. The track capacity of the operating railways was expanded on the following lines and outlets:

1. On the railway outlet from Western Siberia to the Urals, by increasing carrying capacity *via* Chulymskaya 1.4 times, *via* Vagai 1.2 times, and *via* Sinarskaya 1.4 times;

2. On the railway outlet from the Southern Urals to the Northern Urals, by increasing track capacity *via* Uktus 1.5 times;

3. On the railway outlet from the Urals to the central and Volga areas, by increasing track capacity *via* Kropachevo and Kirov 1.2 times; and

4. On the railway outlet from Central Asia to the European part of the U.S.S.R., by increasing the track capacity of the railways from Krasnovodsk *via* Arys, 1.3 times, and *via* Aidyrl, 1.4 times.

Railway track capacity was expanded during the war-economy period also by the construction of new lines, 10,000 km. of which were opened to traffic. These include the Northern Pechora, Soroka-Obozero, Sviyazhsk-Ulyanovsk-Volsk-Saratov-Stalingrad, the Moscow Great Circuit, Akmolinsk-Kartaly, Orsk-Kandagach-Guryev, Kizlyar-Astrakhan, and Komsomolsk-Sovietskaya Gavan railways.

A comparison between the operation of pre-revolutionary Russia's railways during the first world war and that of the Soviet Union's rail transport system during the second world war is highly indicative. In the war year of 1943 the railways of the U.S.S.R. carried 2.8 times more freight than the railways of pre-revolutionary Russia in 1915, which was also a war year, on a rail network of approximately equal length. The technical and economic superiority and the high degree of organization characteristic of the socialist mode of production resulted in the successful performance of our railways during the Patriotic War.

It cannot be said, however, that the Soviet railways made full use of all their reserves during the war-economy period. By tapping these unused reserves, the railway could have further increased military and economic freight traffic by thousands of carloads per day. An idea may be gained of these potentialities by comparing railway car turnover before and during the Patriotic War. In 1940 the average period of turnover of a freight car was 7.4 days, and in 1942 it increased to 13.8 days; a slight

improvement was registered in 1943, but the figure did not drop below 12.6 days.

Just as the acceleration of the production cycle in industry increases output, so the reduction of the loading-to-loading time on the railways increases freight carriage. The slowing down in car turnover which was observed during the Patriotic War was caused by:

1. Economic factors, namely, longer haulages caused by the shifting of productive forces eastward;

2. Technical factors, namely, a lowering of the indices of rolling stock utilization.

Owing to the slowing down in car turnover, in 1943 roughly 1.5 times as many freight cars were required as in 1940, to keep up the previous volume of traffic on the eastern and central railways of the U.S.S.R. Reduction of loading-to-loading time by more efficient utilization of rolling stock, cutting idle time, increasing the speed of freight trains, and eliminating excessively long and inefficient hauls—these are important resources for the railways to draw on.

It is the task of Soviet railwaymen to make full use of these resources. To do so it is necessary to restore rolling stock to its normal technical standards and improve its utilization. It is also essential to accelerate the restoration and development in all the economic regions of the U.S.S.R. of the production of goods to meet local requirements and thereby eliminate haulages of such goods from distant points. If the railways cut freight car turnover to 7.4 days, that is, to at least the pre-war level, the national economy of the Soviet Union will have about 260,000 more cars at its disposal than during the war. This would increase average daily carloadings by 35,000.

One of the decisive factors in satisfying the transport requirements of the armed forces and war economy was the placing of the transport services on a war footing. The wartime disciplinary regulations issued for the workers and other employees of the Soviet Union's transport services defined military discipline in transport as the conscientious fulfillment of duty, un-

deviating and precise execution of orders and instructions issued by superiors. Its aim was to strengthen in each transport worker a conscientious approach to work as "a matter of honor and glory, a matter of valor and heroism."

The military discipline prescribed by the regulations makes it incumbent upon every Soviet transport worker to perform his duties accurately; strictly to observe the laws, rules, and regulations in force in the transport system; to be proficient in his job and steadily to improve his skill; to protect state property—technical transport facilities, equipment, and materials, as well as the freights entrusted to the transport services; to fulfill the set output quotas and the indices established for the utilization of transport facilities, and strictly to guard state and military secrets.

According to the wartime disciplinary regulations, orders issued by their chiefs were the law for all transport workers and other employees and had to be carried out unconditionally, accurately, and promptly. All violations of discipline in transport entailed disciplinary measures or trial by military court. Transport workers and other employees bore responsibility on an equal footing with Soviet army personnel for offenses committed on the job. All cases involving offenses committed in transport were heard by military tribunals in conformity with wartime laws. Offenses of this kind were punishable, by decision of military courts, by dismissal and transfer to disciplinary battalions at the front unless the crime called for a more severe penalty.

At the same time all persons in positions of authority in the Soviet transport services must set an example in the fulfillment of duty, issue clear-cut orders and instructions to their subordinates, strictly demand accurate fulfillment of such orders, check up on their execution, and employ both disciplinary measures and measures of encouragement, as the circumstances may dictate, in relation to their subordinates.

Thus, in spite of the supreme wartime difficulties, the Soviet transport services successfully met the requirements of the Soviet army and the war economy of the U.S.S.R. To provide sufficient rolling stock for the entire network of railways, Soviet railwaymen must, by accelerating car turnover, release tens of thousands of cars and make them available for use in meeting the growing requirements of the national economy of the U.S.S.R.

Organization of Labor and Wages

The fundamental laws governing the socialist organization of labor and wages which precludes the exploitation of man by man, laws that are characteristic of the socialist society of the U.S.S.R., operated during the war-economy period as well. These laws are:

1. The law of the distribution of the products of labor according to the labor performed, in accordance with the quantity and quality of the labor expended by workers at state enterprises or by peasants in collective farms;

2. As a consequence of the foregoing, equal pay for equal work, the time and the quality of the labor expended being taken into account;

3. The difference between the payment of labor at state enterprises and in the collective farms determined by the difference between the two forms of socialist ownership;

4. The law of the rising living standards of the working people, which precludes unemployment and poverty, the law of the growth of real wages at state enterprises, and of the value of the workday unit in the collective farms;

5. Mechanization and electrification of production simultaneously with the growth of the working class and a rise in its level of culture and technical knowledge;

6. Socialist emulation encouraged by a system of bonuses for the best results in the fulfillment and overfulfillment of plans.

The consistent application of the laws of socialist organization of labor is a powerful factor in increasing production. The specific features of war economy during the Patriotic War brought about substantial changes in the organization of labor at Soviet enterprises, in the structure of wages and the labor

power resources in the various economic regions of the country and the various economic branches.

Owing to induction into the Soviet army and the temporary occupation by the Germans of a number of industrial areas, the total number of workers and other employees engaged in the national economy of the U.S.S.R. declined in 1943 by 38 per cent as compared with 1940, although the proportion of industrial workers and employees to the total engaged in the national economy increased from 35 per cent in 1940 to 39 per cent in 1943.

These are the general data, but the figures vary considerably when we examine the various economic regions of the U.S.S.R. In the North, Northwest, the central regions, the North Caucasus, and Transcaucasia, the number of workers and other employees engaged in the national economy dropped in 1943 below the 1940 level. At the same time in the Urals their number increased in 1943 to 36 per cent above the 1940 level, including an increase of 65 per cent among those employed in industry. In the Volga area the total number of workers and other employees in the national economy increased by 16 per cent, while that engaged in industry went up by 65 per cent; in Western Siberia the number of workers and other employees increased in general by 23 per cent and in industry by 71 per cent, while in Kazakhstan and Central Asia the respective increases were 7 per cent and 54 per cent.

As a result of the new distribution of productive forces, the percentage of the workers and other employees engaged in the eastern areas of the U.S.S.R. increased considerably. Workers and other employees engaged in industry in the Volga area, who made up 3 per cent of the total for the whole of Soviet industry in 1940, accounted for 7.5 per cent in 1943. For the Urals, the corresponding increase between 1940 and 1943 was from 8.5 per cent to 20.5 per cent; for Western Siberia, from 4 per cent to 9 per cent; and, finally, for Kazakhstan and Central Asia, from 3.5 per cent to 8 per cent.

An additional source of labor power during the war-economy

period was the mobilization of employable residents, not utilized in social labor, either in the city or the village, for work in production. This mobilization was effected in conformity with a decree issued by the Presidium of the Supreme Soviet of the U.S.S.R. at the beginning of the Patriotic War. In 1943 alone, 7,609,000 persons were mobilized in this way, including 1,320,000 in industry and on construction sites, 3,830,000 in agriculture, and 1,295,000 for the timber industry.

As a result of the induction of a considerable part of the male population into the Soviet army, the share of women's labor in production increased substantially, as also that of adolescents. Women, who accounted for 38 per cent of the workers and other employees engaged in the national economy of the U.S.S.R. in 1940, made up 53 per cent of the total in 1942, the increases being, in industry, from 41 to 52 per cent; on the railways, from 25 to 36 per cent; in the communications services, from 48 to 67 per cent; in public utilities, from 42 to 64 per cent; in trading establishments, from 37 to 55 per cent, and in public catering, from 67 to 83 per cent. The proportion of women in educational institutions increased from 58 to 73 per cent; in the health services, from 76 to 83 per cent, and in the state apparatus, from 35 to 55 per cent.

An increase was also registered in the proportion of women among skilled workers in industry. The proportion of women operating steam engines increased from 6 per cent of the total in the beginning of 1941 to 33 per cent at the end of 1942; women compressor operators, from 27 to 44 per cent; and stokers from 6 to 27 per cent. In the same period the proportion of women among metal turners increased from 16 to 33 per cent, welders from 17 to 31 per cent, molders working by hand from 12 to 32 per cent, molders working by machine from 29 to 39 per cent, fitters from 3.9 to 12 per cent, forge, hammer, and die press operators from 11 to 50 per cent, and electricians employed at electric substations from 32 to 50 per cent. The proportion of women automobile drivers increased from 3.5 to 19 per cent and of women working as loaders from 17 to 40 per cent.

To facilitate the participation of women in production, kindergartens, children's homes, and other mother-and-child institutions were restored and expanded. On the territories not subjected to occupation, the number of children in kindergartens increased from 683,000 in 1941 to 1,210,000 in 1944, and the number of children taken care of at nurseries, from 509,000 to 645,000. The solicitude of the Soviet Government for children improved the living standard of working women and facilitated their participation in production. A factor that particularly favored the enlistment of women for industrial work was the system of equal pay for equal work prevailing in the Soviet Union.

One of the salient achievements of the war-economy period in the U.S.S.R. is the absence of child vagrancy. Following the first world war of 1914-17, the problem of homeless waifs was a veritable tragedy in Russia. The young Soviet Russia spent years healing the wounds inflicted by the first world war and the Civil War that followed. During the Patriotic War of 1941-45, the Soviet Government undertook a number of effective measures for the upbringing of children who had lost their parents.* Suffice it to mention the organization of the Suvorov military schools, the expansion of vocational schools, and the establishment of children's colonies in which children are completely maintained by the state. Children thus brought up by the state become socially useful workers when they grow up.

As regards classification, by age, of the workers and other employees, substantial changes took place during the Patriotic War. In 1939 workers and other employees, 18 years old and under, made up 6 per cent of the total engaged in industry; in 1942 those from 18 to 49 years of age dropped from 85 in 1939 to 73 in 1942. The percentage of those over 50 years of age also increased, mounting from 9 in 1939 to 12 in 1942.

Still more substantial changes took place in the composition of the able-bodied population in the rural localities, where the

* A mass campaign for the adoption of orphaned children by private families was especially popular during the war years.—*Ed.*

proportion of women increased from 52 per cent in the beginning of 1939 to 71 per cent in the beginning of 1943. Thus the role of women and young people, who shouldered a substantial share of the wartime hardships, increased considerably in agriculture as well as in industry during the Patriotic War. As was the case in industry, the system of equal pay for equal work helped in great measure to enlist women for productive activity on the farms.

In spite of the influx into production of new personnel with little training, socialist labor discipline was enhanced and the productivity of labor increased everywhere in the U.S.S.R. during the war-economy period. Self-sacrificing labor became the rule during the Patriotic War. In industry, productivity of labor increased by 19 per cent in 1942, and in 1943 by an additional 7 per cent as compared with the previous year. The most rapid progress in this respect was registered in the engineering and war industries, where the increase in the productivity of labor amounted to 31 per cent in 1942 and in 1943 to another 11 per cent.

In 1942 productivity of labor dropped for a time as compared with the pre-war level in the coal mining, oil, textile, light, food, and timber industries. The temporary decline in the productivity of labor in the textile, light, and food industries was caused primarily by prolonged stoppages owing to interruptions in the supply of electric power, fuel, and raw materials. In the coal and ore mining, oil, and timber industries, the temporary drop in output in 1942 was the result of the influx of new workers less fitted for the physical labor involved in these branches of industry where the worker's strength continues to play a very substantial role.

Productivity of labor during the Patriotic War increased both as a result of greater output per unit of working time, achieved primarily by rationalizing production processes, and the prolongation of working time by cutting idle time and absenteeism and by overtime work. In this way the number of hours put in on the average per worker per month increased in the course of

two years of the Patriotic War by 22 per cent, while output per worker per hour during the same period went up by 7 per cent.

Increased productivity of labor made it possible to reduce the expenditure of labor per unit of output, primarily in war industry. For instance, the expenditure of labor at aircraft plants on each IL-4 plane was reduced from 20,000 man-hours in 1941 to 12,500 in 1943, while a corresponding reduction from 9,500 to 5,900 man-hours was effected in the manufacture of IL-2's, and from 25,300 to 13,200 man-hours in the case of PE-2's. At ordnance works the amount of labor required to make a 152 mm. howitzer was reduced from 4,500 man-hours in 1941 to 2,400 in 1943, a 76 mm. regimental gun, from 1,200 to 800 man-hours, and a divisional gun, from 2,200 man-hours in 1941 to 600 man-hours in 1944. Expenditure of labor at armaments works on large-caliber machine guns dropped from 642 to 329 man-hours per unit, on rifles from 12 to 9, and on TT cartridges from 13 to 10.8 man-hours per thousand. At the tank plants the labor required to manufacture a T-34 tank was reduced from 8,000 man-hours in 1941 to 3,700 in 1943, while in the case of KV tanks the corresponding reduction was from 14,600 to 7,200 man-hours.

The rise in the productivity of labor during the war-economy period became possible due to the mass training of skilled workers. The reproduction of the labor force, this most difficult of the problems of war economy, was successfully solved by the Soviet state. Training on the job through a system of courses and short-term schools as well as by means of individual apprenticeship produced 2,765,000 workers in the trades requiring average skill in 1941, 3,772,000 in 1942 and 5,134,000 in 1943. Besides this, factory, vocational, and railway schools trained 439,000 skilled workers in 1941, 569,000 in 1942, and 598,000 in 1943.

The expansion of the war economy, and the tasks connected with the restoration and post-war development of the national economy of the U.S.S.R., necessitated an extension in the training of highly skilled specialists. Regardless of the wartime difficul-

ties, the Soviet Government increased the size and the number of scholarships at universities and colleges, improved the students' food conditions, and exempted a considerable number of them from service in the Soviet army. This ensured the preservation and increase in the number of institutions of higher learning and special secondary schools during the Patriotic War. Whereas the number of students admitted to universities and colleges in the autumn of 1942 dropped to 108,000, in 1943 the enrollment again increased to 167,000. At special secondary schools the autumn enrollment of 1942 declined to 170,000, but in 1943 the figure again rose to 253,000.

The mass influx of new personnel into industries and the rapid launching and expansion of the war production called for an improvement in the organization of labor. This improvement was effected along the following lines:

1. By systematically applying a progressive wage scale for pieceworkers and a system of bonus payments to timeworkers;

2. By extending the application of the bonus system to engineers and technicians in reward for the fulfillment and overfulfillment of production plans;

3. By offering additional material encouragement to workers who distinguished themselves in the fulfillment and overfulfillment of production quotas.

On the basis of this system of material encouragement, socialist emulation in the drive for the fulfillment of state war-economic plans assumed wide scope. The bonuses paid out to engineers, technicians, and workers increased considerably. The proportion of bonuses in the total earnings of engineers and technicians increased from 11 per cent in 1940 to 28 per cent in 1944, and in case of workers—from 4.5 per cent in 1940 to 8 per cent in 1944.

The extensive application of the bonus system in reward for the fulfillment and overfulfillment of production plans was a highly important additional stimulus to the expansion of the war economy. It is perfectly natural that this positive experience gained during the war-economy period finds application also

in the post-war period as an additional lever for raising the output.

Wage levels were changed considerably during the war-economy period in connection with the increased productivity of labor and in order to stimulate the key branches of industry. In the first place wages were increased in the coal, oil, iron and steel, non-ferrous metals, and war industries, which raised the wage level in these branches of heavy industry above that prevailing in other branches of the economy. The highest industrial wage level was attained in the coal, iron and steel, and war industries.

The average monthly money wage of workers in industries under the jurisdiction of all-Union ministries increased from 375 rubles in 1940 to 573 rubles in 1944, or by 53 per cent. In the coal industry the average wage mounted to 729 rubles, and in iron and steel to 697 rubles. For engineers and technicians engaged in all-Union industries, the average monthly salary increased from 768 rubles in 1940 to 1,209 rubles in 1944, reaching 1,502 rubles in the coal-mining industry and as much as 1,725 rubles in the iron and steel industry.

The biggest rise in wages, especially in industry, was registered in the Volga area, the Urals, and Western Siberia, which bore the main burden of supplying the armed forces with munitions. Here people worked most intensively, the productivity of labor was higher than elsewhere and so also was the level of wages. Whereas in Soviet industry as a whole the average monthly money wage of workers in 1944 was 42 per cent higher than in 1940, the Volga valley registered in the same period a 79 per cent increase, the Urals 65 per cent, and Western Siberia 79 per cent.

As distinct from the capitalist countries, the real income of the Soviet working class, or, in other words, its share of the social product, is not limited to money wage. All attempts to compare the living standard of the working class in the U.S.S.R. with that of the working class, for instance, in capitalist England or the United States, solely on the basis of money wage, arise

from utter ignorance or, as is most frequently the case, from plain desire to vilify the Soviet Union.

To the money wage of workers in the U.S.S.R. one must add at least state allowances for sick benefits, maternity leaves and annual vacations, payments from directors' funds,* free education and scholarships, expenditures on training, free medical services and facilities for rest and recreation, state expenditures on the maintenance of children's institutions, and benefits paid out to large families. All this, as distinct from the situation in the capitalist countries, increases the average money wage of a Soviet worker by 38 per cent.

The wages of the working class in the capitalist countries, the United States and England included, are exceedingly unstable. Unemployment, which is a permanent factor in the United States and England and periodically increases during the crises, makes disastrous inroads on the living standard and wages of the working class. If we consider the number of unemployed in the United States in pre-war years, the official American money wage figures must be reduced by 32 per cent in order to get the actual average. And even this level drops still lower during crises.

The level of the real wages of the working class of the U.S.S.R. during the war-economy period was safeguarded by stable, low ration prices of food and other consumer goods, as well as by the low rates for the municipal and transportation services. Besides, the percentage of his wages which the Soviet worker spends on rent and transportation is five to six times less than the percentage the American worker spends on the same items.

In the U.S.S.R. the size of one's wage is determined not only by the skill required but also by the physical effort involved, particularly in such branches of the economy as the fuel and

* A fund formed by the sums received by state industrial enterprises for fulfilling and overfulfilling their production indices. It is used for the further extension of the given enterprise, for the improvement of cultural and personal services for members of the staff, and for issuing premiums to the latter.—*Ed.*

metallurgical industries. It was because of this that the Soviet Government set the highest wage level for workers in the coal and iron and steel industries before and all the more so during the Patriotic War. The situation is quite different in the capitalist countries, where the workers in the iron and steel and mining industries are among the lowest paid. This is the result of chronic unemployment which enables the capitalist employers to make skill the only criterion in the payment for labor, while ignoring the physical effort involved, and compelling workers by the threat of unemployment to work for lower pay under more arduous conditions. Even during the war when unemployment declined, employers in the capitalist countries retained the low wage level in industries where work is the hardest.

Thus, in the difficult wartime conditions, the Soviet state ensured a highly productive organization of labor and the growth of the wages of workers and other employees, while maintaining the highest wage level in heavy industry. Thanks to a well-organized system of training and distributing labor power, the war economy of the U.S.S.R. did not experience any serious difficulties arising from a shortage of labor power.

Commodity Circulation and Prices

Socialist society in the U.S.S.R. has its own form of exchange of commodities—Soviet trade, trade without capitalists and speculators. Soviet trade differs from capitalist trade on a number of points of principle.

Soviet trade is a form of exchange of commodities the bulk of which has been produced at socialist enterprises. Commodity-money and money-commodity transactions in the socialist society denote in the main an exchange of goods between socialist enterprises (between state enterprises and collective farms included) or a form of realization by the workers, peasants, and intelligentsia of their share in the social product.

The commodity in the socialist society is free of the conflict between its value and use-value so characteristic of commodity-capitalist society where it springs from private ownership of the means of production. This conflict in capitalist society is the elementary form of the antagonism between the social mode of production and the private form of appropriation, an antagonism which gives rise to crises.

The price of a commodity in the socialist society in the U.S.S.R. is based on its value or costs of production. However, the Soviet state itself determines, in the interests of consolidating socialism and improving the living standard of the working people, the specific price of each commodity manufactured at state enterprises or to be realized in the state trading network, and hence the degree to which the retail price of a commodity deviates from its actual value.

Consequently the anarchic price fluctuations characteristic of capitalist industrial cycles or the speculative raising of prices by capitalist monopolies which is the law in the United States of America, for instance, are impossible in socialist society. The

Soviet state, which has the bulk of the country's commodities and commodity reserves at its disposal, reduces state prices and exercises an economic influence tending to bring prices down on co-operative trade as well as on the collective-farm and peasant market.

Relying on the monopoly of foreign trade, Soviet trade does not allow foreign capitalist monopolies to penetrate the domestic market. Imported goods pass through state trade channels and are subject to the same laws of price-formation as are Soviet goods of home production. The independence and sovereignty of Soviet economy are a law of socialist society.

Soviet trade excludes the basic means of production and labor power from the sphere of private buying and selling. This is a consequence of the fact that the exploiting classes and the exploitation of man by man have been abolished in the U.S.S.R. Labor power in socialist society is not a commodity which it is on the capitalist labor market.

Soviet economy recognizes "competition" of a kind between state and co-operative enterprises in the sphere of trade. This "competition" with the object of improving the quality of goods and providing efficient service to the Soviet consumer is a factor of progress. Together with the system of premiums for good work, socialist emulation among trade enterprises is, as it is in industry, a powerful means of promoting progressive development in Soviet trade.

The substantial changes that took place during the war-economy period in the forms of commodity circulation and the organization of supplies for the population found their expression in the following:

1. The introduction of rationed sale of food and consumer goods (ration card system);

2. Differentiated rationing and conditions under which food was sold to working people engaged in different branches of the war economy;

3. The organization of workers' supply departments at enterprises.

The number of people supplied by the state with bread and other foodstuffs increased to 76.8 million during the war-economy period. The food rationing system subordinated consumption to the interests of production and ensured a higher consumption level for workers in the industries of key importance for the war, namely, the war, fuel, metallurgical and power industries, and railway transport.

The organization of workers' supply departments at enterprises and the transfer to them of a large number of state and subsidiary farms improved and stabilized supplies to workers, engineers, and technicians engaged in industry. The share of the factory trading organizations in the total retail trade of the U.S.S.R. increased from 4 per cent to 28 per cent in the course of 1942, while in the Urals it grew to 45 per cent in the same period. The growth of retail trade began to depend to a substantial degree on the work of factory trading organizations. The cultivated area of the subsidiary farms run by industrial enterprises and the transport services increased from 1,365,000 hectares in 1940 to 3,104,000 hectares in 1943, while the herd of beef and dairy cattle on those farms increased from 586,000 head in 1940 to 904,000 in 1943.

Of considerable importance in the expansion of the country's food resources was individual allotment gardening by workers and other employees, which provided additional supplies of potatoes and other vegetables. The success of this movement points to the necessity of encouraging the working people to display individual initiative in improving their material conditions.

However, the rationed distribution of food and other basic consumer goods by the state was at the basis of the system of supply to the population during the war-economy period. Different rations of foodstuffs and other prime necessities were fixed for various branches of national economy, the guiding principle of distribution being to secure a higher rate of consumption to those who distinguished themselves by exemplary labor and to workers in key branches of production. On this basis the Soviet

Government increased food rations for workers who fulfilled or overfulfilled output quotas. This was effected by instituting additional rations for such workers. In the various branches of heavy and war industry as many as 60 per cent of all workers received these additional food rations during the Patriotic War. Moreover, the Soviet Government introduced increased rations for all workers, engineers, and technicians engaged in heavy or hazardous work, including those working in departments where high temperatures prevail in the metallurgical industry, underground in coal and ore mines, and in a number of branches of the chemical and oil industries, as well as for locomotive crews on the railways.

In connection with food rationing, public catering (dining rooms and lunch counters) acquired considerable significance during the war-economy period, when for many workers and other employees it became the basic food supply channel. The share of public catering in total retail trade increased from 13 per cent in 1940 to 25 per cent in 1943.

In spite of the expansion of public catering, retail trade as a whole dropped in 1942 below the pre-war level of 1940. This reduction was due to the temporary occupation of Soviet territory by the Germans. The slight decline in retail trade registered in the early period of the Patriotic War in the eastern areas of the U.S.S.R. was due to the curtailment of the supply of consumer goods available for the market, part of which was diverted to supply the Soviet army.

As production of food and other consumer goods grew, sales in state and co-operative retail trade increased during the war-economy period: in 1943 by 6 billion rubles and in 1944 by 35 billion rubles above the 1942 level, remaining, however, below the pre-war mark. The basic causes of the decline in the volume of retail trade were the following:

1. The increase of the proportion of marketable output not placed on the market, but used to meet both the increased requirements of the Soviet army and those of the war industry;
2. The decline, in comparison with the pre-war level, of the

production of industrial and agricultural consumer goods, mainly due to the German occupation of certain areas.

In the sum total of consumer goods produced in the country the quantities of food and other consumer goods placed on the market decreased in 1942 while war consumption increased accordingly. The proportion of marketable flour and cereals actually placed on the market declined from 86 per cent in 1940 to 73 per cent in the war year of 1942. The corresponding figures for meat products were 43 per cent and 23 per cent, for cotton textiles 46 per cent and 9 per cent, and for leather footwear 79 per cent and 27 per cent. The decline in the supplies placed on the market was accompanied by an increase in supplies not intended for the market which included supplies allocated for war needs.

In connection with the increase in the proportion of supplies not placed on the market, the problem of stimulating the initiative of the local Soviets in promoting trade acquired particular significance. A number of economic measures adopted in the sphere of retail trade led to the share of non-centralized supplies rising from 12 per cent in 1941 to 17 per cent in 1942, the corresponding increase in the central areas being from 13 per cent to 24 per cent; in the districts of the Volga area, from 14 per cent to 17.5 per cent; in Western Siberia, from 16 per cent to 19 per cent; and in Transcaucasia, from 11 per cent to 15 per cent. These changes in the structure of retail trade must be regarded as highly useful. Every encouragement must be given in both state and co-operative trade to the marketing of local, non-centralized supplies of industrial and food products intended for individual consumption of the working people and to building materials for individual housing construction for workers and other employees and collective farmers.

With a view to insuring the stability of the budgets of the working people, the Soviet Government strictly maintained a stable level of state retail prices of foodstuffs and other prime necessities. This policy of fixed state retail prices is founded on the stability of wholesale prices of industrial goods. The

index of state wholesale prices in 1942, as compared to the pre-war level, was set at 98 per cent in conformity with decisions of the Soviet Government, the corresponding figure for the products of the war industry being 72 per cent, the engineering industry 87 per cent, heavy industry, exclusive of the engineering industry, 98 per cent, and of the light and food industries, 120 per cent.

The index of state retail prices of rationed foods and manufactured goods remained practically unchanged throughout the war-economy period in the U.S.S.R., amounting to 100.5 per cent in 1943 as compared with the pre-war level. Retail state prices of rationed foods and manufactured goods were not raised. An exception was made in the case of alcoholic beverages and tobacco, the prices of which were increased. The increase in prices of alcoholic beverages was a form of indirect taxation of those who consumed them in excessive quantities.

In the capitalist United States, government control could not pin prices down to the pre-war level. During the second world war the wholesale price index for agricultural produce in the U. S. A. rose to 196 per cent of the pre-war figure, for footstuffs to 151 per cent, and for textiles to 144 per cent. This increase in wholesale prices inevitably affected the level of retail prices and the workers' wages.

The Soviet state fixed the state retail and wholesale prices of goods with a view to ensuring a normal living standard for the working people of both town and country. The socialist ownership of the basic means of production, the concentration in the hands of the state of the bulk of the goods in circulation, planned distribution of goods, and the monopoly of foreign trade—all these factors insured the stability during the war-economy period of the state retail prices fixed by the Soviet Government even before the war.

Different laws governed the open collective-farm market. Here the law of value operated in its market form of the law of supply and demand. As a result, in 1943, the collective-farm market price index in towns was 12.6 times higher for field and garden

produce and 13.2 times higher for livestock produce than that of the pre-war level of 1940. The increased sales on the collective-farm market in 1942 and 1943 as compared with the pre-war year of 1940 were due to the rise in retail prices caused by the fact that the demand was greater than the supply. As the restoration of agriculture proceeded and more food was sold on the collective-farm markets, the market prices beginning with 1944 began to drop noticeably, the price index for collective-farm trade dropping in 1945 2.3 times below the 1943 level.

The reduction of retail prices on the collective-farm market in 1944 and 1945 was also due to the organization in 1944 of state commercial trade at increased prices. Besides causing a reduction in retail prices on the open market, the introduction of state commercial trade enabled the Soviet intelligentsia as well as the most highly skilled section of the workers to use their increased wages and bonuses to purchase additional food and other consumers' goods over and above their standard rations.

However, the existence of two state retail prices (ration prices and commercial prices), especially while there was an open market where prices were determined by supply and demand, had its negative aspects and hence could only be a temporary measure. The existence of two retail prices of the one and the same commodity opened the way to speculation. The big gap between the state and market prices of consumer goods enabled the speculative elements still existing in the pores of Soviet society to profit at the expense of the population and the state and to accumulate large sums of unearned money.

The supply of food and other consumers' goods through state channels to scores of millions of working people in the U.S.S.R. was organized by the Soviet state during the war-economy period on the basis of fixed state retail ration prices. Irrespective of the actual value or cost of production of goods, the Soviet state kept the retail ration prices of the basic articles of consumption at the pre-war level.

The preservation of a stable level of state retail prices of

consumers' goods and of charges for public services insured the necessary living standard for the working people of town and country throughout the war-economy period. This living standard of workers and other employees was also ensured by increases in wages and the enlistment of non-employed people in production, all of which augmented the total earnings of the family, the budgets of these workers.

Thus, the rationed trade in foodstuffs and other prime necessities insured during the war-economy period relatively better conditions of supply for workers, other employees, and the intelligentsia engaged in the leading branches of war economy. The policy of fixed prices pursued by the Soviet Government in regard to the basic foods and consumers' goods ensured the stability of real wages throughout the years of the Patriotic War.

Budget, Credit, and Money

During the war-economy period in the U.S.S.R. the financial system and currency circulation of the Soviet state withstood the severe trials of the war of 1941-45. The growth and consolidation of the Soviet Union's war economy ensured the relative stability of the Soviet financial system and currency circulation. The state of affairs as regards the budget, credit, and currency circulation in the U.S.S.R. during the Patriotic War was in no way comparable with the condition of finance and currency circulation in pre-revolutionary Russia during the first world war or in Soviet Russia during the Civil War.

The first world war caused the complete collapse of finance and currency circulation in Russia. When Soviet Russia set about healing the wounds of the first world war and the Civil War, it had to effect several fundamental reforms before currency circulation was returned to normal. In the currency reform of 1924, the new ruble had to be made the equivalent of five million old rubles of the 1922 issue. Regardless of the fact that the Patriotic War was the most devastating war ever fought, the post-war restoration of the Soviet ruble to its full value does not require measures as radical as this.

The financial system of the Soviet Union performed the following basic economic functions through the medium of the budget, credit, and money during the war-economy period:

1. Redistribution of the national income with a view to financing war expenditures by drawing on the financial resources of the population; part of its current income, and partly, its pre-war savings;

2. Redistribution of material stocks and reserves in the national economy in favor of heavy industry and primarily war production;

3. Control through money allocations over production and the distribution of the social product in conformity with the needs of the war economy.

The changes that took place in the state budget during the Patriotic War may be seen from the following figures: State budget revenues declined from 180 billion rubles in 1940 to 165 billion in 1942, revenues from socialist economy dropping from 158 billion rubles to 108 billion rubles, or from 87 per cent to 65 per cent of the total. At the same time payments and contributions by the population increased from 19.5 billion rubles in 1940 to 44.7 billion rubles in 1942, or from 10.8 per cent to 27 per cent of the total revenues.

The state budget expenditures increased from 174.3 billion rubles in 1940 to 182.8 billion in 1942, of which war expenditures increased from 56.7 billion rubles to 108.4 billion, or from 32.5 per cent to 59 per cent of all expenditures under the budget. At the same time expenditures on financing the national economy decreased from 58.3 billion rubles to 31.6 billion rubles, or from 33 per cent to 17 per cent of all budget disbursements.

In other words, while budget revenues in general declined by 8 per cent on the whole, those from socialist economy, *i.e.*, profits, declined by 32 per cent, while payments and contributions by the population increased by 129 per cent, or two and one-quarter times. Disbursements under the state budget increased by 5 per cent, war expenditures mounting by 91 per cent, and expenditures on financing the national economy decreasing by 46 per cent. Instead of an excess of current revenues over current expenditures, which amounted to 3.2 billion rubles in 1940, in 1942 current expenditures were 18.9 billion rubles greater than current revenues, the difference being made good by emission of currency and the mobilization, through the credit system, of the material reserves and stocks created in the national economy of the U.S.S.R. before the war.

In 1943 the development of war economy was accompanied by the strengthening of the state budget. Revenues rose to 202.7 billion rubles and expenditures to 210 billion rubles, the excess

of current expenditures over current revenues decreasing to 7.3 billion rubles, which was covered by currency emission and the material reserves and stocks accumulated in previous years. Revenues from socialist economy in 1943 were 14 billion rubles higher than in 1942, while revenues from payments and contributions by the population increased by 15.4 billion rubles. War expenditures increased by 16.6 billion rubles in the course of the year. The 1943 expenditures on financing the national economy remained at the level of the previous year.

The war year of 1944 was marked by a substantial strengthening of the state budget and of finance in general. In the course of that year the current expenditures of the state, in spite of the greater disbursements to finance the national economy and the Soviet army, were met fully from current revenues. Thus, the discrepancy between current revenues and disbursements under the state budget was narrowed down as the war went on and in 1944 was completely eliminated.

The war budget of pre-revolutionary Russia was the very opposite of the war budget of the U.S.S.R. In the war year of 1914 Russia's current budget revenues met only 50 per cent of the current disbursements; in 1915 only 24 per cent; in 1916, 22 per cent; and in 1917, not more than 15 per cent. The remainder of the disbursements was covered by indirect taxation of the population by means of unrestricted emission of new paper money, a state of affairs that contributed to the collapse of the country's finance and reduced the working people to a starvation level of existence.

A highly important feature of the Soviet Union's war economy was the maintenance of a high level of accumulation (profits) in socialist economy, which made up 64 per cent of all budget revenue in 1942 and 58 per cent in 1943. The high profit level was made possible as a result of the growth of socialist production during the war and the decline in the costs of production and circulation. The cost price of the output of the industrial people's commissariats was reduced in 1941 to 6.9 per cent; in 1942 by 5.9 per cent, and in 1943 by an additional 2.5 per cent, the reduction of cost price in the engineering industry

amounting to 24 per cent in 1941, 17 per cent in 1942, and an additional 9 per cent in 1943.

State credit played an exceptionally important role during the war-economy period in the U.S.S.R. in the mobilization and redistribution of material resources to meet the needs of the Patriotic War. During the first two years of the war, the excess of current budget expenditures over current revenues was covered in considerable measure by means of mobilizing the material reserves and stocks of the Soviet Union's national economy. The mobilization of stocks of goods in the various branches of the national economy at the different stages of the production process was affected by the credit system of the Soviet banks, which kept account of these goods and acted as a lever for the redistribution of stocks to meet the needs of war economy. In this way, reserves of goods accumulated before the war in the national economy of the U.S.S.R. were used to meet current needs of war economy.

The first two years of the Patriotic War were marked by a reduction in material reserves and stocks in the Soviet Union's national economy, and this was reflected in the curtailment of the short-term credit operations of the State Bank, despite the fact that there was an expansion of credit to enterprises of the war industry. Curtailment of short-term credit was a reflection of the contraction of the stocks of goods and materials, seasonal stocks included, and their diversion to meet the requirements of war production and consumption. This was a result of the operation of laws of reproduction which forced the volume of credit down to correspond to the volume of the reserves of goods in the country.

Beginning with the second half of 1943, a new phenomenon must be noted in the war economy, namely, an expansion of credit used for investments ensuring the process of extended reproduction. In 1943 credit under this head increased by about six billion rubles. Whereas a reduction in the material stocks had taken place during the first two years of the Patriotic War, during the second half of 1943 the development of the Soviet

Union's war economy was accompanied by the beginning of the process of growth of material stocks, and along with this, an expansion of credit operations.

The stability of the war budget of the Soviet Union and of its credit system was in considerable measure determined by the state of money circulation, the structure and volume of which underwent substantial changes during the war-economy period. Considerable amounts of money began to settle in the circulation channels and part of the current money income of the urban population flowed to the countryside through the collective-farm markets.

The money expenditures of the urban (non-agricultural) population in 1940 exceeded its income by 3.6 billion rubles and by 2.2 billion in 1942, which signified a reduction in the money in the possession of city dwellers. However, whereas in the prewar year of 1940 the reduction in cash on hand in the cities meant also a general reduction of the amount of money in circulation, in the war year of 1942 the money flowed from the cities into the villages, increasing the total amount of money in circulation in the country. In 1941, owing to the payment of large lump sums as wages to workers and other employees mobilized into the Soviet army, and in 1943, owing to the rapid increase in the total of wages, the increase in the volume of trade in towns did not keep pace with the increase in the money income of the urban population. Because of this the amount of money in circulation during these years increased in the cities as well.

The money income of the agricultural population increased considerably in 1942 as compared with 1940 as a result of the rise in retail prices on the collective-farm markets where the peasants sell their surplus farm produce. Although the money expenditures of the agricultural population also increased in 1942 in comparison with 1940, this rise was smaller than the increase in money income. The latter exceeded the current expenditures of the agricultural population, which meant that part of the money settled down in the channels of circulation. This process continued in the countryside also throughout the

war year of 1943. In view of this, alongside the development of trade, a mobilization of the money resources of the population acquired particular significance during the Patriotic War.

Besides the measures taken to draw upon the money resources of the population by means of taxation, it is necessary to note the exceptional upsurge of patriotic spirit among the people of both town and countryside that was manifested in subscriptions to war loans as well as in other forms of voluntary contributions by the population. The flow of individual and collective voluntary donations of the population to the country's defense fund was vividly reflected in the correspondence between Comrade Stalin and Soviet people in all walks of life. During the four years of war economy, voluntary donations by the population of the U.S.S.R. to meet the needs of the Patriotic War amounted to 94.5 billion rubles.

A most important feature of the Soviet Union's war economy was the preservation of relative stability in money circulation in spite of the considerable emission prompted by the necessity of financing the war. This relative stability of money circulation in the U.S.S.R. during the Patriotic War, as distinct from the economy of Russia during the first World War, was due to the following factors:

1. The maintenance of fixed state retail prices of food and other prime necessities;
2. The maintenance of stable state prices of means of production and munitions, along with a notable reduction in cost price;
3. The centralized distribution of material resources, which was subordinated to a plan and precluded the domination of the law of the market, the law of supply and demand;
4. Stable state purchasing prices for agricultural produce, while the bulk of this produce was concentrated in the hands of the Soviet state;
5. The restoration and development of industrial production, agriculture, transport, and trade during the war economy period.

Yet for all that more money was in circulation during the war-economy period than was necessary for the peacetime economy of the postwar period. This lowered in certain measure the purchasing power of the ruble. The excess of money in circulation was due to the emission of a considerable amount of money in the 1941-45 period to cover war expenditures. At the same time, the production of goods for sale to the population was curtailed, and as a result it proved impossible through the usual channels, *i.e.,* trade, to withdraw the excess of money from circulation. It must also be remembered that the invaders issued large amounts of counterfeit money in those parts of the U.S.S.R. which they temporarily held during the Patriotic War.

The amount of paper money in circulation in pre-revolutionary Russia increased from 1.6 billion rubles on the eve of the first war to 23 billion rubles by its end. In other words, in the course of three years of the first world war the amount of money in circulation in Russia increased 14 times over. This resulted in a collapse of the monetary system by 1917, which was accompanied by a crisis of the entire pre-revolutionary economy of Russia. In the U.S.S.R., in the course of three years of the Patriotic War, the amount of money in circulation increased 2.4 times and although it exceeded the volume of goods circulation during the war economy period, it nevertheless remained relatively stable throughout the war.

The amount of money in circulation cannot be increased indefinitely. Its excessive expansion may undermine the material incentive for the growth of labor productivity, especially in agriculture. An excess of money in circulation increases the demand for goods and, in the absence of an adequate supply of goods, weakens the material stimulus for increasing productivity of labor and causes an excessive rise of prices on the collective-farm and peasant market. Nevertheless, it was impossible to avoid the emission of money during the war economy period. It served as one of the means of financing the Patriotic War, insignificant though it was in comparison with such

sources of revenue as profits and the mobilization of the financial resources of the population.

During the war economy period as well money in the U.S.S.R. served as an economic lever by means of which the Soviet state exercised control over the social production and distribution of products. As a measure of the costs of production and circulation, money was an instrument for calculating and controlling cost price, cost of production, and prices. As a medium of circulation, money serves to preserve the stable state retail prices of prime necessities. Money as a means of payment and accumulation helped to mobilize the savings of the working people for the needs of the Patriotic War.

Thus, during the war-economy period in the U.S.S.R. the budget and credit acted as a powerful lever for mobilizing the financial resources of the population and redistributing the material resources to meet the needs of the Patriotic War. Despite the emission of money over and above the amount required for the circulation of goods in the war-economy period, the monetary system, backed by fixed state prices, remained relatively stable.

Planning of Production

The basic specific features of planned extended socialist reproduction distinguished the war economy period as well. These are:

1. Rapid growth of the total production of society on the basis of the consolidation of the socialist system;

2. Socialist accumulation through expansion of the country's fixed capital funds and through technical progress;

3. Increase in the resources of products for consumption along with the development of the national economy;

4. The absence of economic cycles and crises, and the setting of new proportions in the distribution of the productive forces, through planning.

The tremendous success achieved by the party of Lenin-Stalin, the Soviet state, all the peoples of the Soviet Union, its working class, collective-farm peasantry, and intelligentsia, in the organization and planning of the war economy is especially evident from the economic results of the war year of 1943. This year was marked by a general advance and decisive turn in all branches of the Soviet Union's was economy. The basic features of planned extended socialist reproduction found vivid expression in the results achieved in that year. As Stalin has said, the Soviet state had already in 1943 ". . . an efficient and rapidly expanding war economy."

The gross output of state industry and the industrial cooperatives in 1943 was 17 per cent above the 1942 level. War industry continued to develop by leaps and bounds. In the course of 1943 the production of aircraft increased by 37 per cent in comparison with 1942; of self-propelled artillery, 71 times; anti-aircraft artillery, by 65 per cent; large caliber machine guns, by 74 per cent; 76 mm artillery shells, by 35 per cent; 122 mm shells, by 90 per cent; 152 mm shells, by 60 per cent; shells for

aircraft cannon, by 33 per cent; 88 mm mortar shells, by 81 per cent; 120 mm mortar shells, by 78 per cent; demolition air bombs, by 67 per cent, and small-arms ammunition, by 45 per cent.

Electric power output increased in 1943 by 12 per cent in comparison with the level of 1942, including a 20 per cent rise in the Urals; output of coal increased by 23 per cent; pig iron, by 17 per cent; aluminum, by 20 per cent; nickel, by 52 per cent; ammonia, by 47 per cent; automobiles, by 41 per cent; electric motors, by 129 per cent; ball bearings, by 36 per cent; and blast furnace equipment, by 127 per cent. Heavy industry expanded at a steadily increasing pace, creating a solid foundation for the advancement of the war economy as a whole.

Productivity of labor of industrial workers registered a 7 per cent increase in 1943 as compared with the previous year, the increase in war industries under the people's commissariats amounting to 13 per cent. The number of workers and other employees increased by 6 per cent while their total wages went up by 15 per cent. The cost price of industrial output was reduced by 2.5 per cent, which provided a substantial source for socialist extended reproduction.

Centralized capital works totaled 19.5 billion rubles in value in 1943. One hundred and nineteen turbines with an aggregate capacity of 1,088,000 kw., coal mines with an aggregate annual capacity of 23,700,000 tons, 586 new oil wells, five blast furnaces with an aggregate annual capacity of 955,000 tons of pig iron, 47 open-hearth furnaces with an aggregate annual capacity of 2,047,000 tons of steel, and 15 coke batteries with an aggregate annual capacity of 1,530,000 tons of coke were put into operation.

In comparison with 1942, the railways in 1943 increased their average daily car loadings by 7 per cent, including a 16 per cent rise for coal. Oil transportation along the Volga River increased by 48 per cent and the amount of cargo carried in the Caspian and the Far Eastern waters expanded by 58 per cent.

The cultivated area under all farm crops increased in 1943 by 7 per cent in comparison with 1942, including a 5 per cent

increase in the grain area, 40 per cent in the area under potatoes and other vegetables, 93 per cent under sunflower, and 23 per cent under sugar beet. Extensive work was undertaken to restore the fleet of tractors and to raise yields of farm crops. Economic rehabilitation in the liberated areas of the R.S.F.S.R. and the Ukrainian S.S.R. was launched on a wide scale.

The above indices achieved in the course of this year of general advancement in the Soviet war economy reveal both the substance and the tempo of planned extended reproduction in the national economy placed at the service of the Patriotic War.

The motive force in the advancement of the Soviet Union's war economy was the socialist state and the heroic labor of the peoples of the Soviet Union led by the Bolshevik Party, the party of Lenin-Stalin. In the Soviet state the activity of the people is mobilized to secure the fulfillment of the state plan, and the labor of each who toils is, in the final analysis, directed toward a single aim. The state plan for the development of the national economy of the U.S.S.R. is always subordinated to the attainment of the definite goal set by the socialist state for the given period. During the Patriotic War the goal of war-economy plans was the concentration of all the material resources of the country to secure the utter defeat of the German invaders and to expel them from Soviet soil.

It is essential to note the following specific features of the state economic plan, socialist in content, that transform it into the law of national-economic development in the U.S.S.R.:

1. The strength of the socialist plan lies in the active constructive effort of the peoples of the Soviet Union, the party of Lenin-Stalin, and the Soviet Government. The state plan has the force of a law of economic development because it is based on the authority and practice of the entire Soviet people organized into the state; without the consistent constructive activity of the people, the Communist Party, and the state, the plan would remain a mass of lifeless figures.

2. The strength of the state plan lies in the fact that it concentrates all the material resources of the country for solving

cardinal tasks set by the Communist Party of the Soviet Union and the Soviet state, for consolidating socialism and socialist ownership of the means of production, for preserving the independence of Soviet economy of the capitalist encirclement, and, during the Patriotic War, for meeting the needs of war economy.

3. The success of the socialist plan is determined by the proper distribution of labor power and material resources, the existence of reserves to fill possible breaches in the fulfillment of the plan, and the observance of proper proportions among the various fields of material production and distribution as well as production and transportation. A plan which does not secure these proper proportions and ignores the laws of production and distribution is doomed to failure.

Indeed, are there economic laws governing production and distribution which socialist planning must take into account not only in peace time but also in the conditions of war economy? Unquestionably such laws do exist and they cannot be ignored; only a knowledge of economic laws renders it possible to make them serve socialism. The most elementary law governing the costs of production and distribution of goods is the law of value as transformed in Soviet economy.

In socialist economy the law of value signifies the need to calculate and plan, in terms not only of goods but also of money, the costs of production, *i.e.*, the expenditure of social labor on the social product. This is highly important inasmuch as socialism requires the strictest calculation and planning of production. As long as there is a difference between labor at state enterprises and at collective farms, between skilled and unskilled labor, between mental and manual labor, and as long as goods are distributed in accordance with the quantity and the quality of labor, it is necessary to reduce the various kinds of labor to a common denominator—value, determined by socially necessary labor.

The value of the social product in the U.S.S.R., *i.e.*, the total production of the national economy within a given space of time, is determined by the costs of production. The actual value of

the social product consists of what society expends to produce it. In their turn, these costs of production are determined by the quantity of socially necessary labor expended by the peoples of the U.S.S.R. on the production of the aggregate social product.

The state plan in the Soviet economic system makes use of the law of value to set the necessary proportions in the production and distribution of social labor and the social product, proportions subordinated to the tasks of consolidating and developing the socialist system. This function is performed by the Soviet state, which determines and secures the observance of definite proportions in the distribution of labor and material resources for the purpose of strengthening the socialist system and accomplishing the tasks set by the state for the given period. The Soviet Union's war economy effected radical changes in the peacetime proportions; in the distribution of labor and material resources the greater share went to war production and allied branches of war economy. The proportions in the distribution of labor and material resources change along with changes in economic and political tasks, but in order to accomplish a given task the established proportions must be observed with utmost persistence.

The law of value operates not only in the production, but also in the exchange of products. As is known, the exchange of products is effected through the agency of prices, which in socialist economy too are nothing but the monetary expression of the value of the product, or its costs of production, and, in the final analysis, of the quantity of socially necessary labor expended on its production. When a worker employed at a Socialist enterprise buys articles of consumption with his wages or other form of money income, he exchanges a certain amount of the labor he has expended in production for a corresponding quantity of labor invested in the articles he purchases.

It goes without saying that price and value do not and cannot coincide in the case of each commodity taken separately, but the sum total of the prices of the whole output of the national economy of the U.S.S.R. produced within a given space of time

cannot but equal the costs of production of this output, *i.e.*, the sum total of social labor. Hence it is impossible to distribute and exchange more than has been produced, or more than the labor society has set apart for and expended on the production of the social product.

The law of value operates not only in the distribution of products, but also in the distribution of labor itself among the various branches of the Soviet Union's national economy. In this sphere the state plan makes use of the law of value to insure the proper apportioning of the social labor among the various branches of economy in the interests of socialism. In the plans of extended socialist reproduction, such as the Soviet Union's state national-economic plans are, it is essential to observe definite proportions between industry and agriculture, the production of the means of production and the production of articles of consumption, the growth of output and the development of transport facilities, between accumulation and consumption.

If we divide socialist production in the U.S.S.R. into Department I, producing means of production, and Department II, producing articles of consumption, the value of the means of production set aside by the Soviet state for enterprises in Department II must obviously in a certain measure, defined by plan, correspond to the value of the articles of consumption set aside for enterprises of Department I. Indeed, if enterprises of Department I were to be deprived of the articles of consumption, and enterprises of Department II, of the means of production, extended socialist reproduction would be impossible, inasmuch as the workers of enterprises producing means of production would be deprived of articles of consumption, while enterprises producing articles of consumption would be deprived of the means of production, *i.e.*, fuel, raw materials and equipment.

Thus, the law of value in socialist economy is the transformed and most elementary law of the costs of production, distribution, and exchange of products, a law placed at the service of state planning.

The law of value operating in the socialist economy of the

U.S.S.R. and the law of value in the capitalist countries differ in principle:

1. In the U.S.S.R. there is no contradiction between the concrete kinds of labor which create use-values and abstract socially necessary labor which creates value. In capitalist society this contradiction is pregnant with crises. In the U.S.S.R. there is no contradiction between the concrete labor of the worker which creates a definite use-value and the socially necessary abstract labor which creates value, inasmuch as labor in its concrete form is distributed in advance according to plan among the various branches of production with a view to consolidating and further developing socialism, and, consequently, it is socially necessary, forming an essential component of the aggregate labor of society.

2. In the U.S.S.R. there is no antagonism between the various enterprises producing values and use-values. In capitalist economy this antagonism springs from the private ownership of the means of production and leads to devastating competition, anarchy of production, and, in the final analysis, to crises. The exchange of products between socialist enterprises in the U.S.S.R. is an exchange of commodity values. However, each socialist enterprise has a consumer envisaged in advance by plan, the sale of its output is secured, and instead of capitalist competition we have rational co-operation and emulation. For all that, however, the various forms of concrete labor—skilled and unskilled, mental and manual, labor at state enterprises and at collective farms—can be exchanged only as values, as crystallizations of the socially necessary labor invested in the product and expressed in terms of Soviet money.

3. In the U.S.S.R. there is no contradiction between that part of the value of the social product which goes directly for individual consumption and the part which goes for the expansion of production or for accumulation, inasmuch as both belong to all the working people. From this it follows that that part of value which goes for accumulation in the Soviet Union expresses the economic necessity of extended reproduction, without which progress would be impossible.

4. The contradiction between the value of the product and the rate of profit has been abolished in the U.S.S.R. In capitalist economy this contradiction results, during the crises, in the ruin of entire enterprises and even branches of industry in which the value or the costs of production of goods do not ensure the prevalent average rate of profit. In the U.S.S.R., as is known, the law of the average rate of profit does not apply, and it is not this law that determines the development of a socialist enterprise or of an entire branch of production.

5. The law of value in capitalist economy gives rise in its development to contradictions and antagonisms, which are the only motive force of the spontaneous movement of capitalist society. Like an evil jinni let loose, the blind contradictions of capitalism drive the peoples from one crisis into another. In the Soviet Union, the mainspring of development and progress in the national economy is the planning socialist state. The socialist state has taken the place of blind contradictions and motive forces, and it solves and eliminates whatever contradictions may arise in the process of the development of Soviet economy between the growing requirements of the socialist society and the level of production attained. The requirements of the peoples of the U.S.S.R., released from the shackles of private property, are a titanic force making for the development of production and of socialist economy as a whole.

That is why in Soviet economy, as distinct from capitalist economy, new, formerly unknown problems have arisen—the problems of planning, and associated problems pertaining to the organization of production on the scale of the entire national economy. As distinct from the political economy of capitalism, which deals with the elemental laws of movement, the political economy of socialism, including the war economy period, investigates the economic laws of the planning and organization of production. Consequently, socialist planning, based on the rational utilization and application of the economic laws of production and distribution, is in itself a social law of development and as such a subject of political economy.

In some cases during the Patriotic War the laws governing the development of Soviet economy had to be abused and given a one-sided character, adapted to the needs of the war. For instance, it is obvious that the existence of diverse retail prices for one and the same commodity (in connection with the rationing system) runs counter to the law of value. With the termination of the period of war economy, rationing ceases to be necessary, the existence of diverse prices for the one and the same commodity becomes harmful and the system is discarded. The development of normal goods circulation is secured and the level of commodity prices in the final analysis is set in conformity with their value.

The Soviet Union's war economy afforded a wealth of experience in socialist planning and organization of production at enterprises. This experience must be thoroughly studied and made use of in many respects in the restoration and development of the national economy in the post-war period. Socialist organization of production begins with the correct selection and distribution of personnel. The selection of personnel as Stalin teaches us signifies the evaluation of people by their ability, skill, and devotion to the cause of the working class and to their country, and precludes selection on the principle of the "family compact" and of providing jobs for "cronies."

The following distinguishing features must be noted as regards the planning and organization of production at Soviet industrial enterprises during the war economy period:

1. The readjustment of planning to ensure active and constant control over fulfillment of the plan, and priority as regards supply for the key branches of war production, first and foremost heavy industry and transport;

2. The utmost expansion of metallurgical and forge and die press capacities, the existence of which ensured the rapid conversion of industrial enterprises to the needs of the armed forces; this was the case in the munitions industry, for instance, which had its own metallurgical units and facilities for the production of castings and forgings;

3. Increase in tool and machine tool production, the organization of large tool and die shops and shops manufacturing machine tools at metal works, which ensured the rapid launching of new lines of production and the necessary rate of expansion of output;

4. The organization of uninterrupted supply of materials to plants, the provision of the latter with adequate stocks of raw material, metal, fuel, and semi-fabricated products at all stages of the production process; the maintenance at all stages of the production cycle of a steady supply of semi-finished materials, semi-fabricated products, and parts. The slightest hitch at any stage of the production cycle affects output and the subsequent operation of the plant as a whole;

5. The introduction of time schedules in production governing not only the output of the finished product but also the manufacture of parts and semi-finished products. Only planned output of parts and semi-finished products at all stages of the technological process, at all stages of production, ensures steady output of finished products according to schedule. The technical foundation of such a schedule is provided by assembly-line production methods which were widely applied during the war;

6. The exemplary operation of shops performing primary operations ahead of the schedule set for assembly shops. Primary-operations shops at leading enterprises operate on schedules geared ahead of those of the assembly shops and act as a spur to production. Without highly productive primary operations, shops able to keep all stages of the production process adequately supplied with semi-finished materials, forgings, and parts, the assembly departments of enterprises are bound to suffer from stoppages;

7. Strict cost accounting, profit and loss accounting, and reduction of the costs of production. A highly important lever making for increased production is the creation, through a system of premiums, of a personal incentive to raising output, which is combined with a consciousness of social principles and

tasks. Only on this basis does socialist emulation, which develops the initiative and increases the energy of millions of people, become a titanic force.

A most important indication of well thought-out planning and organization of production is the creation of reserves in production and circulation, in production capacities and finished products, and in labor power and machinery. The Soviet Government, and primarily Comrade Stalin, attach exceptional importance to the accumulation of material reserves by the state. On the direct instructions of Comrade Stalin a program for the accumulation of state and mobilization reserves, particularly of oil products, non-ferrous metals, and food, was drawn up and carried into effect on the eve of the Patriotic War. Experience has shown that modern war is won by the one who possesses production, man power, raw material, and other material reserves.

In the eighteen months preceding the Patriotic War, the Soviet Union's state material reserves increased from 4 billion rubles to 7.6 billion rubles. At the beginning of the war these reserves, including those of food and fuel, were transferred to the eastern areas of the U.S.S.R. These state reserves stood the Soviet army and the national economy of the U.S.S.R. in good stead during the Patriotic War.

Reserves in production and circulation ensure the steady development of the national economy of the U.S.S.R. according to plan. With the absence of reserves, the law of value gives free rein to its elemental forces. Reserves enable the socialist state to direct the operation of this law in the interests of extended socialist reproduction. The lack of adequate reserves, primarily of fuel, metal, and raw materials in some enterprises, has repeatedly led to seasonal slowing down in the growth of production during the winter months when difficulties arise in the transportation of raw materials and fuel.

The slowing down of the growth of production at many enterprises during the winter months, because of insufficient reserves

and stocks, causes the country huge losses of output amounting to much more in value than the losses due to the laying in of fuel, metal, and raw materials as emergency stocks. In the prewar year of 1940 gross industrial output during the first quarter declined by 12 per cent in comparison with the fourth quarter of the previous year. During the first quarter of the war year of 1943 gross industrial output declined by 12 per cent as compared with the fourth quarter of 1942. In the first quarter of 1940 the decline in growth of production below the level of the fourth quarter of 1939 resulted in a loss of 3.71 billion rubles' worth of industrial output for the national economy of the U.S.S.R. In the first quarter of 1943 as compared with the fourth quarter of 1942, 3.439 billion rubles' worth of industrial output was similarly lost. In both 1940 and 1943 the production level of the fourth quarter of the preceding year was reached only in the second quarter. In other words, a half a year was lost in the course of which there was no growth of production. These enormous losses in tempos and output can be eliminated by means of setting up substantial reserves and stocks of raw materials, fuel, and metal in both industry and transport. The temporary freezing of material stocks is more than compensated for by the increase in the pace of production in all branches of industry.

No less are the losses suffered by the national economy of the U.S.S.R. owing to the usual reduction in the volume of capital construction during the first quarter of each year in comparison with the preceding three months. In the first quarter of 1941 the volume of capital construction dropped 5.5 billion rubles below the fourth quarter of 1940. The reduction in the volume of capital investments during the first quarter of 1943 as compared with the fourth quarter of 1942 amounted to 2.6 billion rubles. This means that during the first three months of the year a considerable part of the country's construction machinery is immobilized, building workers are idle, and the rate of extended socialist reproduction drops. This evil can be overcome by ensuring that by the beginning of the year builders are supplied with reserves of materials, by a change to industrial build-

ing methods, and by training building trades workers in two or three allied trades.

Consequently, the purpose of the planning of production is to increase material reserves in industry and transport, primarily in order to eliminate the wintertime decline in the expansion of production and building operations. This affords to the national economy of the U.S.S.R. a huge additional source for increasing the national wealth, and accelerates the rate of extended socialist reproduction.

Thus, socialist planning of production presupposes a knowledge of the economic laws of production and distribution and able utilization of these laws in the interests of socialism. The experience of the U.S.S.R. in national-economic planning shows that normal material reserves and stocks are to be created as a prerequisite for the elimination of seasonal decline in the growth of production and for the acceleration of the rate of extended reproduction.

Expenditures and Losses in the National Economy

The defeat of Hitler Germany confronted the peoples of the U.S.S.R. with the urgent problems of restoration and post-war development of the national economy. The aim is to achieve the complete rehabilitation of the economic life of the liberated districts and to surpass the pre-war level in the development of the national economy as a whole within a brief period after the war.

The peoples of the Soviet Union have undertaken a singularly difficult historic task—in a brief space of time to restore the economy of the liberated districts and to heal the wounds inflicted on our country by Hitler Germany. The districts of the U.S.S.R., which during the war were occupied for a time by the enemy, occupied a position of considerable importance in relation to the country as a whole on the eve of the Patriotic War. Their population amounted to 45 per cent of the total population of the U.S.S.R., their gross industrial output accounted for 33 per cent, their cultivated areas for 47 per cent, and their livestock (in terms of beef and dairy cattle) for 45 per cent of the country's total, and their railways equaled 55 per cent of the country's total mileage.

The material expenditures and losses borne by the national economy of the U.S.S.R. as a result of the invasion of our country by Hitler Germany consist of:

1. Direct losses of property, *i.e.,* fixed and circulating capital funds of the U.S.S.R. destroyed or looted by the occupation forces;

2. Direct war expenditures and additional expenditures neces-

sitated by the war and the reconstruction of the national economy;

3. Losses of output and national income in the districts that were seized by the enemy, owing to the discontinuation of production;

4. The decline in the national income during and after the war owing to human losses in the course of armed hostilities, and the death and annihilation of a part of the population of the U.S.S.R.

The material damage inflicted by Hitler Germany and her satellites to the national economy of the Soviet Union consists first and foremost in the destruction of part of the Soviet population in the occupied districts. The urban and rural population in the liberated districts of the Russian S.F.S.R., Ukrainian S.S.R., Byelorussian S.S.R., Moldavian S.S.R., Latvian S.S.R., Lithuanian S.S.R., Estonian S.S.R., and the Karelo-Finnish S.S.R. declined considerably during the occupation. Part of the population of the cities and villages in the occupied districts was evacuated to the eastern areas of the U.S.S.R., and those who could not be evacuated in time joined partisan detachments or hid in the forests to escape the atrocities committed by the German invaders. In spite of this, however, many Soviet people in the areas occupied by Hitler Germany either perished at the hands of the Germans or died from hunger and disease which took a heavy toll of life in those districts, or were driven off for slave labor in Germany where they were subjected to terror, starvation, and inhuman toil.

The loss of life and the resulting decline in the Soviet Union's labor reserves have brought in their train a loss in national income in the post-war period. If we take as a basis the pre-war level of the national income and the average span of life, the irreplacable losses in national income resulting from the mass annihilation and death of the population in the German-occupied districts and in forced labor camps in Germany amount to a colossal figure. As for the pain inflicted on the inhabitants

of the Soviet districts which experienced German slavery, it is immeasurable and beyond all calculation.

The material damage done to the national economy of the U.S.S.R. by Hitler Germany and her satellites also includes the fixed and circulating capital funds of the U.S.S.R. destroyed or looted in the German-occupied districts. On Soviet territory that was occupied by the enemy forces, 31,850 factories, mills, and other industrial enterprises, exclusive of small plants and shops, were totally or partly wrecked and sacked; 1,876 state farms, 2,890 machine and tractor stations, 98,000 collective farms, 216,700 stores, dining rooms, restaurants and other trading establishments, 4,100 railway stations, 36,000 post and telegraph offices, telephone exchanges, radio stations, and other communication establishments, 6,000 hospitals, 33,000 polyclinics, dispensaries, and out-patient clinics, 976 sanatoriums and 656 rest homes, 82,000 elementary and secondary schools, 1,520 specialized secondary schools, 334 institutions of higher learning, 605 scientific-research institutes and other scientific establishments, 427 museums, 43,000 public libraries, and 167 theaters.

The German invaders and their accomplices destroyed, wrecked, or looted in the occupied territories of the U.S.S.R. 175,000 metal-cutting machine tools, 34,000 forge hammers and die presses, 2,700 coal-cutting machines, 15,000 pneumatic drills, electric power stations with a total capacity of 5 million kw., 62 blast furnaces, 213 open-hearth furnaces, 45,000 looms and 3 million spindles in the textile industry. Most valuable basic industrial facilities of the U.S.S.R. suffered material damage.

No less was the material damage done to the agriculture of the U.S.S.R. In the occupied territories of the U.S.S.R. the invaders destroyed or shipped off 7 million horses out of 11.6 million that had been registered in these districts prior to the occupation; slaughtered 17 million head of beef and dairy cattle out of a total of 31 million; destroyed 20 million hogs out of a total of 23.6 million; and 27 million sheep and goats out of a total of 43 million available in these areas of the U.S.S.R. prior to the occupation. The material facilities for mechanized farming were

considerably weakened; in the occupied areas of the U.S.S.R. the invaders destroyed or carried off 137,000 tractors, 49,000 combine harvesters, 46,000 tractor-drawn grain seed drills and 35,000 complex and semi-complex threshers. The invaders also destroyed or ruined 285,000 stables and cattle-sheds belonging to collective farms, 505,000 hectares of orchards, and 153,000 hectares of vineyards.

The German invaders wrecked the transport and communication services and destroyed or carried off rolling stock in the occupied districts of the U.S.S.R. Of the 122,000 km. of railway track in the occupied territories of the U.S.S.R. before the war, 65,000 km. were destroyed or torn up and carried off by the invaders. They damaged 15,800 locomotives and 428,000 railway cars, and destroyed, sank, or seized 4,280 passenger and cargo vessels and towboats of the inland shipping services as well as technical auxiliary craft, and 4,029 barges and lighters. Out of 26,000 railway bridges 13,000 were destroyed. All the 2,078,000 km. of telegraph and telephone line in the occupied districts of the U.S.S.R. was destroyed or carried off by the German invaders.

Dwelling houses of the Soviet population were barbarously destroyed by explosives and fire. Out of 2,567,000 dwelling houses in occupied Soviet towns, 1,209,000 were destroyed or wrecked, the demolished floor space amounting to more than 50 per cent of the total housing in the cities affected. Out of 12 million rural dwellings in the occupied districts, the German invaders wrecked or destroyed 3.5 million.

The German invaders looted or destroyed stocks of manufactured goods, agricultural produce, semi-fabricated products, raw materials, fuel, auxiliary materials, finished products, and other material values. More than half of the household possessions of the population in the occupied areas was destroyed or looted.

The total property losses on the occupied territories of the U.S.S.R., *i.e.*, the losses inflicted on fixed and circulating capital funds, or the direct damage done to the state and the population

by the destruction and plunder of state, cooperative, and personal property during the war, amount in pre-war state prices to 679 billion rubles, or 128 billion American dollars. These property losses amount to about two-thirds of the pre-war national wealth of the territories of the U.S.S.R. that underwent occupation.

The material damage done to the national economy of the U.S.S.R. also includes:

1. Direct war expenditures and additional expenditures caused by the war and the conversion of the national economy, including outlays on financing building projects and production serving war needs, expenditures on anti-aircraft defense, evacuation and return of industrial plants, and the payment of war pensions;

2. The losses in the income of the population and socialist enterprises during the Patriotic War owing to the discontinuation of production in the occupied areas.

This material damage, *i.e.*, direct war expenditures and additional expenditures caused by the war as well as the losses in the national income of the population and socialist enterprises amounted during the period of the Patriotic War to 1,890 billion rubles in pre-war state prices, or 357 billion American dollars.

The material damage inflicted on the national economy of the U.S.S.R. by Hitler Germany and her accomplices also expresses itself in the losses of output and the income of the population and the state as a result of the discontinuation of production in the territory which the enemy occupied. On the considerable territory of the U.S.S.R. which the Germans occupied, state and cooperative enterprises ceased operation. With the liberation of the occupied districts by the Soviet army, the volume of production in these areas is still below the pre-war level and will be so for a considerable time. This has resulted in a very great underproduction of goods in the U.S.S.R.

During the Patriotic War alone the districts and enterprises of the Soviet Union that were subjected to occupation failed to produce 307 million tons of coal, 72 billion kilowatt-hours of electric power, 38 million tons of steel, 136,000 tons of aluminum,

58,000 tractors, 90,000 metal-cutting machine tools, 6.3 million tons of sugar, 11,000 million poods of grain, 192.2 million tons of potatoes, 6.8 million tons of meat, and 56.7 million tons of milk. Consequently these goods were lost to the national economy. These enormous quantities of goods would have been produced by the districts and enterprises which were occupied by the enemy during the war, even if output in these districts and at these enterprises had remained at the 1940 level throughout.

Never in past history, the late world war included, has a capitalist country suffered losses so great and destruction so wanton at the hands of an invader as has our country.

The Soviet people, by their heroic labor, are restoring the national economy of the U.S.S.R., and will surpass the pre-war level of production and economically overtake the principal capitalist countries. The peoples of the Soviet Union, displaying an exceptional will to work and exerting all their spiritual and physical strength, will successfully accomplish these historic tasks.

The material damage inflicted on the peoples of the U.S.S.R. by Hitler Germany is compensated only in insignificant measure by the transfer of industrial equipment from Germany to the U.S.S.R. as reparations. The value of this equipment amounts in all to only 0.6 per cent of the above-mentioned direct property losses alone suffered by the U.S.S.R. during the Patriotic War. To regain the flourishing condition of material and spiritual culture that characterized the pre-war period and to surpass it on a higher plane is a task which is being accomplished by the heroic constructive labor of the peoples of the Soviet Union. The restoration of production in the liberated districts of the U.S.S.R. and the elimination of the aftermath of the German occupation are proceeding on the basis of socialist production, which during the Patriotic War proved its stability and tremendous superiority over capitalist economy. "We must completely obliterate the consequences of German rule in the districts which have now been liberated from German occupation,"

Stalin had said. "This is a great national task. We can, and must, cope with this difficult task in a short time."

To regain the pre-war level of industrial output in the Soviet territories which were occupied by the enemy, the total industrial output in these areas must be increased five and a half times over the level reached there in 1944; the output of coal, four times; of electric power, more than six times; and of steel, more than nine times. Such is the scale of rehabilitation work in industry of the liberated areas of the U.S.S.R., especially as regards the production of means of production.

To regain the pre-war level of agricultural production in the liberated area of the U.S.S.R., the gross production of grain must be raised more than 70 per cent above the level reached in 1944; that of sunflower, by 60 per cent; of flax fiber, 3.3 times; and sugar beet, more than four times. In comparison with the 1944 level, the herd of beef and dairy cattle must be increased by more than half; hogs, four times; sheep and goats, 2.2 times, and horses, more than 2.6 times. To achieve this goal, the collective farms and machine and trator stations must be strengthened in every respect both organizationally and economically and the countryside supplied with farm machinery, tractors, and fertilizers.

In order to restore the railways and waterways serving the national economy in the liberated areas of the U.S.S.R., the average daily railway carloadings in these areas must be increased 2.3 times, and cargo carriage on the inland waterways 9 times over as compared with the 1944 level; the railways, rolling stock, and the river fleet must be completely restored, and every effort exerted to increase the output of locomotives and railway cars and to expand shipbuilding.

The creation of normal conditions of material and cultural life for the population of the liberated districts of the U.S.S.R., the restoration of cities and villages and pre-war housing, involve the restoration or construction of over 60 million square meters of housing floor space in the cities of these districts alone. This task, which requires a number of years for its fulfillment,

cannot be realized without the creation of a highly mechanized mass production of dwelling houses or of their main parts.

Tasks as gigantic as these connected with the economic rehabilitation of the liberated districts of the U.S.S.R. can be accomplished within a historically brief period of time only on the basis of extended socialist reproduction, socialist economy, and the broad initiative and activity of the masses of the working people themselves. The rehabilitation of the national economy of the U.S.S.R. proceeds on the basis of the complete freedom of its socialist economy from any dependence on the capitalist states and monopolies. The Soviet state does not rule out participation in diverse international organizations insofar as they do not seek to interfere in the internal relations in the Soviet Union and do not encroach upon its economic system.

The experience of the peoples of the capitalist countries of Europe who are suffering from the consequences of the second world war shows, however, that the "plans" for aid by the United States of America, which amassed enormous wealth during the second world war, are in reality plans for the enslavement of Europe and the subordination of the economic life of the Western European countries to the domination of the American capitalist monopolies.

The socialist economy of the U.S.S.R. has always been and remains independent of the capitalist world and develops according to its own specific laws. The development of Soviet economy is determined and directed by a state, socialist plan, the dominance of which is based on the concentration of the most important means of producion and goods resources in the hands of the state. The development of Soviet economy is determined by the policy of technical and economic independence of the national economy of the U.S.S.R. of capitalist countries, a policy aimed to promote the utmost development of domestic productive forces. The development of Soviet economy is based on the state monopoly of foreign trade, which came into being as a result of the dominance of socialist ownership of the means of production. Those who wish to develop economic relations with the Soviet Union must keep these specific features of Soviet economy in mind.

Thus, the national economy of the Soviet Union, which defeated German imperialism, has borne enormous costs arising from the losses and expenditures of wartime. Thanks to the advantages of the socialist system, the U.S.S.R. will eliminate the aftermath of the German occupation within a brief space of time. The economic rehabilitation in the liberated districts of the U.S.S.R. proceeds on the basis of the laws of extended socialist reproduction.

The Economic Victory of Socialism

The Patriotic War of the Soviet Union against Hitler Germany was a trial and supreme test for the economic system of the socialist state. In the course of the war, the Soviet Union demonstrated its military, political, and economic superiority over capitalist Germany. The military defeat of imperialist Germany signified not only a military and political but also an economic victory of the Soviet Union over Hitler Germany. Stalin has said: "Just as the Red army gained a military victory over the fascist troops in a long and severe struggle, fighting single-handed, so the working people in the Soviet rear gained an economic victory over the enemy in single combat against Hitler Germany and her accomplices."

During the second world war, Hitler Germany mobilized enormous material resources, greater than those mustered by the Kaiser's Germany during the first world war. In waging its war of plunder, Hitler Germany exploited the productive forces of the whole of continental Europe, which was enslaved by the Germans for a long time during the second world war. If for all that capitalist Germany was defeated, it only testifies to the superiority of the new, tremendous force that emerged victorious in this single combat with Germany. This force is the Union of Soviet Socialist Republics, the socialist state of the workers and peasants.

It is necessary to recall the specific historical features of the socialist state which secured the economic victory of the Soviet Union over Hitler Germany. These specific historical features include the socialist system born of the great October Socialist Revolution and founded on the abolition of private ownership of the basic means of production. Hitler Germany was a country in which the means of production formed private property, a country which provided a most striking example of the coales-

cence of capitalist big business and the political organization of the state. In the Soviet Union, a socialist society, in which the basic means of production are in public possession, had been created on the basis of the Lenin-Stalin policy of socialist industrialization of the national economy and collectivization of agriculture. The socialist system of economy, which is based on the laws of planned economic development, ensured the mobilization of all the resources of the national economy for the prosecution of war against Hitler Germany.

The specific features of the socialist state include both the abolition of the exploiting classes and the indestructible fraternity among the peoples of the Soviet Union. The moral and political unity of the peoples of the Soviet Union was stronger than ever during the great Patriotic War. All the Soviet peoples united in a single camp of heroic fighters at the front and in the rear. The rear of Hitler Germany presented an entirely different picture. It is common knowledge that the partisan struggle waged against the Hitler regime by the most active elements of the enslaved peoples of Europe did not cease for a moment. This could not but undermine the mainstays of Hitler Germany.

Another specific feature of the socialist state is the heroic labor of the workers, peasants, and Soviet intelligentsia. The working people in the rear of the Soviet army, upholding the freedom and independence of their country, displayed supreme heroism in meeting the requirements of the front. The labor effort of the workers, peasants, and Soviet intelligentsia went down in the history of the Patriotic War as a great feat equal to that performed by the heroic Soviet army on the battlefield. This heroic labor of the workers, peasants, and intelligentsia of the Soviet Union was possible thanks to the abolition of the exploiting classes and the victory of socialism in the Soviet land. As against this unity of the Soviet people and the great feat of labor heroism they performed, the enemy offered the slave labor of the German workers exploited by German capitalism and the forced labor of the new slaves that Hitler Germany mobilized in all the occupied and enslaved countries of Europe.

Another specific feature of the Soviet state is the fact that socialist economy is technically and economically independent of the capitalist countries. The U.S.S.R. does not refuse to take part in the international division of labor or in international trade. Nevertheless, the foundation of the stability of Soviet economy is its economic independence and ability to mobilize at critical periods the vast reserves of the entire country and to meet its requirements out of domestic production. There is no piece of modern equipment, no machine or raw material which Soviet economy cannot produce itself. The U.S.S.R. is free of the elemental factors operating in the economic development of the capitalist countries, free of crises, unemployment, and poverty.

The economic victory of socialism over fascism is all the more significant for the fact that Hitler Germany's war economy was based on the exploitation of the productive forces of practically the whole of Nazi-enslaved Europe. Hitler Germany seized about 8.8 million tons of oil products in France, the Netherlands, and Belgium, besides taking possession of the Rumanian oil fields whose capacity amounted to 5.5 million tons of oil products annually. She seized France's strategic reserves—42,000 tons of copper, 27,000 tons of zinc, and 19,000 tons of lead. The occupied countries of Europe considerably expanded the capacity of Hitler Germany's war industry. The output of the Skoda munitions works in Czechoslovakia alone was sufficient to equip some 40-45 German divisions with many types of armaments. Hitler Germany utilized the automobile industry of Italy and of the occupied countries, the annual capacity of which amounted to about 600,000 motor vehicles. She seized an enormous quantity of industrial equipment and railway rolling stock in the occupied countries, dispatching out of France alone 5,000 locomotives and 250,000 railway cars during the first two years of occupation. In the European countries she enslaved, Hitler Germany seized enormous reserves of industrial raw materials and food resources.

According to the United States Board of Economic Warfare, the total value of the wealth looted by Hitler Germany in the occupied countries prior to 1941 amounted to 9 billion pounds sterling, or double Germany's pre-war annual national income. Moreover, Hitler Germany extensively exploited foreign workers whose numbers within her bounds reached 12 million, compensating the Germans for the mobilization into the army of a large number of their production workers.

By the beginning of the war with the Soviet Union, Hitler Germany had greatly increased the resources of her war economy, and later on, in the course of 1942 and 1943, the occupied countries of Europe served as a substantial base for recouping her losses on the Soviet front.

The claim that the collapse of Hitler Germany in the second world war was primarily the result of steady "economic exhaustion," as certain economists sought to prove at one time, has nothing in common with reality. This claim is incompatible with the law of the uneven development of capitalism, which does not preclude a situation where, against the background of general crisis and depression, Hitler Germany experienced a temporary boom and grew richer at the price of the impoverishment of the working class and the pillage of the enslaved countries of Europe. The theory of "economic exhaustion" cannot explain the reasons for the temporary military successes which Hitler Germany gained in the second world war. Neither can it explain the extraordinary effort the Soviet Union had to exert to defeat Hitler Germany. In reality Hitler Germany was defeated because she encountered a more powerful opponent in the Soviet Union, more powerful from the military, political, and economic points of view.

The heroic Soviet army not only sped up the "economic exhaustion" of Hitler Germany, but was the cause and the main force responsible for the destruction of the enemy's economic foundation.

Stalin has said: ". . . In the present war Hitler Germany and her fascist army proved to be a more powerful, crafty, and experienced foe than Germany and her army were in all previous wars. To this it must be added that in the present war the

Germans succeeded in utilizing the productive forces of nearly the whole of Europe and the fairly large armies of their vassal states. The fact that Germany, nevertheless, finds herself on the brink of inevitable doom in spite of these favorable conditions for waging war must be attributed to the circumstance that her chief foe, the Soviet Union, excelled Hitler in strength." This demolishes the allegation that the collapse of Germany was the result primarily of her "economic exhaustion."

The Soviet territories which were temporarily occupied by the German invaders produced 33 per cent of the total industrial output of the country before the war. To this must be added the 33 per cent which was turned out before the war in areas adjoining, or directly within, the zone of hostilities. In other words, industrial capacities accounting for 66 per cent of the total industrial output in the U.S.S.R. were destroyed or brought to a standstill during the Patriotic War. Nevertheless, from day to day, the Soviet army received ever-increasing quantities of armaments, tanks, aircraft and ammunition from the war industries of the U.S.S.R., and the country's war economy steadily gained strength. All this goes to show that the economic foundation of the socialist state proved to be incomparably more productive and stable than the economy of capitalist Hitler Germany.

Despite the enormous losses suffered by the national economy of the U.S.S.R., the war-economy period witnessed a stupendous pace of extended socialist reproduction. This is evidenced by the expansion of the gross output of industry in the eastern areas of the U.S.S.R. in the war year of 1944 to a level 2.8 times that of the pre-war year of 1940, and the growth in the output of war industry enterprises 6.6 times over the same period. The high rate of extended reproduction during the Patriotic War is also testified to by the fact that the capital investments in the national economy of the U.S.S.R. during the four years of war economy amounted to 113 billion rubles.

The vitality of the war economy of the U.S.S.R. was founded on the socialist mode of production. Scientific socialism, however, does not deny the significance in socialist economy of the

law of value, market prices, and profit and loss accounting. Soviet economists adhere to the basic thesis of Marxism-Leninism that the distinguishing feature of the socialist society is the abolition of the exploiting classes and of private ownership of the basic means of production. Hence, the victory of socialism in the U.S.S.R. does not preclude, but presupposes personal ownership of income from work, of one's dwelling house, household goods, and articles of personal use. Moreover, the right to personal property in savings from wages, dwelling house, and articles of personal use is an additional stimulus to the development of Soviet economy.

In so far as the law of value operates in Soviet economy, it does so only within the framework of socialist relations of production and reproduction. The fact that there are market prices in operation on the collective-farm market which are formed under the influence of the law of value and its mechanism of supply and demand does not nullify the fact that in Soviet economy the prices of the basic mass of goods are fixed by the Soviet state in the interests of socialist production and reproduction, and of the elevation of the living standard of the working people. As for profit and loss accounting in Soviet economy, not only does it not run counter to the socialist system of economy, but serves as a substantial stimulus to the development of socialist production inasmuch as it contributes to a growth of profits and, hence, accumulation, without which production and reproduction could not progress.

Defending the capitalist mode of production, economists abroad claim that free competition must be preserved as the basic motive force of economic development. In the U.S.S.R., capitalist competition has been abolished. Yet the rate of development of Soviet industry considerably exceeds the rate of development in all the other countries. It turns out that there are other more powerful stimuli to development. In the planned economy of the U.S.S.R. such stimuli are the steadily growing requirements of the peoples of the Soviet Union and means for satisfying these requirements. Such also are the mighty movement

of socialist emulation among the workers, collective farmers, and intelligentsia, and the system of premiums designed to encourage men and women engaged in socialist labor. The Soviet working people must guard socialist economy, the foundation of their life, as the apple of their eye, and develop it further.

To render new imperialist aggression against our socialist homeland and the outbreak of a third world war impossible for any considerable length of time, the military and economic disarmament of the aggressive imperialist countries and the consolidation of the camp of the anti-imperialist and democratic countries are necessary. It must not be forgotten that the capitalist economy existing in foreign countries of itself gives rise to both aggressive wars and their instigators. In the final analysis, imperialist war is only an expression of bestial competition in material production. Imperialist aggression against the Soviet Union is a continuation of the class struggle on the world arena.

The ruling cliques of the aggressive imperialist countries, themselves the products of the capitalist system, will try to plunge the peoples into a new shambles, a third world war. In view of this danger, the peoples of the Soviet Union must display unremitting vigilance, bring up the Soviet youth in the spirit of the heroic traditions of the Patriotic War, study the experience gained during the war-economy period, and ensure the mobilization preparedness of the national economy of the U.S.S.R.

Thus, the economic victory of socialism over fascism is a manifestation of the supreme vitality and progressive nature of the Soviet socialist system and an earnest of its great future. It is the sacred duty of the peoples of the Soviet Union to guard this system and to develop its mighty productive forces.

Post-War Socialist Economy

The great Patriotic War of 1941-45 was victoriously terminated with the utter defeat of Hitler Germany. Following the end of the war in Europe, the defeat of Japanese imperialism marked the termination of the war in the Far East as well. The second world war was over. The transition from war to peace had begun. In capitalist countries this transition usually culminates in a crisis and mass unemployment. It is a happy feature of Soviet economy that here the post-war reconversion of the national economy precludes both crises and any unemployment whatsoever.

The transition from war economy to peacetime economy in the U.S.S.R. is effected without crises or depressions, by means of the planned solution by the Soviet state of the following tasks of post-war reconversion of the national economy.

1. New proportions are set in the development of socialist economy as compared with the proportions that prevailed during the war-economy period.

It is perfectly obvious that the proportions in the development of the national economy of the U.S.S.R. which became established in the pre-war years of peaceful development will not be without change in the post-war period. The fundamental laws of extended socialist reproduction, however, remain in full force in the period of post-war restoration and development of the national economy of the U.S.S.R. as well. They imply the need to insure priority and a more rapid pace in the restoration and development of the iron and steel, fuel, and power industries, railway transport, as well as our own machine-building industry, which ensures the technical and economic independence of our country.

2. The transition to peacetime economy is effected by the re-

istribution of labor power as well as fixed and circulating apital funds among the various branches of the national econmy.

This means that in the balance sheet of the national economy f the U.S.S.R. it is necessary to increase, in comparison with the ar-economy period, the relative weight of heavy industry and ailway transport. It is also necessary to create, primarily in ndustry and transport, material reserves and stocks that ensure he elimination of seasonal hitches in the advancement of prouction and prevent the appearance of partial disproportions in he national economy.

3. The transition to peacetime economy is effected by utilizing greater part of war-industry and other production capacities or the restoration and development of the national economy.

This means the regearing of hundreds of major enterprises, hich during the Patriotic War were engaged on war orders, o the production of equipment for heavy industry and transort, for plants producing tractors, agricultural machinery, and ertilizers, and for factories turning out consumer goods.

4. The transition from war to peacetime economy is effected y increasing the share of accumulation in the national income, ithout which rapid restoration of the national economy and s expansion at an accelerated rate are unthinkable.

This means that a larger share of the social product is set side for accumulation and reproduction, military expenditures eing reduced accordingly. In the course of the post-war develophent of Soviet economy, the volume of accumulation and capial construction during the war-economy period will be greatly urpassed.

5. The transition is effected by raising the level of consumption y the working people and the return to normal peacetime orking hours for workers at factories and mills.

This means the discontinuation of obligatory overtime work, he restoration of normal opportunities for rest and leisure for orkers and other employees, and the increase of the portion of he social product earmarked for consumption.

The structure of the U.S.S.R. budget reflects in a most general way the post-war reconversion of the national economy. Whereas in the pre-war year of 1940 expenditures for the armed forces of the U.S.S.R. made up 32.5 per cent of all budget disbursements, in the war year of 1944 they increased to 52 per cent. Since then the share of military expenditures in the U.S.S.R. budget has decreased, amounting in 1946 to only 23.9 per cent.

In connection with the reconversion of the national economy, the Soviet state has to bear additional costs due to the conversion of enterprises from war to peacetime production which requires a certain period of time during which many workers do not work with full productivity and the machinery is not used to capacity. As distinct from capitalist enterprises, which during the period of reconversion dismiss their workers, driving them into the army of the unemployed, socialist enterprises help their workers to learn new trades and continue to pay them their average wages throughout the time needed for reconversion.

It is necessary to reduce to the minimum the costs connected with the reconversion of the national economy and the time required for it, and to ensure a high rate of reproduction. A high rate of growth of socialist production depends largely on the proper proportions between the various branches of material production, between production and consumption, accumulation and the national income, industry and agriculture, as well as between production and transportation. Disproportions in the development of the national economy lead to a reduction in the rates of production and reproduction. For instance, a disproportion between the production level and the volume of freight traffic could lead the national economy into an impasse. To prevent such an eventuality it is necessary to pay attention to the transport services, build new transport routes, increase rolling stock, and perfect the transport equipment.

In order to be able to eliminate rapidly any disproportion or economic complication that may arise, it is necessary to have substantial material reserves in the national economy. It would be naive to deny the possibility of partial disproportions or

complications arising in the process of Soviet economic development. A guarantee against their appearance, however, is provided by the existence of material reserves. The long-range plans and the balance sheet of the national economy of the U.S.S.R. must provide for the accumulation of such material stocks and reserves.

Long-range planning by the state is of the greatest importance in preventing disproportions in the development of the national economy and in solving new economic problems. For Soviet economy this is the tried and tested path of planned extended reproduction in the national economy, the path of organized and vigorous development of the productive forces.

The Five-Year Plan for post-war restoration and development of the national economy of the U.S.S.R. provides for the complete economic rehabilitation of the Soviet districts which suffered from German occupation and for making good the losses inflicted by Hitler Germany on the national economy and the peoples of the Soviet Union. On the basis of the restoration of production in the liberated districts and the further development of all districts of the U.S.S.R., especially Siberia and the Far East, the post-war Five-Year Plan calls for the advancement of the entire national economy of the U.S.S.R. considerably above the pre-war level, including the expansion of industrial output by 1.5 times.

The task is to insure priority to the restoration and development of heavy industry and railway transport, without which the rapid and successful restoration and development of the entire national economy of the U.S.S.R. would be impossible. It is necessary to overcome the lag in railway transport in relation to the growing requirements of the national economy of the U.S.S.R. and to eliminate the seasonal (winter) difficulties experienced by the railways. This is to be achieved by technical re-equipment and the introduction of Diesel and electric locomotives on the most important lines.

The task is to promote on a wide scale restoration and building activity in the Soviet towns and villages reduced to ruins by

Hitler Germany, and to this end create a highly developed industry manufacturing prefabricated houses as well as various structural units and parts.

The post-war Five-Year Plan for the restoration and development of the national economy of the U.S.S.R. provides for the advancement of agricultural production and for industry producing articles of consumption. On this basis, the national income during the five-year span will be raised to a level 1.4 times the pre-war figure, and will create in the country an abundance of food and consumers' goods ensuring the growing prosperity of the peoples of the Soviet Union and the abolition of rationing in the supply of the population.

On the basis of the growth of the material well-being of the people, assurance of universal education, and technical advancement in the sphere of material production by means of electrification and automatization, we must make a further stride forward in raising the level of culture and technical knowledge to that of the working class—the foremost and leading force in socialist society—of the engineering and technical professions.

It is necessary to secure further technical progress in the industry, transport, and agriculture of the U.S.S.R. on the basis of a high degree of mechanization in branches of production with a high coefficient of labor absorption, further electrification of the national economy, and the extension of the use of gas for industrial and household needs in the towns. It is necessary to ensure the further extensive development of the latest technical achievements in the national economy: transmission of high-tension direct current over long distances, the use of oxygen and electric current in technological processes, the utilization and development of jet propulsion and atomic equipment, vigorous development of radio location and television, the utilization of infra-red technique, and the promotion of the production of synthetics.

"Having victoriously terminated the war over the enemies, the Soviet Union has entered a new, peaceful period in its economic development," Stalin said. "Having consolidated the positions

gained, at the present time the Soviet people are confronted with the task of advancing toward a new economic upsurge. We cannot limit ourselves to consolidating these positions, for that would lead to stagnation; we must advance further ahead in order to create the conditions for a new powerful upsurge in the national economy. In the shortest possible time we must heal the wounds inflicted on our country by the enemy and restore the pre-war level of development of the national economy in order considerably to surpass this level in the near future, raise the material well-being of the people, and still further strengthen the military and economic might of the Soviet state."

As they have done time and again in the past, capitalist countries are trying to imitate the experience of the Soviet Union in national-economic planning. There is hardly a country where attempts to plan national economy have not been made. This infatuation with planning in foreign countries is not fortuitous. It is caused by the lessons of the first world war and the industrial crises which periodically recur in capitalist countries. National-economic planning in the U.S.S.R. differs in principle from "planning" of the national economy in capitalist countries inasmuch as in our country planning is based on the social mode of production. Here the people, organized in the Soviet state, have mastered the laws of social development, and economic planning is based on science and has the force of law. In the capitalist countries, however, "planning," based as it is on private ownership of the means of production, is a mere wish without the backing of any real economic forces.

Enlightening in this respect is the fate of the National Resources Planning Board in the United States which was working on post-war economic plans for that country during 1941-43. In 1943, however, the U.S. Congress discontinued appropriations for its maintenance and the Board was abolished. The principal reason for this was not so much financial considerations but dissatisfaction with the direction the work was taking. The Board had suggested the drafting of a six-year plan, with the immediate launching of public works on previously planned

projects, to meet the increase in unemployment due to economic crisis. This scheme was to provide work for the people. In other words, the plan of the National Resources Planning Board did not eliminate crises of overproduction, depression, or unemployment. On the contrary, the plan presupposes crises, depression, and unemployment and merely sought to mitigate the effect of these inevitable phenomena of capitalist production by means of public works and social insurance at the expense of the workers themselves. Nevertheless, even this plan was too much for the United States Congress. The Board was denied appropriations in order to please the capitalist sharks, and in 1943 it became defunct.

After the termination of the second world war, the government of the United States, obeying the wishes of the potentates of American monopoly capital, discontinued all and every attempt to plan production and circulation. Instead of planning, the President of the United States began to exhort the monopoly capitalists to lower the exorbitant and steadily rising prices of commodities which the American people could not afford to pay. When the hypocritical character of these exhortations was exposed and this sort of demagogy made no further impression, the rulers of the United States began to insist that the people curtail consumption and tighten their belts.

During the second world war the trend toward state-capitalism based on monopoly capitalism grew more marked in foreign countries. In the United States, three-quarters of all war orders in terms of value were concentrated in the hands of a hundred capitalist corporations. These orders, for which there was a guaranteed customer in the shape of the government of the U.S.A., temporarily kept in check the contradictions between production and consumption. The post-war period, however, has put an end to government war orders and wartime state-capitalist "regulation" of production. The orders of capitalist enterprises and trusts have begun to be regulated once again exclusively by the elemental law of the average rate of profit, the law of spontaneous supply and demand, the law of crises.

In spite of the existence of a great number of "plans" for post-war development, in capitalist United States and England, the people look to their future with a great deal of scepticism. There is much talk and a great deal of apprehension in these countries concerning the post-war crisis, depression, and the growth of unemployment. A serious post-war problem confronting the industry of the United States is the decline in the general level of industrial output, inasmuch as purely war production in that country during the world war was valued at 60 billion dollars annually. This decline threatens to deprive no less than 10 million American workers of their jobs, unless American industry manages to reconvert war production to peacetime lines and finds new markets for this output.

In 1938 the United States was once again in the throes of an economic crisis, and during that year production dropped 21 per cent below the previous, pre-crisis year. In 1939 the reduction amounted to 4 per cent. In comparison with this reduced level of 1939, the 1943 production index in the United States rose to 219. In 1945, however, it fell to 186, in 1946 to 156, and is now continuing to decline under conditions marked by the aggravation of the antagonism between the special character of production and the capitalist mode of appropriation of the fruits of production.

In Britain a plan drawn up by Sir William Beveridge as a way to "eliminating want" won some popularity. This plan, Beveridge said in an article entitled "The Elimination of Want," is based "on the principle of benefit payments which accrue as a right in return for fees paid, and are not direct distributions from the treasury." This means that employed workers and employees are to pay a uniform contribution by buying insurance stamps every week or for a period of several weeks at once. These contributions are to be used to cover payment of insurance benefits to workers and other employees in the event of unemployment or disability, pensions upon retirement, medical assistance, and funeral benefits.

In other words, the fundamental premise of the Beveridge "social insurance" plan is that employed workers and other employees are to defer spending part of their wages until they are discharged from employment or lose their jobs because of disability due to sickness or old age. By reducing their current consumption, the workers and other employees are to secure themselves the minimum means of subsistence during unemployment, sickness, or old age. This is merely a way of spreading out want over the entire lifetime of the English worker. In practice the Beveridge plan seeks to lower the subsistence level of workers and other employees while employed and to keep them on a semi-starvation level when unemployed.

The point of departure of the Beveridge "social insurance" plan is—as the author's own observations of social conditions in a number of leading English cities have shown—that want in England usually arises from unemployment. The main purpose of this plan is to establish and maintain a minimum subsistence level for English workers and other employees during periods of unemployment. Hence, this plan for the "elimination" of want takes for granted the existence and continuance of unemployment as the lot of considerable sections of the English working class, instead of trying to find ways and means to put an end to crises, impoverishment, and unemployment as the principal cause of social want in England.

The working class, and all other toiling masses in the Soviet Union, find it difficult to be carried away by Sir William Beveridge's plan for the "elimination of want" inasmuch as it is based on the maintenance of private ownership of the means of production. The security of the living standard of the working class and all other working people in the Soviet Union is based on the abolition of the cause of want among the people—on the abolition of the exploiting classes and private ownership of the means of production. It is based on the elimination of industrial crises and their causes, on the abolition of unemployment in towns and of the impoverishment of the rural population. It is based on the general advancement of the production of goods and the culture of the peoples of the Soviet Union. And, lastly,

is based on state-guaranteed medical aid to the population, d on state aid to mothers of large families and to working ople advanced in years or suffering from temporary disability. The peoples of the Soviet Union have resumed their advance, errupted by the Great Patriotic War, toward the completion the building of a classless socialist society and the gradual nsition from socialism to communism. This is being done the basis of the restoration and further post-war development the national economy on a scale still greater than before.

The U.S.S.R. will continue resolutely to move forward along e path of the rapid development of the productive forces and e building of communist society, unafraid of crises of over-oduction. From the restoration of the national economy of the S.S.R. and the achievement of the pre-war production level, shall proceed on a higher level of development to carry out e general economic task of the U.S.S.R.—to overtake and sur-ss economically, *i.e.*, in regard to per capita production, the ncipal capitalist countries, including the United States of nerica.

The peoples of the Union of Soviet Socialist Republics are nfidently carrying out their historic tasks regardless of the w attempts by the imperialist states to provoke war. The con-dictions among the allies in the war against Germany and oan with respect to war aims and the post-war peace settlement etween the U.S.S.R., on the one hand, and the United States d England, on the other) have developed since the war into an en struggle between two diametrically opposite political lines. The Soviet Union, in alliance with other democratic coun-es, pursues an anti-imperialist and democratic policy aimed at determining imperialism, at consolidating and developing dem-atic ways of life, and extirpating the survivals of fascism. The pitalist United States of America, in league with its vassals, rsues an imperialist and anti-democratic policy aimed at win-g world domination for American imperialism and at destroy-the democratic way of life throughout the world.

Monopoly capitalism of the United States, which waxed fat on the people's blood during the second world war, now stands at the head of the imperialist and anti-democratic camp and has become the spearhead of imperialist expansion in all parts of the globe. American imperialist expansion is aimed at unleashing a new war as a means to win world domination, to strangle democracy, and to prevent an economic crisis and the resistance of the working class at home.

The anti-imperialist and democratic camp, headed by the U.S.S.R., wages a struggle against imperialist expansion and the threat of a new war. The decisive factor in foiling the plans of the aggressors and the instigators of a new war is the strength and unity of the democratic and anti-imperialist camp. As a result of the first world war and the great October Socialist Revolution, capitalism lost power in Russia; the socialist system, as represented by the U.S.S.R., came into being and grew strong, and the general crisis of capitalism set in. As a result of the second world war and the democratic transformations in the countries of Central and Eastern Europe, new people's republics, people's democracies, emerged. World capitalism lost power in several other democratic countries. The forces of democracy and socialism have grown and the general crisis of capitalism has become more acute.

The changed post-war world situation cannot but be taken into account in the development of the socialist economy of the U.S.S.R. The specific features of socialist reproduction in the U.S.S.R., which is proceeding in proximity to capitalist countries, make it incumbent on the Soviet state to keep its war production capacities at the requisite level and to strengthen its war-economic power. So long as the capitalist encirclement exists, powder must be kept dry. So long as imperialism exists, there remains the danger of an attack on the U.S.S.R., the danger of a new, third world war. It can be forestalled only by an armed nation possessing mighty productive forces.

Thus, the task in the post-war development of Soviet economy is to restore in the liberated districts of the U.S.S.R. within the next few years the economy wrecked by the German invaders,

nd substantially to surpass the pre-war level of production hroughout Soviet territory. By accomplishing this task of restoration and further powerful development of the national economy f the U.S.S.R., we are taking substantial strides forward in the uilding of a communist society and in the realization of the eneral economic task—to overtake and surpass economically the rincipal capitalist countries.

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